

# OFFICIAL RECORD OF PROCEEDINGS

Friday, 26 October 2007

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.

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

THE HONOURABLE FRED LI WAH-MING, J.P.

DR THE HONOURABLE LUI MING-WAH, S.B.S., J.P.

THE HONOURABLE MARGARET NG

THE HONOURABLE MRS SELINA CHOW LIANG SHUK-YEE, G.B.S., J.P.

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE CHAN YUEN-HAN, S.B.S., J.P.

THE HONOURABLE BERNARD CHAN, G.B.S., J.P.

THE HONOURABLE CHAN KAM-LAM, S.B.S., J.P.

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

THE HONOURABLE LEUNG YIU-CHUNG

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

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

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

THE HONOURABLE JASPER TSANG YOK-SING, G.B.S., J.P.

THE HONOURABLE HOWARD YOUNG, S.B.S., J.P.

DR THE HONOURABLE YEUNG SUM, J.P.

THE HONOURABLE LAU CHIN-SHEK, J.P.

THE HONOURABLE LAU KONG-WAH, J.P.

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

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

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

THE HONOURABLE CHOY SO-YUK, J.P.

THE HONOURABLE ANDREW CHENG KAR-FOO

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

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

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

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

THE HONOURABLE ALBERT CHAN WAI-YIP

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

THE HONOURABLE AUDREY EU YUET-MEE, S.C., J.P.

THE HONOURABLE VINCENT FANG KANG, J.P.

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

THE HONOURABLE LI KWOK-YING, M.H., J.P.

DR THE HONOURABLE JOSEPH LEE KOK-LONG, J.P.

THE HONOURABLE DANIEL LAM WAI-KEUNG, S.B.S., J.P.

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

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

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

THE HONOURABLE LEUNG KWOK-HUNG

DR THE HONOURABLE KWOK KA-KI

DR THE HONOURABLE FERNANDO CHEUNG CHIU-HUNG

THE HONOURABLE CHEUNG HOK-MING, S.B.S., J.P.

THE HONOURABLE WONG TING-KWONG, B.B.S.

THE HONOURABLE RONNY TONG KA-WAH, S.C.

THE HONOURABLE CHIM PUI-CHUNG

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

THE HONOURABLE ALBERT JINGHAN CHENG, J.P.

THE HONOURABLE KWONG CHI-KIN

THE HONOURABLE TAM HEUNG-MAN

**MEMBERS ABSENT:**

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

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

**PUBLIC OFFICERS ATTENDING:**

THE HONOURABLE HENRY TANG YING-YEN, G.B.S., J.P.  
THE CHIEF SECRETARY FOR ADMINISTRATION

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

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

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

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

DR THE HONOURABLE YORK CHOW YAT-NGOK, S.B.S., J.P.  
SECRETARY FOR FOOD AND HEALTH

THE HONOURABLE DENISE YUE CHUNG-YEE, G.B.S., J.P.  
SECRETARY FOR THE CIVIL SERVICE

THE HONOURABLE TSANG TAK-SING, J.P.  
SECRETARY FOR HOME AFFAIRS

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

PROF THE HONOURABLE CEAJER CHAN KA-KEUNG, S.B.S., J.P.  
SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

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

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

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

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

### **CLERKS IN ATTENDANCE:**

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

MS PAULINE NG MAN-WAH, ASSISTANT SECRETARY GENERAL

MRS VIVIAN KAM NG LAI-MAN, ASSISTANT SECRETARY GENERAL

**MEMBERS' MOTIONS****MOTION OF THANKS****Continuation of debate on motion which was moved on 24 October 2007**

**PRESIDENT** (in Cantonese): We now continue with the fourth debate session.

**MRS SELINA CHOW** (in Cantonese): President, the middle class, as the mainstay of Hong Kong society, are very concerned about the education of their children. Parents who will make various sacrifices in order to facilitate their children in their education or ensure the admission of their children by a quality school can be found everywhere. Many parents do not mind working very hard or shouldering a heavier burden if only their children can receive quality education.

However, I can say that the supply of places in local quality schools is not enough, particularly the demand for places in Direct Subsidy Scheme (DSS) schools and international schools cannot be fully met.

At present, there are 18 DSS primary schools with 9 000 pupils accounting for only 2% of the total number of primary school pupils while there are 55 DSS secondary schools with 42 000 students accounting for only 9% of the total number of secondary school students. Demand for places in these schools has been earnest because of their repute. Worst still, subsequent to the announcement by the Education Bureau earlier that the standard intake places in Primary One in the next school year will be reduced by two in each class, some parents are worried about the chances of their children being admitted to prestigious government or subsidized schools, thus indirectly pushing up the demand for DSS school places.

Take the just concluded discretionary admission stage of Primary One for the next school year as an example, while the general government and subsidized schools have received applications exceeding their places by just 200 to 300, there are long queues outside DSS schools. Some prestigious DSS primary schools such as the primary divisions of the Diocesan Schools, the primary school of St Paul's Co-education College and the Ying Wa Primary School which

will be converted into a DSS school next year are extremely popular. They have invariably received 1 700 to 2 000 applications, meaning that 12 or 13 applicants are competing for one place on average. The PLK Camoes Tan Siu Lin Primary School has even made a record for 2 250 applications have been received, meaning that 15 applicants are competing for one place on average. In other words, the number of applicants is higher than that of La Salle Primary School, a non-DSS traditional prestigious school, by 2.8 times. Pui Kiu College in Tai Wai, which has just been converted into a DSS school, has also received 1 200-odd applications, which is 10 times of its student intake. Thus, it can be seen that parents' demand for places in DSS schools is unprecedentedly high and the competition is as fierce as a battle.

Regarding the international schools, there are 48 such primary schools offering 18 000 places, accounting for 5% of the total number of primary school places. But there are only 25 such secondary schools offering 14 000 places, accounting for less than 3% of the total number of secondary school places. Hence, it can be seen that the number of places offered by DSS schools or international schools is rather low in relation to the total number of places. In particular, the number of places offered by international secondary schools is short of the progression demand of international primary schools by 4 000, meaning that there are at least 4 000 graduates from international primary schools who are unable to further their studies in local international secondary schools. For the remaining students, they even have to compete for places with those who swarm into the international schools only at the secondary school stage. From this, it can be seen that the places offered by international schools in Hong Kong fall far short of the demand.

Soon after the publication of the policy address, the English Schools Foundation published the student intake situation of its 10 primary schools. In the next school year, a total of 1 020 Primary One places will be offered which is outnumbered by the applicants by 1 300, resulting in 3 280 applicants being put on the waiting list. It is learnt that some parents, keen on sending their children to the international schools in time, are eager to purchase the debentures of some popular international schools so as to increase the chances of their children being admitted to these schools. The nominal value of the debentures issued by some international schools has doubled in two years. While the first-hand price of some has reached \$500,000 to \$600,000, the price in the second-hand market has exceeded \$1 million.

As early as mid-2005, the Hong Kong General Chamber of Commerce began to consult its members internally. In the survey, the management of a foreign company indicated that the educational arrangement for the children of foreign investors and experts is one of the main factors in their consideration of whether they will come to Hong Kong or not. As we all know, after coming to Hong Kong, the children of these foreign families can only select the international schools. However, because of the dwindling number of places offered by local international schools in addition to the competition with local students, there is a short supply of places. According to the survey, some foreign businessmen have decided to settle in Singapore for fear that they cannot find any suitable schools for their children.

The American Chamber of Commerce also published a report in May this year which has been submitted to the Business Facilitation Advisory Committee. Unfortunately, Ms Emily LAU is not present today. She should have paid more attention to these matters. It is pointed out in the report that there is indeed a shortage of places in local international schools which has resulted in a long waiting list. According to the figures in the report, in five international schools which are willing to make disclosure, there are a total of 1 650 applicants on the waiting lists. In particular, the number of applicants waiting for admission to kindergartens and junior secondary schools are most obvious. This has not only resulted in a situation where many local parents have been "shut out of the doors" but also a situation where many foreign businessmen and employees who have come to Hong Kong for investment or work are forced to send their children to the international schools in Shenzhen or Guangzhou, thus causing great inconveniences to them and directly dampening their desire to come to Hong Kong.

It is also pointed out in the report that in the process of applying for campus expansion, an international school has to deal with as many as 14 government departments. The extremely complicated procedures and the ambiguous standards for vetting and approval had caused a lot of confusions. Another school which commissioned a \$2-million consultancy study has also end up in a failure. Furthermore, an international school which had planned to expand its campus found its efforts in negotiations and co-ordination in vain owing to the fact that the location selected was in the vicinity of country parks or the objection of various departments such as the Transport Department or the Fishery and Agricultural Protection Department. Eventually, the project was given up after six years of entanglement.



I have also followed up a case involving the English School Foundation Primary School cum Secondary School to be built in Area N4b in Discovery Bay. In fact, approval for this project was granted by the former Education and Manpower Bureau as early as 2001. But consequently the school can only start to operate in 2008. In my opinion, such a timetable is totally unacceptable.

Some professional bodies have even suggested to me that not only international schools but also students' hostels are needed in Hong Kong. Meanwhile, the residents of several housing estates in New Territories West have also told me that there is a serious shortage of DSS and international schools in the district. I believe that apart from conducting a review of the shortage as a whole, the Government should also take a look at the special needs, particularly the special needs of some districts, and the local distribution of population and residents.

President, as Mr Tommy CHEUNG has elaborated the views of the Liberal Party on small-class teaching, 12-year free education and pre-school education vouchers, I will only add a few brief comments.

The Liberal Party thinks that the key to any successful education reform lies in the professionalism and quality of teachers. Besides, workload is also a factor which must be given due attention.

Regarding teachers' training, problems occurred in respect of student intake and curriculum in 1978 when nine-year free education was introduced. Although the situation has improved in recent years, the recent controversy involving the Hong Kong Institute of Education has caused us to worry whether it will deal a blow to its existing students, those who may apply for admission and those who will take up teaching as their profession. It is necessary for the Government to keep an eye on the matter and render appropriate support when necessary.

Furthermore, the Liberal Party has noticed that the teachers' workload is generally very heavy, in particular, they have to attend to many extra duties. In addition, they have to face the adaptation in the education reform and various new challenges in the "3-3-4" academic structure. Under various kinds of pressure, how can the teachers be fully devoted to teaching and lead a happy life? In view of these, Secretary Michael SUEN cannot ignore these problems.

Thank you, President.

**MR LI KWOK-YING** (in Cantonese): Madam President, I would like to express my views on medical and health services on behalf of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB). Madam President, as expected, there is no mention of or disclosure of any directional proposals in respect of our prime concerns, the health care reform and financing, in the policy address. There are some new proposals though, and the most controversial one is the health care vouchers for the elderly.

Madam President, the health care vouchers for the elderly can be regarded as the pilot scheme which will bring out the concept of "money follows the patient" with the purpose of subsidizing the elderly in using non-public medical services. The DAB welcomes the Government's proposal of providing health care vouchers to the elderly. But in my district, particularly in Tai Po Market where I was born and raised, there is a nice little park in the urban centre which is also the gathering place of many elderly people. Every day I go there and chat with many elderly people. To my surprise, they criticize the health care voucher more than commending it because those who are better-off think that they will basically not use the \$250 subsidy and those who are worse-off query why they should get the \$250 subsidy and visit private doctors when the medical services in the public sector are all free of charge. They further pointed out that the \$250 subsidy is just enough to buy a few doses of medication, not to mention the cost of a tooth filling. Under the scheme, the Government is like paying the cost of "the soya sauce" while they have to pay the cost of "the chicken". So, it is not worthwhile and they had better consult the public out-patient clinics. Hence, it is most doubtful whether the pressure on public out-patient clinics can be shifted onto the private clinics as the Government has wished and criticism from the community is naturally expected. The DAB opines that the Government should increase the amount of subsidy of the vouchers so that some elderly will really be diverted to the private sector, thus achieving its objective.

After discussing the elderly, I would like to talk about children's health care policy. The morbidity rate of children in Hong Kong is among the lowest in the world, but as marriage between mainlanders and Hong Kong residents is getting popular, in addition to the problem of Mainland pregnant women giving birth in Hong Kong, there will be more children coming to Hong Kong from the Mainland. The demand for paediatric services will therefore increase. In view of children's special needs in respect of the hospital environment and treatment protocol, such as the necessity of safety, permission for parents'

company and the provision of child-based facilities and paramedic experts, paediatric hospitals with a child-based design to meet their needs are set up in many advanced countries. At present, there is only one paediatric hospital in Hong Kong Island West with the rest of the hospital clusters having established paediatric wards only. Owing to the differential management in paediatric wards by different clusters, the complementary facilities and the provision of other professionals have failed to tie in, thus adversely affecting the rehabilitation of children. The DAB strongly supports the proposal of establishing a medical centre in paediatrics in this year's policy address.

Besides, it is necessary for the Government to keep abreast of the times in its policy on paediatric primary health care. In particular, as many diseases can be prevented by reliable vaccines, the Government should formulate a mechanism for following up the development of technology in vaccines from time to time and updating its free vaccination schemes for children. Meanwhile, the problem of children with development disorder is becoming a cause of concern in society. But owing to insufficient resources, the children concerned in many cases have to wait for a long time before assessments are conducted of them, thus leading to an aggravation of their conditions. In this connection, the Government needs to review comprehensively various segments of its policies on children's health care so that the next generation in Hong Kong can grow up healthily.

Lastly, I would like to talk about the proposal of public-private-partnership in health care services. Little progress has been seen in this respect so far. In this year's policy address, it is proposed that a pilot scheme will be launched in Tin Shui Wai North such that some of the public out-patient clinic service users will be referred to private primary health care service providers in the district through purchase of services. The DAB has all along held that it is more cost-effective to refer the chronically ill who rely on public health care services to the private primary health care service providers for continuous care through the purchase of service. Moreover, the pressure on public health care services can be relieved. The Government has made a right choice in making Tin Shui Wai North a testing point in view of its serious shortage in public health care services and a higher proportion of population in poverty. However, the DAB considers that apart from Tin Shui Wai, Tung Chung New Town should also be considered as a testing point because, apart from sharing the same community characteristics as Tin Shui Wai, a more important factor of Tung Chung is that

the residents will face the problem of expensive travelling expenses when seeking medical consultation in other districts due to its geographical location. Although it is proposed in the policy address that a new hospital be built in Tung Chung, this cannot address the pressing problem as "distant water cannot help quench the fire before us". Furthermore, although the inadequacy of public primary health care services in Tung Chung has been a long-standing problem, we do not see any possible expansion of the services by the Government in short term. Now, as the Government can make a breakthrough in public-private-partnership in primary health care services, why can Tung Chung not be included as a testing point in its pilot scheme so that the pressure on the local services can be significantly relieved?

Madam President, after the occurrence of family tragedies in Tin Shui Wai, there are not only concerns about the insufficiency of community support services in the district but also a warning against the risk in mental health of Hong Kong people. On the basis of the pressure suffered by Hong Kong people, it is estimated by some psychiatrists that there are 1 million people suffering from different degree of mental disorder. However, there are only 340 psychiatrists in the whole territory. In other words, the ratio between psychiatrists and patients is only 1:30 000, which is much worse than that of other western countries. Besides, according to a survey, the family members who take care of mental patients or ex-mental patients will also suffer from depression and the ratio is as high as 70%. From this, it can be seen that the Government should pay double attention to the problems arising from mental health. The DAB considers the resources for treating and giving support to ex-mental patients far from adequate. Meanwhile, the proportion of patients being treated with new medicines is only 50%, which is obviously much lower than that of foreign countries, which stands at not less than 80%. In addition, the insufficient training of professionals has led to a serious limitation on the support to the work in the community. The Government should therefore review the funding for psychiatric service and enhance the support to ex-mental patients in the community. More importantly, it should employ and provide training to more specialists who are well-versed in psychiatric service and launch a service delivery model from the perspective of patients and their family members. Meanwhile, to tackle the problem of high pressure suffered by Hong Kong people, stress management courses and courses on mental health should be promoted in schools and enterprises so as to enhance the mental health of Hong Kong people. Madam President, I so submit.

**MR LAU WONG-FAT** (in Cantonese): Madam President, the launching of large-scale infrastructure projects will undeniably bring a lot of benefits to Hong Kong. But it is believed that the population of Hong Kong, including both the quality and quantity, is more important to its long-term development. The Chief Executive has talked at length about optimizing our demographic structure and attracting talents in the policy address. But it is disappointing that there is no mention of how to ensure growth in the quantity of our population. In recent years, the birth rate in Hong Kong has been decreasing and is even lower than that of Japan. The low birth rate of a place will be followed by an ageing population. If this trend continues, it will certainly have serious impact on Hong Kong society as a whole.

In fact, the ill consequences of low birth rate have already emerged. For instance, quite a number of primary schools have been closed down due to inadequate student intakes. The problem will even be more serious if not because of new arrivals from the Mainland and Hong Kong people's children who live in the Mainland and cross the boundary for schooling.

I remember that the Family Planning Association had adopted the jingle "Two is enough" to encourage birth control in Hong Kong many years ago. But time has changed and what is prevailing instead is the call of the Chief Executive on each household to rear three children. He even said that Hong Kong needs a population of 10 million in order to be a first-class world city.

The Chief Executive has obviously realized where the problem lies. But it is basically unrealistic to think that our birth rate will grow as a result of such slogans. Measures such as increasing the child allowance and introducing the pre-primary education vouchers are obviously not effective enough.

Madam President, once a trend has formed, it will become increasingly difficult to reverse it as time passes. So, the SAR Government should make early preparations in order not to miss the opportunity. First, I think the authorities should embark on a comprehensive and in-depth study as soon as possible so as to identify the causes of our low birth rate. The authorities should also make reference to the situations of other cities facing a similar problem and the corresponding measures which have been adopted. Only in doing so can a more effective approach for encouraging childbirth be devised in

the light of the actual situation. Meanwhile, I think the Family Planning Association can take a timely complementary measure by making a 180-degree change to encourage childbirth with the slogan of "Three is just right".

Madam President, I so submit.

**MR JASPER TSANG** (in Cantonese): President, good morning, the Chief Executive announced an extension of the free education limit to 12 years in the policy address. Surely, the DAB welcomes it as much as members of the public do.

In the Question and Answer Session, the Chief Executive stated clearly that the extended free education was not compulsory at all. In other words, while the existing policy of nine-year compulsory free education will continue, the additional three-year senior secondary education is not compulsory. It seems that this policy has not met with any opposition from Honourable colleagues and the general public, and today, no alternative proposal will be put forward by the DAB either.

However, President, I notice that some members of the education sector criticized that the policy of extending free education would have little effect. Some even said that this is not at all an education policy because, insofar as the existing senior secondary education is concerned, students who are interested in continuing with their studies are receiving senior secondary education. No student has ever been denied further education on financial grounds. Therefore, whether or not senior secondary education is totally free does not make any big difference. Some people even criticized that this initiative was futile in enhancing the quality of education. President, I therefore consider that this issue warrants consideration. Is the provision of 12-year free education really meaningful?

In my opinion, we should explore this issue from the perspective of compulsory education. According to our general understanding, the so-called compulsory education includes three elements: free, universal and mandatory. Compulsory education has been highlighted in the United Nations' Universal Declaration of Human Rights, which also suggested that elementary education should be compulsory in nature.

In fact, a number of better developed countries have already mandated the duration of mandatory education (or the so-called compulsory education) by legislation as early as more than a century ago. Like the United Kingdom, the school-leaving age has been specified, which then became the statutory school-leaving age, requiring that young people under the statutory school-leaving age must go to school. There has been a trend of a continued increase in the school-leaving age over the past century, during which the United Kingdom has made five or six upward adjustments. In the last century (that is the end of the 19th century), the school-leaving age was initially set at 10, but it was later revised upwards to 11 and subsequently further to 13, 14 and 15. This attracted considerable debates in the course of it. Before the outbreak of the Second World War, for example, the British Government had already proposed to raise the school-leaving age limit to 15 and attempts had also been made to enact legislation, but it ended in a failure. The debate on this issue continued until post-War 1947, when the school-leaving age limit was successfully raised to 15 eventually.

After years of brewing and debates, the school-leaving age limit was finally raised to 16 by the British Government in 1972, whereby free education was provided to children at the age of five, when they started primary education, until they were 16. In other words, the United Kingdom has put in place 11 years of compulsory free education. According to the ruling Labour Party, it has recently initiated a plan to further raise the school-leaving age limit to 18, an extension of the compulsory education to 13 years — 13-year mandatory free education — which is scheduled to be introduced in 2013.

The proposal has aroused numerous debates and widespread opposition. It was initiated by the ruling Labour Party of the United Kingdom, but was opposed by both the Conservative Party and the Liberal Democrats. So does the local trade union of education. The reason for their opposition is indeed justified. Since students between the age of 16 and 18 should be studying Secondary Six, so if they are made to continue with their studies by forcing them to go to school against their will, the phenomenon of truancy will definitely prevail. Furthermore, from a teacher or school management perspective, forcing a large group of students to go to school will certainly create serious conflicts in classes. This is a matter of discipline, and also one of teaching. The reluctance of students to go to school will only add to the teachers' burden, and this may not yield satisfactory results. Therefore, it can be said that the

justification for opposing an extension of the limit of mandatory education is pretty strong.

However, why did the Government still insist on doing so? Why has there been a trend to raise the limit of mandatory compulsory education over the past century? If it is said that the international human rights covenants endorsed 60 years ago only require the provision of free elementary education — it is our understanding that it should be elementary education — then why has mandatory compulsory education been extended time and again by raising the limit of the school-leaving age over the past few decades, not only in the United Kingdom, but in many other countries as well? Why?

Certainly, it can be seen that this was attributable to some short-lived political reasons, for example, to achieve a reduction in the unemployment rate. It was because if the young people can be kept at school for two more years, the competition for jobs will be less keen as a result, which might help bring down the unemployment rate. This approach may work in times of economic downturn, when there are a large number of young people looking for jobs. Take Hong Kong as an example, we all know why the Government suddenly extended our compulsory education to nine years in the 1970s. The extension was actually made in the face of pressure from other countries, which condemned us for condoning child labour. There were certain underlying political reasons. In recent years, however, such a decision actually has a more far-reaching cause, which is consideration from the perspective of a place or a country's long-term economic development. The reason for the Administration pressing ahead with its policy amid widespread opposition from teachers' unions and the opposition party is therefore justified.

Let us take a look at Hong Kong. At present, there is still a very high percentage of our adult population who has merely completed junior secondary education. It is true that this is partly attributable to our population policy. Just as Mr LAU Wong-fat said earlier, the admission of people with low educational attainment into Hong Kong over the past decade or so might also account for it. But we must admit that it is largely attributable to the implementation of nine-year mandatory education after the 1970s, which produced a large number of school-leavers who had merely completed junior secondary education over the years. Some of them might have enrolled in certain retraining courses or continued education programmes to upgrade their academic qualification, but it is clear to all that the path is much more difficult.



Take the United Kingdom as an example. From the perspective of long-term social development, the British Government has been so determined to raise the school-leaving age limit because the local authorities acknowledged the problem of mismatch. The local authorities are aware that in the course of development, there would be increasingly fewer jobs requiring low skills and low qualifications, and they would gradually disappear in the end. So, if the proportion of the next generation who fail to attain senior secondary education continues to increase in the coming five, 10 or 15 years, it will be downright impossible for them to adapt to the economic changes. The British authorities have looked at the problem with foresight.

We must therefore ask why education was made "mandatory" when the Universal Declaration of Human Rights was formulated. What was the justification for just making elementary education mandatory at that time? Why have so many countries kept on extending their mandatory education over the past 60 years? If the proposed extension of free education to senior education is considered in the context of compulsory education, I think that there are many problems that warrant our debates. What should be the duration of compulsory education in Hong Kong? What should be the school-leaving age? There can be significant differences here.

The logic and justifications of the Government for providing free senior secondary education are, so long as a student is willing to receive education and a school place is available, the Government will pay the necessary tuition fee for him. Take Secondary Six as an example, the Government is not duty-bound to provide the school places in question. However, if a student manages to find a school place and the school concerned is willing to admit him, the Government will pay the full tuition fee for him. Apparently, the concept of this approach is different from that of compulsory education which we have been discussing. If we look at this in the context of compulsory education, there are two problems that must be considered at once. Firstly, it is the so-called bottleneck problem. Insofar as education opportunities are concerned, supply will create more demand, where associate degree programme is an example. In the past, we ..... (*ringing of mobile phone*) ..... Sorry, President. Sorry, President, I forgot to switch off my mobile phone (*the mobile phone kept on ringing*). It is too bad ..... I forgot where I was. (*Laughter*)

President, the bottleneck problem has all along existed. In the past, the bottleneck was at Secondary Six as only one in every three secondary school

graduates could be admitted to Secondary Six. At that time, people all accepted this situation. Although every year there would be sweating candidates looking for school places everywhere soon after the results of the Hong Kong Certificate of Education Examination were published, people had already accepted this situation. Fine, now that in response to our request for more opportunities of further studies so that students who fail to be admitted to Secondary Six can pursue further studies through other pathways, the associate degree programme came into being. And yet, we have simply pushed the bottleneck slightly upward. The introduction of this programme will certainly be followed by requests for university articulation courses, which will enable the associate degree graduates to pursue further studies in universities and obtain degrees. Surely, the problem is still there, only that the bottleneck will be pushed up again and again.

Our current approach does not require any additional resources as the Government has all along paid a large portion of the tuition fees of senior secondary students. What we are doing is to subsidize the small outstanding portion to enable all students to enjoy free education. If the matter is considered from this angle, there will surely be few changes. However, considering that our long-term development need is to extend the duration of compulsory education in Hong Kong, comprehensive planning will be necessary. The question of the future of senior secondary graduates should be considered, which has actually emerged. Secondary Six used to serve as a buffer, but now all — a great majority of — secondary students have completed Secondary Six, which thus creates a greater demand for university places. As a result, in considering the duration of the so-called compulsory education, we must take into account the pathway of further studies and the impact on the overall education framework. This is the first point.

Secondly, President, it is precisely because the education in question is mandatory in nature that the provider of education (the Government) is duty-bound to ensure each student receiving mandatory education can genuinely benefit from it. Can we say that this has been achieved? When nine-year free education was introduced three decades ago, there was a pressing need for the Administration to provide sufficient school places to accommodate every single student. It was only until the early 1990s that the quality of education became a very thorny issue. President, you should be aware of this as you were the then Chairman of the Education Commission. In fact, it was you who raised the

issue of upgrading the quality of education at that time. However, so far, this problem still remains unresolved.

This is not merely a problem with education as a whole. Given that we are implementing mandatory education, and because of its popularity, different kinds of people, including those with learning difficulties or from the ethnic minority groups, or gifted students, are covered by this mandatory education system. In that case, can any assurance be made? May all Honourable Members — and even the Secretary — ask ourselves if we can say without worries that the children will definitely benefit from studying in the designated schools? Recently, the parents of some gifted students told me that their children are very unhappy at school. Yesterday, I read in a newspaper a reader's letter which asked why students in other places could go to schools very happily, whereas those studying in Hong Kong schools are suffering like hell. This remark may be exaggerated. In fact, other places have their problems too. Only that we are a great distance apart, so we cannot see their problems. Nonetheless, we do have ours. Since it is our policy to mandate our children to go to school, so we are duty-bound to make them benefit genuinely from education, right? To honour our words that all children can give full play to their potentials under the education system is what we should do now. We must not stifle the manifestation of their strengths, nor make them suffer. This is our responsibility.

Therefore, we have a series of questions to answer. If it is said that, 30 years ago, our prime concern was to provide school places for every single child such that they would be kept at school rather than working as child labour, then we may have to ask one question today: Since we have mandate the children from the ethnic minority groups to go to school and deprived them of the so-called mother tongue teaching, what kind of education should be provided to them? For students with disabilities, should the same school-leaving age apply? In other words, do they share the same duration of schooling with ordinary students? How can we take care of them after they are admitted? For gifted students, how can we take care of them? These problems must be dealt with and considered within the framework of compulsory education.

President, of course, I still have to talk about national education. I have read an article written by Mr Bernard CHAN, saying that while the introduction of national education in Hong Kong might meet with opposition a decade ago,

our Chief Executive can now officially propose the promotion of national education openly in the policy address. What is more, President, the Chief Executive has quoted the advice of President HU as the justification for promoting national education. In spite of the cynical remarks made by a small group of people, however, it has not aroused much opposition. Mr Bernard CHAN then pointed out that this demonstrates a change in our society, which is true.

However, President, I wish to point out that the subject of national education — which can also be called civic education for they mean the same thing to me — has been a heated topic in many western countries in the past two decades. If we look up the relevant information, we may find that there are plenty of articles, education articles and seminars studying this topic. In other words, many mature western countries and democratic countries also saw the pressing need to promote national education or the so-called civic education in their communities, and were aware of their previous deficiencies. The major reason is that over the past 20 or 30 years, these countries saw the emergence of numerous complicated problems brought about by global political, economic and social developments. Complicated changes have taken place in the relations between individuals and different social groups (that is, people from different religious or ethnic groups), between individuals and the country, between individuals and the government, as well as between individuals and the world. These countries discovered that the younger generation nurtured by the existing schools had failed to adapt to the new changes. The most prominent phenomenon was the indifference of the younger generation to public affairs. Take the United Kingdom as an example. The British Authorities were alarmed at the record low turnout rate of the 2001 General Election since 1918, which showed that many young people were apathetic about politics and public affairs. As a result, a lot of studies were conducted on this over the past two decades. The United Kingdom had even made up its mind to introduce a programme on civic education in 2002 and made it a compulsory subject for senior secondary students. It bears much resemblance to the Liberal Studies in Hong Kong.

President, if the situation is just as what I said earlier, with relations being as complicated as that in the western countries in various aspects, the introduction of civic or national education in Hong Kong will probably encounter even greater difficulties and the mission will also be tougher. Why? Because of the implementation of "one country, two systems" in Hong Kong, and this is the first point. When we talk about identification, many people may ask what

kind of identification it is, what our country is like, and whether it is a "Communist Party", the "Chinese race" or the Chinese culture with a history of thousands of years.

Yesterday, I attended a seminar on civic education. An academic of The University of Hong Kong surprisingly asked if being "patriotic" was tantamount to "loving the ruling party", as he pointed out that we had been told by some State leaders to "be patriotic and love the ruling party". Some people at the seminar immediately gave some responses. President, I am a senior leftist who has joined the local leftist group for many decades, and I have frequent contacts with officials on the Mainland too. However, I have never heard anyone making the remark of "be patriotic and love the ruling party". I therefore asked that academic if the person making such a remark had a slip, mistakenly saying "be patriotic and love Hong Kong" as "be patriotic and love the ruling party". I have never heard of such a remark. Neither did I hear any State leaders say "If you are patriotic, you must love the ruling party too". Never was there such a remark.

Nonetheless, this shows that even people engaging in national or civic education in Hong Kong have such worries in mind. As Hong Kong's political culture and values are in stark contrast to that on the Mainland, there are always serious contradictions in discussions on civic education and national responsibilities. What is more, there is also the historical background of Hong Kong, as well as the relationship between Hong Kong and China over the past few decades. In fact, we know very little about the development of our country, including the history of China. Just as Mr CHEUNG Man-kwong said yesterday, this situation really exists. When compared with the younger generation in other countries, the knowledge of our next generation of the history of our country is comparatively poorer, which is true. In the past, we might have to clear certain obstructions in order to gain a good grasp of the national condition. This explains why it has been so difficult to promote national education in Hong Kong, and the debates have been so intense.

Nonetheless, President, this kind of debate is not unique to Hong Kong. If we take a look at the United Kingdom, we can see that the introduction of national education or the so-called civic education has also given rise to many debates. Many British clearly oppose the introduction of civic education and consider this a way to forcibly imbue the younger generation with a set of values. In my opinion, this is a deep-rooted culture and philosophy in the United

Kingdom and among the British. Given the long years of British administration in Hong Kong in the past, we also share the same way of thinking. President, I did not receive education in any of the so-called "leftist" or "patriotic" schools, but was likewise nurtured by the local conventional schools sponsored by the British. Regarding the so-called imbuing of concepts — it was my impression that the imbuing of the concept of nationals had all along been resisted. It was only until I visited such countries as the United States, Australia and other European countries that I discovered it was not the case. This concept has actually been commonly adopted in other countries, even in Japan. Only that the United Kingdom was particularly resistant to it. According to a recent survey conducted in the United Kingdom, the introduction of civic education has failed to achieve good results as the British also face the problem of identification. Not only will we ask ourselves if we are Hong Kong people or Chinese people, when the British students were asked who they are, some of them have answered "British" while some have answered "English". Are these two answers the same? Do England and Britain mean the same thing? The debate is still going on. Also, the British students were asked what can best represent the culture of the United Kingdom. Guess what their answer is? It is "fish and chips", which sounds pretty logical to me. Perhaps this is true, but who knows. The local government nonetheless found this situation most undesirable in view of the low participation.

Therefore, it is impossible for national education to achieve the desired result overnight as there is no way we can force our way through. It is wrong to think that people would turn patriotic through vigorous implementation and have a strong sense of national identity all of a sudden. This is indeed a long-term but essential task, President.

**MR WONG KWOK-HING** (in Cantonese): President, in response to the request of the Education Employees General Union for pitching all primary and secondary school teacher posts at degree level as reflected by me, the Secretary promised recently that the ratio of graduate teacher posts in primary schools would be increased from 35% to 50%, while that in secondary schools would be increased from 70% to 85%. However, the ultimate target of pitching all primary and secondary teacher posts at degree level has yet to be realized. The Union considers this an unfair practice, tantamount to discrimination against primary school teachers. The practice will lead to class division among the some 20 000 serving primary school teachers and antagonism between secondary

and primary school teachers. Therefore, I hope that the Government will draw up a timetable and a roadmap for pitching all primary and secondary teacher posts at degree level.

Thank you, President.

**MISS CHAN YUEN-HAN** (in Cantonese): Madam President, excuse me, for I have to explain the question posed by us.

Madam President, owing to the time constraint, I would like to state briefly my views on the health care reform covered in paragraphs 96 to 98 of the policy address.

I have all along been a member of the Panel on Health Services of the Legislative Council and we have been discussing health care financing for a long time. With regard to paragraph 97 or the beginning of paragraph 98, I agree that those problems must be dealt with. Particularly on primary health care, though the issue has been discussed for a long time, no specific effort has actually been made at the district level. As for other issues, such as procurement, and so on, lengthy discussion has been held. Therefore, regarding the remarks made by the Chief Executive in paragraph 98, that in the face of the tasks in this respect, long-term arrangements for health care financing have to be made indeed, and this is also the point I could see. The question is, whether the increase in health care expenditure from the present 15% to 17% in the future as mentioned by the Chief Executive is satisfactory.

I believe, from our perspective, we always consider it worrying that given the continuous population growth, will it be adequate to calculate health care expenditure for primary care at this percentage? I am referring to primary care, for most people think that public health care services should take care of the grassroots who are most in need of government care. We are extremely worried about this.

We are worried. The Government now proposes the granting of health care vouchers to the elderly, which I think is an adoption of the "money follows patients" approach proposed by Harvard professors a few years ago. If so, under the present proposal where \$250 will be provided annually, which means \$50 each time and four times — five times indeed — each year, will it be

practicable? I think the crux of the problem is that, basically and generally, this group of grassroots now rely completely on primary health care services. Under this circumstance, we are worried about certain problems which have already emerged today, for instance, many specialist drugs and operations are subject to charges, and the long waiting time, and so on. For these reasons, I hope that when the Government puts forward the proposal, it will allow adequate time for consultation. I am still anxious about another issue. As the consultation is to be launched by the end of this year, while our current term will end in July next year, what will the Government do? What arrangements will be made? I think this is exactly what the Secretary has to explain in his reply shortly.

Thank you.

**MR VINCENT FANG** (in Cantonese): Madam President, good morning. In this policy address, the Chief Executive exceptionally introduced a number of specific new health care measures, which include the gradual increase of the Government's recurrent expenditure on medical and health services from the present 15% to 17% in 2011-2012, the introduction of a trial scheme on providing health care vouchers to the elderly, and a pilot project to purchase primary care services from the private sector for certain patient groups in Tin Shui Wai, and so on. These three measures may not be perfect and have drawn criticisms from a number of colleagues, but the Government has at least increased the relevant funding when its financial position is relatively robust, which is after all conducive to the provision of health care services to the grassroots and the elderly.

The Liberal Party always thinks that it is not a long-term solution for the Government to increase its funding for medical and health services incessantly. The most desirable approach is to establish a health care financing system and implement the proposals set out in the discussion paper on "Building a Healthy Tomorrow", to hand over the provision of primary health care services to private-sector health care organizations, so that resources of public-sector health care organizations can be concentrated on preventive care, acute and emergency care and critical care services, and the provision of specialized services.

The Government proposes to increase its expenditure on medical and health services gradually from 15% to 17%. On the surface, the Government



seems to have given a lot of resources to the Hospital Authority (HA), but this is actually a natural increase in expenditure necessitated by the increasing demand for medical and health services of an ageing population. Certainly, an increase in some measure is better than nothing. I agree with the Chief Executive that to solve the problem of increasing demand for medical and health services in the long term, supplementary financing arrangement must be introduced.

As to whether the Government will act according to the research report issued by the Bauhinia Foundation Research Centre chaired by Mr Anthony WU Ting-yuk, the Chairman of the HA, or will it devise another plan, it depends on the consultation paper to be issued by the Secretary by the end of this year.

However, the problem cannot be solved by the adoption of a medical saving plan, or by taxation or insurance alone. Moreover, two decades later, the number of people aged 65 or above will reach 1.4 million in Hong Kong. Therefore, we support the Government in introducing health care financing arrangements in conjunction with health care reform, and promoting co-operation between the public and private sectors on medical and health services under the guarantee that the grassroots will be covered by a safety net. For instance, the pilot project on primary care services to be introduced in Tin Shui Wai will definitely ameliorate the problem of long waiting time for certain public medical and health services. However, a sound and comprehensive supervisory system for the project must be put in place.

Concerning the health care vouchers for the elderly, the Liberal Party welcomes this "money follows patients" idea, for elderly people have greater demand for various kinds of medical and health services. The provision of health care vouchers can actually offer more choices to the elderly, and revitalize different medical and health service industries. However, we think that the amount of \$50 per voucher is really too little. The Secretary said earlier that this would be reviewed. I hope the Secretary will conduct the review as soon as possible and I support a raise in the relevant amount, for we are obliged to provide comprehensive medical care to elderly people who have now reached the age of 70.

Only when these measures have been further improved can we implement the entire plan under the discussion paper on "Building a Healthy Tomorrow" conceived by us.

I will then turn to the topic on attracting talents. I hope that the Secretary and the HA will both cherish the talents now in their hands. The standard of public medical and health services of Hong Kong has all along won commendation from the international community. However, recently, we have learnt about some medical incidents in the news. Definitely, maladministration, if any, should be publicized. But these incidents have indeed reflected the negative emotions and poor morale among medical and health care staff internally and the enormous wastage of experienced staff. The Secretary said that the authorities concerned would recruit new staff, enhance training for staff and improve their terms of employment. But how much time and resources do we have to spend to coach newly graduated doctors or medical and health care personnel as replacement of the experienced staff having left? In this process of recruiting new staff to replace outgoing staff, how much resources will be wasted and how many risks will it pose to patients?

Proposals set out in the "Building a Healthy Tomorrow" paper will definitely create enormous room of development for the private health care sector. In other words, the demand for medical and health care personnel will increase substantially. Where can they find the personnel? Naturally, staff in the public health care sector will be headhunted. Therefore, if the two major problems, staff wastage and staff morale, remain unresolved, the public health care sector will fail to satisfy the demand of society despite all kinds of reform carried out.

Madam President, the discussion on health care financing and health care reform has been going on for the past couple of decades. Even if a medical savings plan is introduced immediately, results will not be seen within two to three decades at least. Therefore, it can brook no delay. I hope that the Chief Executive and the Secretary can drum up the resolve to implement health care reform proactively. Though considerable difficulty will be encountered, it is always better to endure short-term pain than allowing the disease to remain untreated.

I so submit. Thank you, Madam President.

**MR LEE CHEUK-YAN** (in Cantonese): President, concerning the health care vouchers, I have to point out that the Hong Kong Confederation of Trade Unions (CTU) thinks that these vouchers are too cheap and the Government is too mean

to offer just \$250 each year to the elderly. Moreover, I would like to raise some queries about the concept of health care vouchers. First, will resources spent this way incur opportunity costs? If the money so spent is used to improve public dental clinics to provide services for the elderly — as the elderly can only receive tooth extraction but not restorative treatment at dental clinics now, it will be much more pragmatic to enable more dental clinics or Chinese medicine clinics to provide services to the elderly. The elderly will find it more practical. If they are only given \$250, frankly, it will not be enough for them to pay the restoration treatment for even one single tooth.

Another question which I would like to pose to the Secretary is: Will users be refunded the difference between the bill and the health care vouchers? The answer is a "no" definitely. There is no reason that the user will receive \$10 in change when he foots his \$90 medical bill with a health care voucher of \$100. This is absolutely impossible. If so, will there be a possibility that service providers will eventually charge \$100. This is the gravest problem arising from the voucher or the "money follows patients or students" approach, for demand is created. With this demand created, prices will be increased and the private sector will eventually benefit. Therefore, I believe the health care voucher scheme will also give rise to such a problem. I wonder if the Secretary will monitor the situation to ensure that medical charges pitched at \$90 originally will not be increased to \$100. Actually, it is impossible for the Secretary to exercise supervision. I thus predict that medical charges of private clinics will all be set at \$50, \$100 and \$150, and so on, in the future. Thank you, President.

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

**DR FERNANDO CHEUNG** (in Cantonese): Madam President, I have only very little time, less than one minute. So though I have a lot to talk about, I cannot.

In respect of medical and health services, the problem of dental care for the elderly is really very serious. More often than not, the waiting time for follow-up consultations is excessively long. As for psychiatric services, the resources provided fail to meet the present demand. Concerning community rehabilitation services, the health care sector and the welfare sector should

indeed work together more closely. In the past, when the two areas of work were put under the same Policy Bureau, there were greater chances of co-operation. Now, I hope that the two Policy Bureaux can ensure greater co-operation in this respect. Charges of drugs also pose a great problem, and the Standard Drug Formulary should be reviewed.

As for education, I am gravely concerned about special education and integrated education. I think that a large-scale review should be carried out on integrated education. Otherwise, the Government is only leaving these students to fend for themselves in mainstream schools. Moreover, the role of special education must be given emphasis again. I hope that certain reviews will be carried out in the future on education. Thank you.

**MR ABRAHAM SHEK:** Madam President, in view of the time limitation, much as I would like to say on the subject of health services, I shall leave them for future deliberation. But, I would like to say something to Dr York CHOW, that I would like you to carry out the work, your administrative tasks, not only as an administrator, but as a doctor of which you are trained to be, to deal with your patients with care and compassion. That I am sure you are slightly different from the other Secretaries.

Madam President, I would also like to speak on the subject of education. But before I speak, I fully subscribe to the Honourable TSANG Yok-sing's words, as he has spoken the words of millions of parents. Since 1997, much has been spent on and substantial changes have been made to education, ranging from school corporate governance, funding, curriculum standard, assessment to admission system. Changes come, changes go, same changes come again, sending shivers and uncertainties down the spine of the school system. All these changes are made, money spent, but practically, much remains the same, in particular, the education standard and quality. Let us really go back and review the situation.

Let us instigate positive actions to restore confidence and trust between the administrators and our schools. Let us install mutual trust and mutual faith between the teachers who are the front-line fighters for this system. It is very important that the teachers must have faith in the system. Only through this can the Chief Executive's philosophy of progressive development in education be achieved.

In the recent international consultancy report made by MCKENZIE on education, they made three very simple recommendations, but they are very stunning recommendations. They said schools need to do three things: (a) get the best teachers; (b) get the best out of teachers; (c) step in when people start to lag behind. The above recommendations, as I said earlier, are simple but the most difficult to apply because they need the Government's generosity to dispense with interference, to give back independence and freedom to schools, to give trust to those who actually stand there and teach our children.

The second thing which the Government must also do, and which it has not been doing in the last 10 years, is in the area of teacher training. How can we have the best quality in the education system when the teachers are not qualified, or when they are not of quality? It is very important that our Institute of Education must be given full recognition as a university, must be given full resources for them to be trained as teachers because if they are not good, our students will not be good, for one cannot squeeze water out from wood.

Madam President, because of the time element, I would not go further, I have to save my time for the next session. Thank you.

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

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese): If not, Council will now be suspended for 10 minutes. Designated public officers will speak when Council resumes.

10.02 am

Meeting suspended.

10.12 am

Council then resumed.

**PRESIDENT** (in Cantonese): Council now resumes to continue with the fourth debate session. Three designated public officers will now speak in this session. On the basis of 15 minutes' speaking time for each officer, they have up to 45 minutes in total for their speeches.

**SECRETARY FOR EDUCATION** (in Cantonese): President, the policy address this year has announced a number of new initiatives on education. We have positively responded to some aspirations of the education sector and members of the public, and actively worked towards the goal of optimizing education. I am very happy that these initiatives have received general support of the community at large and Honourable Members.

We have decided to provide, from the 2008-2009 school year onwards, free education to students in public secondary schools to their senior school years. To this end, we have to inject an additional \$1.2 billion each year. Moreover, to satisfy the need of society for different talents, we will fully subsidize full-time courses provided by the Vocational Training Council for Form Three school leavers so as to provide an alternative free avenue for them to further their studies other than in mainstream education. These new initiatives have alleviated the burden of many families because about 130 000 students who otherwise have to pay full or half school fees can now be immediately benefited, further demonstrating the Government's commitment to the education of our next generation.

We will implement, from the 2009-2010 school year onwards, small-class teaching in public primary schools in phases. While putting students' welfare in the first place, we will also accommodate the concerns of the sector. We will first let schools express their preferences of launching small-class teaching based on their individual conditions and needs of their students. While respecting their choice, we will also consider the suitability of their actual environment. We will discuss with schools the demand for school places in the coming few years in their relevant school net and consider measures such as redeploying residual places in adjacent school nets and making use of vacant school buildings and constructing new schools, in order to adjust the supply of school places in different school nets and examine its feasibility.

Hong Kong is a vibrant metropolis. The number of students changes with the development of Hong Kong. Even the most sophisticated demographic

projection contains many variables. The willingness of individual schools to launch small-class teaching will also change any time. Thus, we have to keep the demand of school places in school nets under constant review, strengthen communication with schools and accordingly adjust the support facilities they need.

Allowing schools to implement small-class teaching will inevitably reduce the number of school places in individual schools. Some are concerned that this may affect the chances of children entering the school of their preference. Some have asked the Government whether it will allow "renowned schools", while operating in small classes, to "add classes" so as to keep their number of school places unchanged. Whether or not individual schools will be allowed to increase the number of classes hinges on the demand and supply of school places in the relevant school net and other objective limitations, for instance, whether or not the school has enough space. If there is a genuine need of increasing school places, we will use a fair and objective mechanism to decide which schools can be expanded.

I wish to emphasize here that the introduction of small-class teaching has to be coupled with teacher training. Operating in small classes can surely provide a better environment for teaching, but it is not the magic wand either. Teachers are the soul in optimized teaching. Thus, other than increasing the teacher training quota to meet the increased demand for teachers in implementing small-class teaching, we will look into in-service training for incumbent teachers, in a bid to assist them in making the best use of the small-class environment to strengthen interaction among students and address their disparity. We will also draw on collective wisdom and absorb all useful ideas by inviting teachers and headmasters who have participated in various small-class projects to share their experience with other co-workers.

With respect to the timing of introducing small-class teaching in secondary schools, I hope Members will understand that the Government, when implementing a policy, has to be circumspect and do it step by step, not to mention that the implementation of small-class teaching in secondary and primary schools on a full scale involves enormous resources. We hope that, by implementing small-class teaching in primary schools, primary school students can build up a good foundation for their life-long learning. As a matter of fact, the number of classes in primary schools does not have to be the same as that in secondary schools. Although secondary schools will face a drop in the number

of students, the Government cannot use the implementation of small-class teaching as a tool to solve the issue of reducing classes. We will, however, continue to explore pragmatically with the education sector the ways, including a slight reduction of classes, to alleviate pressure brought by the drop in the number of students.

I wish to turn to tertiary education now. We propose to implement a series of measures to further develop Hong Kong into a regional education hub.

One of the measures is to double in phases the quota for non-local students to take government-funded sub-degree, degree or postgraduate courses, with a cap of 20% of the approved student number target of these courses. Some worry that this measure will affect the opportunities of local students to pursue further studies. According to the prevailing policy, the additional non-local students have to shoulder the additional direct cost incurred to the course as a result of their enrolment. As such, the Government does not need to shoulder any additional recurrent cost. Hence, this measure will not reduce the places of government-funded courses for local students, so it will not affect their opportunities of further.

Some Members expressed concern for inadequate hostel facilities. The Government will make all-out efforts to explore the solution to this problem. Options that we are considering include the construction of "joint hostels" for shared use by institutions. We will discuss with the University Grants Committee-funded institutions to finalize the details of this measure.

Moreover, we propose to allow non-local students taking full-time and locally-accredited programmes at degree level or above in Hong Kong to take up part-time jobs, internships or summer jobs during their study. New measures will also be implemented to facilitate their remaining in Hong Kong to work after graduation. Some Members are concerned that this may have some negative impact on the local labour market. I wish to point out that allowing non-local students to acquire precious working experience can help them integrate into society and allow them to apply knowledge learnt in school and in books into practice. This is an important measure to attract and retain non-local talents. Non-local graduates who have stayed behind to work in Hong Kong have to meet a number of requirements, including the post in which they are employed should be of undergraduate level and offer remunerations at the market rate. We reckon that the majority of non-local students and graduates will pursue high



value-added and high technology jobs. Thus, the proposal should not constitute too large an impact on local primary labour market.

With our local economy becoming increasingly knowledge-based, Hong Kong should continue to work hard on enhancing the quality of our human resources, in turn strengthen our overall competitiveness and ultimately benefit all people in Hong Kong. We are convinced that the relevant measures can enlarge and optimize our pool of talents and bring economic benefits to society as a whole.

Moreover, we are actively exploring greenfield sites for construction of new international schools or the expansion of existing schools. At present, the majority of international schools are on Hong Kong Island where land is limited. We hold that a more pragmatic approach is to look for sites for expansion outside Hong Kong Island.

In the meantime, we will continue to adopt other measures to help individual international schools to tackle their pressing expansion need. These measures include allotting vacant school buildings to international schools for their urgent use, and, if the environment permits, assisting individual international schools in *in situ* expansion.

We anticipate that in early 2008, interested organizations will be invited to submit Expression of Interest. By then, we will provide information of the vacant school buildings which can be used for allotment to international schools for consideration.

Just now, a Member mentioned the importance of promoting national education. I fully agree with it. It is an important policy of the Government of the Hong Kong Special Administrative Region to increase the awareness of young people in Hong Kong of our nation and the Basic Law, nurture their recognition of their national identity and commitment to the country. We will actively co-operate and liaise with relevant departments and community organizations, particularly those from the education sector, to further strengthen national education. Specific tasks under planning include strengthening relevant teaching elements in secondary and primary curricula to render more opportunities for students to learn about our country. We will also enlarge the scope of contact and interaction between Hong Kong and mainland students so that the former will learn for themselves the development of our nation with an

active and open attitude. The Education Bureau will also encourage schools, through training and other measures, to conduct national flag-raising ceremony and set up flag-raising teams. Moreover, we will also make use of the 2008 Beijing Olympic Games to stimulate patriotism in young people.

President, I know that the education sector, parents and even members of the public have high hopes and different aspirations for education. It is obvious to all that the Government is determined to vigorously invest in and optimize education. Resources, however, are not infinite. The implementation of policies has to be prioritized. In the past decade, the Government has drawn up a blueprint for the long-term development of education. With the hard work of front-line education workers, the relevant policies have been rolled out one after another. The education sector has laid a solid foundation for quality education and diversity learning. I hope to continue to work hand-in-hand, on the basis of this good foundation, with various stakeholders for the education of our next generation.

Thank you, President.

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): Madam President, first of all, I thank Members for expressing many views on health care services in this and the last session. Now, I wish to talk about the future direction of our work and the underlying beliefs.

First, I wish to talk about health care reform and financing. I hope Members will all understand that health care is an expensive service. With the leapfrogging progress in health care technology, in future, the cost will be even higher. If we look at the trend in the past and the experience of other countries, the increase in the cost of health care was often faster than economic growth. This means that if we want to catch up with the development of health care technology, the health care expenditure will also increase continuously. At the same time, with an ageing population, the demand for health care services will also be increasing. This situation is not unique to Hong Kong, rather, it is a problem that various parts of the world have to address. In the face of this problem, the Government plans to raise the proportion of public health care expenditure as a share of public recurrent expenditure from 15% at present to 17% in 2012. However, with a low tax regime and small government, it is impossible for the Government to increase public health care expenditure

indefinitely. We have to identify other supplementary financing proposals. After two years of study, we believe that health care savings and health care insurance are two options worthy of recommendation. As regards the details, we will release them at year end for public consultation.

However, financing alone cannot solve the problems completely. We must examine the existing health care system in order to enhance service efficiency. In the past two years, we have carried out an in-depth study on ways to reform the existing health care system and the policy on cost control. The report to be released at year end will provide the details.

Madam President, I believe the public will understand that in future, it will be necessary to keep increasing the resources used on health care. As long as the resources, be it government or private funds, are utilized appropriately, they will provide better protection to the health of individuals and bring about benefits to society as a whole, including our next generation. I hope the public are willing to find a health care financing proposal suitable for Hong Kong in conjunction with the Government. Here, I have to make the pledge that the Government will continue to assume responsibility towards the poor and low-income people and that the existing health care safety net will remain in place.

At present, although the public consultation on the arrangements for health care service reforms and health care financing has not yet started, on the imbalance between the public and private sectors, we have already included some pilot schemes in the working plan for next year, in the hope of making improvements as soon as possible. At present, over 90% of the bed days in Hong Kong are provided by public hospitals, so the imbalance between the public and private sectors is serious. In addition, there are only 300 doctors in the general out-patient clinics operated by the Hospital Authority but they have to handle over 20% of the primary care cases in Hong Kong. It is evident that the private sector is unable to actualize its full potential. The crux of the problem is how the capacity of the private sector can be utilized to satisfy the demand for services in the public sector and ensure value for money at the same time.

To target these problems, we will organize two pilot projects in the coming year. One of them will provide subsidies for patients in public hospitals to undertake cataract surgeries in the private sector and the other is a pilot project to purchase private general out-patient services in Tin Shui Wai. In a meeting

of the Panel on Health Services, I have explained the details of these two projects to Members. We hope that the strengths of the private market can be exploited to the fullest to ease the pressure on services of the public sector. We will encourage the private sector to respond actively, with a view to creating more opportunities for exchanges and co-operation between the public and private sectors.

In addition to the imbalance between the public and private sectors, there is also a lack of adequate co-operation and co-ordination between the public and private sectors. When patients are transferred from the private sector to the public sector, often, patient records cannot be provided to doctors in the public sector for reference. When patients are transferred from the public sector to the private sector, only brief patient records are provided, as a result, there are duplications in diagnosis and considerable time and resources are wasted. In the coming year, we will fast-track the study to develop a territory-wide patient-oriented electronic health record platform.

Next, I wish to talk about the pilot scheme designed to provide health care vouchers to the elderly. I notice that many Members, for example, Dr Joseph LEE and Mr Vincent FANG, have already gained a deep understanding of the basics of this scheme. This scheme is an even greater breakthrough than the measure to purchase services from the private sector. The scheme would implement the "money follows patient" concept, enabling senior citizens to choose their own primary health care services in their local communities that suit their needs most, thereby piloting a new model for subsidized primary care services in the future.

We have chosen to subsidize primary care service because primary care service performs the function of gatekeeping and prevention. If well utilized, it can enhance the health of elderly people and reduce the demand for hospital and specialist services. This is a point overlooked by the majority of members of the public and elderly people in particular.

Madam President, since health care vouchers for the elderly can only be used on private health care services, the introduction of health care vouchers for the elderly can, on the one hand, promote primary care service and on the other, redress the imbalance between the public and private sectors, so this is killing two birds with one stone. In fact, the underlying concept of this new scheme has won the support of the general public, the medical profession and academics.

The comments made by Members are not directed at the concept of the scheme, rather, many Members said that the health care vouchers amounted only to a small favour and they suggested that the amount of money be increased. I must point out that this is a new pilot scheme and it is not preferable to make the scope of the pilot scheme too large, and it is necessary to proceed cautiously. For this reason, we will encourage elderly people to use the health care vouchers individually, so that they can develop long-term relations with health care workers through using primary care services several times a year, thereby enhancing health protection for them.

I have to stress that the health care voucher scheme will not replace the public general and specialist out-patient services for the elderly. Elderly people can still use the existing public out-patient service after the introduction of health care vouchers when necessary.

However, I must point out that health care vouchers are not designed to provide full subsidy but to promote the concept of shared responsibility for health care among patients, that is, the concept of the so-called co-payment by providing partial subsidy. This is a principle commonly followed by advanced economies around the world and the main aim is not to reduce the Government's commitment to health care, but to encourage the optimal use of limited health care resources in society, so as to reduce wastage and prevent abuse.

If the health care voucher scheme is proven to be feasible and effective after trial, we will adopt an open attitude towards the details of implementation in the long term. However, we must first implement a pilot scheme, find a way of implementation that will bring prominent results and ensure that private health care services are truly value for money and can fulfil the goals of primary care before considering expanding the scope of use of health care vouchers. In that event, consideration can also be given to increasing the amount of subsidy.

Yesterday and just now, some Members requested the Government to reconsider providing public health care services to the elderly at half price. Madam President, this measure runs directly counter to the aim of the scheme to provide health care vouchers to the elderly. At present, public health care services are heavily subsidized by the Government, with the Government providing 95% of the funding. The low service charges and fees can rarely be

found in other parts of the world. Half-price services will only encourage more elderly people to use public health care services, thus resulting in greater pressure on public health care and leading to a deterioration of the imbalance between the public and private sectors. Moreover, elderly people will not be able to receive timely care due to overwhelming demand. This will lead to a lose-lose situation which is undesirable.

Just now, some Members also mentioned the issue of dental services for the elderly. I reiterate here that the Government's policy on dental services is prevention-based. Through promotion and education, it raises public awareness of oral health and facilitates the development of proper oral health habits from a young age in order to prevent dental problems. At the same time, the Government also provides emergency dental services to the public, including elderly people, and provides treatment to patients with urgent needs. In 2006, the attendance of 11 government dental clinics under the Department of Health was about 35 000, the majority of which being elderly people. Recipients of Comprehensive Social Security Assistance (CSSA) who are old, disabled or medically certified to be in ill-health are entitled to other special grants. Health care vouchers for the elderly can also be used on services provided by dentists, so subsidy is provided to elderly people to some extent. In the long run, we will examine how to strengthen the dental service for the elderly in view of the limited resources.

I also wish to respond to Members' request to offer free influenza vaccination to the elderly. Each year, the Government provides free influenza vaccination to selected target groups who are exposed to high risks, including elderly people living in residential care homes, elderly people with chronic illness who are followed up by public clinics, as well as those elderly people receiving CSSA. Last year, over 180 000 elderly people were benefited. The new scheme for this year will soon be launched in November. Many voluntary agencies also offer influenza vaccination to elderly people at low charges. Depending on their need, other elderly people can also use their health care vouchers to receive influenza vaccination in private clinics in future. Members have requested that all elderly people be offered free influenza vaccination across the board regardless of their circumstances or the grounds. We believe this is not the most effective way of using public resources and the Government will not support doing so.

Next, I wish to talk about the public-private-partnership beyond the primary care level. In addition to primary care, we also hope to make better use of the potential of the private sector in developing advanced technology in medicine. To this end, we will examine the establishment of medical centres of excellence in order to give full play to Hong Kong's strengths in tertiary care and special health care. At present, tertiary care and special health care are mainly provided by the public health care system. In future, we will explore the feasibility of multi-partite co-operation among the public and private sectors, the universities and overseas experts. The aim is to facilitate cross-fertilization of expertise and attract the participation of overseas professionals, thus raising professional standards. In the coming year, we will give priority to the examination of the feasibility of establishing multi-partite medical centres of excellence in paediatrics and neuroscience.

Madam President, the Hong Kong health care system has all along performed its functions effectively, made proud achievements and safeguarded the health of the public. However, with an ageing population, the problem of a bottleneck in service is deteriorating. Rapid advances in medical technology can certainly control various types of diseases effectively, however, they also lead to drastic increases in the demand for health care and in health care expenditure. This problem is very pressing. There is no time to lose in introducing health care services reform and health care financing, however, the issues involved are complicated and the implications are profound, so society must start to explore them at an early date and seek to reach a consensus, so as to implement them as soon as possible.

The overall strategy of the Government is to strengthen primary care services, redress the imbalance between the public and private sectors, promote public-private-partnership and promote public awareness of and investment in individual health. In the consultation paper to be released at the end of this year to consult the public on health care service reforms and health care financing arrangements, we will provide more in-depth information and put forward more proposals. I hope Members and the general public can study them in detail, discuss them rationally and offer their valuable views to us, so that Hong Kong can become an even healthier and safer city.

Thank you, Madam President.

**SECRETARY FOR SECURITY** (in Cantonese): Madam President, to enhance Hong Kong's competitiveness in the process of globalization of the world economy, the Government, apart from its ongoing investment in the education, training and retraining of local talents, will continue to take proactive measures to attract talents from the Mainland and overseas to pursue career development in Hong Kong through various admission schemes. The Government is confident that a larger pool of talents can boost the competitiveness of Hong Kong, attract more capital and create more employment opportunities. This injection of new blood will help facilitate the more robust development of the economy of Hong Kong.

Since the reunification, about 200 000 talents or professionals in various fields have come to work or reside in Hong Kong through various admission schemes. In 2006 alone, for instance, 28 000 people came to work or reside in Hong Kong from various parts of the world, 5 500 of whom being talents from the Mainland. In June 2006, the Government also introduced the new Quality Migrant Admission Scheme (QMAS). The QMAS is different from other talent admission schemes in that the applicants are not required to secure a local job offer but they must still meet the required academic qualifications and other basic requirements. From the introduction of the QMAS to the end of August, the Immigration Department received a total of 1 024 applications, and more than 160 applicants have been formally granted approval to take up residence in Hong Kong.

The Government will review the talent admission schemes from time to time to ensure that they meet the needs of the overall development of society. One of our major tasks now is to review the QMAS and put into practice the recommendations to be made in the review. We hope that through the review, we can sum up the implementation experience over the past year while making reference to the opinions expressed by various sectors of the community, with a view to looking into how the QMAS should be improved to cast our net wider for quality migrants. Our target is to complete the review in early 2008.

The Government is in parallel stepping up the publicity of various admission schemes and streamlining their application procedures.

In fact, the Security Bureau and the Immigration Department have all along endeavoured to work with the relevant parties in promoting various talent admission schemes. In respect of the QMAS, a series of promotion initiatives



are in train. For instance, the Government, together with the Advisory Committee of Admission of Quality Migrants and Professionals, are soliciting the assistance of the relevant bodies, such as the chambers of commerce, in promoting the QMAS. The Government will also promote the talent admission schemes through its overseas offices.

On streamlining of the application procedures, the Immigration Department will repackage the schemes to make them more user-friendly to both applicants and employers.

Madam President, this is all I wish to say.

**PRESIDENT** (in Cantonese): The fourth debate session ends.

**PRESIDENT** (in Cantonese): We now proceed to the fifth debate session. The policy areas for this debate session are "commerce and industry, economic services, financial services, housing, information technology and broadcasting, planning, lands and works and transport".

**PRESIDENT** (in Cantonese): Members who wish to speak will please press the "Request-to-speak" button to indicate their wish.

**DR DAVID LI:** Madam President, I have received an overwhelmingly positive response to the policy address from members of the Finance Constituency. The Constituency appreciates the support which the Government has provided to our industry in recent years. In particular, we appreciate the great effort which the Government has made to engage with the relevant authorities on the Mainland to co-ordinate the development of the financial services industry in both places. Members of our Constituency realize that overcoming the remaining barriers is very complex, and that making progress takes time. Nevertheless, we urge the Government not to relax its efforts, but continue to bring new thinking to the table, and to work sincerely for the overall benefit of our country.

Members welcome the Chief Executive's commitment to further develop Renminbi (RMB) business in Hong Kong. We believe that with the proven

success of the RMB deposit scheme, there is now scope to proceed with a long-standing request from the local banking industry. Specially, the industry believes that the time is ripe to allow local banks to use RMB deposits accepted in Hong Kong within their operations on the Mainland.

We very much hope that the Hong Kong Government will put this request at the top of its agenda in its ongoing dialogue with the Central Government on the expansion of RMB business.

Members of the Finance Constituency welcome the Government's determination to modernize both the trust regime and the arbitration regime. Both of these initiatives will further consolidate Hong Kong's role as an international financial centre.

We fully support the Government's pledge to provide assistance to Hong Kong enterprises in the Pearl River Delta affected by the recent change in policy for the processing industries. Our industry will work closely with the Government and the affected companies to assist them to restructure, upgrade and relocate.

Members also welcome the Government's support for the development of an Islamic bond market, and very much look forward to providing assistance in this regard.

In the course of my consultations with the Finance Constituency, I received a number of very useful suggestions on measures the Government may take to attract new financial business to our city. For example, it is noted that opportunities for ship finance are limited, compared to some of our neighbours in the region. It would be useful to review our existing tax policies on ship finance to ensure that they are conducive to the development of this important business.

The Finance Constituency welcomes and fully supports the Chief Executive's announcement of a cut in both personal and corporate taxes. I received several comments noting that sharply higher stamp duty revenue has given the Government greater flexibility in this regard.

Perhaps surprisingly, in spite of surging stamp duty revenue from share transactions, I do not sense any great pressure from the Finance Constituency to

reduce the current duty rate. I believe the Constituency recognizes that the overall economy will benefit more from a general reduction in income and profits taxes, than from a cut in stamp duty.

Nevertheless, I must warn the Government that the Constituency has little patience with the argument that the current surge in revenue is a windfall which must be saved for a rainy day. The Constituency is looking for a clear statement from the Government that it aims for a balanced budget. It sees little reason for the Government to build up its fiscal reserves further. Any surplus should be returned to the people in the form of lower taxes or in the form of investment in our people and in our economy.

At the same time, the Government must guard against raising recurrent expenditure too quickly. We suffered a very painful period of adjustment, following the sharp run-up in expenditure during the 1990s. We must not repeat those same mistakes again.

The Finance Constituency wishes to thank the Chief Executive for his commitment to the development of the financial services industry in Hong Kong. Efficient financial markets are at the root of financial success. By building up Hong Kong as a world-class financial centre, we can best serve our country and its people.

Madam President, it gives me great pleasure to support the Motion of Thanks.

Thank you.

**MR CHEUNG HOK-MING** (in Cantonese): Madam President, the Qinghai-Tibet Railway which links up Qinghai Province and Tibet was commissioned on 1 July 2006. The Guangzhou-Shenzhen-Hong Kong Express Rail Link which links up Hong Kong with Guangzhou and is likewise included in the nation's express railway network is finalized in the policy address and its works will commence within two years. Ten months ago, Macao opened its first theme entertainment complex, the Fishermen's Wharf. In Hong Kong, we also have a project which bears the same name of Fishermen's Wharf and the site is located in Aberdeen. Although the project was conceived as early as 10 years ago, works are expected to commence only two years from now.

Waiting in exasperation has been the hard fate of projects of various sizes in Hong Kong over the past decade. In contrast, our neighbours are fast surging ahead. The policy address outlines an ambitious plan for the 10 major infrastructure projects for Hong Kong in the 21st century and I hope this can make up for the opportunities that have slipped from our hands during the past 10 years. I would like to make use of the occasion of speaking on the policy address to urge the SAR Government to be bold enough to make the grandiose plan a reality. For if not, Hong Kong will only become the tortoise that loses in the race with the hare and this would be a terrible waste of our natural strengths.

The 10 major infrastructure projects are a key note in the policy address. Both the DAB and the people of Hong Kong hope that these projects can be put into practice and will not remain plans on the drawing board. Now I would like to present my advice on speeding up the 10 major infrastructure projects with the four Chinese cooking methods of "braise", "stew", "stir fry" and "deep fry".

First, I would like to use "braise" to describe the process of garnering public opinion. The essence of braising is to retain the original juice and flavour of the food. Progress of the infrastructure projects has been dead slow over the past decade. Leaving aside the period of time when public coffers were lean, a very important reason was resistance from the community. It is unfortunate that in recent years some people have become distrustful of the Government and they often resorted to applying for a judicial review to challenge the Government.

Take the example of the second phase of the Wan Chai development project, the reclamation project was raised as early as in the late 1980s, but due to the grave concern expressed for the protection of the Victoria Harbour in recent years, the Government has to accede to public demand and scale down the reclamation project significantly. Of late, we have heard officials say on various occasions that a balance has to be struck between development and conservation. I believe this is the prevailing trend of the times and this is also what the people like to see. But the essence of braising as found in culinary art is time. If the right amount of time is not used, the food will become too hard and unpalatable. If too much time is spent, the food will become overcooked and lose its delicacy. I hope that the Government will not engage in endless consultations for each infrastructure project, for it will only make the project never be able to see the light and commence.

The second method in cooking is to stew. To stew is to bring out the essence of the food. In other words, it is to learn from past experience, eliminate past failings and come to embrace the new. In the policy address, it is suggested that the Government will study four new urban development areas. Unlike the satellite towns of the past, there will not be any high-density developments in these new development areas. There will be no high-rise buildings sprawling all over the place. And it is estimated that each new community will take in no more than 100 000 people.

The Government has learnt from the past experience of insufficient community facilities in developing new towns. In order that the past blunders of Tin Shui Wai, Tung Chung, and so on, will not be repeated, the Government plans to build community facilities first. In the case of Tung Chung, no library was built because there were only some 70 000 to 80 000 people there and the population did not warrant the building of a library. The result is that all the way up to 2009, the kids in Tung Chung have to spend more than \$10 in transportation each time when they travel to another district to borrow books. So I hope that the Government will not just look at the population of a place when it is to develop a new town in future. Of greater importance is the provision of leisure and cultural facilities for remote communities in a flexible manner.

A feature of the development of new towns in the past was the Government taking the initiative to construct the transport infrastructure and the residents of the public housing estates moving in as pioneers. The imbalance caused by this mode of development has made us rethink the proportion of various types of housing developments in a new town. According to the "Hong Kong 2030" planning study, it is estimated that the new development areas would need 12 to 13 years, before they are completed in around 2020 to 2030. Should we look into how the private sector can be used to complete these infrastructure projects and further reduce the time taken for the development of these new areas, in order that the residents there can enjoy well-provided community facilities early?

I hope the Government can really appreciate the essence of braising in cooking, that is, to learn from experience. The lesson to be learned is the nature conservation policy which was put forward by the Government three years ago. Madam President, now most of these 12 sites of conservation remain untouched. I hope the Government can map out a new direction for the

development of these 12 sites of conservation. It is also my wish that the Government can see the point of making use of market forces to facilitate the development of these new development areas.

Stir frying is a cooking method commonly used in the household. I do not think I need to talk about it in detail. The essence of stir frying is to strike when the iron is hot. Only by doing so can the flavour of the food be brought out. Now I would like to use the West Kowloon Cultural District (WKCD) as an example. The mode of developing the WKCD and its details have once been the subject of disputes. I do not wish to dwell on them now. Last year the Government set up the Consultative Committee on the Core Arts and Cultural Facilities of the West Kowloon Cultural District to revisit the needs of the cultural district and the financial arrangements concerned. Last month, the Committee announced the relevant recommendations and public consultation was launched.

I do not want to go into details of the WKCD here but I would like to point out that the Committee has included representatives from many art groups and the recommendations put forward are able to reflect views from the sector. The WKCD project is more than just a tourist project and it is also a golden opportunity for breathing new life into the arts scene in Hong Kong. I hope the Government can grab the opportunity and when the right moment comes, it can waste no time and put all the ingredients into the wok and start to fry.

The last one of the four cooking methods is to deep fry. This is most attractive to the taste buds and well loved by many people. The difficult thing about deep frying is that it must be done with the right amount of time. Too brown means it is overdone and if not enough time is spent on it, the food will not be crispy enough. Now I would like to illustrate my point by referring this to opening up the Frontier Closed Area (FCA). The policy address makes it clear that the Government and the Shenzhen authorities will look into how the River Loop area can be developed. With respect to this issue, the DAB has on numerous public occasions put forward our proposals. Secretary, this book of proposals was compiled in 2004 by the DAB after a very detailed study. It has been raised in this Chamber over the years many times and with reference to various policy areas. As I have talked about it many times in this Chamber, I am not going to repeat it today. I would like, however, to talk about a place which is forgotten by the Government, that is, Heung Yuen Wai.

Just a stone's throw across the boundary from Heung Yuen Wai is the Liantang control point of the Mainland and it is also the starting point of the future Eastern Corridor which is one of the five boundary crossings planned by Shenzhen. The Liantang control point will link up Heung Yuen Wai of Hong Kong and this implies that container trucks from Hong Kong can be diverted from the municipal traffic in Shenzhen for direct access to the eastern part of Guangdong. Thus the distance between Hong Kong and places like Weizhou and Shantou can be further reduced. As we can see, Heung Yuen Wai is generously gifted with excellent matching infrastructure facilities and it can even be said that it has good potentials to be developed into a new town. I hope the Government can make good use of this feature and tap the mighty growth potentials of the ready-made mainland infrastructure facilities. Then this Heung Yuen Wai can truly be turned into a novel spot emitting fragrance that befits the meaning of its name in Chinese.

Despite the 10 major infrastructure projects proposed in the policy address, for residents of New Territories West, projects which they have been striving all along to get, such as the Northern Link, or Route 4 which residents of Island West are craving for so much, as well as the plan to develop Lantau, are not mentioned in the policy address at all. No thought has been given to them. This is baffling. I hope the Government can put these on the agenda again. Also, the Government should examine how under the existing framework of the World Trade Organization agreement these infrastructure projects can benefit local enterprises and workers. This will enable the maximum economic benefits to be reaped from these infrastructure projects.

Madam President, I would now like to turn to the traffic problem. The policy address announces that 10 major infrastructure facilities will be built and many of them have been under discussion for many years. These include the Sha Tin to Central Link, the South Island Line and the Hong Kong-Zhuhai-Macao Bridge, and so on. Some of these projects are still being studied and these include a proposed rail link from Chek Lap Kok to the Shenzhen airport. Since the completion of these transport infrastructure projects would greatly alter the transport pattern of the public and help in the development of the transport and logistics industries in Hong Kong, these projects are closely related to the people's livelihood and the economy. Therefore, we hope that the Chief Executive can take actions and pledge that these projects can commence at the soonest. He should refrain from making out cheques that cannot be honoured and so disappoint the people.

Of these 10 major infrastructure projects, it seems that some such like projects have been left out. An example is the Northern Link that we have mentioned. The railway links up New Territories West and Lok Ma Chau and although there are just three stops on the line, its effect is immense.

First, speaking from a macro perspective, it is a railway link after the Southern Link that can further integrate Kowloon with the eastern and western parts of the New Territories. Its effect is to form a giant railway loop in the entire Kowloon area and the New Territories hinterland, linking up residents of various districts there.

Second, the policy address mentioned the new development areas in the New Territories, such as Kwu Tung North, Ping Che and Ta Kwu Ling, and so on, so this Northern Link can serve as a matching transport facility for these new development areas, hence perfecting the facilities there.

Third, currently residents of New Territories West have to take a bus or a minibus if they want to ride on a train to Shenzhen. Even with the opening of the Lok Ma Chau Spur Line, these residents of New Territories West may not stand to benefit. So I wish to stress that the Government should put the Northern Link on its agenda.

As for the Guangzhou-Shenzhen-Hong Kong Express Rail Link of the 10 major infrastructure projects, the policy address says that the target completion date is 2014. But as far as we can see, the section from Shibi of Guangzhou to Longhua of Shenzhen will be commissioned in 2010 and for that matter, the Hong Kong section is lagging behind by at least four years. As this express rail link can offer a direct link with the Beijing-Guangzhou railway, the distance between Hong Kong and Beijing is expected to be shortened in future. The business potentials this may bring are immense. So I hope that the Government can speed up the advance work in this regard so that the Hong Kong section can be coupled with the mainland section soon. This will prevent golden opportunities from slipping through our very hands.

Madam President, apart from the question of transport infrastructure, I would also like to talk about the problem of cross-boundary transport for school children. Due to the increasingly close ties between Hong Kong and the Mainland, more and more school-age children from Shenzhen are crossing the boundary to attend schools here. But the Government is reluctant to open up



the FCA so that school buses can enter the closed area in the control points to ferry the school children. The result is that these children have to take two or three trips of feeder transport before they can reach their schools. It can be imagined that these children of such a young age are exposed to great hazards when they have to negotiate streets of heavy traffic.

Therefore, the DAB has approached the authorities on many occasions with a view to solving the transport problem of school children crossing the boundary to attend schools. Earlier on, I made an on-site inspection at the Shenzhen Bay and the new Lok Ma Chau control point with officials from government departments and heads of school from Tuen Mun and New Territories North. We found that these two control points are not busy round-the-clock and school children get on and alight from school buses only at two short timeslots in a day. This will definitely not pose any inconvenience to people during the peaks hours when they go to office or off from work, or stand in the way of visitors coming to Hong Kong. So it should be alright to set aside specific places for school buses to pick up and set down school children in the control points. If only the authorities concerned can liaise closely with the schools and get hold of relevant information on school children crossing the boundary to attend schools here, and when a special area in the control points is set aside for school buses, the problem can be solved in no time. Madam President, a people-based government must be mindful of even the smallest details and attend to the reasonable demand of various kinds of people in need.

Madam President, I so submit.

**PROF PATRICK LAU** (in Cantonese): President, both the sector I represent and I very much support the making of the 10 major infrastructure projects as the key note in the policy address. Most of the projects mentioned are not new and they are just works projects delayed for many years. On top of this, there will have to be a wait of a few years more before these projects can commence. And some even do not have any timetable. However, it is better late than never. At least, it shows that the Government is determined to attach great attention to urban development.

My sector is worried about the prospect that although 250 000 jobs will be created by these 10 major infrastructure projects, just how much benefit will

actually go to the people of Hong Kong. The reason is that in many cases, the large-scale projects of the Government would be contracted out to multinational syndicates. So I hope the Government can devise some measures so that when these projects are to be finalized, the local companies, professionals and workers can all stand to benefit indeed.

Apart from these megaprojects, the same applies to the local community projects. Often times the Government likes to adopt designs by overseas architects. An example is the new design for the Central Police Station Compound. There are criticisms that the new design does not fit in with the original group of buildings and the Government is asked why no competition is held on architectural design so that local architects especially the younger ones can take part. This applies to young architects in particular. They should be given more opportunities to contribute to the community. So I am thankful to the Chief Executive for consenting that a competition on the architectural design concept will be held for the Hong Kong Pavillion at the Shanghai Expo. This would enable local architects to take part and I hope there will be more of such competitions in architecture and planning.

As for the new development areas in New Territories North under planning, both my sector and I support the idea. However, when planning is being undertaken, great care should be exercised so that the fiasco of Tin Shui Wai would not be repeated. This is also an issue which is a concern to Mr Albert CHAN and Mr Ronny TONG. The problem of land resumption should also be handled with great care. I think when new land is to be opened up, consideration should be given to building communities with zero pollution and low density. This would ease the burden on the urban areas with excessive density. As a matter of fact, as early as eight years ago, the Government proposed the planning concept of a "smoke-free green city". Now at last the concept can be put into practice. Then what should be done is that no efforts should be spared to apply fully building technologies which are environmentally-friendly, energy-saving and sustainable. Smoke-free railways should be planned and built. There should be pedestrian walkway networks to facilitate and encourage walking. All these can serve to address the air pollution problem.

To ameliorate air pollution effectively, I think all the new buildings constructed in future should fully conform to green building concepts. Only by

doing so can the living conditions be made better and the goal of a quality city can be achieved.

The policy address points out that from 1995 to 2005, the energy intensity in Hong Kong dropped by 13%. However, information from Green Peace shows that there has actually been a rise in greenhouse gas emission in Hong Kong. There was an increase in total emission in 2005 by 14% compared to that in 1990. According to standards specified in the Kyoto Protocol, Hong Kong would have failed to meet the standards if its emission level was 5% less than that of 1990.

The Government would take the lead to launch an audit on sulphur dioxide emission at the new Government Headquarters at the Tamar Site. It is a good start. However, I think that to achieve any marked result we need to undertake a review of the voluntary Building Energy Efficiency Label Scheme which has been in force for 10 years. We need to examine how improvements can be made to the Buildings Ordinance, how there can be greater public engagement in emission reduction efforts and how the effects of the Scheme can be boosted to a level comparable with our neighbours such as Japan, Singapore, South Korea and Beijing which have formulated a policy on green buildings. Some people from the sector have criticized the Government for wavering on the issue of a policy on green buildings which has made the sector feel at a loss as to what it should do. The Government must draw up this policy according to the prevailing international trend. For many years the Professional Green Building Council has done a lot of work in this respect. I hope the Government can give some funding for it to set up a research centre as a showcase for green buildings.

In sustainable urban development, apart from green buildings, planning is similarly important. Although the policy address says that the Government will review the outline zoning plans of the 18 districts in Hong Kong, a specific planning policy is yet in sight. In fact, with long-term planning for the integration of the Pearl River Delta, it is possible to promote green efforts at a macro and regional level. In my opinion, if the District Councils can be called in to help undertake planning which takes into account the specific features of the districts, then problems like the microclimatic effect of wall buildings and the mismatch of community facilities can be addressed. In addition, beautification programmes can be included in urban design and greening can be used to reduce the heat island effect caused by greenhouse gases. All these are prerequisites for sustainable urban development.

Making good use of resources and waste materials are crucial to sustainable development as well. As the landfills have reached their full capacity and as urban renewal efforts only demolish old buildings and constantly create waste materials in the process, I have put forward a proposal to the property owners of the "Sports Shoes Street". The advantage of my proposal is that the town buildings can be preserved while no money has to be spent on sending the waste materials for disposal on the Mainland. Because it is not environmentally-friendly to do so and it is not financially viable either. There are some companies which want to recover the concrete slabs for recycling into bricks. However, since no one co-ordinates efforts in recovering these concrete slabs and break them down into smaller pieces and since no land is leased to these companies in the EcoPark, the result is that these materials are simply wasted. The fact that the recycling industry has not been doing well in Hong Kong for so many years is because no support is given to it by the Government. After the levy on plastic bags is introduced, would there be more solid support from the Government?

In a bid to promote recovery of waste at source, the Government imposes a requirement that buildings to be constructed from now on must have a waste separation room on each floor in order to address the problem of the lack of space for waste separation at source. Even if there is hardware, there should also be a matching system in place. If there is no sound policy on recycling and if no target is set on waste reduction, the waste materials separated will just end up all mixed together in the garbage disposal trucks. So what is the use of it?

With respect to housing policy, the policy address has not mentioned any long-term housing strategy for the elderly. Only the Housing Society has a Senior Citizen Residence Scheme but that is for the rich senior citizens. This is far from being enough. Social problems brought about by population ageing will pose a serious challenge for us actually. Now that senior citizens fill up the waiting list for public housing and urban renewal programmes are tearing down the old urban areas, thus driving the senior citizens out of their homes. They have to find a place to live. Hence they have a burning demand for housing. It follows that there should be no more delays in producing flats for the elderly. For if not, many old folks will not be able to get a decent dwelling place and social problems of a more serious nature will be caused. While the Government will earmark a one-off funding of \$200 million to help the elderly improve their

homes, the money will only be useful if the senior citizens have a place to live. If they do not even have a home, how can any improvement be made?

When planning is being undertaken on housing for the elderly, it must be done with care and concern. Otherwise, it will end up like the case of the Housing Department turning a sound buffer building into a residence for elderly people. The poor design of the project has thus led to its total failure and a waste of resources.

When the Government produces flats in future, apart from taking into account the housing needs of the elderly, great care must be exercised to adopt designs that will foster harmony in the family and are conducive to a friendly neighbourhood. This will mean building more green activity areas, podium gardens and sufficient rest facilities. More public space should be set aside so that there can be greater contact and mutual help among neighbours, hence reducing family violence and achieving the policy objectives of a quality city and a caring society as stated by the Chief Executive. Thank you, President.

**MR WONG TING-KWONG** (in Cantonese): Madam President, during the motion debate moved by Mr Andrew WONG last week on the development of the convention and exhibition industry, I already expressed my preliminary view on such promotion in the policy address and briefly introduced the DAB's proposal of turning Hong Kong into an all-year-round capital of international exhibitions and sales. Today, I do not intend to dwell on the details of the proposal anymore. Actually, such a bold and innovative idea raised by the DAB is sought to arouse the attention of the Government and people from various sectors to the territory's exhibition industry and seek their views for the purpose of creating a new growth area for our economy at another level.

In the face of the challenges brought about by our neighbours, such as Macao and Guangzhou, in making active investment in convention and exhibition facilities, quite a large number of people in the industry and specialist academics share the view that Hong Kong's convention and exhibition industry must be strengthened. It is pointed out by one of the academics that, for the sake of development in the next decade, Hong Kong's convention and exhibition industry must map out a new positioning and strategies for the market and meet four criteria, namely providing more convention and exhibition venues;

establishing a market status by focusing on "high-end" theme exhibitions; exploring new exhibition themes and requirements; and providing more support facilities for hotels and the tourism industry. Although the proposal of "turning Hong Kong into an all-year-round capital of international exhibitions and sales" might still leave much to be improved, its significance and purposes are indeed very close to the idea of the industry.

While the DAB agrees that providing more convention and exhibition venues is an issue of the utmost concern to the industry, it also considers that, owing to geographical and cost constraints on exhibition facilities, continuous efforts can only be made in adding value to the quality of services. That there can hardly be any more breakthroughs in exhibitions in terms of scale and nature means that the long-term development of Hong Kong's convention and exhibition industry will be constrained. For this reason, besides supporting the proposed expansion of the Hong Kong Convention and Exhibition Centre and the Airport AsiaWorld-Expo (AWE), we have even raised the proposal of turning Hong Kong into a capital of international exhibitions and sales in order to make up for the inadequacies of existing exhibition facilities and provide a permanent platform for international exhibitions and sales.

According to our thinking, the capital of international exhibitions and sales should comprise two components, namely a city of global exhibitions and sales and a city of Chinese-product exhibitions and sales, featuring exhibitions and sales of internationally-renowned brands and quality mainland brands respectively. Though the two cities are characterized by their unique exhibitions and sales zones, they each have their specific exhibitions and sales themes and strictly uphold their reputation by emphasizing "no fakes and quality assurance". Their market positioning is entirely compatible with the "high-end" theme exhibitions preferred by the industry.

As I said earlier, even if our convention and exhibition venues were expanded further and the facilities at the AWE further improved, Hong Kong could still not offer permanent and integrated convention and exhibition services and, therefore, the local exhibition industry could hardly be facilitated in pursuing diversified development. Only through developing exhibitions and sales all year round and positioning Hong Kong as a showcase for the world as well as the Mainland can there be hope for the existing scope of business to have

a breakthrough and the horizon for the local exhibition industry be broadened. This is the only way for Hong Kong to be able, and qualified, to meet the expectations of the industry, that is, to develop new exhibition demands.

In a forum on CEPA during his visit to Hong Kong last month, MA Yinfang, Vice Chairman of Shanghai Municipal People's Government Foreign Economic Relations & Trade Commission, pointed out in reference to co-operation between the exhibition industries of Hong Kong and Shanghai that there is scope for co-operation between the two places as mainland enterprises reach out to the world for participation in international exhibitions. Actually, under the encouragement and promotion of the Central Authorities, there is a trend for mainland enterprises to seek external development in accordance with the government policy of "going global". Among these enterprises, there are 3 million companies of emerging industries. Given their wish to extend their businesses to the world through exhibition, their demand for Hong Kong's exhibition services will continue to grow.

According to the figures provided by the Hong Kong Exhibition and Convention Industry Association, the number of mainland exhibitors has surged 2.6 times to more than 7 000 between 2000 and 2005. With an increase of 2.6 times in five years, the number of prospective exhibitors has now risen to more than 7 000. The revenue from leasing exhibition booths to mainland exhibitors has also risen from \$98 million in 2000 to \$279 million in 2005. The proposal of the DAB is aptly in line with the Mainland's policy of encouraging mainland enterprises to "go global" and capitalizing on the strengths of Hong Kong's exhibition industry. Hong Kong's status as an international exhibition centre will also be further consolidated as it is used by mainland brands as a sales showcase in moving towards overseas markets.

Although the challenges faced by Hong Kong's convention and exhibition industry mostly come from Macao and Guangzhou, our neighbour, Shenzhen, is not to be overlooked. With a total area of 1.39 million sq m devoted to convention and exhibition facilities last year, Shenzhen has become the fourth largest city boasting convention and exhibition facilities, after Guangzhou, Beijing and Shanghai. The external trade bureau in Shenzhen also published its first planning for specialized convention and exhibition programme about two weeks ago.

The overall target of the relevant planning has made it clear that Shenzhen is to be developed into an influential international convention and exhibition centre in the Asia Pacific Region by, among others, allocating \$20 million per annum to finance the convention and exhibition industry and constructing a 200 000-sq-m convention and exhibition centre in the logistics park at the airport. It is also suggested that the total area of the convention and exhibition venues in Shenzhen will reach 2.2 million sq m in 2010, and the total number of convention and exhibition venues there will reach 120.

As stated by Chief Secretary for Administration Henry TANG recently, to further develop Hong Kong's exhibition industry, we must keep moving forward. We must consolidate and develop the industry and expedite our progress. I hope these words are not merely words of encouragement. Instead, the authorities concerned should be vigilant while enjoying security and alert to the grave situation before us.

Madam President, I still want to say a few words about a report yesterday that a Member of this Council had appealed to foreign countries to campaign against the Olympics to be staged next year, as Members should be aware. In this regard, as Members of Hong Kong's legislature, we .....

**PRESIDENT** (in Cantonese): Ms Margaret NG.

**MS MARGARET NG** (in Cantonese): President, may I ask him to elucidate on what basis he made the assertion that someone had sought to "boycott" or "campaign against" the Olympics?

**PRESIDENT** (in Cantonese): Mr WONG Ting-kwong, according to the Rules of Procedure, when another Member requests a Member in the course of his speech to elucidate, that is, to answer his question, you as a Member who is speaking may opt to answer or opt not to answer but continue with your speech. However, I must remind you, Mr WONG Ting-kwong, that the policy areas for this debate session are commerce and industry, economic services, and so on. You may continue with your speech if it is related to these areas.



**MR WONG TING-KWONG** (in Cantonese): Madam President, I would like to explain briefly. I hope Honourable Members will publicize Hong Kong and promote Hong Kong economy when they travel abroad. It will do Hong Kong economy no good if any of us make any comments about boycotting China's Olympics.

**PRESIDENT** (in Cantonese): Is it a point of order?

**MS MARGARET NG** (in Cantonese): Still the same point. As Mr WONG Ting-kwong used the expression "campaign against", may I ask him to elucidate on what basis he used that expression?

**MR WONG TING-KWONG** (in Cantonese): Madam President, regarding the allegation made by Ms Margaret NG just now that I used the word "boycott", I have never used this word.

As for the expression "campaign against", the theme of the article is all too evident. This is what I felt. I was merely expressing my feeling. I think the words of the Honourable Member were intended to call on foreign countries to campaign against the Olympics to be staged in China next year.

**PRESIDENT** (in Cantonese): Is it a point of order?

**MS MARGARET NG** (in Cantonese): May I ask Mr WONG Ting-kwong to elucidate if the expression "campaign against" represents purely his personal view as the Honourable Member in question did not use that expression in the article read by Mr WONG?

**MR WONG TING-KWONG** (in Cantonese): I have stated my position just now, and so I will not repeat.

I think that as a Member of this Council, he should contribute to Hong Kong economy and the national economy instead of making such an appeal here

or even abroad. At present, the United States and other foreign countries have not only imposed many trade barriers against us, but also criticized Hong Kong products shipped to the Mainland for processing for this and that reasons and required us to undergo inspections, and so on. Furthermore, there are also numerous unreasonable requests. Do we then have to go to the United States or other overseas countries to appeal to them to make reasonable ..... not to make unreasonable demands on us?

I so submit. Thank you, Madam President.

**MS MIRIAM LAU** (in Cantonese): Madam President, the Chief Executive has put forward 10 major infrastructure projects in the policy address this year, two of which being railway projects — the South Island Line and the Sha Tin to Central Link. Along with the recent announcement of the construction of the West Island Line, these railway lines are expected to be commissioned in succession from 2013 onwards. Our railway network will then further connect all the compass points, providing the public with more efficient transport services.

I have always supported a railway-based passenger transport system. As we have little land but a large population, a better use of the railway network not only can help ease traffic congestion, but also benefit our environment, which are conducive to the overall development of Hong Kong. I welcome the gradual implementation of the various railway projects in the Railway Development Strategy 2000. In fact, some of them have been long-awaited by residents. However, we have to face instead of turning a blind eye or a deaf ear to a problem arising from railway development, and that is, the impact of mass transport services on other modes of public transport.

The policy of developing railways as the backbone of our transport system was proposed in the Long-term Transport Strategy of Hong Kong released in 1999. It has been the target of the Government to increase the passenger journeys made on the railway system from 33% of all public transport journeys at the time to 40% to 50% in 2016. The rapid-growth option, that is, regarding our population, adopted by the Long-term Transport Strategy of Hong Kong has predicted that our population will reach 10.1 million in 2016. Even the slow-growth option has predicted a population of 8.2 million.

However, the Final Report on Hong Kong 2030: Planning Vision and Strategy recently released by the Planning Department has estimated that the population of Hong Kong in 2030 will only reach 8.4 million, let alone having a population of 10.1 million in 2016.

If the population of Hong Kong is to experience a rapid growth, the public demand for transport services will simultaneously increase, and the commissioning of several more railway lines will not pose a problem because the increased population will bring about a greater transport demand, even though railway services are available, other transport providers will still get a share of the market. On the contrary, if the population of Hong Kong sees a continuous slowdown like these days, after the absorption of most of the passengers by railways, other transport providers will have to compete for the crumbs thus left, which are far from enough for them to scratch a living. I believe the Secretary has fully understood the present operation difficulties faced by most of the service providers in the transport industry. If their grievances continue to grow without any proper actions taken by the Government, a huge social problem will most probably arise. Moreover, the public will stand to lose if the multi-mode transport system of Hong Kong is reduced to a single-mode system.

In order to assist transport services affected by passenger demand, the Government has indicated that it would strengthen their feeder capacity. In addition, the Government has undertaken to carefully maintain a balance between the interests of railways and other modes of transport. I hope the Government will honour its words. Given the slow growth of population, in order to make up for the possible passenger shortage faced by transport providers other than railways, I think the most practicable solution is the creation of new transport needs through town planning, for instance, to expedite the tourist and hotel development, and commercial building development in the Southern District; to speed up the development of New Development Areas, as well as to quicken the pace of urban renewal. Apart from boosting community development, these measures will also help our public transport system adjust to the additional railway services.

Madam President, four out of 10 major infrastructure projects are cross-boundary projects. I agree with the Chief Executive on the Hong Kong-Zhuhai-Macao Bridge being our priority project because it will strengthen

the ties between Hong Kong and the Mainland. Not only will it facilitate the logistics industry of Hong Kong, the development of the west bank of the Pearl River and the south-western region of the Mainland will also be accelerated. However, in terms of long-term strategy, the best way to penetrate into the south-western region of the Mainland is the construction of an additional cross-boundary railway on the Hong Kong-Zhuhai-Macao Bridge to enhance the conveyance and feeder capacity of the Bridge. I very much hope that active consideration will be given to this proposal. Moreover, I also very much hope that the dedicated line option will be promptly adopted for the construction of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link.

Madam President, I strongly support the continuous development of cross-boundary infrastructure projects. However, I wish to raise one point. Although Hong Kong and the Mainland have stepped up collaboration on cross-boundary infrastructure projects in recent years, such as the newly-opened Hong Kong-Shenzhen Western Corridor and the Lok Ma Chau Spur Line, the lack of co-ordinated support facilities in both places has made the relevant cross-boundary infrastructure projects fail to maximize their role in diverting the congestion at the existing border checkpoints. Take the Hong Kong-Shenzhen Western Corridor as an example. Cross-boundary freight drivers have been reluctant to use this new road because they have found the support facilities in the Mainland totally inadequate. Take the Lok Ma Chau Spur Line as another example. After travellers from Hong Kong have passed the Huanggang checkpoint, they have found it very difficult to obtain feeder services other than the railway. Regarding the improvement of support facilities, it is necessary for the SAR Government to discuss with relevant mainland authorities to ensure the diversion role of these cross-boundary infrastructure projects can be maximized.

Madam President, I do not know whether the Chief Executive has put forward only "10 major infrastructure projects" instead of "11 major infrastructure projects" for the sake of easy reference or he has forgotten logistics infrastructure projects will also bring significant economic return to the economy of Hong Kong. Both the Lantau Logistics Park and Container Terminal 10 are important logistics infrastructure projects. However, the Chief Executive has not said a single word about them in the policy address, let alone mentioning their progress. At present, as there is a lack of land for logistics purposes in Hong Kong, many service providers in the industry have actually relocated their businesses to the Mainland. I sincerely hope that the logistics

park project will be implemented expeditiously, in order to attract local and foreign logistics operators to establish their base in Hong Kong. Regarding Container Terminal 10, considerable discussions have already been held in the industry. I sincerely hope that the study on data forecast for port cargo will be completed as soon as possible so that the relevant facility will be commissioned timely.

Madam President, I do not wish to talk about 10, 11 or 12 major infrastructure projects now. Instead, I wish to talk about a minor project which is small in scale but great in significance. To my mind, as well as that of the shipping industry, this minor project of great significance is the maritime museum. There is always a maritime museum at every port with a rich nautical history. And these museums always give people a very strong impression because they are either built by the sea or housed in a stand-alone building rich in character. Small as Macao, there is a distinctive, five-storey maritime museum of quite a good scale by the seaside which I have personally visited. I know it is subsidized by the Macao Government. When we look back at Hong Kong, our maritime museum is now "confined" at the ground floor of the Murray House at Stanley. It is very small and by no means permanent as its lease will expire in 2010. And it will then face forced evacuation by the landlord. In fact, our maritime museum is in urgent need of a new home with a bigger exhibition hall. I know it has a large collection of exhibits worthy of display for the appreciation of the public. But due to limited space, these fine exhibits currently cannot be put on display. However, the Government has all along shown an indifference to this request of the shipping industry. As a matter of fact, the West Kowloon Reclamation Area is the ideal site for our new maritime museum. However, it is a pity that the Area is now reserved exclusively for art and cultural purposes. And again the museum has got no share. As the character of a maritime museum can only be highlighted when it is housed near the seashore, a look at both sides of the Victoria Harbour tells us that at present, the New Central Waterfront is the only available site. Either the museum will be built there or some of the existing pier facilities yet to be fully utilized now will be deployed, such as the Central Pier 8. To find a suitable site for the maritime museum is not a problem. I believe the real problem lies in whether the Government is willing to render support. I think the maritime museum is not only significant to the shipping industry, but also to the tourism industry. It is common knowledge that museums are important tourism resources. To enrich the

varieties of museums means enriching our tourism resources. I sincerely hope that the Government will give active assistance to the shipping industry in finding a suitable permanent home for the maritime museum.

Madam President, I so submit.

**MR DANIEL LAM** (in Cantonese): Madam President, the Chief Executive presented early this month the policy address entitled A New Direction for Hong Kong. In the policy address, he advocated the concept of "Progressive Development" in realizing the Government's insistence on promoting economic development as its goal, aiming at sustainable, balanced and diversified development, and bringing about social harmony in the process, with different strata of people sharing the fruits.

The New Territories Heung Yee Kuk (HYK) would like to express our appreciation and support for the new direction proposed by Chief Executive TSANG.

In the 10 years since the reunification, Hong Kong has encountered a number of difficulties. The Government has shown a weakness in its administration, especially in dealing with unexpected incidents when it has lost all sense of propriety. Different social strata have nursed their own grievances against the Government, let alone reaching a consensus on social issues. On the contrary, the achievement of our country over the past 10 years is there for all to see, which is the result of the strict adherence to the directive of "focusing on economic development" by the Central Authorities. Therefore, the SAR Government must lead Hong Kong to find a new direction. Only when we focus on economic development can our talents be brought into full play.

Madam President, the 10 major infrastructure projects proposed by the Chief Executive in the policy address can not only boost the economic activities of Hong Kong and strengthen our ties with the Mainland, they are also projects of a sustainable nature. Therefore, the HYK and I strongly support these projects and look forward to their prompt commencement. However, we hope that the Government will take into account the rights of land owners when pushing ahead these projects. The HYK is more than willing to act as a bridge to keep possible disputes to the minimum.

Madam President, Hong Kong is an international city. It is the responsibility of the Government to find ways for people to share the fruits of economic development. The measures for poverty alleviation proposed by the Chief Executive in the policy address, such as the provision of better care for the elderly, 12-year free education and upgraded on-the-job training, can achieve some results. However, public opinions have reflected that such measures seem inadequate to provide direct assistance to people at the grass-roots level. It is particularly so in the care for the elderly.

As the Financial Secretary is present today, I would like to take this opportunity to talk about the trial scheme of health care vouchers for the elderly proposed by the Chief Executive, under which all citizens aged 70 or above will be given annually five health care vouchers worth \$50 each to subsidize primary medical care services they purchase from the private sector. The HYK strongly supports the Government's efforts in taking care of the elderly. However, a total of \$250 worth of health care vouchers a year is indeed inadequate. In particular, when the Treasury is now "flooded", the Government should provide better care for the elderly, such as expanding the trial scheme to cover citizens aged 65 or above, or giving them more health care vouchers a year, amounting to a total of around \$500. Of course, the most direct way to show the Government's care for the elderly is an increase in the Old Age Allowance. It is hoped that after the Chief Executive has discussed the issue with the Financial Secretary, the Budget announced next year will bring good news to the elderly.

Madam President, there is a paragraph in the policy address that particularly refers to rural affairs, in which the Chief Executive has stated to "enhance our communication and co-operation with representatives of public opinion in the rural areas". The HYK hopes that the undertaking of Chief Executive TSANG will be enforced by the relevant authorities. In particular, the HYK must be fully consulted on rural affairs so that its role as the consultant for the Government in New Territories affairs will be maximized.

The HYK strongly supports the Government's undertaking to examine the provision of an allowance to village representatives. Since the implementation of the "two-village-representative system", village representative elections have been held in accordance with law where village representatives have been elected lawfully. As the status of the village representatives are recognized by the

Government, an allowance for them means a recognition of their work at the primary level. I sincerely hope that the study will be conducted as soon as possible to facilitate the early implementation of the relevant arrangement.

Madam President, I so submit.

**MR CHAN KAM-LAM** (in Cantonese): President, the financial sector is "the most important of the important" pillars of the economy of Hong Kong. As pointed out in the policy address, "Our country's rapid development and the opening up of its financial sector have presented unprecedented opportunities for Hong Kong's financial services sector." Therefore, as the most mature, the freest and the completely open financial market in China, in the foreseeable future, Hong Kong should play a significant role in the financial reform of China. The DAB thinks that a capital integration mechanism between the Mainland and Hong Kong should be in place before the liberalization of the Renminbi (RMB) capital account. After RMB is allowed to flow freely into Hong Kong for investment purpose, the demand for the exchange and integration of the securities and other investment vehicles between the two places will naturally see a substantial increase, and a diversified trend of development will emerge. As a result, a solid market mechanism will be established. Along with the accumulation of practical market experience, the groundwork for the opening up of the financial market of China will be laid.

We have recently learnt from newspapers that working groups on finance as well as commerce and trade may later be set up between the Central Government and the relevant departments of the SAR Government with a view to conducting comprehensive studies on the further strengthening of the co-operation and integration in areas of finance, commerce and trade between the two places. The DAB welcomes this proposal.

The DAB is pleased to see a closer financial, economic and trade collaboration between the two places. To consolidate the status of Hong Kong as an important international financial hub, the DAB suggests that the SAR Government should propose the establishment of a mechanism with the Central Government to allow greater capital flow from the Mainland to the investment platform of Hong Kong, in order to offer more outlets and risk diversification for mainland capital; to explore the feasibility of dual public listing of shares in the



two places and the development of A-share index futures, and even the opening up of the mainland A-share market to Hong Kong people in future. Moreover, the Growth Enterprise Market of Hong Kong should, internally, seek a repositioning for an overall reform; and externally, consider stepping up its collaboration with the Small and Medium Enterprises Board of Shenzhen. The SAR Government may also propose to the Central Authorities to grant permission for the four major national commercial banks of the Mainland to set up financial innovation, research and development divisions in Hong Kong to examine the development of financial instruments that will meet the investment needs of the Mainland.

President, the Chief Executive has proposed in the policy address this year the development of an Islamic financial platform in Hong Kong. Apart from stepping up efforts to promote Hong Kong's financial services to major Islamic countries and regions, the Government will focus on developing an Islamic bond market. In this regard, we very much welcome the Government's initiative in expanding the local financial market by diversifying its products, and in attracting capital from different regions to engage in financing activities in Hong Kong.

The securities market of Hong Kong has seen rapid growth in recent years. But the focus has been on the spot market. On the contrary, the performance of our derivatives market and the provision of diversified products has lagged behind other areas in recent years. The DAB thinks that, in tandem with the increase in the import of oil into China year on year, the degree of external reliance has been on the rise, but China has no "say" in the determination of global oil prices. Therefore, from the angle of security of the national economy and strategic interest, it is really necessary for China to establish a stable oil futures market. In order to step up efforts to promote the local derivatives market and further diversify our products with a view to boosting the sustained development of the international financial market of Hong Kong, as well as assisting our country in assuming the status of an oil pricing centre in the region, we propose that the SAR Government should request as soon as possible the permission of the Central Authorities for the setting up of an oil futures market in Hong Kong to attract local and overseas merchants to conduct oil trading within the territory of China. As a result, our country will be served, the progress of reform of the mainland financial market will be speeded up, and our position as an international financial centre will be optimized.

In this connection, the DAB proposes that the SAR Government should strive for the granting of permission for QDII to invest in futures products to ensure a steady supply of orders for the oil futures market of Hong Kong. At the same time, further relaxation of the restrictions on mainland futures traders to open businesses in Hong Kong should also be pursued, so as to attract a greater number of brokers from the Mainland to participate in the trading of oil and other futures products in Hong Kong. Third, a transaction mechanism that serves the dual purposes of trading and physical delivery should be set up in collaboration with the Mainland. Fourth, foreign oil purchase transactions should gradually be moved to Hong Kong, so as to attract international oil suppliers to do business here. Thus, an oil purchasing "cluster" will be formed and a group of oil trading talents will be fostered, creating an environment conducive to the construction of a regional oil futures platform.

The Government increased not long ago its holding of the share interest in the HKEx to 5.88% to become its biggest single shareholder. It was once the focus of discussion in the market. Subsequently, the share prices of the HKEx experienced a time of fluctuations. The main controversy was the public concern about whether this action taken by the Government would constitute market intervention, and whether the independence of the HKEx would be affected.

In fact, since the Government entered the market to stabilize it during the 1998 financial crisis, it has held Hong Kong shares through the Exchange Fund (EF). Although wealth was returned to the people subsequently by means of the Tracker Fund, being one of the components in the investment portfolio of the EF, Hong Kong shares have been held by the Government since 2000. And its number of shares have been increased and decreased in tandem with variations in the constituents of the Hang Seng Index. In fact, the proportion of Hong Kong shares in the EF investment portfolio has obviously increased in recent years. In this regard, the DAB is of the view that in order to facilitate investment and management, active consideration should be given to introducing changes to the present investment management model of the EF, such as the reinstatement of the Exchange Fund Investment Limited or the establishment of an investment body similar to the Temasek Holdings in Singapore to enable asset investment to be made in a more aggressive manner, or the strategic acquisition of individual assets and quality infrastructure projects. Not only can this move increase the flexibility of investment, the negative impression of market intervention by the Government can also be avoided.

The key note of the policy address this year is the 10 major infrastructure projects. Regarding Hong Kong-Shenzhen Airport Co-operation, studies on the construction of a railway to link up the airports in Hong Kong and Shenzhen have been proposed, so as to forge a closer tie between the Chek Lap Kok and Shenzhen airports to achieve a win-win situation. Although related issues such as the cost-effectiveness of the railway, its role in consolidating the status of Hong Kong as an aviation hub and the share of financial commitment of Hong Kong and the Mainland warrant further in-depth studies, we welcome the proposal because constructive proposals made by the Government to enhance co-operation in various aspects are deemed to be positive.

It is proposed in the policy address that the two governments will form a joint task force to follow up the project, with the Airport Authority providing support. And specific work plans are anticipated to be drawn up next year. Of course, it is hoped that the joint task force will look into the collaboration model of the two airports, such as the exchange of share rights, joint management and division of business in order to upgrade services and pursue further development hand in hand.

At present, the airport of Hong Kong is still regarded as an international airport by the Mainland. All flights from Hong Kong to the Mainland must go through security checks at the customs and immigration facilities. Now that the implementation of the co-location of immigration and customs facilities has been launched as a trial at land crossings, we propose that the same should be applied to the aviation co-operation of the two places to enable flights to the Mainland via Hong Kong to be exempted from customs checks at mainland airports like domestic flights after customs clearance of the two places at the airport of Hong Kong. Moreover, the implementation of the co-location of immigration and customs facilities at the Hong Kong International Airport will streamline the customs procedures for travellers from Hong Kong to the Mainland, reducing the time for customs clearance. These measures will help improve the competitive edge of Hong Kong by attracting passenger and cargo flights from all over the world going to the Mainland via the airport of Hong Kong. And only with the comprehensive integration of other rapid-growing freight volume of the Mainland, thus making the Pan-PRD Region our hinterland can the sustainable development of our logistics industry be further promoted.

It is also stated in the policy address that efforts will be made to enhance the appeal of Hong Kong as an international convention, exhibition and tourism capital. The DAB will certainly support the expansion projects of the Convention and Exhibition Centre and the AsiaWorld-Expo at the airport to solve the pressing problem of the under-supply of exhibition venues. Moreover, the support facilities in hotel and tourism must be improved, particularly the tight supply of hotel accommodation must be eased before our competitive edge in convention, exhibition and tourism can generally be enhanced.

Secretary for Commerce and Economic Development Frederick MA said that the number of hotel rooms will increase by 13 000 after the completion of the stage II expansion of the Convention and Exhibition Centre. However, we can see that in the five years between 2002 and 2006, the cumulative increase of overnight visitors reached 67.6% while that of hotel rooms was only 23.6%. These figures have shown that the supply of new hotel rooms has fallen far short of the demand of travellers.

In response to the concern of the industry, the Financial Secretary has recently revealed that consideration will be given to specifying land in the List of Sites for Sale by Application for hotel development purpose. This proposal is definitely welcomed. But putting the land in the List awaiting application means the initiative rests with developers. In our view, land auctions initiated by the Government, supported by concessionary measures such as exemption of part of the car-park and shopping mall from the gross floor area, and even the offer of payment of regrant premium in instalments for the change of use of industrial land to hotel redevelopment project, can further promote hotel development. And it is hoped that the under-supply of hotel rooms will be addressed in the long run. Take the West Kowloon Cultural District as an example. According to the estimate of the authorities, the project will attract 4.5 million tourists each year to Hong Kong in future, bringing an additional income of \$3.7 billion to tourism, and the project is regarded as a tourist attraction with excellent potential. However, the gross floor area of hotels in the project has reduced from 1 400 rooms to some 1 000 rooms. I really find it difficult to understand why hotel development will be scaled down instead of scaling up when the major events in the district are expected to promote tourism. We think re-consideration should be given to the allocation of additional land for hotel development in the West Kowloon project.

President, the Hang Seng Index of Hong Kong was just under 20 000 points in October last year. I believe no one would have expected it would be beyond 30 000 points today. Similarly, from 2003 till now, the increase in the prices of private properties has been as high as 64%. Who would have thought that the prices of properties would have reached a level unaffordable to Hong Kong people? However, we hope that as a responsible government, it will not take steps without forward planning, and "embracing Buddha's feet at the eleventh hour" only when people have to live in expensive flats or even when they have no flats to live in. Therefore, I hope precautionary actions should be taken to examine as soon as possible the construction of Home Ownership Scheme (HOS) flats.

The Secretary for Transport and Housing announced the other day that the reinstatement of the HOS was subject to three major conditions — whether the market supply was severely imbalanced, whether the supply of units in the low to medium price range was adequate, and whether a consensus was reached in the community. We cannot deny that in formulating a major policy, careful planning must be made to balance the interests of all parties. However, when the market starts to show signs of irregularity, consideration should be given to tackling the issue with courage, foresight and planning, with the aim of rendering assistance to the grassroots with housing needs, as well as building a harmonious society.

According to information in the Hong Kong Property Review 2007, 16 000 private residential units were completed in 2006. Among the new units completed last year, over 70% of them were over 400 sq ft in area, which means "units for first-time home buyers" are very small in number. To small families in general, units with a usable area of 400 sq ft are acceptable options. However, the gross floor area of units with a usable area of 400 sq ft is around 600 sq ft. And such units are priced over \$3 million when calculated on the basis of the current property price of \$5,000 to \$6,000 per sq ft. Assuming the down payment is 20% of the property price, the monthly instalment for a 20-year mortgage will be around \$15,000, which is obviously beyond the affordability of the low-income home buyers. The Secretary for Transport and Housing said that 60% of the property transactions were under the \$200 million mark. These figures have shown that in general, such properties are either over 30 years old or found in remote districts or communities with less favourable living

conditions. It is even possible that a large amount of maintenance work is necessary after purchase. Therefore, we hope that the Government will start the relevant studies now.

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

We understand that there are concerns about the impact of the construction of HOS flats on property prices. Therefore, if the HOS is to be reinstated, I propose that the annual production be capped at 3 000 to 5 000 units, among which 80% will be sold to Green Form applicants and 20% to White Form applicants. In other words, buyers with housing needs at these two lower strata will definitely not affect the private property market.

Thank you, Deputy President.

**MR LAU WONG-FAT** (in Cantonese): Deputy President, the Chief Executive has insisted on promoting economic development as the primary goal, which is a very proper positioning. It goes without saying that if the 10 major infrastructure projects pushed ahead by the Government are implemented, a profound impact will be made on the upgrading of urban development and increasing job opportunities. However, past experiences in our economy have shown us that in recent years, for one reason or another, it has been increasingly difficult for the Government to launch large-scale infrastructure projects.

Chief Executive Donald TSANG has described the lagging behind of our infrastructure development over the past decade as "our efforts did not match expectations". In my opinion, in order to push ahead with the early implementation of the 10 major infrastructure projects, the recently-established Development Bureau must first locate the crucial cause of our efforts not matching expectations in the past and take appropriate measures to rectify the situation. In this connection, I think consideration should be given to tackling "the easy ones first and then the difficult ones", which means the expeditious implementation of the less controversial projects such as the South Island Line, the Tuen Mun Western Bypass and Tuen Mun-Chek Lap Kok Link, the New Development Areas, and so on.

Among the 10 major infrastructure projects, the New Development Areas include Kwu Tung North, Fan Ling North, Ta Kwu Ling and Hung Shui Kiu. The Government has meant well to provide land in these areas for various uses such as housing, employment, and high value-added and pollution free industries. Given the vast expanses of the New Territories, it is wise and inevitable to abandon reclamation and focus on the development of the New Territories instead. However, in the course of development, the Government must learn from the lessons of new town development in the past where various problems emerged due to inadequate support facilities. Therefore, well-prepared planning must be drawn up in advance.

No timetables have been set out in the policy address for the development of the New Development Areas. It has only stated that the Government will revive planning and engineering studies on these areas, and work out implementation strategies. Such an attitude seems to be inconsistent with the undertaking of the Chief Executive to push ahead with 10 major infrastructure projects within his term of office. I hope the Development Bureau will follow up the issue as soon as possible and release further information to dispel the doubts of the public.

Deputy President, with these words, I support the motion.

**MR LEE CHEUK-YAN** (in Cantonese): Deputy President, regarding the 10 major infrastructure projects, we will definitely render our strong support in the hope that they will help boost employment. However, I hope Mrs LAM will answer two questions of mine.

First, I know Mrs LAM is very exact about "numbers and figures". But her exactness about "numbers and figures" is close to "the act of blowing up figures". Regarding these 10 major infrastructure projects, how can they be described as so powerful that some 250 000 jobs will be created? One of the possibilities is that either the 250 000 jobs are calculated on a 10-year basis or construction workers are actually employed on a casual basis, so "casual" that even three-day work is counted as a job. I hope the Secretary will give us a breakdown of the jobs.

Second, the spending on infrastructure projects has all along been set at an average of \$29 billion a year. This is the undertaking made in the past. Will the spending be more than \$29 billion in future? If this is the case, it will be fine. If not, construction workers will remain unemployed.

Lastly, regarding the issue of pre-cast units, I also wish to remind Mrs LAM that she has to ensure such units are manufactured in Hong Kong. Thank you, Deputy President.

**MR JEFFREY LAM** (in Cantonese): Deputy President, Chief Executive Donald TSANG has proposed "A New Direction for Hong Kong" in the policy address to set new visions for the future of Hong Kong. I totally agree with the Chief Executive in his insistence on promoting economic development as our primary goal, and his unveiling of the 10 major infrastructure projects at a cost of \$25 billion as the locomotive that drives our economic development. The Chief Executive has indicated that these projects will be launched during his term of office. And it has been estimated that an annual economic return of over \$100 billion will be brought by these projects and some 250 000 jobs will be created.

In fact, the business sector and I have always advocated expediting infrastructure development. The reason is, just as the Chief Executive said, without economic prosperity, people cannot make a decent living. However, at present, faced with a number of strong rivals emerging in the peripheral regions, our many traditional advantages have been challenged. We are now in a position like sailing against the current, either forging ahead or falling behind. Over the past 10 years, the setbacks experienced in the financial crisis and the SARS incident have dragged various infrastructure projects behind schedule and experienced long delays. The progress of such projects as railways, the airport and the development in East and West Kowloon has failed to meet expectations, resulting in our edges being undermined incessantly. Even the Chief Executive himself has admitted that the Government's efforts in promoting infrastructure development in the past did not match expectations. On the contrary, we can see that cities in the peripheral regions have been catching up and achieving rapid growth, with a number of major infrastructure projects implemented in no time. And the efficiency of the mainland facilities, be they airports or ports, has seen steady improvement. If our development continues to be delayed, I believe it will be detrimental to Hong Kong.



Deputy President, I am very pleased to see that the Chief Executive has finally found the key to economic development. As the saying goes, "When a road is through, so is the money." With the effective development of infrastructure projects, the business sector will naturally be willing to invest in Hong Kong. When all sectors of the economy turn robust, enormous profits will be made. Not only additional jobs will be created and economic growth be boosted by these 10 major infrastructure projects immediately, our domestic transport will also be improved. And the four cross-boundary infrastructure projects — the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the Hong Kong Zhuhai-Macao Bridge, the Hong Kong-Shenzhen Airport Co-operation and the Hong Kong-Shenzhen Joint Development of the Lok Ma Chau Loop — will directly help strengthen the ties between Hong Kong and the Pearl River Delta, facilitate the transport and logistics services of the two places, further expand the room for economic and trade collaboration between Guangdong and Hong Kong, foster closer integration with our country, and enhance the overall competitiveness of the economy of Hong Kong.

Although the Chief Executive has proposed a new direction, we have not been presented with a clear picture of how and when these projects will be implemented. Among the 10 major infrastructure projects, some have been put on the agenda for quite a long time. But they have been postponed till now because the Government has discussed but not decided, and decided but not acted. Other than the timetables for the completion of railway and highway projects within Hong Kong such as the South Island Line and the Sha Tin to Central Link, other projects, particularly the cross-boundary ones, have only reached an initial stage and no timetables are available. The implementation dates of these projects have remained unknown. Regarding those projects with timetables, the plans for a number of them have yet to be finalized. For instance, the plans for the development at West Kowloon and East Kowloon have remained at the consultation stage where many different variables still remain.

As regards the much-awaited Hong Kong-Zhuhai-Macao Bridge, the project has been under discussion for almost 20 years. However, the specific completion date of the financial studies has yet to be announced, let alone the subsequent investment and financing arrangements. We very much hope that the specific roadmaps and timetables will be released in the coming year. Moreover, a definite decision has yet to be reached on the stage III expansion of the Convention and Exhibition Centre, causing concern over whether the convention and exhibition industry of Hong Kong will be caught up by cities in

the peripheral regions. As I already presented the detailed arguments in the debate at the meeting last week, I would not repeat them here. I do not mean to doubt the determination of the Chief Executive by raising such an opinion. We are only concerned that, with our past records, whether these projects will be implemented as anticipated. Even the Chief Executive has admitted that there was too much controversy and too little consensus in the past. Time has passed us by. And a number of major infrastructure projects have been shelved.

As the Chief Executive has said, to free ourselves from doubt and confusion, the people of Hong Kong have to look at Hong Kong from the perspective of our country's future. Only in doing so will we be able to cultivate the right niche for ourselves in the country. The rapid growth of the economy of Hong Kong has presented unprecedented opportunities. The promotion of closer integration between Hong Kong and our country brooks no delay. Moreover, our pace of development must be quickened to tie in closely with that of our country so that reciprocity and mutual benefit will be achieved. It is hoped that the Government will take the initiative to win the support of the public and the Central Government. And painstaking efforts must be made to foster consensus between Hong Kong and the Mainland. In addition, co-operation with government departments of our mainland neighbours such as Guangdong and Shenzhen must be stepped up, so that realistic and practicable timetables and proposals for development will be drawn up to enable the early implementation of these infrastructure projects. In this way, these excellent blueprints will become reality, and the economy of Hong Kong will flutter and soar high to a new level.

Deputy President, apart from quickening the pace of infrastructure development, to consolidate and strengthen the position of Hong Kong as an international financial centre and improve the business environment of Hong Kong are also crucial to our economic development. I am very pleased to see that in response to the aspirations of the business sector, the Chief Executive has reduced the profits tax rate by one percentage point to 16.5%. This measure will help enhance our competitive edge. In fact, at present, many countries in the world have cut profits tax rates one after another to compete for investors, for example, the profits tax rate of Singapore was reduced from 20% to 18% early this year. It is hoped that the Government will continue to follow the trend of profits tax cut to have our profits tax rate reduced to 15% as soon as possible, so that more inward investments will be attracted to Hong Kong, our competitive edge improved, and our leading position maintained.

It is proposed in the policy address that an Islamic bond market be developed. I think this is a right direction as the present financial sector of Hong Kong is facing intense competition from the Mainland. Although the Hang Seng Index of Hong Kong has kept attaining record highs and even exceeded 30 000 points once, the market value of the Shanghai Stock Exchange has broken through \$2.1 billion not long ago, and the stock exchanges in Shanghai and Shenzhen have raised a total of \$420 billion in the first nine months of this year. In my view, in tandem with the return of H shares and red chips to list in the A-share market, the position of Hong Kong as the major financial centre in the region is being challenged. Only with the constant launch of new financial products and an expansion of the scope of financial business can our competitiveness be maintained.

In recent years, due to the hike in oil price, the Middle East countries have amassed a great fortune — the oil price has actually exceeded \$90 today. High oil price is definitely a disadvantage to the industrial and business sectors. However, as the Middle East capital has become increasingly abundant, an absorption of such capital into the investment market of Hong Kong will consolidate our position as a financial hub. There are currently 300 Islamic organizations in Hong Kong — excuse me, there are currently 300 Islamic organizations that have taken control of assets worth over US\$10,000 billion. This market is absolutely huge. However, Singapore and Malaysia have already owned a certain share of this market. We must speed up studies on laws and regulations and attract international financial talents to have a platform for debt offerings developed in Hong Kong as soon as possible. It is hoped that apart from Islamic bonds, new financial products and other markets will also be explored.

Moreover, the Government should actively strive for Hong Kong acting as the base of financial services outside the Mainland, such as making Hong Kong the prime choice for mainland major enterprises seeking listing outside the Mainland. It is hoped that continuous efforts will be made in striving for the constant liberalization of Renminbi (RMB) business, the settling in RMB accounts of imports from the Mainland, the development of a common trading platform and the early introduction of RMB debt offerings in Hong Kong, so that our leading position and competitiveness will be maintained.

To promote the industrial, commercial and financial development of Hong Kong, talents are crucially important. I am very pleased that the Chief

Executive has responded in the policy address to the shortage of international schools by providing premium-free sites and interest-free loans for the construction of three international schools. Opinions gathered from the business sector and different individuals have revealed that the desire of overseas businessmen, returnees and talents to do business and work in Hong Kong will be dampened by the shortage of school places, which is absolutely detrimental to the global competitiveness of Hong Kong. In addition, the number of local students studying in international schools has been on the increase, giving rise to a greater instead of a smaller demand in future. The construction of additional schools will definitely help ease the demand. However, it is hoped that the procedures for site selection and project approval will be accelerated because a number of schools have complained that the over-complicated approval procedures was the cause of delay in school extension projects in the past.

The Chief Executive has boasted of ushering in a new era for Hong Kong. And we need to cultivate a new spirit for these new times and become "new Hongkongers". It is hoped that the Government will also cultivate a new spirit for these new times and act in a determined and quick manner, so as to lead the economy of Hong Kong to scale new heights. Deputy President, I so submit.

**DR LUI MING-WAH** (in Cantonese): Chief Executive Donald TSANG delivered on 10 October his first policy address after his re-election, which was entitled "A New Direction for Hong Kong". He has proposed "three insistences": first, the insistence on promoting economic development as the primary goal; second, the insistence on our development being sustainable, balanced and diversified; and third, the insistence on development bringing about social harmony, with different strata of people sharing the fruits. The main direction of the policy address is well-defined and its goal clearly specified. Major efforts in the next five years will be put into economic development to improve people's livelihood and achieve social harmony. This policy address is people-based, presented in an unadorned style without any empty talk. It should gain the approval and general support of the public.

The policy address has covered a wide range of issues, from the development of quality city life, heritage conservation, care for the disadvantaged, promotion of social enterprises, introduction of minimum wage, launch of health care vouchers for the elderly to the promotion of national education, introduction of 12-year free education, development of democracy

and pursuance of excellence in governance. Basically, Chief Executive Donald TSANG has responded one by one to the major concerns of the public and the aspirations of different sectors. The greatest merit of the policy address is to set the promotion of economic development as the primary goal. Mr TSANG remarked, "Without economic prosperity, people cannot make a decent living and all visions are just empty talk." He is right. Only with the effective promotion of economic development can employment be improved, the wealth gap be narrowed, social harmony be achieved, and people live in peace and contentment. Mr TSANG has advocated in the policy address the concept of "Progressive Development" in achieving the primary goal. To boost economic development, he has proposed three directions in the concept of "Progressive Development", namely the promotion of economic development through infrastructure projects, the promotion of community development through revitalization, and the promotion of social harmony under the concept of helping people to help themselves. However, in the concept of "Progressive Development", apart from the proposal of spending \$250 billion on 10 major infrastructure projects, including the cross-boundary transport arteries between Guangdong and Hong Kong as well as the West Kowloon Cultural District, for the promotion of economic development and the creation of 250 000 jobs, the policy address has neither offered any other specific economic policies and measures nor presented a clear economic blueprint and long-term plan, which is quite a puzzle to us.

It seems Chief Executive Donald TSANG has clearly understood that his economic policy is one made against the background of a financially well-off Government expecting a "flooded" Treasury in the next five years. The 10 major infrastructure projects at a cost of \$250 billion will form the driving force to boost employment and salaries levels. He said it was hoped that "as ..... 10 infrastructure projects come on line, Hong Kong will see new developments of far-reaching significance." This is exactly like the launch of the "rose garden" project and large-scale infrastructure projects by the former Hong Kong-British Government in the 1970s and 1990s before the reunification of Hong Kong. The economy of Hong Kong will enter an excessively excited stage thanks to the stimulation by infrastructure development of such an enormous scale. However, it is hoped that the Government will be clearly aware that:

- (1) The investment of abundant public fund into the economy through infrastructure development will create a great number of job opportunities and push up wages. Although such an effect can be

anticipated during the construction period, it is not likely to last after the completion of projects.

- (2) Construction materials used in Hong Kong have all relied on import. If the cost of construction materials represents 65% of that of the projects, that means \$160 billion out of the \$250 billion will drain out of the economy of Hong Kong.
- (3) It is stated in the policy address that upon completion, the 10 major infrastructure projects will bring about economic benefits of more than \$100 billion annually. Only time will tell if such an effect will be seen. However, we can see that the present business environment and competitiveness of the peripheral regions are vastly different from those in the 1970s and 1990s. The improvement of cross-boundary infrastructure development between Guangdong and Hong Kong will now create little impact on boosting the exports of Hong Kong. As regards the exports of West Guangdong, certain channels are available at present. Moreover, the high cost of export of Hong Kong does not give us much competitive edge.
- (4) The 10 major infrastructure projects constitute the principal economic policy within the term of office of Chief Executive Donald TSANG. Such development is publicly-funded, which is a consumption-based economic policy with the aim of boosting economic prosperity, unlike the economic policy in the 1960s to 1990s where enterprises owned by the people are the driving force of wealth creation.

The above analysis has shown that the Government's economic policy is consumption-based and passive in nature. Although the Chief Executive has said that over the next five years, the economy of Hong Kong will continue to boom and the Treasury will amass an abundant surplus each year, it should not be the long-term economic policy of the Government. Otherwise, sustainable development is difficult to achieve. Therefore, the major flaw in the policy address is its oversight of the deep-seated contradiction faced by the economy of Hong Kong. We should be well aware that although the present economic performance of Hong Kong appears to be strong, it has mainly relied on the mainland Individual Visit Scheme, CEPA, the re-export trade, the property and

finance businesses, and other relevant sectors, which are highly dependent on external factors. And such economic activities benefit just a narrow spectrum of society. The economy of Hong Kong will turn more fragile following the growth in proportion of the service sector. In case anything untoward happens, the situation will become very difficult. The economic policy outlined in the policy address will only be maintained and expanded against the backdrop of the present economic model and structure. Such a unitary economy is worrying.

Therefore, in order to promote economic development, a macro-economic policy must be drawn up to seriously boost local industries, including the cultural and creative industries, and the high value-added and high technology manufacturing industry. In addition, relevant policies on land, concessionary taxation and technology talents admission should be formulated to facilitate the creation of a better business environment to attract investment, so that a new fulcrum point for economic development will be put in place. This is an economic policy for wealth creation. Only with sustainable development can our society enjoy long-term political stability and our people live in peace and contentment.

Deputy Madam, I so submit.

**MR HOWARD YOUNG** (in Cantonese): Chief Executive Donald TSANG has delivered his first policy address entitled "A New Direction for Hong Kong" after his re-election, presenting his administration blueprint in the next five years. Now I will talk about the policies related to tourism development.

The performance of the tourism industry this year has been stronger than that in the same period of past years. Although the number of mainland and overseas visitors has not seen a double-digit growth, the increase has amounted to 7% to 8%. In the past October 1 golden week, there was a high turnover of both visitors and business. However, faced with the intense competition of the neighbouring regions, the sustained development of our tourism industry will depend on the willingness of the Government to inject additional resources and upgrade infrastructure facilities, in order to improve the competitive edge of Hong Kong.

The Chief Executive has undertaken to push ahead with 10 major infrastructure projects within his term of office. Among these projects, a

number of them are directly or indirectly related to the tourism industry, including the South Island Line, the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the Hong Kong-Zhuhai-Macao Bridge, the rail link between airports in Chek Lap Kok and Shenzhen, the West Kowloon Cultural District and the new cruise terminal in the Kai Tak Development Plan. These infrastructure projects will add value to Hong Kong by improving our transport network, fostering a closer tie with the Mainland, and even developing a "one-hour sphere of life" within the Pearl River Delta (PRD) to promote "multi-stops in one single trip" travel to make up for the lack of tourist attractions in Hong Kong, bringing a very positive impact on the future development of tourism. It is hoped that these projects will be completed on schedule without any more delays. The new cruise terminal project has been under discussion for years, keeping the tourism industry with impatient expectancy. It is the hope of the industry that the cruise terminal will be completed on schedule in 2012 without any more delays that hinder the development of tourism. Regarding the peripheral areas of the project, it is hoped that the development, infrastructure and transport facilities of these areas will tie in with the project so that the whole development will be made perfect.

Deputy President, I particularly wish to talk about the issue concerning the link between the airports of Shenzhen and Hong Kong, which is a relative new proposal. I have recently consulted the views of the aviation industry and received a welcoming response to this plan. But most importantly, the two airports must not be linked only by a direct and closed means. Otherwise, the link can only have the two airports merged, failing to attract visitors from other parts of the country. Therefore, we hope that at the Shenzhen side of this link, travellers in the PRD other than those shuttling between the two airports will also be attracted to Hong Kong. Only in this way can the position of Hong Kong as an aviation hub be strengthened. I also hope that apart from the two airports, the aviation industry, the airlines and other related sectors will be involved and consulted in the future studies of this project so that the position of the airport of Hong Kong will be strengthened instead of being undermined by this project.

The convention and exhibition industry is closely related to the tourism industry. A robust convention and exhibition industry will boost business travel and even family travel. And their spending is usually higher than that of leisure travellers. As this traveller market offers enormous potential, resources more than those of our neighbouring competitors should be actively invested to win



this market. I am very pleased to see the Chief Executive state in the policy address the seeking to host more mega international events, the provision of more quality facilities, services and entertainment, as well as the expansion of the Hong Kong Convention and Exhibition Centre and the AsiaWorld-Expo. However, to meet the fierce regional competition, we should expeditiously decide to construct a third exhibition facility in Hong Kong and actively bring in international major exhibition organizers, so as to consolidate the position of Hong Kong as the Convention and Exhibition Capital of Asia.

In addition, the Chief Executive has proposed to set up a cross-sector steering committee comprising of government and trade representatives led by the Financial Secretary and the Secretary for Commerce and Economic Development to conduct a comprehensive review and formulate development strategies for convention, exhibition and tourism, in order to enhance the appeal of Hong Kong as an international convention, exhibition and tourism capital. Although the Chairman of the Travel Industry Council of Hong Kong is one of the members, representatives from other sectors of the tourism industry are few. And among them, there are even no representatives from the airlines. Since the convention, exhibition, tourism and aviation industries are as interdependent as lips and teeth, it is hoped that these industries will be consulted on the development strategies drawn up by the steering committee in future.

The tourism industry and the Liberal Party have always striven for the provision of additional resources for the organization of more world-class mega festivals and cultural, entertainment and sports events, in order to forge Hong Kong as a dynamic events capital to enhance its appeal to international travellers. Therefore, it is the hope of the industry and the Liberal Party that the West Kowloon Cultural District project will be finalized expeditiously to provide more quality venues to host international mega performances and attract more travellers to Hong Kong. As Hong Kong will stage the 2008 Olympic equestrian events, the Government should make use of this opportunity to vigorously promote Hong Kong as a tourism and events capital.

In recent years, Macao has seen the completion of new hotels in quick succession. On the contrary, as commercial buildings fetch higher returns than hotels, some of the well-known hotels in Hong Kong like Hilton and Furama have been redeveloped as commercial buildings in the past few years. And the six-star Ritz-Carlton will close at the end of this year. Although an additional 3 300 new rooms are expected in Hong Kong this year, bringing the number of

hotel rooms to a total of some 54 000, the rate of increase is unable to tie in with the growing number of travellers. Therefore, the industry has agreed that incentives should be given to encourage hotel development, such as the provision of appropriate sites for the building of hotels, the accelerated approval of hotel development projects and processing of applications for lease modification.

Only focusing on the expansion and addition of convention and exhibition facilities is not enough. The additional provision of other tourism resources is equally important. When a good choice of activities and tourist attractions are available for business travellers from all over the world participating in conventions and exhibitions as well as their family members even after the conclusion of business, they will then enjoy their stay to the full. Therefore, leisure activities after conventions and exhibitions, and entertainment for accompanying family members should be provided. Regarding the development of tourism, the tourism industry and the Liberal Party have put forward the following proposals for the consideration of the Government in the hope that full support will be given to the development of tourism to maintain the status of Hong Kong as the tourism hub in Asia.

To attract more high-spending travellers and family travellers from inside and outside the country to visit Hong Kong, it is proposed that a large-scale leisure and entertainment complex with a gaming element be built in South Lantau, offering a wide range of leisure and entertainment activities such as gaming, shopping, spa and popular shows. Other than the completion of the redevelopment project of the Ocean Park, either a second theme park should be actively launched or the Disneyland should be asked to launch its expansion project as soon as possible, so that a great variety of leisure and entertainment activities will be made available and the stay of travellers in Hong Kong will be extended.

Regarding the promotion of cultural travel, the Liberal Party agrees to the revitalization of historic buildings and the encouragement of heritage protection by the private sector through the provision of economic incentives. Regarding the recently-established Commissioner for Heritage Office that is responsible for the co-ordination of heritage conservation work, it is hoped that it is not another redundant department but an efficient one in heritage conservation. Apart from the protection of historic buildings, the Government should also try to preserve bazaars with local characteristics. Through hygiene improvement and beautification projects, these bazaars will not only continue to serve economic

purposes, but also turn into tourist attractions representing the local culture. Moreover, the Government should actively look into the possibility of the revival of hawking activities with local characteristics after taking into account various aspects of development of the district, so that the local cultural icon will be continued. On the other hand, to support cultural travel, the promotion and education on the arts should be stepped up to create an artistic and cultural atmosphere in Hong Kong. And consideration can even be given to the provision of tax concessions to attract funding from the business and private sectors to support artistic and cultural development.

Regarding attempts to boost the number of visitors, the tourism industry and the Liberal Party are of the view that negotiations with relevant departments of the Central Authorities should be continued to further increase the number of cities covered by the Individual Visit Scheme, and introduce improvements to the Scheme by extending the validity period of the exit endorsement, relaxing the restriction of a maximum of two trips to Hong Kong within the period, and allowing access to Hong Kong and Macao under the same endorsement, in order to facilitate mainland travellers in visiting and spending in Hong Kong.

Moreover, the Government should also promote the market of cheap airline services in a fair and impartial manner to bring in additional flights of different airlines including those of the cheap airlines. As a result, the aviation network between Hong Kong, the Mainland and other cities in the world will be further developed. And the status of Hong Kong being the aviation hub in the region will attract more travellers going to the other regions via Hong Kong. The Government should also draw up long-term planning as a support measure and finalize soon the construction of a third runway, in order to improve the competitive edge of the aviation industry and consolidate the position of Hong Kong as an international aviation hub.

Continuous negotiations with the Mainland should be actively conducted to regularize the current situation of subjecting the PRD airspace to three different jurisdictions. The formation of an "invisible wall" in the air that causes wastage of aircraft fuel and problems of pollution will then be avoided. We should strive for assuming a co-ordinator role to help regularize air transport in the region and boost the capacity of our airport.

It is proposed that a commercial heliport for cross-boundary transport between Hong Kong and the PRD be built. And the co-location of immigration

and customs facilities should be implemented and the fuel tax of local aircrafts be exempted for the promotion of helicopter travel.

Lastly, to promote the development of the tourism industry of Hong Kong, negotiations with relevant mainland departments should be stepped up in the implementation of the Supplementary Agreement to the CEPA, including the speeding up of the approval for travel agents of Hong Kong to solely operate tours to Hong Kong and Macao in specified cities in the PRD; the strengthening of co-operation with the mainland authorities to combat breaches of regulation by undesirable travel agents and problems arising from zero-fare and negative-fare tours, and the promotion of Honest and Quality Tours to foster the healthy development of the tourism industry.

The travel agents of Hong Kong have begun to operate tours to Hong Kong in the Mainland. However, the biggest opportunity for the industry is the development and operation of tours to a third destination via Hong Kong. Deputy President, I have recently been made aware that the residents of Guangzhou can now apply for a visa to Thailand locally at a reasonable fee. After getting the visa, they will come here first before going to Thailand because a number of flights are available in Hong Kong daily while only several flights are available in Guangzhou weekly. A potential market is then formed. Therefore, apart from visiting Hong Kong, residents of the PRD are encouraged and given the convenience to go to a third destination via Hong Kong.

I so submit.

**MR BERNARD CHAN:** Deputy President, it is not surprising that the Chief Executive devoted several pages of his address to our financial services industry. During this year, for example, the sector has played a major role in our services exports growth. It is a highly competitive industry, and many parts of our local economy benefit from its success.

However, it is also a sector which seems to cause a great deal of concern. When the Central Government encouraged companies to list on the Mainland to help soak up liquidity, there were fears that we would lose our role as a capital-raising centre. When we see other cities do well in attracting foreign listings, we worry about it.

Our strengths in this sector are well-known. The report by Mayor BLOOMBERG and Senator SCHUMER on New York's competitiveness placed Hong Kong in the third place in the world — after their own city and London. Our advantages are real, and we should focus on building on them.

We need to accept that China in future will not be a place which imports capital but exports it. We should not see this as a problem. This will open up valuable new opportunities for us in fields such as fund management.

We sometimes hear criticisms that we have focused too much on the Mainland. I think there is a perception in some regional countries that Hong Kong is not interested in them. I believe companies looking to raise capital in this region might think that Hong Kong is only interested in mega-listings from the Mainland. "If you're not a huge bank or insurer raising a billion dollars, we don't want your business."

We should be working harder on such companies. I know there are Vietnamese and Thai companies which might be interested in listing in Hong Kong. And I believe it would benefit us greatly as a financial centre in the long run if we took the trouble to see what we offer and what we could do better through their eyes. Recently, I have received a complaint from an investment banker that our immigration officer has turned down visa application for some Vietnamese executives in their IPO roadshow in Hong Kong. China is an important market, but if we want to call ourselves a regional centre, we must treat our Asean, Southern Asia and Middle East neighbours with the same respect.

Where overall economic management is concerned, I believe the Administration deserves credit for its work in developing opportunities for Hong Kong businesses on the Mainland, and for its efforts in facilitating mainland commercial and financial activity here.

It is important to remember that these new opportunities are not intended to replace our existing international trading, services and other industries. They are in addition to them. And all these activities ultimately rely on a firm foundation of economic policies, such as a low tax regime, a level playing field, the dollar peg, and so on.

There are signs that we will be seeing inflation rising over the medium term. The Hong Kong economy has reported the longest period of uninterrupted expansion, with 16 consecutive quarters of impressive GDP expansion through the second quarter of 2007. Many people expect a rate of 3% for next year. Unexpected US Dollar weakness, or strength in the Chinese Yuan or other currencies, could add to that. At the same time, we may face the prospect of falling interest rates. We know from past experience that these conditions can lead to speculative asset price inflation in Hong Kong.

There are other possible dangers out there, from a serious recession in the United States to trouble in the Middle East. If we do face volatility in the future, policymakers should resist calls to try to micro-manage things. Our economy is always developing and evolving, but it will do the best if we stick to our consistent fundamental policies and principles.

For example, people must be aware that the Government cannot — or should not try to — prop up asset markets if we have a bubble and it bursts. This is a serious point right now. On the Mainland, we see housewives borrowing money to buy stocks. Here in Hong Kong, we have seen a sharp rise in H Share prices.

If you are buying and planning to hold for 10 years, many H shares could be extremely good investments. But if you are trying to make a quick buck over the next couple of months, you could be in for a nasty shock. I hear people say everything will be OK because Beijing will not allow the market to fall before the Olympics. People should be smarter than that, and I would encourage our own officials to make it clear that the Government cannot control everything.

**MR CHIM PUI-CHUNG** (in Cantonese): Deputy President, when the Chief Executive mentioned financial services in the policy address, he said Hong Kong was an important financial centre. To people like us who are serving in the financial sector, the overall services provided by the sector include banking, securities, futures, metals and major insurance. However, issues concerning this sector can only be found in six paragraphs, that is, from paragraph 21 to paragraph 26. Although the Chief Executive described this sector as very important, the overall financial services of Hong Kong have been covered in only

six paragraphs. I have personally found it a great pity. And I even have not seen the Chief Executive mention the local financial sector. He did not say one single word about it. Such an attitude was practically indifferent, despising and discriminatory. How can this attitude of the Chief Executive's convince us he was once the Financial Secretary of Hong Kong? This is what we can see, and supported by figures.

Deputy President, well, time for lunch ..... Regarding financial services, according to the estimate of our Financial Secretary, the fiscal surplus this year may be as high as \$50 billion. We can see that this estimate of \$50 billion is close to ..... I have personally predicted that over \$40 billion of it has come from stamp duty. Therefore, what exactly is the ranking of the overall or other development of Hong Kong? I hope he will have a thorough understanding of it.

Certainly, the stock market of Hong Kong has gradually turned into a Hong Kong stock market of China. The market of Hong Kong is no longer like the one in the old days. I have told members of the sector that in the past, oxen were used for ploughing fields. Nowadays, computers and machines are used instead. Can we go back to using oxen to plough fields? The answer is no, which means the days of using only oxen to plough fields have gone. Rice shops and grocery shops in the past have been replaced by supermarkets nowadays. And it is difficult to have such shops revived.

Similarly, to meet the financial reform, the days of sticking to convention and waiting for customers to drop in have also gone. However, we have to understand that the policy address does cover a wide range of issues and should not be confined to a certain area. But we must not forget that Hong Kong is led by the industrial, commercial and financial sectors after all. Under these circumstances, a demonstration of foresight in various issues is necessary.

For instance, although Renminbi (RMB) has yet to be 100% circulated and legalized globally, it is just a matter of time before it does. As it is just a matter of time, it is only natural for Hong Kong to strive for such business. Exactly what measures, means, modes and steps should be employed to do so? Efforts must be made in conducting relevant examinations and studies, in order to beat the others to it. Meanwhile, the implementation of the linked exchange rate has always been proven, which is obvious to all. However, as US Dollar has

remained weak, which court or country in the world has specified that our dollar must be linked with US Dollar? Since US Dollar has remained weak, as a government of foresight, the SAR Government should long since examine the feasibility of the "tri-pegging" of our dollar with Euro, RMB and US Dollar. And it will become the focus of the future policies of Hong Kong. But our Government has shown a lack of foresight and only stuck to the old rut.

In the meantime, as a government, it should also review a number of issues. One of them concerns the structure of the Hong Kong Monetary Authority (HKMA) and the term of office of its head. I have always stressed that I do not have any bias whatsoever against Mr Joseph YAM. But my friends, he has been in office for 14 years. Is he going to be in office for 140 years? In this regard, the relevant government policy should be reviewed. Of course, I do not intend to hold any Directors of Bureaux or Secretaries of Departments responsible. This should be part of the overall policy. It is of the utmost importance because this authority and term of office will produce various effects, and they even involve conflicts of interest and raise doubts among the public. Moreover, has the overall application of the Exchange Fund been developed in a reasonable and lawful manner?

Well, Deputy President, when we talk about financial services, we have to understand the importance of gold in the world nowadays. Hong Kong is not without gold. When China was liberated decades ago, there was an influx of gold business from many cities in the north to Hong Kong, making the business flourish at the time. Certainly, many global markets have now been replaced, such as London and New York. And it has impacted on Hong Kong. However, we have to understand that Hong Kong itself has no natural resources but a connection with our surrounding regions. Why do we not make use of the organization and structure of the Chinese Gold and Silver Exchange Society to capitalize on our strength? To lay the groundwork, the status of this organization must be recognized by the Government immediately. Then our connection with the Mainland and other countries of the world can be developed through this organization. In this way, not only the participation of the public and the investors can be protected, planned development can also be drawn up. At present, there is an enormous global market for precious metals such as gold, platinum and silver. Although there are no such resources in Hong Kong, we have other advantages. Why do we not make use of them? I personally propose that a relevant department should be set up immediately for the review.



Deputy President, in the meantime, the financial structure of Hong Kong should also be reviewed. Admittedly, there is a three-tier system in place here for monetary management. First, the Hong Kong Exchanges and Clearing Limited (HKEx) is at the front line; second, the Securities and Futures Commission; third, the HKMA of the Government. However, although the HKEx is at the front line, six out of its 13 directors are appointed by the Government (though they are appointed *ad personam*), and including the Chief Executive, seven are appointed by the Government, and three to four of them are Members of the Executive Council. Under this organization and structure, I do not believe our Directors of Bureaux dare proactively intervene and even interfere with the operation of the HKEx. Of course, we can say that non-interventionism has always been the policy of the Government. However, if this is the case, why has it recently bought 5.88% of the HKEx shares? It is deceiving itself as well as others to say the Government has not intervened; has had no intention to intervene, or has had no intention to influence. Therefore, as a government, it should review the problems in the system in a cautious manner. Otherwise, the natural law and principle will not be followed in future. Similarly, the problems of the HKMA should also be dealt with.

Deputy President, the industrial and commercial sectors as well as the economy of Hong Kong have fluctuated and changed with the times. Many things are no longer the same as in the past. It is fortunate that we have the huge market of China as our backing. And Hong Kong itself is a blessed land of a different nature. Whenever difficulties arise, other channels and routes will always open up for us. However, a responsible government should not depend solely on luck and unforeseeable conditions in its governance. We can see that during the breakout of SARS in the past, two major projects were launched in Hong Kong, one of which is the Disneyland and the other is the cable car. Incidentally, serious blunders have been found in these two projects, resulting from the mistakes of the governing officials and the government policies, which should be reviewed to facilitate the future development of the industrial and commercial sectors as well as the economy of Hong Kong.

Moreover, Deputy President, properties are very important assets of Hong Kong. We can see that the prices of our luxurious apartments have caught up with the highest-priced properties in the world including those in Britain and New York. Of course, one can say that the people of Hong Kong can take pride in themselves. No matter whether it is a sense of pride or inferiority — it is a sense of pride because we can catch up with the highest-priced properties in the

world. We have what others have; it is a sense of inferiority because many of our people or residents cannot share or enjoy the fruits of economic development due to the wealth gap in Hong Kong — it is an irony to Hong Kong as a whole. Therefore, in regard to housing, I have to remind the Government once again that if legislation is not introduced to regulate and eradicate the problem of caged homes, it is ultimately an insult to Hong Kong.

Moreover, I think the Government should set up elderly cities in a bold and resolute manner in some mainland cities, districts or provinces. Why? As the problem of an ageing population in Hong Kong has been severe — as the medical and other facilities and equipment of Hong Kong have been relatively advanced and satisfactory, our population has been moving towards old age — if the Government does not make preparations at an early date to examine these equipment and facilities, it ultimately has to endure and undertake this responsibility handed down from history. Therefore, in regard to housing, if the building and design of elderly cities in the Mainland are prepared in advance, it will serve multi-purposes in one go as the environment and facilities of our community will benefit at the same time. Moreover, as the transport system has now been improved, the time for approval of this project should all the more be shortened, to which the Government should pay attention.

Deputy President, in regard to transport, in fact, the issue of transport is not just a matter of transport. To solve the transport problem will not only save the time people spend in traffic, social values will also be established. For instance, with a convenient transport network, the prices of properties will naturally rise. Therefore, I am concerned about the issue of tunnels. Whenever the issue of transport is raised, I would always remind the Government that negotiations must be seriously made on the purchase of the third tunnel. Otherwise, a fourth tunnel charging a reasonable toll should be built in its vicinity. This is of the utmost importance to the future of Hong Kong as a whole. Therefore, it is hoped that special attention will be paid to transport development in the future to cater for the need of the community as a whole so that the well-being of the public will be ensured.

Deputy President, my speaking time of 30 minutes is over (*The buzzer sounded*) .....

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

**MISS TAM HEUNG-MAN** (in Cantonese): Deputy President, issues of economic and financial services in the policy address each year have all along been the greatest concern of the public. It is a pity that no new ideas in these areas have been presented in the policy address this year. Chief Executive Donald TSANG has urged us to become "new Hongkongers". However, his economic policies have stayed the same as 10 years ago. I really doubt whether the Chief Executive is able to lead Hong Kong to turn a new page in history.

Admittedly, the expansion of infrastructure development will boost the economy and create employment. However, the 10 major infrastructure projects proudly boasted by Chief Executive Donald TSANG in the policy address are either those that have been under discussion for a long time and caught in long delays in the hands of the SAR Government or those that have been purely conceptual ideas without any concrete substance, giving the impression that they are there just to make up the numbers.

Take the Hong Kong-Zhuhai-Macao Bridge as an example. As early as in the reunification, the Mainland, particularly the Guangdong Provincial Government took the initiative to discuss this project with Hong Kong. But the SAR Government remained undecided about this project, resulting in delays in the construction of the Bridge. And the golden opportunity slipped through our fingers. Chief Executive Donald TSANG was also involved at the time in delaying this project. But surprisingly, he has now regarded this project as an achievement in his term of office. Mr TSANG should really give this a thought.

Deputy President, the focus of the policy address is promotion of the economy through infrastructure development, completely ignoring the development of other trades and industries. We have to accept the fact that no matter how lifelong learning is promoted and value-addedness is stressed in Hong Kong, workers with low qualifications and low skills are always with us. Therefore, apart from infrastructure projects, diversified development is the ultimate way out for the promotion of our economy.

First of all, I think the development of the recycling industry for environmental protection should be vigorously promoted because a large number of low-skilled jobs will be created to tackle structural unemployment. Moreover, only with a well-developed recycling industry can the policy on waste

recycling be effectively implemented. Let us imagine: How will waste paper, aluminium cans and plastic bottles be effectively handled by family-styled collection in the absence of a huge recycling industry? In the end, such wastes will go to the landfills all the same. Therefore, the Government must give active assistance to the development of the recycling industry, such as the provision of low-priced sites and tax concessions.

Deputy President, next, I wish to talk about some issues concerning the accounting profession. First, the accountancy sector has all along sought reform of professional liability to introduce limited liability partnership and proportionate liability reform so that excessive professional liability to be borne by practising accountants in the course of service delivery can be avoided. I would like to urge the SAR Government not to delay the studies on the relevant policies again on grounds of limited term of office, over-complexity of the issue, difficulty in handling, and so on.

Moreover, a number of accountants wish to set up business in the Mainland to fill the vacuum created by the shortage of mainland accountants. Although CEPA and its supplementary agreements have offered various concessions to accountants working in the Mainland, such as the exemption of some papers in the professional examination, and the permission for Hong Kong accountant firms to operate as a sole-proprietorship in the Mainland, many accountants have still found the threshold too high, resulting in their reluctance to launch business on the Mainland.

I understand active negotiations have been going on between various professional bodies of the accountancy sector and relevant mainland organizations and departments to draw up measures to facilitate accountants in accessing the Mainland. I earnestly hope that active assistance will be rendered by the SAR Government to achieve the goal of lowering the threshold, such as lowering the minimum investment capital required for accountants to open an office in the Mainland, and the permission for joint venture between Hong Kong and mainland accountants to open an accountant firm.

Moreover, regarding the review of the Inland Revenue Ordinance, a motion was passed by the Legislative Council two years ago to urge the Government to review provisions in the Inland Revenue Ordinance that raised the concerns of the industrial, commercial and professional sectors. However,

two years on, what has the Government done? Accountants have kept pouring grievances to me on the ambiguities and inconsistencies in the Inland Revenue Ordinance and the guidelines on tax assessment; lawsuits between enterprises and the Inland Revenue Department have constantly be filed, and the work of the Joint Liaison Committee on Taxation, a bridge between the Government and the sector, has almost come to a standstill. What are the reasons? And what has been done on taxation reform?

The policy on taxation is not just a tool or a matter of tax increases or tax cuts. Instead, it must ensure the taxation system is fair and well-defined to facilitate the understanding of the industrial, commercial and professional sectors. Therefore, to consolidate the position of Hong Kong as an international financial centre, I earnestly hope that legislation on taxation will be reviewed seriously to perfect our low and simple tax regime renowned in the world.

The abovementioned opinions are some of my personal views and expectations of the economic policies of the SAR Government and the development of the accountancy sector. It is a pity that no satisfactory answers can be found in the entire policy address. I just hope that government officials will give me answers in their replies.

Deputy President, lastly, I wish to express my views on the transport policy. First, in my district, the Shatin to Central Link has been the major public concern. In principle, I support the construction of this rail link to provide residents of Sha Tin, Wong Tai Sin and Kowloon City with convenient transport to the Central. However, I am really concerned about the siting of the train depot of this rail link. As far as I know, the depot will be built on the land at Tai Hom Village. But there is a forest of buildings in the vicinity of the site. Regarding the building of a depot in the city centre, special attention should be paid to such issues as air pollution, noises and wall effect. Therefore, at the Legislative Council meeting next week, I will raise a relevant oral question. My stance is very simple. No matter in which district the depot is built, attention must be paid to the problem of noises, and property development projects above the depot must not create a wall effect to adversely affect the air quality of the district in which the depot is built. This is of the utmost importance because by the site at Tai Hom Village are Chi Lin Ching Yuen, Nan Lian Garden and many residential buildings, which form a quiet neighbourhood.

If a depot is built there, noises will be produced. I hope that careful consideration will be given to the site selection of the depot. Why must a depot be built in the city centre? Will consideration be given to having it built in the existing depot sites instead of the city centre?

In addition, I wish to raise a newly-emerged issue and that is, the Government has planned to inject \$6 billion into the MTR Corporation Limited (MTRCL) for the construction of the West Island Line. I really find it difficult to understand: Why is it necessary for the Government to use such a large amount of public fund to subsidize an enterprise that has always talked about commercial principle and stressed its position as a listed company? Even if the provision of subsidy is necessary, why must the amount be as large as \$6 billion?

The proposal of the health care vouchers for the elderly in the policy address will cost the Government \$150 million annually. And Chief Executive Donald TSANG has seen this as an enormous favour bestowed on the elderly. However, in a flash, 40 times of this amount has been allocated to the MTRCL. Is such an act of partiality proper? Why has the Government not asked the MTRCL to issue new shares to raise some of the capital in the market? Why has the Government not asked the MTRCL to take out a loan instead of being generous at the expense of the taxpayers? Is it the responsibility of the Government to tell us that making profits is a must for such public transport organizations?

Deputy President, in the past two years, Chief Executive Donald TSANG did not put forward any outstanding policies that won him remarkable achievements. I hope his administration in the next few years will satisfy the public. Thank you, Deputy President.

**MR JAMES TIEN** (in Cantonese): Deputy President, since I have only six minutes left for this last session, I wish to focus on the tourism industry and its related Olympic equestrian events under the policy area of economic services.

Deputy President, as the Chairman of the Tourism Board, I have been aware that the Home Affairs Department under the Chief Secretary for Administration is responsible for the Olympic equestrian events to be held in Hong Kong next year, that is, Secretary for Home Affairs TSANG Tak-sing is

the overall co-ordinator. I have also been aware that in the promotion of our tourism industry overseas, despite Hong Kong being the city staging the Beijing Olympic equestrian events, no efforts have been made by any organizations, including the Tourism Board, in the promotion of Hong Kong. I would like to thank Secretary MA for hurrying back in time as it is now lunch time.

I am a bit concerned that the Home Affairs Bureau has only focused on laying a perfect groundwork for the events, such as ensuring the safety of the horses in Hong Kong and minimizing the impacts on the residents of Sha Tin. I have also been aware that an application for funding will be submitted to the Legislative Council for this purpose.

However, no funds in this application will be set aside for overseas promotion drives to boost the number of visitors and attract travellers all over the world to visit Hong Kong on this occasion of our country hosting the Olympic Games. The experience of Sydney has told us that if an effective promotion campaign is launched, Hong Kong will benefit not only from 8 to 28 August when the Olympic Games are held, but also before and after the Games. In fact, a good promotion campaign will create a lasting effect. The experience of Sydney has shown that a good promotion campaign will bring visitors to Hong Kong years before and after the Games.

Therefore, I think the Financial Secretary and Secretary Frederick MA should pay special attention to this point. Even though the Tourism Board is not assigned to promote this event overseas, the overseas offices of the Hong Kong Government, such as the ETO, Invest Hong Kong and the TDC should do so. However, no such efforts have been made overseas. I mean ..... for example, Qingdao. Qingdao is the city that will just stage the sailing events for our country, that is, like Hong Kong just staging the equestrian events, the commercials of Qingdao can be seen as far as Europe and the United States. However, in our case, no resources have been allocated for this purpose.

I am not talking about the distribution of pamphlets alone in the London and Paris offices of the Tourism Board. No resources have been allocated for newspaper advertising, let alone television commercials in these cities. We can only request travel agencies to distribute pamphlets to visitors to Hong Kong, inviting them to the equestrian events held here when they are on the way to Southeast Asia for touring around and to Beijing for the Olympic Games. Only promotion of such a limited scale can be carried out.

Opportunities of this kind do not come our way every year, but once in decades. One of the events will be held in Hong Kong in the Olympic Games hosted by our country. However, it seems not many people in the world are aware that Hong Kong has taken part in the Olympic Games and one of the events will be staged here. In my view, we should promote not only the staging of equestrian events in Hong Kong, but also Hong Kong as an Olympic city, and we should expand the scale, so that Hong Kong will continue to reap the benefits for some more years.

Some resources are needed for this kind of work. It is hoped that the Financial Secretary and the Chief Secretary for Administration will discuss with the relevant bureaux. Of course, I have also been aware that Mr LAM Woon-kwong is now in charge, giving us the impression that many people have been involved. Perhaps it is being organized, but outsiders are not aware of it.

Deputy President, this is one of the issues I wish to raise.

The other issue concerns the fair competition law, a subject of discussion initiated by the Government, which is in the policy area of commerce and industry. The Liberal Party absolutely supports the promotion of fair competition in Hong Kong. However, legislation of this nature, in English, can be called "fair competition law", "competition law" or "anti-monopoly law". But they actually represent different concepts.

In our view, in a level playing field, the interests of the small and medium enterprises (SMEs) must be protected, so as to avoid giving them the impression that once the law is enacted — no matter whether it is called anti-monopoly law, competition law or fair competition law — the SMEs will be, on the contrary, bullied by large consortia. What I mean is either the consortia or the public can sue the SMEs, but the SMEs will find it difficult to deal with this situation.

In this regard, the Government gave us some details at the previous meeting of the Competition Policy Advisory Group, to which we think we can give our support. However, we are concerned that when the law is submitted to the Legislative Council, the Government cannot put up a firm stance ..... For instance, in the enforcement of the legislation on smoking ban, in the beginning, it was categorically specified that the ban was imposed indoors. However, the ban has now even covered beaches, parks, bus stops, and so on.



Regarding the fair competition law, I think the competition law is not a problem. But it is not necessary to add the word "fair". Moreover, the SMEs are particularly worried that the Government will be influenced by various Members in its final decision. We urge the Government to pay special attention to this issue. Thank you, Deputy President.

**MR FRED LI** (in Cantonese): Deputy President, Secretary Frederick MA said yesterday that there was only 15-minute speaking time left for his policy areas. He needs not worry today as I will devote most of my seven-plus-minute speaking time to his policy areas.

I wish to follow up the speech of Mr James TIEN regarding the fair competition law. I am very pleased to hear that he has not exactly rejected the details initially proposed by the Government. And his only concern has been the incorporation of a lot more "chillies" when the proposals are submitted to the Legislative Council. If this is the stance of Mr TIEN, it is likely that we can have peaceful and rational discussions on the issue. Of course, we have said earlier that if the fair competition law will just involve civil instead of criminal liability; if it will just merge instead of regulating, our fair competition law when compared with other countries will be very mild, absolutely mild with nothing that will cause any worries. In particular, I do not see how the law will threaten the small and medium enterprises (SMEs). In fact, the law has exactly aimed at protecting the SMEs. I hope there will be a perfect ending for this issue despite the disappointment of the Democratic Party. The enactment of a fair competition law has often been mentioned in the Chief Executive's platform. And he has undertaken to try to have the law implemented this year. However, he has now said that it has to wait until 2008-2009. In other words, we will have to wait until the next term. And we really need a blessing of good luck. We have to win in the next election before we can take part in the deliberations of this legislation.

We heard the Secretary say a few days ago that there would be no more delays. The consultation only concerned the details of the law. And the enactment of this law would not be delayed. I wish to repeat here: Secretary Frederick MA, I have complete confidence in your not lying to us. Let us put on record here the undertaking of Secretary Frederick MA.

Moreover, regarding consumer rights, I do not intend to speak much on it because I can express my views at another platform and play another role as far as possible in consumer rights. On the amendment to the Trade Descriptions Ordinance by the Legislative Council, I hope the scope of the Trade Descriptions Ordinance will be broadened as soon as possible in the second phase of review to cover various services because advertisements for beauty treatment, slimming, single eyelid or lower eyelid blepharoplasty in magazines every day are full of deception. In particular, slimming advertisements targeting people like me are actually lies. Therefore, I have never been a patron of such services.

The third issue is related to Secretary Frederick MA, that is, the tourism industry. I have paid more attention to this issue than other members of the Democratic Party. I am not talking about the Tourism Board, but the Travel Industry Council of Hong Kong (TIC). I have discussed with many government officials over the years that — even the Commissioner for Tourism has been replaced several times, I have voiced my view many a time, pointing out that the TIC has often caused scandals. Some of the complaints disclosed by the China National Tourism Administration, that is, the National Tourism Administration of our country have surprisingly involved the directors of the TIC. They have been alleged to have "hiked up prices" of hotel rooms, and uncovered by the media to operate "zero-fare" tours in a through-train mode to "fleece" mainland visitors. But their misconduct has not stopped them holding the director posts in the TIC. The TIC is responsible for the overall regulation of travel agents. Under extreme circumstances, it even has the power to revoke licences, that is, to directly revoke the licences of travel agents. The TIC is playing a regulatory role, like the police, as well as responsible for making rules ..... The only thing the Government can do is appointing people from outside the industry into the board of directors. However, such members are now small in number and the list of appointments must be approved by the TIC. This is the present situation.

I hope Secretary Frederick MA ..... At the discussion in the Legislative Council Panel on Economic Services a few days ago, I proposed the appointment of additional independent directors from outside the industry soon or as soon as possible to strengthen the function of the TIC, so as to demonstrate its fairness and impartiality. At present, the TIC is biased in favour of the interests of travel agents because the directors dominating the TIC are precisely bosses of travel agents. Non-industry members have mostly held posts in committees

which are under the board of directors, particularly those on rules and regulations. But who have the final say? And who are the mainstay? It has always been the bosses of travel agents. The Estate Agents Authority is of a similar nature. It is responsible for the regulation of estate agencies dealing with property transactions. However, a majority of its members are laymen. What exactly are under its regulation? It regulates the operation of estate agencies, the licensing and training of estate agents, and so on. Its operation is actually similar to that of the TIC. The latter is also responsible for the issuance of passes to tour escorts and tourist guides, as well as licences to travel agents. However, the TIC is neither an independent statutory body nor led by laymen. I believe comparisons can be drawn in this aspect.

Lastly, I have a little time left ..... But Secretary Eva CHENG is not here. Regarding my constituency of Kowloon East, I wish to talk about the Shatin to Central Link. Reports in the newspaper a few days ago revealed that the Shatin to Central Link will run from Sha Tin via the Tate's Cairn. And the original plan was building a MTR station at Tze Wan Shan. Subsequently, this plan of building a station has been withdrawn due to crustal and geological problems, and replaced by the building of an automated people mover rail link like the one at the airport. However, it seems that this plan has also been dropped now due to high cost or low value. There are hundreds of thousands of people living in Tze Wan Shan which is actually at the mid-level with a very steep road. If you have been there, you will remember that very steep road. Therefore, the sole reliance on green minibuses and buses to provide hundreds of thousands of residents with feeder services to Diamond Hill Station and mainly Wong Tai Sin Station has been absolutely unsatisfactory. Perhaps Members are not aware that the shuttling of 30 to 40 minibuses plying this feeder route to and from the MTR stations every day has failed to tackle the congestion problem at peak hours. Without a mass transport system, the problem will remain unsolved. Moreover, there is the problem of air quality. A large amount of exhaust emission is generated by buses, particularly on steep roads where the problem is compounded.

Therefore, I hope the Secretary will explain to us why no MTR station will be built and how feeder services will be provided. I believe it is necessary to conduct studies expeditiously to give an explanation to the residents in Tze Wan Shan and Wong Tai Sin. I so submit.

**MR LEUNG KWOK-HUNG** (in Cantonese): Deputy President, former Secretary for Security Regina IP once said in this Chamber that if she could not even defend her hairstyle, how she could defend her post as the Secretary for Security. Originally, I had a lot to say for the poor, but I cannot help changing the subject. Should my colleague be casually accused as a traitor — Members should know this is a very serious charge — I am duty-bound to defend the dignity of this Council. The Chief Executive has proposed in the policy address a new direction and a new Hong Kong. I simply cannot imagine why the place we are now living in has been building up an atmosphere like that during the Cultural Revolution.

I have learnt of Martin LEE's trip to the United States. In fact, he is really foolish .....

**DEPUTY PRESIDENT** (in Cantonese): Mr LEUNG Kwok-hung, in this session, we are now discussing the policy areas of "commerce and industry, economic services and financial services" .....

**MR LEUNG KWOK-HUNG** (in Cantonese): Yes, yes, yes .....

**DEPUTY PRESIDENT** (in Cantonese): Please speak on these policy areas.

**MR LEUNG KWOK-HUNG** (in Cantonese): He is really foolish. If he goes to the United States to talk about issues of commerce and industry and economic services and invite large consortia of the "Yanks" to invest here, it is a token of patriotism, right? I have no idea whether we have said this. We have advocated the gathering of a momentum to improve human rights in the 10 months leading up to the Olympics. Honourable Members, I think whenever he is called a traitor, it is an insult to Hong Kong, separating Hong Kong from the mainstream values in the world. Nobody will come here to invest then because charges will be brought against them any time, right?

It is very simple. Martin LEE is really a "nitwit" to seek out President BUSH. How is it possible that President BUSH will safeguard human rights? However, it does not mean what he did is an act of treason.

**DEPUTY PRESIDENT** (in Cantonese): Mr LEUNG Kwok-hung, I have to ask you once again to return to the policy areas of "commerce and industry and economic services".

**MR LEUNG KWOK-HUNG** (in Cantonese): Yes.

It will precisely affect our economy, right? It will impact on investment.

I wish to say that if this is how things are interpreted ..... I just visited the Philippines last week to show concern for the human rights situation there, that is, to conduct fact finding. If those went with me to the Philippines to conduct fact finding are traitors, who will go to the Philippines, mate? I will also be arrested, bound up and "shot to death". I have done this. Of course, I understand it is all right for the opposition party of a country to accuse their country of having no human rights. It is all right for them to express this view to anybody. What is meant by "treason"? "Treason" means the betrayal of one's country. If one urges for protection of the human rights of his own country, how can he betray his country?

Such an accusation is very rare in Chinese history. Only CHIN Hui and WANG Chingwei had such an "exceptional honour". How can Martin LEE have such capability and "exceptional honour", mate? He has neither held the position of a chancellor nor a national leader. Those calling him names are Sichuan dogs barking at the sun; those calling him names are following the "tune" of President JIANG, and those calling him names are slinging mud at the pan-democratic camp in anticipation of the upcoming election. As a result, he has been called a traitor.

(THE PRESIDENT resumed the Chair)

Honourable Members, an accusation of this nature is very dangerous. It is enough to scare the people of Hong Kong and impede the economic development of Hong Kong. The reason is that over 2 million people of Hong Kong have fled from the Mainland. Based on this logic, they have betrayed the country. Where they have fled to is a place resided and governed by the

British. This is the reason why the economic development of Hong Kong and China has come to a halt. Another reason for the economic stagnancy of Hong Kong is the lack of basic rights here.

Let us give this a thought. The "exceptional honour" awarded to Mr Martin LEE has also been given to another man. He is LIU Shaoqi. He was called a traitor, hidden spy, public enemy and traitor. In addition, he was accused of maintaining illicit relations with Taiwan, the Soviet Union and the United States .....

**PRESIDENT** (in Cantonese): Mr LEUNG Kwok-hung .....

**MR LEUNG KWOK-HUNG** (in Cantonese): ..... the human rights at the time were not protected, even the country .....

**PRESIDENT** (in Cantonese): ..... we are now having a debate on the policy address .....

**MR LEUNG KWOK-HUNG** (in Cantonese): ..... it is impossible for the economy of China to develop .....

**PRESIDENT** (in Cantonese): Mr LEUNG Kwok-hung .....

**MR LEUNG KWOK-HUNG** (in Cantonese): ..... if this situation is again tolerated in Hong Kong today .....

**PRESIDENT** (in Cantonese): ..... can you listen to me when I speak .....

**MR LEUNG KWOK-HUNG** (in Cantonese): ..... it is impossible for our economy to see development .....

**PRESIDENT** (in Cantonese): ..... If you keep speaking louder than me when I am speaking, what can be done? Mr LEUNG Kwok-hung.

**MR LEUNG KWOK-HUNG** (in Cantonese): I am speaking on the original subject.

It is absolutely impossible for us to become the so-called new Hongkongers proposed by the Chief Executive because new Hongkongers should not defame dissidents as traitors. This is a very serious accusation. Many people think that to legislate on Article 23 will affect the business. Yes, if the legislation on Article 23 was in place today, Martin LEE would be on trial now. He would have faced at least two charges: First, treason; second, subversion in collusion with foreign powers.

What exactly is treason? I wish to tell everybody that the resources of China are very important, and so are the resources of Hong Kong. This is exactly the economic issue under discussion now. On 9 December 1999, a new Sino-Russian Border Treaty was signed between JIANG Zemin and Boris YELTSIN, resulting in a loss of over 3 million km of our country .....

**PRESIDENT** (in Cantonese): Mr LEUNG Kwok-hung, would you please come back to the relevant policy areas?

**MR LEUNG KWOK-HUNG** (in Cantonese): I am speaking on the relevant policy area of .....

**PRESIDENT** (in Cantonese): We are now discussing the Chief Executive's .....

**MR LEUNG KWOK-HUNG** (in Cantonese): I am really speaking on the relevant policy area. I am discussing whether "new Hongkongers" can act like this. This is a title proposed by the Chief Executive.

**PRESIDENT** (in Cantonese): No. The policy areas in this session are "commerce and industry, economic services .....

**MR LEUNG KWOK-HUNG** (in Cantonese): We cannot rely solely on economic development for our living. I think the President is right in saying that an economy is created by people. If people cannot enjoy freedom of speech, like living in an age before the enlightenment when people were on public trial any time for charges caused by their speeches, the economy will not see any progress. This is the inevitable process of human development. And it is before our eyes.

Honourable Members, making this speech here is neither an abuse of my time nor an abuse of private resources despite Mr Martin LEE having always defended me, and I have done the same for him today in expressing my views on how to be new Hongkongers. I urge Honourable Members not to call people a traitor, which will turn Hong Kong into a city of horror because the charge of treason is extremely rare in present-day societies. I hope the Chief Executive will lead the people of Hong Kong to safeguard the freedom of speech as well as the basic values of Hong Kong, so as to develop Hong Kong into a cosmopolitan city. Any acts of denunciation similar to those in the Cultural Revolution are intolerable in a cosmopolitan city.

President, I know there are several million people of Hong Kong (actually over 3 million) living close to the depths of suffering. However, if the Government turns a deaf ear to their voices and simply pins on them a big label, for example, when proposals of a progressive profits tax for social improvement and a higher rate of stamp duty for poverty relief have been raised by me, I have been criticized for creating social division and even causing troubles and chaos, then nothing can be done. We should have rational debates, right?

My speech is a conclusion of all the lessons learnt by our race since 1949. Any acts to eliminate the opposition party and dissidents will fail to boost the economy and enable the people to share the fruits of social prosperity.

I hope ..... the so-called treason accusation will be withdrawn.

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

**MR SIN CHUNG-KAI** (in Cantonese): Madam President, now I am going to talk about information technology.



The Chief Executive has proposed in the policy address the concept of "Progressive Development" for the promotion of economic growth. However, a good look at the entire policy address tells us that "total indifference" can practically describe the Chief Executive's attitude towards information technology. In the middle of this year during the reorganization of the policy bureaux, the Government said with certainty that the importance attached to technology would not be minimized. However, now it proves that the Government has remained "preaching one thing and doing another".

I understand that the fourth Digital 21 Information Technology Strategy will be released soon. The industry has had high expectations of this policy blueprint depicting the next five-year plan of the third term Government. Of course, the breakthrough of the 30 000-point level of the Hang Seng Index can be regarded as a progress. But it is progress in "quantity". To maintain the leading position of Hong Kong and facilitate the sustainable development of our economy, progress in "quality" is even more essential. To make progress in "quality", how can information technology be left out in the answer?

Madam President, I wish to stress that the earnest urge of the industry to have great importance attached to information technology has not aimed for government subsidies but progress of society as a whole by means of information technology to upgrade the quality of life and to boost economic development. This is how I understand "Progressive Development" in the present digital age.

The proposal on the development of a territory-wide, patient-oriented electronic health record platform in the policy address can be considered the only measure that offers comfort to the industry. However, I wish to remind the Government that during the development of the system, public consultations on the monitoring, operation, and security of the system, as well as the privacy of patients must be conducted to ensure the system will bring conveniences instead of troubles to the public. Moreover, the fostering of sufficient medical and information technological talents is necessary, so that the enhancement of the quality and efficiency of our medical services by information technology can really be ensured.

I strongly believe it is the majority view of the public that no one in our community should be left forgotten. And this view should not change following the arrival of the digital age. At present, the rate of personal computer

possession and Internet access of the low-income families has been far lower than that of the middle and high-income families. If this situation continues, the low-income families will be separated from the mainstream society due to a lack of access to information technology, resulting in inter-generational poverty. Therefore, active consideration should be given to the inclusion of Internet access fees in the CSSA basic living expenditure and co-operation with voluntary agencies to give away second-hand computers to low-income families. To our Government with the Treasury "flooded", the expenditure so incurred is "just a piece of cake", but to the children in the CSSA and low-income families, learning opportunities brought by these measures is really a godsend.

Hong Kong is a society that relies on information technology. Network security is the key to the protection of the economy of Hong Kong as a whole, as well as a critical factor in the development of the financial sector of Hong Kong. The industry has repeatedly urged the Government to pay due attention to information security by drawing up a long-term and well-planned policy on this instead of just regarding it as part of public education.

The policy address this year has disappointed me once again. The Government has even failed to carry out tasks as simple as the strengthening of the functions of the Hong Kong Computer Emergency Response Team Coordination Centre and the allocation of resources to set up a network threat monitoring system. I cannot but ask: Does it take the breakout of a major network crisis or a large-scale hacker attack to alert the Government, making it understand the industry is not the shepherd boy "crying wolf"? To put it simply, extremely insufficient resources have been allocated for the arrest of hackers and the investigation of network crisis. In fact, resources for the Technology Crime Division of the police are extremely limited. Faced with the latest circumstances, relevant resources should actually be deployed.

The Chief Executive has proposed the development of Hong Kong into a key data centre in the Action Agenda on "China's 11th Five-Year Plan and the Development of Hong Kong" released last year, which has won the strong support of the industry. However, after a long wait, there are no signs of concrete policies and measures even in the policy address. Hong Kong really has a steep edge in this regard. Apart from the hardware of information technology such as a well-equipped information infrastructure, we also have the software in a sound judicial system, respect for personal data and protection of

copyright, which are essential factors for a data centre to gain the confidence of investors and clients.

Everything is ready but, alas, I have been told by members of the industry that the provision of services of a data centre is prohibited by the lease conditions of the Science Park. An opportunity for the development of the industry is wasted in vain. I have written to the Secretary to request a follow-up. In fact, the development of a data centre will offer a good business opportunity. Nothing much has to be done by the Government except the drawing up of support policies and the promotion of our advantages overseas to attract investors. For instance, some of the existing land policies should be reviewed to relax the regulation on service providers in the installation of related equipment in industrial buildings. Only with support in these minor issues can a business environment conducive to the operation of a data centre be created. To put it simply, we have received a number of complaints from companies about a lack of sufficient space for the operation of data centres and the unavailability of rental premises for this purpose, resulting in a loss of many business opportunities.

It has also been proposed in the Action Agenda on "China's 11th Five-Year Plan" the launch of a pilot scheme in Shenzhen to set up a cross-boundary telecommunications business making use of the infrastructure of Hong Kong. This idea and concept have long been proposed by the industry. To put it simply, it is very similar to the concept of the so-called "special telecommunications region". I urge the Government to strive in the negotiations over CEPA for the granting to our telecommunications service providers an equal status with their mainland counterparts in the PRD Region, so that a level playing field will be created in the telecommunications market. Put simply, there are no hurdles for mainland companies to bid for a licence in Hong Kong, but our companies are not given the same chance of development in this area in the Mainland. It is hoped that due attention will be paid to this issue.

Although it is specified in CEPA IV that local companies are allowed to operate as a sole proprietorship to provide software facilities, consultancy services and data services in the Mainland, enterprises solely owned by Hong Kong businessmen are regarded as foreign businesses according to the Company Law of the Mainland. I hope the Government will strive for the grant of national status to the industry so that they will receive the same treatment as that of mainland companies on the Mainland.

In this digital age, a new direction for Hong Kong without an element of technology will fail to promote the progress and growth of Hong Kong. The concept of technological development has been promoted by our national leaders. If Hong Kong wishes to leverage on the Mainland, we also have to attach importance to the development of technology.

It is never late to mend the fold. It is hoped that the Government will catch up in this area. Moreover, I wish to say that in the other area, that is, in infrastructure development, the Government has proposed 10 major infrastructure projects this year, which I believe is good work. However, do not let some issues slip through our mind. And one of them is the Phase III development of the Convention and Exhibition Centre.

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

**MR ABRAHAM SHEK:** Madam President, congratulations to the people of Hong Kong, for this is the first time in 10 years that the Administration has embarked on many infrastructural projects in one policy address. This is definitely a tall order, and takes not an ordinary man to deliver it.

The undertaking of the 10 major infrastructural projects is encouraging, and is also significant to the long-term development of Hong Kong. I strongly support the Chief Executive's belief that infrastructural projects will not only stimulate the local economy, but will also bring economic growth and investment. In addition to the 10 megaprojects, I urge the Secretary for Development to keep spending, and spending, on other projects amounting to no less than \$29 billion annually, as this was a commitment made by the two Chief Executives of Hong Kong, yet to be realized.

The Chief Executive's policy address brings out a new direction and an important directive: to push for continual growth in the socio-economic and political sectors, and also to adopt a new philosophy of progressive development. I too wish that the Chief Executive's dreams can become his hope, and his hope can become plans, and those plans can become reality for Hong Kong. If the plans remain as plans on the paper which they are written on, they are not worth having. Let us pray for their realization.

Our Chief Executive, in his progressive development concept, asks us to think out of the box, to take that extra step to venture out with courage and integrity without fear or favour, and to bring Hong Kong to new heights. SOCRATES said a life without review is not worth living. Hong Kong's greatness in the past and the present can only be projected into the future by knowing our own weaknesses, in eliminating them and seizing new opportunities. This I presume is what the Chief Executive's progressive development is all about.

Our weaknesses in the development sector lie in an over-bureaucratic system, resulting from unwanted political interference and misguided public opinions, and a phobia of the Civil Service to act and to serve the city with courage. We should not change policies for the sake of changing, or hold back reforms for the sake of a few of those misguided public opinions in popularity poll. Policies must be made for the welfare and the good of Hong Kong. The Chief Executive mentioned briefly the way to improve on certain administrative proceedings in the pre-construction state of the development industry. This is a step in the right direction.

I also urge the Government to revisit the land policy as regards the issue of premium. Getting greedy and getting more premium could lead to nothing. That is why so many successfully applied conversion plans for hotel development remain as plans with no action. The result is Hong Kong is at a loss, we do not have enough hotels, nor do we have enough work for the construction workers whose number is growing. Lease modification, apart from the time delay procedure, is also seeing problem because of unrealistic assessment of premium, leaving valuable tracts of land wasted with no development, no work for the workers and less economic growth. Hong Kong is at a loss. The issue of reduction of plot ratio in the development industry is not a solution to satisfy public misguided judgement on the construction of wall-structured development or skyscrapers. In many cases, increasing the plot ratio and adopting innovative designs can actually solve the problems they fear. I am sure the Financial Secretary, being an architect of such a renowned background, can appreciate this fact.

With regard to town planning, we should not do it on a two-dimensional basis, it must be a three-dimensional one. And also, to build what is needed to be built, and to build what the market wants to build. No interference. Stringent over-bureaucratic policies obstruct investment for development in

Hong Kong, pushing investments to neighbouring areas. Also, we must know that investment fund is not only restricted to Hong Kong, it is being canvassed by all sectors and all cities in the world. Look at the billions of dollars which our developers have poured into China, and how much our Chinese competitors are pouring into Hong Kong. That gives us an answer. Also, a lot of the Chinese developers are investing in Australia and Canada and other areas, but not in Hong Kong yet.

The Central Police Station is an ingenious scheme. It breathes new life into historical sites, enhancing society's culture and arts and economic growth. Develop it with courage and conviction, and please, please, do not let politics come into play, for it will once again send all these great ideas and the plan to the shredding machine. Carrie, please, make sure you deliver this Central Police Station project at the earliest time.

As regards the HOS, I support the Government's policies. Others urge the Government to be bold and to resurrect the HOS. I do not doubt their good intentions, so is Mr TUNG's "85 000" policy. See how we have suffered. Government land policy is working well under the free market concept. We do not need to change until change is required. Progressive development is to facilitate, not to interfere with the market. Thank you.

**MR ANDREW CHENG** (in Cantonese): In the fifth paragraph of the policy address, the Chief Executive went straight to the point that Hong Kong would be ushered into a new era, and 10 major infrastructure projects will be undertaken for economic prosperity during the new era. On behalf of the Democratic Party, I will express our views on such areas as transportation and infrastructure projects, bearing in mind the concept of "new Hongkongers" as advocated by the Chief Executive this year.

First of all, Madam President, as new Hongkongers, we certainly hope that the Government can adopt a new mindset and concept, and we certainly support the 10 major infrastructure projects. However, we have been waiting for years for the launch of many of the infrastructure projects, such as the South Island Line and the Shatin to Central Link (SCL). Furthermore, the long wait has nothing to do with any hiccups in this Council. I believe the South Island Line, the SCL, and even the Guangzhou-Shenzhen-Hong Kong Express Rail

Link are fully supported by Members in the Panel on Transport and planning boards.

I certainly hope that the Chief Executive will apply his notion of "new Hongkongers" in undertaking the 10 major infrastructure projects. When he read out the 10 projects, I expected them to be finalized late this year so that construction works could start in mid-2008 or late 2008. However, that is not going to happen. For instance, the construction of the SCL would not commence until 2010. The new Secretary is not in the Chamber for the time being. However, I believe Members are aware that when Dr Secretary Sarah LIAO was in office, it was said that the construction of the SCL would commence in 2002. However, it is now 2007; the project has been delayed for five years. Despite the notion of "new Hongkongers", we still have to wait for another three years till 2010. After waiting for another three years after three years, new Hongkongers will become so old that they will go mouldy. Furthermore, it is even more worrying that the SCL might be renamed as the Sha Tin to Hung Hom Link.

Madam President, I do not feel strongly about the 10 major infrastructure projects. However, I would like to point out that, if we really want to become "new Hongkongers", we must adopt a new mindset and quicken our pace. Why must our pace be quickened? Because if these infrastructure projects can really create job opportunities for more construction workers, the workers would expect the projects to commence in this year or next. They certainly do not wish to see the construction of the SCL to commence in 2010 and the construction of the South Island Line to commence in 2011 for commissioning in 2015. Secretaries, it is now 2007. For me, these transport infrastructure projects are nothing new; they are all old proposals. Yet, I still hope that they can be launched expeditiously with the concept of "new Hongkongers".

The West Hong Kong Island Line, though outside the scope of the policy address, has been discussed for a long time. A couple of days ago, the Executive Council finally approved the funding of \$6 billion for the construction of the West Hong Kong Island Line. I already stated a long time ago that direct funding might be a better and less controversial option, for the past practice of indirect funding by way of station superstructures had caused many controversies. We have often reminded the MTR Corporation Limited (MTRCL) that as it has reaped enormous returns from developing station superstructures, even at times of economic depression, it should repay the public

by lowering fares. However, its usual reply was that the account of property development projects could not be mixed together with that of proceeds from railway fares and, hence, no concession whatsoever could be offered. If the Government really opts for direct funding, I hope various Secretaries can understand that the accounts are now clearly separated. Therefore, Madam President, I hope the Government can adopt the concept of "new Hongkongers" when financing the West Hong Kong Island Line in future.

Given that the Government has a new concept, a new mindset and new Directors of Bureaux, I hope it can, if direct funding is preferred, request the West Hong Kong Island Line to offer certain rebates when determining fares so that the public can be benefited and fares be adjusted downward accordingly. For instance, a single journey fare for an Octopus holder now stands at \$3.8. I think it should be reduced by dozens of cents to \$3.5. This is precisely what "new Hongkongers" would like to see. When it comes to infrastructure and transport, a new MTRCL, formed as a result of the merger of the two railway corporations, should be held socially liable.

Failing that, the so-called concept of "new Hongkongers" will face a new independent kingdom, namely the MTRCL. We are most concerned that the construction of the West Hong Kong Island Line and the South Island Line will still be put on hold even after much delay, because the MTRCL knows very well that it is a matter of great importance to Hong Kong people and the Government, but not to the MTRCL. As a result, we are being led by the MTRCL by the nose, and people are kept waiting. Should the Government raise the issue for negotiation with the MTRCL, the bargaining power of the former will diminish accordingly. I believe it is the unanimous hope of new Hongkongers that the Secretary will adopt a new mindset and avoid being led by the MTRCL by the nose and giving it an impression that, unlike the Government, it can take the matter lightly. In my opinion, it is not in public interest should the Government continue with its massive injections of funds. However, the Democratic Party absolutely supports the launch of these railway projects expeditiously. Nevertheless, insofar as the financing schemes are concerned, I hope the Secretary can note how best to ensure that our public funds are utilized properly after the injections of funds.

Next, Madam President, I would like to say a few words about cross-harbour tunnels. When it comes to how the policy address should deal with this issue, people will definitely say that the uneven traffic through tunnels



is an old problem, and efforts will continue to be made to tackle it. However, if the concept of "new Hongkongers" is adopted again, I hope the new Secretary can understand that, because of the uneven flow among the Western Harbour Crossing (WHC), the Cross Harbour Tunnel and the Eastern Harbour Crossing, Hong Kong people have suffered from traffic congestion for years. As time is money, a lot of social cost and time have thus been wasted. Should the Chief Executive fail to resolve this issue within his term of office, the Government will be considered failing in its duty in implementing the concept of "new Hongkongers".

Furthermore, it has recently been observed that the WHC and the tunnel company operating Route Three have started to make profits. Should the Government fail to bargain with the tunnel companies when they are making money, how can the Government request them to sit down to discuss in detail the uneven flow of the three tunnels when they are incurring losses? This is indeed a challenge to the new Secretary. I hope the notion of "new Hongkongers" will continue to be adopted, for "new Hongkongers" will not want to see continued congestion at the old tunnels. Society will not be protected should traffic congestion continue to be tolerated.

Madam President, I would now like to turn to the issue of bus fares. In the coming six months, this issue will surely continue to trouble our Secretary. Insofar as the fare adjustment mechanism that allows both increases and reductions is concerned, I only wish to emphasize that new Hongkongers will not want to see the new fare adjustment mechanism being turned into another new bottle containing old wine. I hope adjustments can truly be implemented with the establishment of a reasonable mechanism. Furthermore, the Legislative Council should be given the power to activate this mechanism. If not, this mechanism might only allow fares to go upward. When it comes to downward adjustments of fares, if bus companies refuse to activate the mechanism and this Council is not empowered to do so, fares will not be lowered. This is right. I hope the Government can examine the matter carefully and disallow the bus companies from asking sky-high prices from bus passengers.

Next, Madam President, I would like to say a few words about the offer of half-fare concessions by public transport operators to people with disabilities, for little has been said in the policy address about this. Over the past couple of days, however, we have repeatedly pointed out that at least \$5 billion to \$6 billion has been handed out by the Government in various areas of service.

On the other hand, we have also repeatedly pointed out over the years that only a tiny fraction of the \$5 billion, not in excess of \$100 million, is required to subsidize people with disabilities to use public transport for integration into society. If we do some calculations, we might find that the amount of subsidy will be around tens of millions only, but the Government is still behaving in such a miserly manner. This reflects that the Government's way of thinking is still very conservative. So, how can we become new Hongkongers? New Hongkongers certainly hope to keep up with the world trend through offering people with disabilities with half-fare concessions. In order to keep up with other countries and societies, new Hongkongers would like to follow their footsteps in offering their proven half-fare concessions to people with disabilities. As new Hongkongers, we hope the Government can take this step.

The last issue I would like to raise is the health problem of professional drivers. Madam President, I hope the Secretary can address the problem of working long hours by bus drivers and captains and other professional drivers. Working long hours will not only pose a certain degree of health hazards to them, but also cause road safety problems, thereby putting other road users at risk. Therefore, I hope the Secretary can, from the angle of new Hongkongers, appreciate that it is essential to consider requiring professional drivers to undergo health checks when they need to renew their driving licences. At the same time, I hope their working hours can be shortened.

Madam President, I so submit.

**MR ANDREW LEUNG** (in Cantonese): Madam President, the entire policy address can be described as forward-looking, and it is also highly practicable. The Federation of Hong Kong Industries (FHKI) and I feel elated at the pledge of the Chief Executive, Mr TSANG, to "insist on promoting economic development as our primary goal". The Chief Executive's proposal to promote economic development through infrastructure projects and to drive the wheels of the economy by means of the 10 major infrastructure projects shows the Government's commitment to society and the economy. Moreover, hundreds of thousands of additional jobs can be created and various strata of society will be benefited.

Of the 10 infrastructure projects, four require cross-boundary co-operation. I absolutely agree with the Chief Executive's emphasis on the

importance of integration with the Mainland and I also support the SAR Government in actively taking action to support the preparation of the National 12th Five-Year Plan and strengthening co-operation with Shenzhen, Guangdong and provinces in the Pan-Pearl River Delta (PRD) Region. The FHKI and I are convinced that these measures will take the collaborative relationship between Hong Kong and the Mainland to a new level and bring about a win-win situation for both sides. To carry out planning with a forward-looking attitude will surely be favourable to Hong Kong in maintaining its important position in our country's economic development and of course, this is also conducive to Hong Kong's continued prosperity.

Of the four cross-boundary infrastructure projects, the industrial sector is particularly concerned about the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macao Bridge. I have often stressed that since Hong Kong companies have established over 70 000 factories in the PRD Region, the materials, semi-products and products of many of these factories have to be shipped from Hong Kong to the Mainland or be shipped from the PRD to overseas markets via Hong Kong. At present, various checkpoints at the boundary, with the exception of the Shenzhen Bay Port which was newly commissioned in the middle of this year, have basically all reached full capacity. In the event of unforeseeable circumstances such as typhoons or heavy rain or foreseeable circumstances such as the Chinese New Year holidays, the May 1st long vacation and the October Golden Week, vehicles of the transportation industry will form long queues on the trunk roads leading to the checkpoints as there is a rush to clear the checkpoints. With the rapid development of the economy on the Mainland, the demand for cargo shipment and logistics in the PRD Region will keep increasing in the future. The high value-added products produced by Hong Kong businesses must be supported by reliable and stable logistics services, therefore, it is necessary to put in place more cross-boundary transport networks to meet market demand.

Madam President, at present, most of the cargo shipment in Hong Kong is related to the PRD Region. The Huadu International Airport commissioned in August last year has a cargo handling capacity five to six times greater than that in Hong Kong. I have also said before that in future, the railway in western Guangdong will extend to Singapore and Malaysia, however, it will terminate at Zhuhai. The coastal railway, which will terminate at Shanghai, will also terminate at Shenzhen at the other end. Moreover, other freight railways will also terminate at the Huadu International Airport. They will have the major

impact of cutting off the flow of cargoes that feeds our sea and air transport industry and logistics industry. Therefore, it is necessary for us to forge ahead from this very minute onwards.

At present, the Hong Kong-Zhuhai-Macao Bridge project is still being bogged down by problems relating to financing. However, for this very reason, the estimate on investment has increased time and again due to factors such as inflation and interest rates. As a result, there are more and more uncertainties in financing. Some experts even said that if no date was set for the construction of the bridge, the cost would continue to rise. Every year of delay will raise the cost of the project by more than \$2 billion. I hope the issues concerning financing can be resolved as soon as possible, so that the project can be launched at an early date and any uncertainty that may arise in the future can be avoided. More importantly, it is necessary to link up the transport network in Hong Kong with those in Zhuhai and Macao.

As regards the Guangzhou-Shenzhen-Hong Kong Express Rail Link, which the FHKI has discussed for several years, since the views of the FHKI have been taken on board by the Government and the rail link will be constructed and operated in the form of a dedicated line, it will become the first railway in Hong Kong to be connected to the high-speed railway network on the Mainland. It will also be able to enhance the competitiveness of the logistics industry in Hong Kong, as it will be more convenient and time-saving for Hong Kong businesses to ship their cargoes across the boundary. Concerning the proposal in the policy address to actively study the provision of a common immigration and customs clearance system for Hong Kong and the Mainland at the Kowloon terminal, I believe the Government must redouble its efforts in discussing with the Customs authority on the Mainland, with a view to shortening the time it takes for cargoes to clear customs. Such an arrangement will also make it easier for businessmen to travel between Hong Kong and the Mainland.

Madam President, last summer, the industrial sector in Hong Kong had to face a daunting challenge posed by a change in policy, that is, the trade policy on the processing of imported materials on the Mainland was tightened in order to enhance environmental protection. Since the great majority of Hong Kong businesses operating factories in Guangdong are involved in the processing of imported materials, they have been dealt a very serious blow. The FHKI, several major chambers of commerce and I, led by government officials, in

particular, the Financial Secretary and the Secretary for Commerce and Economic Development, have successfully communicated with the relevant departments of the Central Authorities and also lobbied successfully for permission for companies involved in the processing trade to pay customs duty deposits by various means, such as cash and bank guarantees. However, in the final analysis, the only way for Hong Kong businesses to continue to survive is to restructure or relocate.

In the past three decades, Hong Kong businesses have actively invested in the PRD by establishing factories there, thus forging the PRD into the most sturdy production chain in the world, assisting in the industrial development of the Mainland and turning the PRD into the world factory. After developing the region for more than three decades, it will take time and money for Hong Kong businesses to change, and technological support is also necessary. Some manufacturing industries and factory owners also have to find sites to relocate their factories and continue operation. It is not possible to uproot these businesses and relocate them to other provinces all of a sudden because the support facilities in these provinces may not be able to meet the requirements of such relocation at present.

I am very pleased that the Chief Executive has responded to this issue and conveyed to the Central Government the concerns of the sector and the assessment of the impact on the Hong Kong economy, as well as proposing other more flexible measures to the Central Authorities in order to align with the adjustments in the national industrial policy. The SAR Government has promised to approach various provinces to identify locations suitable for the sector to relocate to. This summer, the Secretary for Commerce and Economic Development led a group of members of the industrial sector on a visit to Chen Zhou in Hunan. The local government also gave positive responses to the industrial sector in Hong Kong. The industrial sector further hopes that the SAR Government can play a more central role in co-ordination and liaising with various provinces and municipalities. It can also lead Hong Kong businesses in their relocation efforts by recommending ideal locations for investment. Although the Government has not established any permanent department to handle matters relating to Hong Kong businesses on the Mainland, since the SAR Government has set up a working group on the policy adjustments relating to the processing trade, it can consider expanding the functions of the group, so as to assist factory owners on the Mainland more fully.

Madam President, regarding the Government's plan to help the sector upgrade its production facilities and develop new markets by improving the Small and Medium Enterprises Funding Schemes, I consider the Government's attitude proactive, however, I hope the authorities can take one step further. Two days earlier, I said that at present, many members of the industry, in response to the zero-tariff provision under CEPA, the huge domestic market of the Mainland and the global demand for high value-added goods, had established their own production lines and focused on creating their own original designs and manufacturing products of their own brand names. However, brand-building is by no means easy and this is all the more difficult for small and medium enterprises (SMEs). It is precisely for this reason that the Government launched the Small and Medium Enterprise Funding Schemes. However, as the representative of the FHKI, I hope the Government can take the initiative to make improvements to the restrictions and many of the shortcomings of the existing funding schemes quickly. For example, companies cannot apply for a sum of funds for a series of promotional programmes, rather, they have to make applications and have their applications processed and approved each and every time, so this takes a lot of time and effort and affects the business plans that these companies want to implement.

On brand-name promotion and the development of new markets, it is necessary for the Government to increase the support for the industrial sector and give them a hand, for example, by grouping together a greater number of local brands, then arrange for the participation of such brands in overseas exhibitions and trade fairs, so as to promote Hong Kong brands. The Trade Development Council used to make efforts to establish exhibition halls for Hong Kong products overseas and the results were quite good. It was obvious that the treatment given to Hong Kong companies was superior to the treatment given to people from other places. After the accession of China to the WTO, the Mainland is a market much coveted by other places of the world. The SAR Government can capitalize on CEPA and have more communication with the provincial and municipal governments on the Mainland, so as to assist the products manufactured by Hong Kong businesses in gaining a foothold in the vast mainland market.

Madam President, as I said earlier on, the future development of Hong Kong will be even more inseparable from the Mainland, in particular, with Shenzhen, Guangdong and the Pan-PRD Region. If we want to maintain the positive momentum of economic growth in Hong Kong, Hong Kong businesses must have a good grasp of the pace and direction of development of provinces

and cities on the Mainland and strengthen its ties with them, in order to look for new business opportunities on the Mainland for the industrial and business sectors in Hong Kong. To strengthen the ties with the Pan-PRD Region will help raise the overall economic output of cities in the region. To this end, various local governments have to co-ordinate with each other in their policies. Moreover, representatives of the industrial and business sectors and the professional sectors have to seek greater room for co-operation with the governments of other provinces and municipalities, so as to effect co-ordination in economic activities and make up for each others' inadequacies.

Madam President, I so submit.

**DR JOSEPH LEE** (in Cantonese): Madam President, with respect to the housing policy, I would like to urge the Government to take into account the quality of the environment in the community while it proceeds with the various new infrastructure projects and improvements to the environment such as the urban renewal projects.

The Government should redouble efforts to extend the concepts of excellence and greening to the local community level. It should merge the greening infrastructure concept with the district activities organized, expand the scope of family activities, provide more chances for interactions between the old and the young, promote friendly neighbour relationships and mental health in the social life of individuals. These would serve to make Hong Kong a healthy city. Such a direction can be put into practice by pursuing the concept of community gardening which I have mentioned before. Community gardening means people in the same community engage in gardening activities in the community where they live. The residents themselves, some non-government organizations or the District Councils concerned and such like organizations would provide the various services required such as technical support, co-ordination and management. Such activities can be carried out in a great variety of places such as rooftops, planters and even public gardens. This would give residents a place to mix with people, socialize and engage in various kinds of social activities, hence contributing to greater harmony in the community.

In addition, I hope the Government can do more about putting into practice the concept of green buildings. In particular, in the construction of public

housing blocks, green design concepts should be used on a greater scale. Policy-wise, financial incentives should be given to encourage greater participation from the private sector in the form of say, providing financial concessions to private-sector developers to require them to add in a certain amount of green facilities in private residential developments. When carrying out large-scale infrastructure projects, the Government should add in various environmentally-friendly designs so that our city can realize the green and intelligent concepts in the residential developments.

I hope that this housing policy of greater excellence can serve to make Hong Kong a healthier city.

I so submit. Thank you, Madam President.

**MR LEE WING-TAT** (in Cantonese): President, I would like to highlight the essential points and briefly discuss the issues of housing and planning, as my remaining speaking time is limited.

First, we should review the policies on the Home Ownership Scheme (HOS) and the sale of public rental housing (PRH) units. Even if the Secretary does not think it is now the right time to do so, we still have to study all the basic information pertaining to these issues. Regarding the HOS policy, many property developers certainly have a lot of opinions. However, I still do not understand how the property market will be affected by the sale of PRH policy.

As a frequent reader of research reports and papers, I recall that, except for a higher education professor who once expressed his views on the sale of HOS flats based on his conclusion that the sale of PRH units would affect Hong Kong's property market and weaken the economy, no other academics in Hong Kong have ever discussed the impact of the sale of PRH units on Hong Kong economy. Actually, property developers are merely psychologically ..... I think they have reached a stage of psychological imbalance, as they even oppose the sale of PRH units.

I recall that Prof Y C WONG even suggested at that time that the sale of PRH units was unnecessary, for PRH units could be handed out as giveaways instead. Although I do not adopt such a "rightist" position as to advocate privatization and giving away PRH units to the residents — nevertheless, both



the *Hong Kong Economic Journal* and Y C WONG have mentioned something like that. I consider this merely a virtuous way to thoroughly implement the Government's so-called "small government" policy in line with the staff establishment of the Housing Department (HD) having regard to the wishes of the residents. I think Secretary Michael SUEN has not specially spent time studying this matter during the past year because he had categorically stated before leaving office that he would not do something like that again. However, it is now precisely the time to do it again. This is my first point.

Second, according to my observations, many of the major policies of the Housing Authority (HA) already work like clockwork. However, I observed something when I went working in the districts lately, and I hope the Secretary can pay more attention to it. I also admit that the newly constructed PRH units look increasingly impressive and are more spacious than before. Last night, I visited a family living in a 650-sq-ft flat in Tung Chung. Frankly speaking, even those buildings in Taikoo Shing or Mei Foo do not look as impressive. As it faces Ngong Ping 360 — it is too bad that Ngong Ping 360 cannot operate for the time being — on one side and the airport on the other, its vista is beautiful.

However, when we go back to Chai Wan Estate, the places frequented by the President or the old housing estates in Kwai Chung or Wong Tai Sin, we will find that the size of the residential units there is merely 250 sq ft. Where is the problem? It lies in the fact that, in the course of development, new PRH units are far better than the old ones ..... not only in terms of living area, but also in terms of living conditions — even if such expressions as "heaven" and "hell" are not used to differentiate them — though the marked difference between the community environments of these PRH units is rarely mentioned.

The HA will certainly argue that it has already had the policy on so-called overcrowded households and improvement initiatives for enhancing old districts. However, Secretary, I am sorry to say that even if the HA acts in the same manner for five or 10 years, the discrepancy between these two different types of communities will only aggravate. I hope the Secretary will look at this situation in future.

Even though I have only two minutes to speak, I have to give Secretary Carrie LAM a piece of advice, or else I will be doing her a great disservice as I am also responsible for half of the planning policies. On the last occasion, I raised two points in the hope that the Secretary could consider the large number

of gaps in Hong Kong in terms of plot ratios in Hong Kong's planning. In general, the plot ratio of high-rise buildings of 40 to 50 storeys to be built in urban areas is somewhere between 6:7 and 6:9 or 6:10. However, the lowest plot ratio can be only 0.51. I was most impressed when I went hiking in Yuen Long. When I looked down the hill, I found that there was a high density of buildings in Tin Shui Wai on one side and the town centre of Yuen Long on the other side. However, the plot ratio of the other side of Yuen Long, namely the vast Yuen Long Plain and Kam Tin Plain, was only between 0.5 and 1. Is it necessary for Hong Kong to be developed in this manner? Not necessarily. Under a more progressive and planned condition, a plot ratio of 5:6 or 3:4 is possible.

I certainly agree that the problems confronting Secretary Carrie LAM are far more complicated than those mentioned by me because she has to make a lot of effort in dealing with the plot ratio of rural land. However, if the situation remains unchanged, we will have a shortage of land. Furthermore, it is felt that planning has been poorly performed.

The last point I would like to raise is related to planning. In an article published in the *Hong Kong Economic Journal* the day before yesterday, Prof W S CHOW requested the HA and the HD to stop allowing people to move into Tin Shui Wai. Though I do not necessarily concur with his point of view, I agree with the problems reflected by him. Tin Shui Wai is an exceedingly homogeneous community. Apart from Kingswood Villas, there are no other private residential buildings in the district. This is a planning mistake. I hope the Government can consider if a better mix can be provided in its future planning to prevent the recurrence of similar phenomena. Actually, the plot ratio of Tseung Kwan O is also terrible. Because of the problem with Letter B, the density of buildings in the district is extremely high. I hope the Secretary can pay more attention to these problems, for the best solution is to examine the preventive measures to be taken in such areas as structure, housing, and so on.

Thank you, President.

**MISS CHAN YUEN-HAN** (in Cantonese): Madam President, I wish to talk about two areas. The first is the construction of flats under the Home Ownership Scheme (HOS) and the other is the 10 major infrastructure projects and the employment problem faced by construction workers.

We think that the demand for HOS flats is growing currently. First, HOS flats can provide accommodation to people who are not eligible for public housing and cannot afford to purchase private properties either. This is very important. Second, people who are now living in very crowded conditions in public housing also have to improve their living conditions. I think the Government has to give this matter some consideration. Therefore, I have already handed a letter to the Secretary on behalf of some residents.

Another issue is that more and more residents of public housing are being forced by the authorities to move from the urban area to the New Territories. Mr LEE Wing-tat also mentioned it just now and I agree too that the Government should consider if the overall planning is driving poor people to the peripheral areas. I think this is a problem.

In addition, I believe that it is necessary to take into account the employment of construction workers when implementing the 10 major infrastructure projects (*The buzzer sounded*) .....

**PRESIDENT** (in Cantonese): Miss CHAN Yuen-han, your speaking time is up.

**MRS SELINA CHOW** (in Cantonese): Madam President, of the five areas worst hit by unemployment in Hong Kong, three are located in the New Territories West, namely, Tuen Mun, Tin Shui Wai and Tung Chung. This has also led to a number of other social problems. To take stopgap measures to solve this problem is most inadequate.

Why do we not consider how to resolve the difficulty in finding work? This will be even more practical. If we draw on the examples within our country, Shanghai alone receives 100 million visitors a year and the great majority of them are visitors from other parts of the Mainland. Hong Kong is a much smaller place, but we can still learn from Shanghai.

Not only is New Territories West a community covering the largest area in Hong Kong, it is also quite obvious that its natural environment is beautiful. It is also an area with the longest history and the earliest history of settlement in

Hong Kong. Examples include the Tai O Village, the Tung Chung Fort, the Sam Tung Uk Village in Tsuen Wan, the five beaches along the Castle Peak Road, the walled villages at Kam Tin in Yuen Long, the Hong Kong Wetland Park in Tin Shui Wai, the Tsing Shan Monastery in Tuen Mun, and so on. Throughout its expanse from the south to the north, one can find the history, culture and scenic beauty of Hong Kong in it. The authorities should really make good use of these unique cultural and natural endowments to develop local tourism. Not only will it be possible to develop local tourism, so that the public can have more places to visit, economic vitality can also be imparted to the area and job opportunities can thus be created.

However, after the sightseeing spots have been provided, will visitors then visit these places as a matter of course? The answer is no. Rather, it is necessary to commit some resources to attracting visitors. This has to be done through information dissemination and promotion. I remember that when I worked for the Hong Kong Tourism Board (HKTB), people operating local sightseeing spots often approached the HKTB to request assistance in promoting such places. However, as Members all know, at that time (and this is so even now) the main duty of the HKTB was to carry out promotion among overseas visitors instead of working for local tourism, so it is necessary to look into this area.

In addition, I believe that in planning, there is also a need to redevelop old industrial areas. I have already taken the initial step of raising this matter with Secretary Carrie LAM and I have also raised this with the Financial Secretary in brief because I remember that some years ago, the Financial Secretary was also very concerned about this matter. However, in these old areas, the title ownerships of many factories are in fact very fragmented. We can see that in the case of such places as the APM and the MegaBox, it was possible to accomplish something as there was a major property owner and it was possible to change the land use. However, if the title ownership is fragmented, this will not be possible. Therefore, unless there is an organization like the URA, that is, the Urban Renewal Authority, to assist minor property owners by bringing them together to carry out the redevelopment of old areas or the redevelopment of old industrial areas, it will be practically impossible to accomplish anything. However, since a lot of social resources are at stake, I hope the Government can dial up the efforts.

**MR ALAN LEONG** (in Cantonese): In this session, I would like to focus my discussion on the issue of urban renewal. The policy address has not devoted much coverage to the issue, and it has only mentioned the issue briefly in paragraphs 52 and 53.

In order to proceed with the work of urban renewal properly, I think we must press ahead in the three following directions:

1. A comprehensive review of the Urban Renewal Strategy (Strategy) should be conducted expeditiously;
2. The Urban Renewal Authority (URA) should be allowed to adopt a vision beyond one single site, and it should not be required to concentrate on working on a specific site to achieve self-financing and profit-making; and
3. The URA should be given greater flexibility in responding to the aspirations and expectations of the original residents of the districts concerned so as to make urban renewal projects really conducted for them, instead of only proceeding with such projects for the rich people who can afford high spending.

President, in order to create favourable conditions for the URA to adopt new directions of urban renewal, the Government should review the Strategy first. Item 39 of the Strategy has explicitly stipulated that the Strategy will be reviewed and updated every two or three years and the public will be consulted. The Strategy currently in force was formulated and promulgated in 2001. If three years should be regarded as the interval warranting a review, then it should have been conducted in 2004. In May 2005, I had proposed a motion debate in this Council to request the Government to conduct a review. However, the Government said that urban renewal was a highly complicated issue, so it was necessary to give the URA more time to accumulate more implementation experience. I wish to ask the Government: How much longer will it take and how much experience does it need to accumulate before a review is really conducted? Or is it necessary to accumulate greater controversies and confrontations before such a review is conducted?

In the motion debate that was held two years ago, I pointed out that there were two areas in the Strategy that had put the URA in a most difficult situation:

First, Item 35 of the Strategy requires the URA to be "self-financing". Since the URA has to be "self-financing", so it has no alternative but to make profits from all the various projects and be forced to work under the constraints of the books. Consequently, the URA often has to face great tension when working with the residents in formulating acquisition and planning policies. Many of the approaches that should originally be compatible with the "people-centred" approach cannot be implemented fully because of the need to make profits.

President, I also brought up another issue in May 2005, that is, the requirement that "planning should go ahead of acquisitions", as mentioned in Item 21 of the Strategy. On the one hand, the URA must carry out land planning in order to formulate financing plans, so as to ensure and maximize profits. On the other hand, the planning concerned often has to face legal procedures and public opinion pressure because they may not fully meet sustainable development requirements in terms of environmental and social considerations. As a result, the planning process may become excessively long and the residents will become annoyed and impatient, yet there are still no definite dates for the commencement of the redevelopment projects. So, when the residents finally receive the compensation payments, the money is no longer enough for purchasing flats in the districts or the nearby districts which have already risen beyond the compensation for seven-year old flats.

President, for many years, the issue of redevelopment has given rise to a lot of controversies and conflicts. If the Government continues to delay its work of reviewing its policies and conducting public consultation, with the commencement of more redevelopment projects, it will only intensify conflicts and undermine harmony in society. We note that the redevelopment of Graham Street has recently triggered an acquisition battle between the URA and the private sector. There had even been rumours or gossips to the effect that the URA had already purchased certain properties in the area, so it is unwise for the people to launch any private redevelopment plan there. Of course, I do appreciate that a lot of complicated interests are involved, but this has also reflected that many owners do have the aspiration of taking the redevelopment initiatives into their own hands, so as to proceed with non-government resettlement and redevelopment plans — owners' redevelopment initiatives. Such an approach may arouse the concerns of shop owners and residents in redevelopment districts such as Kwun Tong and the "Sports Shoes Streets" in Mong Kok, and so on.

I note that, in response to the private attempt to make a counter-offer in the Graham Street project, the URA pointed out that the authorities have the authority to resume all the title ownership in redevelopment districts by virtue of the Lands Resumption Ordinance. This has objectively discouraged many of those owners who were originally interested in participating in the alternative acquisition plan. Consequently, the relevant plan fell through. President, it is an undeniable fact that the URA does hold this "imperial sword", which is too overwhelming for any developers. The Government therefore does possess an overwhelming advantage, so much so that it can kill any private attempt to raise capital to finance any redevelopment plans. Since this "imperial sword" is so powerful, the Government absolutely needs to and is duty-bound to give an explicit account of how it can ensure that the power of resuming land must be used properly. In particular, there should be some well-defined criteria to regulate such power, so as to ease the people's concern about the authorities' possible abuse of power and exploitation of small owners.

President, in addition, the Civic Party would like to urge the Government to adopt a more flexible and more rational attitude in facing residents and shop owners in the redevelopment districts. The URA should assume the role of a facilitator of urban renewal, instead of degrading itself into a developer of the redevelopment projects. In our opinion, flexible options such as "a flat for a flat, and a shop for a shop" or allowing the participation of residents in the redevelopment projects will make it possible for us to preserve the original outlook of the local economy and the human living networks in the community; and such options do merit our consideration. If it is feasible to adopt the "sq ft for sq ft" option, it will make the acquisition and resettlement processes even fairer. The URA and its partners can reap profits from the additional floor space gained in the redevelopment projects, and in the meantime, it can also take care of the interests of the original shop owners.

We should not lose sight of the fact that, according to the Strategy, urban renewal projects are launched for the people living in old districts where the environment is relatively poor. We should ensure that they can enjoy the benefits brought about by the redevelopment and rejuvenation of the communities. We should not keep converting old districts into high-spending and high-density districts with luxurious apartments, and then drive the original residents away from the communities that they have been living in for decades, thereby dealing blows to social harmony.

President, tackling the problems and identifying the right solutions are our expectations of the Government in dealing with the problem of community redevelopment, and they are also our expectations of the SAR Government in its overall administration. I can still recall the undertaking made by President HU Jintao in the press conference held on Monday, "We shall try our best in solving the problems that the people are most concerned about as well as the problems of the most direct and most realistic interests to the people. We should honestly do concrete work and do good work for the people, so as to promote social justice and righteousness." (End of quote) I hope that, in putting forward new directions and implementing such new directions for Hong Kong, both the Government and the Chief Executive would not forget these remarks.

Finally, President, I would like to spend some time explaining the Civic Party's voting positions in the Motion of Thanks. All along, we have been thinking that what Hong Kong needs most now is a fair electoral system, which will contribute to the building up of a society of justice and care. But unfortunately, in this policy address, no reference is made to democracy and justice. This explains why different amendments have been proposed by so many different political parties. We support all the amendments. If the amendments proposed by Ms Emily LAU and Mr Fred LI (that is, the Democratic Party's amendment) can both be passed, the Civic Party will support the amendments ..... (*The buzzer sounded*) Otherwise, we shall abstain in the voting.

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

**MS EMILY LAU** (in Cantonese): President, my speech is related to public service broadcasting (PSB). President, as the freedom of speech of Hong Kong people has been subjected to such serious oppression in the past two days, I hope more members of the public can understand the importance of PSB. We very much hope that the authorities can release the consultation paper on PSB as soon as possible. We are also pleased that Secretary Frederick MA has said in the relevant panel that the Government will not just review PSB but will also examine the future of Radio Television Hong Kong (RTHK).

We are also pleased about this because the greatest shortcoming of the report prepared by Mr Raymond WONG has to do with the latter issue. The



report did not investigate this issue, however, it says that "RTHK should not be transformed into a public broadcasting corporation". I believe Secretary Frederick MA is also feeling hard pressed because this issue is highly controversial. In the past, he could also see what the controversies were and they even caught the Chief Executive into them. Therefore, we hope that the Secretary can release the consultation paper as soon as possible and state clearly what mode will be adopted if the transformation of RTHK is necessary. What are the options? In fact, there should not be too many options and the thrust is that it has to become independent of the Government. What kind of structure will enable RTHK to continue to enjoy editorial independence? How will the management of RTHK be formed in the future? Is it necessary for the people in it to be appointed by the Chief Executive, or can other people also play a part in it, so that it can really work independently and fairly?

President, I believe the Secretary understands the overall situation. Now, it seems that the disturbance over this matter has died down a little bit. Is this because there are really too many matters to bother oneself with out there? However, since RTHK has such a long history, its status among members of the public is very high. Whenever a survey on the mass media is conducted, it always commands the greatest respect of the public. Therefore, I believe it will be possible for RTHK to transform into a truly independent public broadcaster.

President, in the past, we in the Legislative Council also prepared and handed a report to the authorities, and we made reference to overseas experience in it. We are eagerly awaiting the early release of the consultation paper by the Secretary. In fact, many employees of RTHK are feeling anxious because this matter has dragged on for many years. In view of this, President, this matter is very pressing. I hope Secretary Frederick MA can give priority to this matter despite his busy schedule. Thank you, President.

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

**MR ALBERT CHAN** (in Cantonese): Madam President, I would like to speak on behalf of the League of Social Democrats to outline our demands and positions in several policy areas. With regard to housing, we had repeatedly in the past expressed our worry about the drastic decrease in the amount of public housing flats under construction, thinking that this would definitely affect the

waiting time and the housing demand of low-income people. The reason is many of the sites proposed by the Housing Authority were objected by the District Councils. I hope the Government can expeditiously identify new lands and new sites in different parts of the territory, so as to speed up housing production, especially in speeding up the production of public housing. I say this because in the peak period, the total annual housing production, public rental housing and HOS flats inclusive, amounted to nearly 50 000; but in the next one to two years, only 6 000 to 7 000 flats will be completed each year. This will definitely exert pressure on public housing tenants and low-income people. I do not wish to see the housing demand leading to a shortage of housing for low-income people as well as drastic surges in property prices, and by then I shall condemn the Government in this Chamber, denouncing it as transferring large amount of interests to developers.

Another issue, President, has also been a subject of our discussion for many years — some telecommunications companies have employed some wicked tactics; they may even retort to hiring debt collection agencies to pursue claims as small as \$200 to \$300. This would affect many low-income persons. All the several members of the same family may have to live in fear just because of some small debts or financial disputes. We have repeatedly requested the Government to stipulate in the licensing conditions that such behaviour must be regulated. If these telecommunications companies have committed such wicked acts, they should be liable to the punishment by way of a demerit system, making such companies face regulatory measures with regard to the licensing arrangements.

Besides, with regard to transportation, President, many of the 10 major infrastructure projects mentioned in the policy address are related to New Territories West. We have mentioned and criticized the West Rail repeatedly as being "disconnected", which means that it can carry passengers neither to the south nor the north. Therefore, it is absolutely significant to have a comprehensive train route that can travel from the north to the south, and the Government is in the process of formulating the relevant plans. Therefore, I hope that the Northern Link project can be expedited. On the other hand, the West Rail is also disconnected in the direction of Tuen Mun. If the Government can expeditiously extend the train route from the Tuen Mun Station to Tung Chung and Chek Lap Kok, then all the railway routes can be fully connected to form a loop and by then the entire railway network of Hong Kong will become complete and mature. The fully connected railway system will provide a

chance for the originally deficit-plagued West Rail to substantially increase its revenue and passenger volume. This is in fact a win-win-win proposal which will benefit both the residents and the railway corporation, and the traffic pressure on the roads may also be reduced as a result.

Another point, President, is about the Development Bureau. I do have some expectation on the establishment of the Development Bureau. This is because, in the past, the duplication of work in the official hierarchy and the excessively detailed division of duties had caused a lot of obstacles which prevented certain projects from commencing smoothly. We hope that after the establishment of the Development Bureau, it can, as the new Secretary has mentioned repeatedly, revitalize the relevant facilities, including the revitalization of some cultural heritage items that deserve preservation and the revitalization of some valuable buildings in the districts.

In my opinion, another point also merits consideration by the Secretary, namely, the flexible use of land. Many lands in Hong Kong have been wasted. Of course, developers are absolutely welcome to make use of the land to put up residential buildings. But I oppose the view that all the land should be used for housing construction. Many sites can be used for developing tourism projects or stimulating the local economy. Property projects are not the only option. If developers and land owners are willing to use the land for revitalizing the economy or stimulating employment, instead of insisting on developing property projects, I think the Government should adopt a more open attitude in dealing with them. For example, Mr LAU Wong-fat has been proposing the construction of a Hakka Village in Tuen Mun for many years. In fact, we should provide opportunities to facilitate the development of projects with local economic characteristics and local colours.

There is another item. I have followed up this item, namely, the Waterfront Slaughterhouse issue, for more than 10 years. The Waterfront Slaughterhouse is a very special item in itself because when the Government granted the lease of the site at that time, it was specified that it could only be used as a slaughterhouse. As a result, even if the operator of the slaughterhouse does not wish to carry on with the business, he could not use the site for other purposes. However, the development of the slaughterhouse was earlier than many redevelopment projects in Tsuen Wan, that is, it had been determined some 30 years ago. In other words, it has existed for over 20 years and residents living in the neighbourhood have been seriously disturbed by the

nuisances generated by it. If the Government is willing to adopt the concepts of revitalizing the economy and revitalizing the land use in promoting such work, so as to allow the land owner to submit an application to the Government for changing the land use to building such facilities as hotels or warehouses, I believe this is a win-win-win solution which will be beneficial in the long term to all the three parties concerned, that is, the residents, the Government and the slaughterhouse.

The last point, President, is about the overall finances of the Government. I am extremely disappointed by this policy address. Therefore, the League of Social Democrats has proposed an amendment. If those amendments involving censures, those amendments involving other stronger measures and those amendments involving the redistribution of wealth cannot be passed, then even if those involving the Old Age Allowance are passed, then the League of Social Democrats will still cast opposition votes because the entire package is unrighteous and lack of human concern, and we will not support it. I hope the Financial Secretary can, in his attempt to redistribute wealth and share the fruits of economic success with the low-income groups in Hong Kong, make use of the taxation system and fiscal expenditure to reduce the unfairness and narrow the wealth gap between the rich and the poor in Hong Kong, thus enabling Hong Kong people to live in a more humanitarian society.

I hope the Financial Secretary will not force us to cast opposition votes on next year's Budget. Thank you, President.

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

**MR WONG KWOK-HING** (in Cantonese): Madam President, I welcome and support the 10 major infrastructure projects proposed in the policy address.

However, the projects cannot alleviate and resolve the deep-rooted conflicts in Hong Kong in a comprehensive and targeted manner for the purpose of achieving social harmony.

The comments made by the convenor of the Executive Council, Mr LEUNG Chun-ying, in a thought-provoking article entitled "the poverty problem has reached the breaking point of a crisis" in a local newspaper days ago have also sounded an alarm over the constant praises sung of Hong Kong's prosperity.

For these reasons, I would like to raise 10 major problems confronting Hong Kong society and hope that the Government's senior hierarchy can look at the problems squarely. First, the Government has not only failed to fully implement its employment-oriented economic policy and resolve the structural unemployment problem, but also failed to honour its committed expenditure of \$29 billion per annum on public works over the years. As a result, the construction industry is still badly-hit by unemployment.

Second, even though the wealth disparity has further widened, the Government has not applied the "vertical fairness" principle in public finance to adjust tax revenues for the purpose of narrowing the wealth gap. Wage earners are also most dissatisfied with the fact that the allowances under salaries tax have not been reverted to the 2002-2003 level.

Third, the Government has failed to expedite the enactment of legislation on minimum wage and standard working hours. This has further aggravated the problem of working poverty and intensified the deep-rooted conflicts in society.

Fourth, the imbalance in town planning has intensified the poverty problem in remote areas, with social and family tragedies occurring constantly. However, the Government has merely resorted to stopgap measures without offering any radical cures.

Fifth, the Government has failed to come up with a comprehensive retirement protection scheme to address the worsening problems of ageing population and demographic structure. Furthermore, it has failed to review "fruit grant" and abolish the unreasonable restrictions.

Sixth, the poor design of the health care voucher scheme for the elderly has rendered an otherwise good initiative undesirable and fuelled the discontent of the elderly.

Seventh, the best means to enhance the social mobility of the grassroots has been blocked as a result of the cessation of the construction of HOS flats and the suspension of the Tenants Purchase Scheme. Social conflicts have also been aggravated as a result of the indirect transfer of benefits to property developers under the housing and land policies.

Eighth, the Government's image has been undermined because of its failure to expeditiously resolve the problem of offering half-fare concessions to people with disabilities using public transport.

Ninth, the introduction of outsourcing to the Government's public works and services and the existence of a sub-contracting system in the construction industry are harmful to labour relations, intensifying exploitation of workers, deepening confrontation between classes and aggravating social conflicts.

Tenth, as the largest employer, the Government has failed to properly address the problem of equal pay for equal work among contract staff and teachers. In concluding his article, Mr LEUNG Chun-ying commented that "Hong Kong's long-term stability and prosperity will be affected if the livelihood problems of the grassroots are not resolved promptly." In my opinion, the problems raised in the article written by the convenor of the Executive Council, Mr LEUNG Chun-ying, are representative and alarming. I hope the Government will not evade Hong Kong's deep-rooted conflicts in publicizing Hong Kong's new direction. Furthermore, it should take steps to resolve the conflicts.

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

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese): If not, Council will now be suspended. Public officers will speak when Council resumes.

2.37 pm

Meeting suspended.

2.47 pm

Council then resumed.

**PRESIDENT** (in Cantonese): Council now resumes to continue with the fifth debate session. Five designated public officers will now speak in this session. On the basis of 15 minutes' speaking time for each officer, they have up to 75 minutes in total for their speeches.

**FINANCIAL SECRETARY** (in Cantonese): Madam President, the Chief Executive's policy address has set out a clear and new direction for Hong Kong. We will insist on promoting economic development as our primary goal; we will insist that development be sustainable, balanced and diversified; and we will insist that development should bring along social harmony.

As the Financial Secretary, I will do anything in regard to economic and financial management to help steer Hong Kong along the new direction for development as put forward by the Chief Executive.

First of all, I firmly believe that "Big Market, Small Government" is the guiding principle of Hong Kong's economic policy. A market-led economy has proved to work well in Hong Kong. The Government of the Hong Kong Special Administrative Region (SAR) will do what is needed, through infrastructure development and various other ways, to foster the effectiveness of our market mechanism.

Secondly, on fiscal policy, I uphold the principle of prudent management of public finances by keeping expenditure within the limits of revenues. The aim is to maintain the stability of Hong Kong's public finances in order to support the long-term development of Hong Kong. But we also need to ensure adequate fiscal reserves to enhance investors' confidence as well as to withstand the possible shocks brought about by external economic downturn.

Furthermore, I am aware that economic development may not have benefited every stratum of our society to the same extent. I will follow the principle of "from welfare to self-help" to create employment and render relief to the problems faced by the low-income people, with a view to promoting balanced development in our society.

Now, let me discuss Hong Kong's economic situation and how the Government's public finance management will gear in with the new direction for development put forward by the Chief Executive. First, I will briefly describe Hong Kong's economic situation and the uncertainties that we are facing.

The recent global credit market turmoil caused by the United States sub-prime mortgage problem so far has not brought about any visible severe impact on Hong Kong's overall economic performance. With our Motherland's economy growing robustly, the Hong Kong economy still held up well in recent period, with many segments displaying vibrancy. I am confident that the economy will achieve real growth of 5% to 6% as forecast earlier.

I am very glad to see the further distinct growth in many major sectors in the first half of the year. Business confidence is strong. The corporate sector continued to hire new hands. The economy is forging ahead on all fronts. Among the major sectors, the performance of the financial services sector is particularly spectacular, a manifestation of the significant benefits brought about by the financial integration between the Mainland and Hong Kong. Hong Kong's status as an international financial centre has also strengthened further. For Hong Kong, the financial services sector is the most important pillar of economic development. We will strive to reinforce the depth and breadth of Hong Kong's financial market to provide investors with a large variety of financial instruments, including developing an Islamic financial platform. Our vision is to develop Hong Kong into a world-class international financial centre.

In spite of the weakening United States demand, Hong Kong's total exports continued to show notable growth in the third quarter, thanks to the robust performance in the Mainland and other emerging markets. Nevertheless, the growth momentum of exports has shown some signs of slowing in recent months when compared with the pace in the first half of the year. We will closely monitor the development.

Fortunately, Hong Kong's domestic demand continued to display strength. The thriving retail business, upbeat consumer sentiment, improving labour market, rising income and a booming stock market, all reflect the people's confidence in Hong Kong's economic future. Overall investment showed distinct growth in the first half of the year. As and when the mega infrastructure projects proposed by the policy address commence work, overall investment spending can be expected to advance further.

Furthermore, the labour market has continued to improve, with the unemployment rate now down to its lowest level since mid-1998. Economic expansion in the past four years has created over 330 000 net additional jobs. Even more encouraging is the general rise-back in employment earnings, which



has enabled the people of Hong Kong to share the fruits brought about by the economic recovery.

Although the performance of the Hong Kong economy has fared well so far, the prevailing risks and uncertainties in our external environment cannot be taken lightly. First, the United States economy, being overshadowed by the housing correction and sub-prime mortgage problems, is likely to slow in the coming quarters. If the situation turns out to be worse than expected, then the global economy as well as the Hong Kong economy will inevitably feel the pinch.

Secondly, the global financial markets have been very volatile this year. The financial market turbulence in February, August and also lately points to the clear fact that risks are with us always. Small investors in Hong Kong should be careful in their deliberations of investment strategy to make wise investment decisions considering their own capabilities.

The era of globalization over the past decade has led to much closer interdependence in financial markets and economies across the globe. It has brought about substantial business opportunities but at the same time also brought us considerable risks. While the credit market turmoil in Europe and the United States triggered by the United States sub-prime mortgage problems has eased recently, and the Hong Kong economy is relatively unscathed so far, the global credit markets have yet to return to normal and the impacts of the turbulence on the external economic environment have yet to fully emerge. We will have to pay attention to the second, or even the third round effect on the Hong Kong market. On top of this, the huge volume of Yen carry trade is another potential threat to the global financial markets, an area which warrants close attention.

Thirdly, the global trade imbalances caused by the persistently large current account deficits of the United States economy have yet to be redressed. If the unwinding of the global imbalances turns out to be sharp and disorderly, this could be destabilizing to the global economy and international financial markets.

Fourthly, protectionist sentiment primarily out of political considerations is apparently rising in some regions. This, coupled with the slow progress of multilateral trade talks, has added to the uncertainties facing the external trade environment.

Apart from the uncertainties in the external environment, we also have to keep a close watch over our inflation situation. With the full-fledged economic upturn continuing now for a rather long period, inflation has been climbing up gradually recently. In the first nine months of this year, inflation averaged at 1.5% year-on-year. Netting out the effects of the rates concession and the public housing rental waiver in February, the underlying inflation rate has reached 2.5% in the first nine months of this year, up 0.5 percentage point from the average inflation rate of 2% in 2006. The headline inflation rate is expected to go higher in the fourth quarter. I expect consumer price inflation for 2007 as a whole to be close to 2%.

Increasing upward pressures on local costs as the economy stays on an upturn, Renminbi appreciation, the continued weakness of the United States dollar, and rising global food and energy prices, are posing inflation risks which we cannot take lightly. We have to guard against the risk of Hong Kong falling back into the vicious cycle of cost-price inflation spiral, as it would impede Hong Kong's sustainable economic development.

The major infrastructure projects put forward in the policy address will help expand the production capacity of the Hong Kong economy. The heavy investment made by the Government in education will also raise the quality and productivity of our human resources. In the longer term, these measures will help lower inflation, relieve pressures on costs and prices, and increase the real income of Hong Kong people.

I am especially concerned about the impact of rising inflation on low-income families. One of the Government's priority tasks in the policy address is to help people with low income through a multi-pronged policy approach, to enable them to also share the fruits of economic development, to foster social mobility and reduce cross-generational poverty. The Secretary for Labour and Welfare will strive to help people with low income through various measures, including measures to further improve the livelihood of the elderly.

Now, let me explain further the principles underlying the Government's public finance management.

In the management of public finances, we have to take into account both the needs arising from the development of our society as well as the needs to

promote the competitiveness of our economy. Thanks to the economic upturn, rising corporate profits and salaries, buoyant stock market activity as well as a steadily improving property market, government revenue in the current financial year is higher than earlier expected, particularly so for stamp duties and land premium. The overall fiscal position of the Government is also better than originally forecast in the Budget speech. I expect the fiscal surplus for 2007-2008 to reach \$50 billion, higher than the original estimate of \$25 billion.

Under the principle of "keeping wealth with people where affordable", the Chief Executive announced in this year's policy address to cut the standard salaries tax rate and profits tax rate by one percentage point each, and to offer rates concession for the last quarter of 2007-2008. I will continue to explore the feasibility of adjusting the levels of salaries tax bands and related tax rates, for full announcement in next year's Budget speech.

Globalization has intensified intra-regional competition. It has become a world trend to lower tax rates to attract investment and talents. Hong Kong also needs to keep tax rates low to strengthen our competitiveness provided that fiscal situation allows. In addition, the rates concession in the first quarter of 2008 will help relieve the burden of rising inflation on households, and will have the effect of dragging down the headline consumer price inflation in the coming year by 0.3 of a percentage point.

In the medium term, I am confident that the Hong Kong economy can continue to cruise ahead under the concept of "leveraging the Mainland and engaging ourselves globally". Also, the Government will stick to the principle of prudent management of public finances, striving to keep expenditures within the limits of revenues.

Madam President, our nation's reform and development are now at a key stage of cruising ahead on all fronts. The big leap in her economic strength and power will not only render substantial opportunities for the Hong Kong economy, but will also bring about more and newer challenges. The Chief Executive's policy address has put forward a series of policy measures based on a visionary and pragmatic approach, focusing on ways to enable Hong Kong to play an important role in our nation's economic development; to create a brand new Hong Kong; and to enhance the quality of the city and life in Hong Kong to

build a harmonious society, so that all strata of our society can enjoy the benefits of its development.

With these remarks, I implore Members to support this years' policy address.

**SECRETARY FOR DEVELOPMENT** (in Cantonese): Madam President, I am very grateful that those Members who have spoken all strongly support the direction of undertaking infrastructure development for economic growth.

Members have expressed the concern that our slow pace of infrastructure development in recent years has adversely affected the employment situation, the economy and people's livelihood. Their concern is only understandable. As a matter of fact, the Chief Executive also admits in the policy address that over the past decade, our efforts in promoting infrastructure development did not match expectations. But while Members support "undertaking 10 major infrastructure projects for economic growth", some Members, however, think that the 10 major infrastructure projects are just like an "assorted dish", with bits of everything scraped together.

In this regard, I wish to share my views with Members. In every period of time, infrastructure construction must invariably tie in with the prevailing needs and demands of society in development. If not, infrastructure projects will only end up becoming white elephants. Members may recall that in the 1960s, large infrastructure projects in Hong Kong were mainly connected with waterworks, because there was a paramount need to tackle the problem of water supplies faced by Hong Kong people. In the 1970s and 1980s, due to population pressure, the main themes of infrastructure construction were shifted to housing, new town development and public housing provision. In the 1990s, for the purpose of maintaining Hong Kong's status as a metropolis, infrastructure projects on port development and airport construction were undertaken. As for the present time, the 10 major infrastructure projects as a whole actually constitute one diversified project that is fully in line with the three major directions of sustainable development outlined in the recently completed *Hong Kong 2030: Planning Vision and Strategy (Hong Kong 2030)*.

One of the three major directions is that infrastructure development must serve to upgrade economic competitiveness. Members can observe that the large-scale transport infrastructure projects outlined in the policy address this

time around will create room for Hong Kong's further development and improve our internal traffic situation. The second direction is the enhancement of our ties with the Mainland. Of the 10 major infrastructure projects, four are connected with fostering our co-operation with the Mainland, namely, the Guangzhou-Shenzhen-Hong Kong Express Rail Link, Hong Kong-Shenzhen airport co-operation and Hong Kong-Shenzhen joint development of the Lok Ma Chau Loop. The third direction is the creation of a quality urban environment. Therefore, we can see that in this infrastructure project of such a mammoth scale, there are, for the first time, not only hardware items but also a variety of other items such as a cultural district, leisure and sports infrastructure facilities in the Kai Tak area and also the development of quality New Development Areas (NDAs).

Mr LEE Cheuk-yan remarked that I was good at figures and wanted me to give a statistical explanation. But it is a pity that he is not in the Chamber to listen to my account now. The statistics concerned are related to his worry that we may not have enough money to meet the estimated costs of more than \$250 billion to be incurred by the 10 major infrastructure projects. The sum of \$250 billion is just a rough estimate of the total cost of construction based on the present planning for these projects and the information available to us. A minor portion of these projects will involve private investments, one example being the construction of a cruise terminal in the Kai Tak development area. Such projects will be implemented progressively over a long period of time. But we believe that the Government will have the required financial strength. Through the Medium Range Forecast in the Budget every year, the Financial Secretary makes provisions for the necessary infrastructure development. Over the past few years, we have not fully utilized the annual average of \$29 billion reserved for infrastructure development, so Members need not worry whether the SAR Government will have the required financial strength.

Mr LEE Cheuk-yan also questioned the figure of 250 000 additional jobs. The additional 250 000 jobs mentioned in paragraph 20 of the policy address are not jobs for construction workers during the construction period. What the Chief Executive has in mind is that once the construction of the major projects is completed, the number of additional jobs they will create between their inauguration and full operation will be roughly 250 000. For example, in the case of the Kai Tak Development Plan under my co-ordination, the construction period will be as long as eight to nine years. We estimate that from the inauguration of the facilities concerned to their full operation, some 80 000 jobs

will be created in the tourism section, offices and other commercial zones of the plan. As for construction jobs, we currently estimate that when the Kai Tak Development Plan reaches its height, roughly in the middle of the construction period, there will be some 13 000 construction jobs. I hope these statistics can answer Mr LEE's question.

Mr LEE's greatest worry is whether or not there are enough jobs for construction workers, in view of the fact that the unemployment rate of the construction industry is still a cause of great concern. I can tell Members that although the budget for infrastructure construction in 2007-2008 will be the lowest ever, standing at merely \$20.4 billion, we still estimate that with the commencement of construction works for major projects such as the Hong Kong West and Tsuen Wan drainage tunnels, the redevelopment of the Lo Wu Correctional Institution, the expansion of the Prince of Wales Hospital, the same financial year, that is 2007-2008, will see a substantial increase in the number of new jobs in the construction industry. The number will then rise from 14 000 last year to 23 000 this year. With the implementation of these projects, the situation should see some improvement.

One common concern of Members is the upgrading of our ability to take forward infrastructure projects. I agree entirely with Mr LAU Wong-fat that we must take stock of past experience. Early this week, we submitted a paper to the Panel on Development. In this paper, we analyze the reasons for the slow progress of our infrastructure construction in the past few years, in the hope of identifying the required remedies. According to our analysis, in the past few years, roughly 10 major infrastructure projects were unable to progress as scheduled. There are basically five reasons. First, there was, understandably, a need for policy fine-tuning. Second, it was necessary to go through certain statutory procedures, such as environmental impact assessments. Third, some projects were, unfortunately, subject to judicial challenges. Fourth, the chosen sites or other aspects of certain projects were met with local opposition. Fifth, there were controversies over the issue of heritage conservation. With such an understanding of our past experience, we hope that in the future, we can enhance our capability of taking forward infrastructure projects. In this connection, we will take actions in several respects, the details of which were explained at the meetings of the Panel. I shall make no repetition today. But I must add that Members have given us some very valuable advice in their speeches today. I will certainly consider all such advice when taking forward infrastructure projects in the future.

Mr CHEUNG Hok-ming has compared how we should take forward infrastructure projects to "braising", "stewing", "stir-frying" and "deep-frying". I think his remarks are intended for a Secretary for Development who will occasionally cook. Honestly speaking, as the Secretary for Development in the new term of the SAR Government, I really do not have any complaints. I do not have to worry about any lack of resources. The Financial Secretary has huge resources at his disposal to finance the proposed infrastructure development. I hope that in the future, with the help of more thorough-going public consultation and by taking stock of past experience, we can improve the timing of taking forward infrastructure projects. However, most importantly, as mentioned by the Chief Executive in the policy address, we must forge a wider consensus in society. What I mean is that no matter how hard I work in the kitchen, employing the skills of braising, stewing, stir-frying and deep-frying, I will still find life difficult if no one bothers to sit at the dining table and eat my food.

Mr LAU Wong-fat also proposes the alternative of tackling the easy before the difficult. I agree entirely with him, and I have in fact been following this direction. It will indeed take a very long time to implement the 10 major infrastructure projects, but district minor works can be launched immediately. These projects can likewise address and respond to people's aspirations to improving the environment of their neighbourhoods and districts. For this reason, very soon, around next month, we will submit a paper on raising the financial ceiling of district minor works projects from \$15 million to \$21 million. This proposal, which commands the support of the Legislative Council Panel on Development, is conducive to the implementation of district minor works. Starting from next year, the 18 District Councils will be given a new \$300 million dedicated block vote for district minor works. It is hoped that the relevant objective can thus be achieved. Alongside the 10 major infrastructure projects, we will also make active investments in other quality infrastructure projects that can improve people's livelihood, such as the formulation of greening master plans, the rehabilitation and replacement of water mains, slope maintenance, the provision of cycleways and the face-lifting of nullahs. Members must not overlook the significance of such projects. In the next five to 10 year, their total contract value will exceed \$20 billion, and they should also help improve the employment situation in Hong Kong. Lastly, I hope that in the course of infrastructure development, we can receive the support of the Legislative Council and reach a social consensus. That way, we can avoid the "fate" of slow infrastructure development.

Next, I wish to say a few words on the planning for NDAs. Many Members have reminded us that in the new planning for NDAs, we must draw lessons from past planning. I agree entirely. We intend to go about the planning for NDAs with a new concept and a new mode which are more "people-based". In the past, owing to the pressure exerted by population growth and the shortage of residential lands, the development of new towns was mostly spearheaded by the construction of transport and housing infrastructure, with the Government assuming total control. In the case of the NDAs this time around, we hope that the process of development can be spearheaded by a more forward-looking planning approach with wider social participation, with a view to meeting the future development needs of society. The mode of public-private partnership may also be adopted to bring forth diversified development. The NDAs enjoy unique geographical advantages, so their neighbouring areas must be properly utilized in the course of development. For example, the NDAs are close to existing new towns and also the Hong Kong-Shenzhen boundary. When planning for the development of the NDAs, we should therefore tap and tie in with the development of the neighbouring areas as much as possible in order to meet some special land use demands such as pollution-free industries and also education. This will certainly help create employment opportunities in the NDAs.

I notice that when Members discussed the social problems found in Tin Shui Wai during the previous two debate sessions, they invariably mentioned the issue of planning imbalance. Once the Director of Social Welfare, I basically agree to this viewpoint. Therefore, to ensure the availability of sufficient room for various social support facilities and flexible planning to cope with local circumstances will form our guiding principle of the planning for NDAs.

With regard to the co-operation with the Shenzhen Special Economic Zone on the infrastructure project of developing the Liantaing/Heung Yuen Wai Control Point in northeast New Territories, we hope that all the necessary assessments and planning studies can be completed in early 2008. As for the joint development of the 100-hectare Lok Ma Chau Loop, preliminary studies are underway. We shall brief Members on the latest development in the meetings of the Panel on Development.

Several Members mentioned the existing land use policy in Hong Kong. Basically, I think that land, money and manpower are all resources that must be made use of appropriately. If one thinks that land should be used solely for maximizing short-term profits or Treasury revenue, one's perception of land use



may be a bit narrow. For this reason, I do agree with Members that land lots for hotel uses should be allocated to tie in with the development of the tourism, convention and exhibition industries. And, we will step up our efforts in this respect. We will put forward various proposals to the cross-sector working group led by the Financial Secretary for his consideration. The specific proposals made by Mr CHAN Kam-lam will thus be considered by us along with other proposals. Mr Albert CHAN's proposal on how lands should be revitalized to satisfy social aspirations is likewise a very good one. However, I also hope that Mr CHAN can be more tolerant with government officials, so that they can have more room for exploration. I hope that he will not lightly accuse us of "collusion", for this will make us apprehensive about our negotiations with the land owners concerned, thus making it difficult for us to achieve much.

Mr LEE Wing-tat raised the issue of development density. This is indeed a highly controversial topic. Although we have conducted extensive consultation on *Hong Kong 2030*, we have not yet quite decided whether we should go for concentrated development or scattered development. The reason is that on the one hand, we must consider the pressure of development and the need for effectively utilizing lands and the transport infrastructure. If not, if development is too scattered, people will have to travel long distances to their workplaces every day. But, on the other hand, there is also the factor of harmony and cityscape. In any case, since the population pressure in the coming 20 years will lessen, we have decided to go for lower-density developments in NDAs. There are currently two alternatives. The first one is to go for high-to-medium density developments in downtown New Territories and railway stations. The plot ratio will be roughly 5 to 6.5. The plot ratio in other areas will be lower. The second alternative is to stick to or adopt the old practice for the first-generation of new towns, such as Sha Tin, where the plot ratio was then set at 5.

Mrs Selina CHOW proposed to restructure old industrial areas. This is also an urgent task necessary for the effective utilization of land resources. For this reason, the Development Bureau will also make efforts in this direction in the coming year.

Next, I wish to turn to the unemployment problem faced by construction workers. Although the unemployment rate of construction workers has dropped from the height of 19% in 2003 to 8% between June and August in 2007, the situation is still very worrying.

Mr LEE Cheuk-yan proposed that we should require works contractors to use locally manufactured precast units. I think this will violate the procurement agreement we signed with the World Trade Organization. Such a requirement will violate this international undertaking and the principles of commercial operation in Hong Kong. After all, the market should be left to decide whether locally manufactured precast units or imported ones are to be used. What we can do instead is to create a better environment for local construction workers and the manufacturing of more precast units in Hong Kong. Actually, several manufacturers have written to me, expressing the hope that we can grant more land lots on short-term tenancies for the manufacturing of precast units. In this way, they say, production costs can be reduced and works contractors will thus be more willing to use locally manufactured precast units.

The second point is that while we worry about the underemployment of construction workers, we must at the same time note that in the long run, in order to cope with the 10 major infrastructure projects, we must start to plan for the training of construction workers and address the shortage of young construction workers. The construction industry has started to face the problem of ageing workers. Some 60% of construction workers are aged 40 or above. For this reason, as we are about to embark on these large-scale infrastructure projects, we must take immediate actions to tackle the issues of construction worker recruitment and training. I have requested the Construction Industry Council and the Construction Industry Training Authority to make this a key task upon the completion of their reorganization. The recently completed registration of construction workers and the first phase of forbidding unregistered workers to enter construction sites can enable us to grasp the required figures, thus helping us to launch worker training in the future.

Lastly, I wish to reply to the series of questions raised by Mr Alan LEONG regarding the Urban Renewal Authority (URA). Mr LEONG used to be a Non-Executive Director of the URA, so he should understand the various operational difficulties faced by the URA. In any case, however, our position on reviewing the Urban Renewal Strategy is very clear. I have already made it clear that the task should be launched. Since the Development Bureau has been set up for just a few months, and since Members are also aware that there have been top-level changes in the URA, the Panel on Development therefore agreed early this week to postpone the establishment of a working group on urban renewal for several months. When the situation settles down, we will launch the task. This is actually a good time to go about the task because in the policy address, heritage conservation is treated as an integral part of the URA's work,

and a new policy is set out to vest the URA with new functions. For example, in paragraphs 52 and 53, the Chief Executive calls on the URA to perform certain new functions. First, the scope of preservation and revitalization shall be extended to cover pre-war buildings. In other words, all pre-war buildings will be preserved irrespective of whether there is any need for redevelopment. The second new function can answer even better Mr LEONG's point that we should transcend the limits of individual construction site in the course of urban renewal. The Chief Executive requests the URA and the Development Bureau to adopt a district-based approach in considering the development and revitalization of Wan Chai. I believe that when we start a review of the Urban Renewal Strategy next year, many relevant issues can be put forward for Members' discussions. I also hope that there can be genuine public participation, so that everybody can realize whether people's aspirations concerning urban renewal, especially the common hope of enabling residents of old districts to share the related benefits, can be realized as envisaged by Mr LEONG.

I so submit. Thank you, Madam President.

**SECRETARY FOR TRANSPORT AND HOUSING** (in Cantonese): Madam President, first of all, I must thank Members for expressing their views on the transport and housing policies set out in the policy address. In this speech, I shall give a consolidated reply to several important topics.

In the policy address this year, the Chief Executive announces that he will push ahead with 10 large-scale infrastructure projects. Some of these projects are connected with the transport infrastructure. Throughout this session of the debate, many Members have expressed the hope that all these projects can be launched and completed as early as possible. This is actually the common goal of all, be they the Secretary for Development, who is good at "frying", "stewing", "braising" and "deep-frying", or the Secretary for Transport and Housing, who does not cook at all. As pointed out by the Chief Executive in the policy address, infrastructure development can bring huge economic benefits, creating more local employment opportunities, improving internal transport and upgrading people's quality of life. With the increasing exchanges between Hong Kong on the one hand and the Mainland and the world on the other, the construction and development of new cross-boundary infrastructure facilities will help enhance Hong Kong's economic integration with Shenzhen and other places in the Pearl River Delta, thereby facilitating the flows of people and goods and

further consolidating Hong Kong's status as a hub of aviation, shipping and logistics in the region.

Under this policy objective, we have been doing our utmost to push ahead with the major transport infrastructure projects set out in the policy address. Early this week, we already announced that the Executive Council had approved the construction of the West Island Line, and its construction is gazetted today. We will hold negotiations with the MTRCL on the details concerning the scope of works, costs and the implementation schedule. The MTRCL will then proceed with the work of further planning and detailed design. Several Members have questioned whether the amount of capital subvention provided to the MTRCL is appropriate. We will first complete the work of detailed planning, and we will finalize the amount of capital subvention only when information on the detailed design is available. It is expected that the construction of the West Island Line can commence in 2009 and inaugurate sometime between 2013 and 2014. We believe that the implementation of the West Island Line project will boost economic activities and redevelopment, thus adding to the vitality of the Western District and bringing economic benefits to society as a whole.

The South Island Line is another major railway project, as has been pointed out by Members just now. We are now actively examining the proposal submitted by the MTRCL, in the hope that a final decision can be made before year end. We expect that the construction of the South Island Line can start in 2011 at the soonest.

Moreover, I also understand that quite a number of Members are very concerned about the progress of the Shatin to Central Link. Over the past few months, we have been maintaining contacts with community figures and listening to their views on matters such as the alignment of the railway, the locations of stations and the choices of depot sites. We will continue to communicate with Members on all these matters. As I told the Panel on Transport early this week, we are actively examining the proposal on the Sha Tin to Central Link, in the hope that at the end of this year, we can finalize the scheme and timetable for the railway link. And, we will make the final decision only after further consulting the public. Miss TAM Heung-man and Mr Fred LI are not in the Chamber now, but I can remember that they are both very concerned about the various aspects of the project, especially the question of whether or not Tze Wan Shan Station will require any feeder transport services. We will put forward a final scheme and continue to communicate with the public.

In order to improve the transportation between northwestern New Territories and the urban areas, to provide an alternative road link for the airport and to enhance the efficiency of our road networks, we will push ahead with the planning and construction of the Tuen Mun Western Bypass and the Tuen Mun-Chek Lap Kok Link, which cost more than \$20 billion in total. We have obtained the support of the Panel on Transport and the relevant District Councils and will submit a funding request to the Legislative Council before the end of this year for the conduct of detailed design and exploration works.

Members are also very concerned about the progress of constructing cross-boundary infrastructure facilities. We will continue to push ahead with the preparatory work for the Hong Kong-Zhuhai-Macao Bridge. We have already made some headway regarding this project. Following the principle of "separate locations of cross-boundary facilities", we have commenced studies on selecting the site for the Hong Kong checkpoint and launched active communication with the District Councils concerned and green groups. As for financing, we will continue to hold active negotiations with Guangdong and Macao, with a view to finalizing the feasibility report on the Bridge as early as possible.

In regard to Members' concern about the Guangzhou-Shenzhen-Hong Kong Express Rail Link, we are actively examining the proposed Dedicated Corridor Option submitted by the Kowloon-Canton Railway Corporation. We are also exchanging views with the relevant mainland departments on the convergence of the mainland and Hong Kong sections of the rail link and other technicalities, so as to ensure that construction works can commence as soon as possible.

Several Members have pointed out that they are concerned about the Hong Kong-Shenzhen airport co-operation put forward in the policy address, especially the feasibility and economic efficiency of connecting the two airports by a railway and other aspects of co-operation. The Hong Kong airport and the Shenzhen airport both have huge development potentials, and they can complement each other, thus bringing forth a win-win situation. The project thus merits in-depth studies and exploration by both sides. The Hong Kong SAR Government and the Shenzhen Municipal Government will set up a joint working group to follow up the matter. It is hoped that a concrete schedule of work can be formulated early next year.

As some Members have quite rightly pointed out, the 10 major infrastructure projects are not the only ones that we must push ahead. There are indeed other projects which we will strive to take forward, one example being the Northern Link mentioned by Mr CHEUNG Hok-ming just now. This is also a project that we will strive to take forward.

With regard to air transport, we will continue to make efforts to expand the bilateral arrangements with our aviation partners, with a view to strengthening the status of Hong Kong as an aviation hub. One example of such efforts is the preparation currently made by our Civil Aviation Department to replace its air traffic control system and to build a new headquarters to house all its units under one roof. We hope that we can give the Legislative Council a briefing on this project before year end. It is hoped that this project can be completed by the end of 2012.

Several Members, including Ms Miriam LAU expressed great concern about the challenges faced by Hong Kong in respect of shipping, port facilities and logistics. In view of the constant development of the ports in Southern China, we agree that it is necessary for us to actively enhance our advantages and upgrade our competitiveness. At this stage of its development, Hong Kong can no longer rely solely on price levels as a means of competing with its neighbouring places. We should seek to deliver reliable, quality and high value-added services in a cost-effective manner.

Let me perhaps say a few more words on logistics. Detailed studies on establishing a logistics park on Lantau Island have reached the final stage. The conduct of the studies is necessitated by compliance with planning and reclamation requirements. In the course of implementing this project, we will take account of the development of supporting infrastructure facilities in the vicinity of the chosen site and the views of the industry concerned. In order to tie in with the trend of providing integrated logistics services, we have identified a site near the Kwai Chung Container Terminal measuring roughly 16 hectares, and tenancies for different portions of the site will be granted in phases for long-term use by the industry.

Madam President, with regard to housing, one of the focuses in the policy address is the promotion of a caring culture in society in the course of vigorous economic development. Particular attention is paid to the livelihood pressure and needs of low-income families. In the hope of solving the housing problem faced by low-income families, we will continue to provide public rental housing

to low-income families which cannot afford private rental housing. Some Members are worried that there may not be enough land for the construction of Home Ownership Scheme housing. But we believe that in the next five years, there will be sufficient supply of public housing for us to continue to keep our promise of a three-year waiting period. In the next five years counting from 2007-2008, the total volume of public rental housing construction will be some 77 500 units, meaning an annual average of some 15 000 units. This, together with the 16 000 or so units surrendered every year, should enable us to keep our promise of a three-year waiting period for public rental housing.

Madam President, in this debate, a number of Members have also mentioned the need for resuming the construction of Home Ownership Scheme flats. As I pointed out in the Panel on Housing early this week, this is a policy issue with far-reaching implications. We must consider it comprehensively and prudently, listen to the views of different social sectors and accord priority to the long-term interests of society. I wish to reiterate that during any exploration of the issue, we must pay attention to three factors. First, will this result in a serious imbalance of the market? Second, will this lead to any problems with the turn-over of public housing, thus seriously affecting the waiting period? Third, has society reached a consensus already?

Madam President, in the course of promoting economic development and a caring culture in society, both transport and housing policies will play a very important role. We will continue to co-operate closely with Members on all these significant issues. Thank you, Madam President.

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): Madam President, I thank Members for discussing and providing valuable input on the areas pertaining to the Commerce and Economic Development Bureau in the Chief Executive's policy address.

First of all, I would like to give a response in relation to the direction of the development of the convention and exhibition industry. When he mentioned the convention and exhibition industry earlier, Mr WONG Ting-kwong tendered us a piece of advice, reminding us to remain vigilant in times of peace. I would like to supplement it with "constantly striving for improvement". It is because, insofar as the convention and exhibition industry is concerned, Hong Kong has many strengths. For instance, in respect of infrastructure, we have a first-class

airport and a sound communication system, legal system and tax regime. Indeed, we have a lot of strengths, but as we all know and as pointed out by Members, we face increasingly strong competition and so, in this regard, we have to compete with the neighbouring regions focusing on both software and hardware.

On the software front, the Government is going to step up publicity and do more in training talents, while making an effort to upgrade the brands in Hong Kong. Besides, with the support of our country, we hope that more large-scale international exhibitions and conventions can be organized. While Hong Kong has been showing good performance in this respect, we think that Hong Kong can still work harder and better. So, ongoing efforts will be made to improve the software.

In respect of hardware, apart from actively conducting studies with the Hong Kong Trade Development Council and the AsiaWorld-Expo on the feasible options for the expansion of the Convention and Exhibition Centre and the AsiaWorld-Expo, we have started to identify other sites suitable for developing convention and exhibition facilities. Certainly, we all understand that this will take some time. Hong Kong has over 10 000 ft of exhibition venues to date, but as Hong Kong, being an international metropolis, has been showing remarkable performance in this regard, we do need more of these venues and therefore, we will continue to conduct studies. In this connection, in order to take forward the convention and exhibition industry, we will continue to work hard and strive to improve both software and hardware.

Another area relating to the convention and exhibition industry is hotels. Earlier on the Secretary for Development also mentioned that efforts would be actively made to, among other things, identify more sites in the Application List and designate them for hotel development. The merit is to provide support because if more people will take part in convention and exhibition activities, more support in terms of hotel accommodation will be required and this will lead to competition in hotel tariffs. So, we will step up efforts in this regard.

In respect of tourism, on which Mr Howard YOUNG, Mr James TIEN as well as a number of Members have spoken earlier, we all know that tourism is one of the economic pillars of Hong Kong which can facilitate the development of many other industries, including the catering industry. Therefore, it is also necessary for us to do more in respect of software and hardware.



In respect of hardware, we have announced that the new Cruise Terminal will be completed in 2012. A lot of work has also been done in other areas, including the expansion of the Ocean Park and a myriad of district-based improvement works in, for instance, Lei Yue Mun, Aberdeen, and so on. This shows that the Government has attached great importance to the development of hardware.

That said, software is also very important. In this connection, I have had a lot of discussion with the Chairman of the Hong Kong Tourism Board (HKTB), Mr James TIEN, on how to take forward the tourism industry for it to scale new heights. We agree on the need to step up publicity overseas. For instance, I have recently visited Russia and discussed with people from their tourism sector on the promotion of tourism in Hong Kong, and they have reacted most actively. The Middle East is also another very good market. I believe that under the leadership of Chairman James TIEN, the HKTB will actively press ahead with promotional and publicity campaigns. We consider that emphasis should be placed on promoting the strengths of Hong Kong. For instance, we happen to share the view of Director LI Changjiang that campaigns can be launched to attract tourists to come to Hong Kong to enjoy hairy crabs, because Taiwanese and Japanese tourists are fond of hairy crabs and so, we should adopt a focused approach and target these markets in publicity. This shows that the Government has been very active in promoting the tourism industry. The HKTB and the Commissioner for Tourism will make the utmost effort to support the expansion of tourism both in terms of hardware and software.

I would also like to give a response on fair competition law. Earlier on Mr Fred LI and Mr James TIEN also expressed their views. To maintain a free and competitive business environment, the Government hopes to enact a competition law, and this has remained our firm direction. As the Chief Executive said in the policy address, we plan to introduce a bill to the Legislative Council in 2008-2009. Mr Fred LI asked why we are late in tabling the bill. In fact, the reason is that we have upheld the people-based principle. We have heard many voices, especially the voices of small and medium enterprises (SMEs). In overseas countries, competition law is always welcomed by SMEs but what happens in Hong Kong is different. The SMEs do not just dislike it. They are even opposed to it. We, therefore, consider it necessary to explain it to the SMEs and to this end, we are going to compile a very detailed document to explain to the SMEs the effects of a competition law on them as well as the benefits to be brought to them. After we have completed the studies, we will table a bill on fair competition to the Legislative Council in 2008-2009. So, I

assure Mr Fred LI that we will certainly do it, just that we hope to do it in a better way. We do not wish to do just half of it and leave the other half dangling and hence giving people the impression that the Government is not doing a good job. So, please rest assured.

On the processing trade, Mr Andrew LEUNG and other Members mentioned that this is a national policy and that they very much support the direction of relocation and restructuring. I hope that Members representing the industrial sector can continuously promote this direction to members of their sector. This is a very important direction, for the State has affirmed this policy and it is not going to change. Therefore, the 70 000 factories must move forward in this direction in order to survive. As Members all know, the Chief Executive, the Financial Secretary and all colleagues of my Bureau have tried their best to reflect all the opinions to the Central Authorities, and they have obtained the support of the Central Authorities. But in the long term, factory owners in Hong Kong still have to move forward in this direction, and the SAR Government will exert itself to help factory owners in Hong Kong to develop in this direction. To this end, we have, for instance, set up a working group chaired by a Permanent Secretary, and a task force has also been established jointly with Guangdong Province to specifically promote industrial restructuring. In respect of relocation, Mr Andrew LEUNG called on us to continuously provide assistance to factory owners. Here, I undertake that we will continue to lead deputations to other provinces, so that factory owners can have the opportunity to conduct field studies in places for relocating their factories. In August we visited Chenzhou, Hunan. I hope that if and when time allows, similar deputations can be organized to enable factory owners in Hong Kong to gain more experience to facilitate their relocation.

I also wish to respond to Mr SIN Chung-kai who spoke on issues relating to technology. Although the word "technology" is removed from the name of the Bureau in the third government, I can reiterate that the Government attaches great importance to technology. While the Chief Executive did not go into great details in this respect in his policy address, we are actually doing a lot of work. As Mr SIN Chung-kai may know, "Digital 21" will soon be launched and this will be crucial to the development of Hong Kong into a digital city in the long run.

Technological co-operation with the Mainland is also very important, for this enables the advantages of the two places to be complement each other. I led a deputation to Shenzhen just this month to attend the first meeting of the

Steering Group on "Shenzhen-Hong Kong Innovation Circle". In this connection, I can assure Members that the SAR Government attaches great importance to technology. Mr SIN Chung-kai said earlier that he would like to see more people being able to benefit from digital inclusiveness through, for instance, access to computer. In fact, the Government has provided 5 500 computers at libraries, community centres, and so on, for use by members of the community free of charge. We very much hope that people of all ages, whether young children many of whom are already very good at using computers or elderly people in their seventies, eighties or above, can have access to computer. From what I have seen in community centres, the elderly people do have fun using computers. So, the Government will make continuous effort in this regard.

The policy address has covered all these areas which I have just mentioned. Mr Fred LI mentioned the Travel Industry Council of Hong Kong (TIC) earlier and I would like to give a response. On the problem of the TIC investigating their own people, I must point out that the TIC is composed of 25 members, and eight of whom are independent members while the others are not. But in the group set up to handle complaints, there are more independent members than industry members and so, there is no question of them investigating their own people, as alleged by Mr LI. However, it remains our intention to enhance the independence and transparency of the TIC and so, Mr LI can be assured that we will move forward in this direction.

Finally, I would like to respond to Ms Emily LAU on matters relating to public service broadcasting. As I said in the panel, we will publish a consultation document on public service broadcasting at the end of the year to consult the public on, among other things, the future direction of Radio Television Hong Kong (RTHK), and the employees of RTHK will certainly be consulted too. So, I think Members have to give us about two and a half months' time to complete this task.

Madam President, this is all I wish to say in response. Thank you, Madam President.

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): Madam President, first of all, I would like to thank Members for making a lot of valuable suggestions on the financial market.

During the past year, the financial industry of Hong Kong has made rapid progress. We can see that not only has this benefited practitioners of the financial industry, but it has also provided a great momentum to the economic development of Hong Kong, thereby fully highlighting Hong Kong's status as the international financial centre of the region.

The rapid economic development and the fruits of financial reforms of our country have provided unprecedented opportunities for the financial industry of Hong Kong. Both the relaxation of QDII and the issuance of Renminbi (RMB) bonds in Hong Kong can boost the proportion and scope of the financial activities in Hong Kong, which will help enhancing the depth and breadth of Hong Kong's financial market. We must make full use of the existing advantages of Hong Kong's financial industry, including the sound rule of law and regulatory regime, advanced financial infrastructure and excellent financial talents, and so on, so as to continue attracting both mainland and overseas investors and promoting the continuous development of our financial industry.

As the Chief Executive has said in the policy address, the financial industry is one of the important pillars of Hong Kong's economic development; as such, we must seek additional enhancement, so as to further consolidate Hong Kong's status as an international financial centre. At the same time, we must continue to step up the integration of the financial systems of Hong Kong and the Mainland, including making multi-level contacts with the Central Government and the relevant departments, so as to build up a "complementary", "co-operative" and "interactive" relationship. We shall press ahead the relevant work by adopting policies in five areas, such as seeking to expand the business of Hong Kong's financial institutions in the Mainland; encouraging mainland capitals, investors and financial institutions to go global by making use of Hong Kong as the gateway; enhancing the links between the financial markets of both Hong Kong and the Mainland; continuing the expansion of RMB business and strengthening the links between the financial infrastructure of both Hong Kong and the Mainland. These also include the introduction of inter-market financial products, as Mr CHAN Kam-lam has mentioned earlier on.

One of the actively pursued measures is to study in conjunction with the relevant mainland authorities the expansion of RMB business, including the use of RMB to settle accounts of direct imports from the Mainland to Hong Kong. The further development of RMB business will enhance the transaction capability

of Hong Kong's financial system in handling RMB as a currency unit. Mr CHAN Kam-lam mentioned the possibility of developing an oil futures market, as well as studying ways of working with the Mainland in exploring markets. I very much welcome such a proposal, and I have started to study it. The Hong Kong Exchanges and Clearing Limited (HKEx) has recently commissioned a consultancy to study the possibility of developing the trading market of commodity derivatives, including energy, basic metals, agricultural products and emissions rights and related products. We expect that this consultancy report can be delivered to the HKEx by the end of this year, and then I shall follow up this report.

In order to enhance Hong Kong's international competitiveness, apart from expanding the scope of co-operation with the financial sector of the Mainland, we should also face the world and keep ourselves abreast of the development trend in international financial markets, so as to develop new products, thereby extending the depth and breadth of our financial market.

Mr Jeffrey LAM was right in saying this: The Islamic financial services industry has expanded to many different parts of the world and brought about more and more business opportunities, and the development potentials are enormous. The proportion of such services is estimated to be between US\$700 billion to US\$1,000 billion, and it is expected that it will see an annual growth of 15%.

Besides, Middle East investors and issuing institutions have become increasingly active in the international capital market, thus making Islamic finance a significant new area of the international financial system. Since Islamic financial products provide flexible financing channels for various economic activities and also risk-sharing mechanisms, they are welcome by investors and issuing institutions without any Islamic background.

If Hong Kong is to further consolidate its status as an international financial centre, it must actively grasp the opportunity to establish and develop a platform for Islamic finance. Therefore, our prime task should be focused on developing a local Islamic bonds market.

The Treasury Markets Association already established a working group in August this year to study issues relevant to the development of an Islamic bonds market in Hong Kong. The working group comprises representatives from the

Hong Kong Monetary Authority and the financial industry. We expect that the working group would submit a report to the Government by the end of this year.

I wish to take this opportunity to discuss the issue of asset management. We also have another major development direction, that is, further consolidating Hong Kong's position as Asia's leading asset management centre. In fact, the performance of our asset management industry was very outstanding last year. The consolidated assets of our fund management industry had increased drastically to \$6,100 billion at the end of 2006, an increase of 36% year on year; in the consolidated assets, over 60% came from international investors. We believe that the rapid economic growth in the Asia Pacific Region, the steady rise in the saving assets in the Mainland and the gradual relaxation of QDII have all provided favourable conditions supporting the broader development of the asset management industry in Hong Kong.

Mr Bernard CHAN mentioned earlier how we can attract more overseas companies to seek listings in Hong Kong. On the listing arrangements, both the Government and the HKEx will continue to do their best in promoting Hong Kong's advantages as a capital raising centre. Not only shall we attach importance to the mainland market, but we shall also develop an international outlook in an effort to attract the listing of more quality enterprises in Hong Kong. The HKEx has already signed memorandums of understanding with the relevant authorities of Kazakhstan, Abu Dhabi and Russia. In the next few months, the HKEx will continue to conduct promotion campaigns in places like Vietnam, Taiwan, Mongolia, Japan and India. The Financial Services and the Treasury Bureau is also planning to lead a delegation of representatives from the financial industry to visit the Mainland and selected cities in Asia in an attempt to highlight Hong Kong's status as an international financial centre and to specifically promote Hong Kong as the priority listing location.

Madam President, Honourable Members, the policy address released by the Chief Executive has already mapped out the development blueprint for the financial industry of Hong Kong, which hopefully will enable us to better keep pace with the economic growth and reforms in the Mainland. It will open up new opportunities for the financial industry of Hong Kong through making use of the local mature financial platform to satisfy the Mainland's demands for financial services. Meanwhile, we should grasp the latest international trend to further consolidate Hong Kong's position as the hub of international financial

activities and build up Hong Kong as the international financial centre of our country. I believe, with the promotion effort of the Government and the hard work of the industry, the financial industry of Hong Kong will continue to make progress and reap better results.

Madam President, during the past few days, I have heard a lot of valuable opinions from Members and personally witnessed their eloquence, which included the recitation of poems, discussion on cuisines and cookery, and so on. I have also composed a doggerel which I would like to share with Members and I hope Members can put up with its crudeness:

Small though Hong Kong is,  
Big market is made;  
"Three Insistences" shall we uphold, and  
New directions be found;  
Infrastructure projects kicked off in no time,  
All the folks would smile;  
Loads of capital and talents gathering here,  
We shall all celebrate for the next 10 golden years.

With these remarks, Madam President, I implore Members to support the policy address.

**PRESIDENT** (in Cantonese): The five debate sessions have ended.

**PRESIDENT** (in Cantonese): Ms Miriam LAU, you may now speak on the amendments. You have up to five minutes to speak.

**MS MIRIAM LAU** (in Cantonese): Madam President, I believe I do not need all the five minutes to speak on the amendments. Under the Rules of Procedure, a Member can propose an amendment to the Motion of Thanks. The amendments of Mr Albert HO, Mr Andrew CHENG, Mr Frederick FUNG, Ms Emily LAU, Mr Albert CHAN and Mr LEUNG Yiu-chung, as well as Mr Fred LI's amendment to Mr Albert HO's amendment, are all proposed in their personal capacity and have not been discussed by the House Committee. So, they do not stand for any consensus among Members. As I am speaking in my capacity as

the Chairman of the House Committee, I should not, nor is it appropriate to, express any view on the amendments proposed by the Members or to urge Members to support the amendments proposed by these Members. Thank you, Madam President.

**PRESIDENT** (in Cantonese): Members, as you have just heard Ms Miriam LAU, seven Members have proposed amendments plus a further amendment. We have made some calculations and found that these amendments can generate a total of 96 combinations, but a vote will need to be taken for eight times only. I now call upon Mr Albert HO to move his amendment to the motion.

**MR ALBERT HO** (in Cantonese): President, I move that Ms Miriam LAU's motion be amended.

**Mr Albert HO moved the following amendment: (Translation)**

"To add ", but strongly requests the Government to increase the rates of the Old Age Allowance for the elderly" immediately before the full stop."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is .....

**DR PHILIP WONG** (in Cantonese): President, declaration of interest.

**PRESIDENT** (in Cantonese): Yes.

**DR PHILIP WONG** (in Cantonese): With respect to the amendment and further amendment on the Old Age Allowance proposed respectively by Mr Albert HO and Mr Fred LI, as I have a conflict of interest, therefore, I shall abstain from voting. *(Laughter)*

**PRESIDENT** (in Cantonese): Does any Member wish to declare interest besides Dr Philip WONG? *(Laughter)*



**MR MARTIN LEE** (in Cantonese): Is a declaration of interest necessary when someone is more than 65 years of age?

**PRESIDENT** (in Cantonese): It is 70. Those aged 65 shall be subject to a means test. If no other Member is to declare interest pursuant to the Rules of Procedure, I now propose the question to you and that is: That the amendment moved by Mr Albert HO to Ms Miriam LAU's motion be passed.

**PRESIDENT** (in Cantonese): I now ask Mr Fred LI to move his amendment to Mr Albert HO's amendment.

**MR FRED LI** (in Cantonese): President, I move that Mr Albert HO's amendment be amended.

**Mr Fred LI moved the following amendment to Mr Albert HO's amendment: (Translation)**

"To delete "Old Age Allowance" after "the rates of the" and substitute with "Normal Old Age Allowance and Higher Old Age Allowance"; and to add "to \$900 and \$1,000 per month respectively, so as to improve the life of the poor elderly" immediately before the full stop."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Fred LI to Mr Albert HO's amendment, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That Mr Albert HO's amendment, as amended by Mr Fred LI, to Ms Miriam LAU's motion be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

**PRESIDENT** (in Cantonese): Mr Andrew CHENG, as the amendment by Mr Albert HO as amended by Mr Fred LI has been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. As there are indeed too many combinations, let me give Members a brief explanation, so that they can have a better understanding. In fact, the terms will be revised as follows: The word "but" will be revised to "this Council also" to improve textual fluency.

Mr Andrew CHENG, when you move your revised amendment, you have up to three minutes to explain the revised terms in your amendment, but you may not repeat what you have already covered in your earlier speech. You may now move your revised amendment.

**MR ANDREW CHENG** (in Cantonese): President, I move that Ms Miriam LAU's motion as amended by Mr Albert HO and Mr Fred LI, be further amended by my revised amendment.

President, thanks for your reminder just now. I believe I will not use three minutes to explain this amendment related to the word "but". I hope Members can pass our amendments. In particular, I hope the amendments proposing to increase the value of health care vouchers can be passed unanimously, so as to convey a forceful message to the Government.

Thank you, President.

**Mr Andrew CHENG moved the following further amendment to Ms Miriam LAU's motion as amended by Mr Albert HO and Mr Fred LI: (Translation)**

"To add "; this Council also expresses deep disappointment that, despite a huge surplus in the government treasury, the Chief Executive only deploys a meagre amount of resources to enhance the medical services for the elderly, which is hardly sufficient to meet the medical needs of the elderly in the lower class; this Council urges the Chief Executive and the Government to adopt measures and devote more resources to enhance the medical services for the elderly, including extending the beneficiaries of the health care vouchers to all senior citizens aged 65 or above, increasing the amount of subsidy for each elderly recipient, offering half-fee concession for public medical services to all senior citizens, setting up a fund to subsidize dental services for the elderly, and providing all senior citizens with free vaccination against influenza, etc" immediately before the full stop."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That Mr Andrew CHENG's amendment to Ms Miriam LAU's motion as amended by Mr Albert HO and Mr Fred LI, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

**PRESIDENT** (in Cantonese): Mr Frederick FUNG, as both Mr Albert HO's amendment as amended by Mr Fred LI as well as Mr Andrew CHENG's amendment have been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. In much the same way as I have done in dealing with the last amendment, I would like to explain this briefly. Actually, the two words "this Council" in the Chinese version have been added to the revised wording.  
*(Laughter)*

Mr Frederick FUNG, you also have up to three minutes to explain the revised terms in your amendment. You may now move your amendment.

**MR FREDERICK FUNG** (in Cantonese): President, the two words "this Council" are in fact very complicated, so it is very difficult to explain them.  
*(Laughter)* President, I move that Ms Miriam LAU's motion as amended by Mr Albert HO, Mr Fred LI and Mr Andrew CHENG, be further amended by my revised amendment. Thank you, President.

**Mr Frederick FUNG moved the following further amendment to the motion as amended by Mr Albert HO, Mr Fred LI and Mr Andrew CHENG:**  
**(Translation)**

"To add ", and at the same time urges the Government to set up an ad hoc committee headed by the Chief Secretary for Administration to tackle the problem of poverty, and to expeditiously implement the recommendations put forward by the Commission on Poverty and the Legislative Council Subcommittee to Study the Subject of Combating Poverty in their reports, as well as to deploy more resources to develop social enterprises" immediately before the full stop."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That Mr Frederick FUNG's amendment to Ms Miriam LAU's motion as amended by Mr Albert HO, Mr Fred LI and Mr Andrew CHENG, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

**PRESIDENT** (in Cantonese): Ms Emily LAU, as Mr Albert HO's amendment as amended by Mr Fred LI, Mr Andrew CHENG's amendment, and Mr Frederick FUNG's amendment have been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. The amendment is to revise "but" as "in addition" and put in an extra comma.

Ms Emily LAU, you have up to three minutes to explain the revised terms in your amendment. You may now move your amendment.

**MS EMILY LAU** (in Cantonese): President, I move that Ms Miriam LAU's motion as amended by Mr Albert HO, Mr Fred LI, Mr Andrew CHENG and Mr Frederick FUNG, be further amended by my revised amendment.

President, my amendment is beyond explanations. But, for the sake of harmony, since Members have supported the amendments of other Members, naturally they should also support mine. *(Laughter)*

Thank you, President.

**Ms Emily LAU moved the following further amendment to Ms Miriam LAU's motion as amended by Mr Albert HO, Mr Fred LI, Mr Andrew CHENG and Mr Frederick FUNG: (Translation)**

"To add "; in addition, as the majority of people support the implementation of dual universal suffrage in 2012, this Council expresses regret at the Chief Executive's lack of commitment to the expeditious implementation of dual universal suffrage and his failure to make every effort to convince those who are against the implementation of dual universal suffrage in 2012" immediately before the full stop."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That Ms Emily LAU's amendment to Ms Miriam LAU's motion as amended by Mr Albert HO, Mr Fred LI, Mr Andrew CHENG and Mr Frederick FUNG, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Ms Emily LAU rose to claim a division.

**PRESIDENT** (in Cantonese): Ms Emily LAU has claimed a division. The division bell will ring for three minutes, after which the division will begin.

**PRESIDENT** (in Cantonese): A Member has requested me to read out this amendment. You must give me some time as I have to identify the relevant combination from a total of 96 combinations.

(Both the President and the Clerk searched for the relevant combination)

**PRESIDENT** (in Cantonese): The amendments moved by Mr Albert HO, Mr Fred LI, Mr Andrew CHENG and Mr Frederick FUNG have all been passed. The amendment moved by Ms Emily LAU is the 24th combination which reads, "That this Council thanks the Chief Executive for his address, but strongly requests the Government to increase the rates of the Normal Old Age Allowance and Higher Old Age Allowance to \$900 and \$1,000 per month respectively, so as to improve the life of the poor elderly; this Council also expresses deep disappointment that, despite a huge surplus in the government treasury, the Chief Executive only deploys a meagre amount of resources to enhance the medical services for the elderly, which is hardly sufficient to meet the medical needs of the elderly in the lower class; this Council urges the Chief Executive and the Government to adopt measures and devote more resources to enhance the medical services for the elderly, including extending the beneficiaries of the health care vouchers to all senior citizens aged 65 or above, increasing the amount of subsidy for each elderly recipient, offering half-fee concession for public medical services to all senior citizens, setting up a fund to subsidize dental services for the elderly, and providing all senior citizens with free vaccination against influenza, etc; this Council at the same time urges the Government to set up an ad hoc committee headed by the Chief Secretary for Administration to tackle the problem of poverty, and to expeditiously implement the recommendations put forward by the Commission on Poverty and the Legislative Council Subcommittee to Study the Subject of Combating Poverty in their reports, as well as to deploy more resources to develop social enterprises."

Dr LUI Ming-wah, all the above amendments have been passed, and I am going to read out the amendment that we have to vote on now, "; in addition, as the majority of people support the implementation of dual universal suffrage in 2012, this Council expresses regret at the Chief Executive's lack of commitment to the expeditious implementation of dual universal suffrage and his failure to make every effort to convince those who are against the implementation of dual universal suffrage in 2012".

We are now going to vote on the amendment I have just read out.

**PRESIDENT** (in Cantonese): Will Members please proceed to vote.

**PRESIDENT** (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Ms Margaret NG, Mr CHEUNG Man-kwong, Mr SIN Chung-kai, Dr Joseph LEE, Dr KWOK Ka-ki, Dr Fernando CHEUNG and Miss TAM Heung-man voted for the amendment.

Dr David LI, Mr Fred LI, Mr Bernard CHAN, Mrs Sophie LEUNG, Dr Philip WONG, Mr WONG Yung-kan, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Abraham SHEK, Mr Tommy CHEUNG, Mr Vincent FANG, Mr WONG Kwok-hing, Mr Daniel LAM, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Prof Patrick LAU and Mr KWONG Chi-kin voted against the amendment.

Ms LI Fung-ying abstained.

Geographical Constituencies

Mr Albert HO, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Mr James TO, Mr LEUNG Yiu-chung, Dr YEUNG Sum, Mr LAU Chin-shek, Ms Emily LAU, Mr Andrew CHENG, Mr Albert CHAN, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr Alan LEONG and Mr Ronny TONG voted for the amendment.

Mr James TIEN, Mrs Selina CHOW, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr Jasper TSANG, Mr LAU Kong-wah, Mr TAM Yiu-chung, Mr LI Kwok-ying and Mr CHEUNG Hok-ming voted against the amendment.

Mr Albert CHENG abstained.

THE PRESIDENT, Mrs Rita FAN, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 27 were present, seven were in favour of the amendment, 19



against it and one abstained; while among the Members returned by geographical constituencies through direct elections, 27 were present, 16 were in favour of the amendment, nine against it and one abstained. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

**MS MIRIAM LAU** (in Cantonese): President, I move that in the event of further divisions being claimed in respect of the Motion of Thanks or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

I order that in the event of further divisions being claimed in respect of the Motion of Thanks or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

**PRESIDENT** (in Cantonese): Mr Albert CHAN, as Mr Albert HO's amendment as amended by Mr Fred LI, Mr Andrew CHENG's amendment and Mr Frederick FUNG's amendment have been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. The amendment is to revise "but" as "in addition, this Council". I now call upon Mr Albert CHAN to speak and move his amendment.

**MR ALBERT CHAN** (in Cantonese): President, I move that Ms Miriam LAU's motion as amended by Mr Albert HO, Mr Fred LI, Mr Andrew CHENG and Mr Frederick FUNG, be further amended by my revised amendment.

Ms Emily LAU said just now that she wished for harmony and appealed to Members to support her amendment, but harmony is now proven impossible because her amendment was negated. The League of Social Democrats advocates "red". I believe the chances of my amendment being passed are slim. This has fully reflected the obvious inclination of this Council.

**Mr Albert CHAN moved the following further amendment to the motion as amended by Mr Albert HO, Mr Fred LI, Mr Andrew CHENG and Mr Frederick FUNG: (Translation)**

"To add "; in addition, this Council expresses deep regret at and strong condemnation of the policy address's failure to respond specifically to the hardship and pressure of the life of the grass-roots people" immediately before the full stop."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That Mr Albert CHAN's amendment to Ms Miriam LAU's motion as amended by Mr Albert HO and Mr Fred LI, Mr Andrew CHENG, Mr Frederick FUNG, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr Albert CHAN rose to claim a division.

**PRESIDENT** (in Cantonese): Mr Albert CHAN has claimed a division. The division bell will ring for one minute, after which the division will begin.

**PRESIDENT** (in Cantonese): Will Members please proceed to vote.

**PRESIDENT** (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Ms Margaret NG, Ms LI Fung-ying, Dr KWOK Ka-ki, Dr Fernando CHEUNG and Miss TAM Heung-man voted for the amendment.

Dr David LI, Dr LUI Ming-wah, Mr Bernard CHAN, Mrs Sophie LEUNG, Dr Philip WONG, Mr WONG Yung-kan, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Abraham SHEK, Mr Tommy CHEUNG, Mr Vincent FANG, Mr WONG Kwok-hing, Mr Daniel LAM, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Prof Patrick LAU and Mr KWONG Chi-kin voted against the amendment.

Mr CHEUNG Man-kwong, Mr SIN Chung-kai and Dr Joseph LEE abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Mr LAU Chin-shek, Ms Emily LAU, Mr Albert CHAN, Ms Audrey EU, Mr Alan LEONG and Mr Ronny TONG voted for the amendment.

Mr James TIEN, Mrs Selina CHOW, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr Jasper TSANG, Mr LAU Kong-wah, Mr TAM Yiu-chung, Mr LI Kwok-ying, Mr CHEUNG Hok-ming and Mr Albert CHENG voted against the amendment.

Mr Albert HO, Mr Martin LEE, Mr Fred LI, Mr James TO, Dr YEUNG Sum, Mr Andrew CHENG, Mr Frederick FUNG and Mr LEE Wing-tat abstained.

THE PRESIDENT, Mrs Rita FAN, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 27 were present, five were in favour of the amendment, 19 against it and three abstained; while among the Members returned by geographical constituencies through direct elections, 27 were present, eight were in favour of the amendment, 10 against it and eight abstained. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

**PRESIDENT** (in Cantonese): Mr LEUNG Yiu-chung, as Mr Albert HO's amendment as amended by Mr Fred LI, Mr Andrew CHENG's amendment and Mr Frederick FUNG's amendment have been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. Your amendment is to revise "but" as "in addition, this Council". You may speak and move your revised amendment.

**MR LEUNG YIU-CHUNG** (in Cantonese): President, I move that Ms Miriam LAU's motion as amended by Mr Albert HO, Mr Fred LI, Mr Andrew CHENG and Mr Frederick FUNG, be further amended by my revised amendment.

President, other than appealing for solidarity among Members, I also wish that Member will do more for the people at the grassroots, so that the SAR Government can truly benefit the grassroots, including the people and the workers. I hope Member will vote in support of my amendment. Thank you.

**Mr LEUNG Yiu-chung moved the following further amendment to the motion as amended by Mr Albert HO, Mr Fred LI, Mr Andrew CHENG and Mr Frederick FUNG: (Translation)**

"To add "; in addition, this Council expresses deep regret that the Chief Executive has not taken any concrete steps to prescribe a statutory minimum wage and standard working hours, nor has he offered any assistance to the serving non-civil service contract staff in resolving their plight of possible loss of job, while at the same time disregarding protection for the livelihood of the grass-roots workers" immediately before the full stop."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That Mr LEUNG Yiu-chung's amendment to Ms Miriam LAU's motion as amended by Mr Albert HO and Mr Fred LI, Mr Andrew CHENG, Mr Frederick FUNG, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr LEUNG Yiu-chung rose to claim a division.

**PRESIDENT** (in Cantonese): Mr LEUNG Yiu-chung has claimed a division. The division bell will ring for one minute, after which the division will begin.

**PRESIDENT** (in Cantonese): Will Members please proceed to vote.

**PRESIDENT** (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Ms Margaret NG, Mr CHEUNG Man-kwong, Mr SIN Chung-kai, Ms LI Fung-ying, Dr Joseph LEE, Dr KWOK Ka-ki, Dr Fernando CHEUNG and Miss TAM Heung-man voted for the amendment.

Dr David LI, Dr LUI Ming-wah, Mr Bernard CHAN, Mrs Sophie LEUNG, Dr Philip WONG, Mr WONG Yung-kan, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Abraham SHEK, Mr Tommy CHEUNG, Mr Vincent FANG, Mr Daniel LAM, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong and Prof Patrick LAU voted against the amendment.

Mr WONG Kwok-hing and Mr KWONG Chi-kin abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Mr James TO, Mr LEUNG Yiu-chung, Dr YEUNG Sum, Mr LAU Chin-shek, Ms Emily LAU, Mr Andrew CHENG, Mr Albert CHAN, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr Alan LEONG and Mr Ronny TONG voted for the amendment.

Mr James TIEN, Mrs Selina CHOW, Mr CHAN Kam-lam, Mr Jasper TSANG, Mr LAU Kong-wah, Mr TAM Yiu-chung, Mr LI Kwok-ying, Mr CHEUNG Hok-ming and Mr Albert CHENG voted against the amendment.

Miss CHAN Yuen-han abstained.

THE PRESIDENT, Mrs Rita FAN, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 27 were present, eight were in favour of the amendment, 17 against it and two abstained; while among the Members returned by geographical constituencies through direct elections, 27 were present, 16 were in favour of the amendment, nine against it and one abstained. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

**PRESIDENT** (in Cantonese): Ms Miriam LAU, you may now reply and you have eight minutes 53 seconds.

**MS MIRIAM LAU** (in Cantonese): Madam President, I do not need to use up the remaining eight minutes to reply because I only wish to make a simple response so as to conclude this three-day debate as soon as possible and let Members return home earlier or continue with their electioneering.

As always, in the past three-day debate, Members have expressed different views on areas with which they are familiar and concerned, pointed out areas where they believed the Government was underperforming and where improvement could be made, or expressed their support for government policies. Members' views are divergent. Although Members may not be able to agree on every subject, I notice that differences among many Members have narrowed and some views are even convergent. This is a most pleasing sign.

Nevertheless, I very much hope that the Chief Executive and Principal Officials can adopt an open attitude in taking Members' views. Pursuing harmony without resigning to circumstances and seeking common ground while accommodating disagreements are the fundamental parliamentary culture. As long as we can uphold this principle, I believe the relationship between the legislature and the executive can become harmonious, and government policies will be able to secure support of the Legislative Council and the general public.

Madam President, today, an unprecedented number of Members has proposed amendments to my Motion of Thanks and an equally unprecedented number of amendments have been passed. Honourable Members, I urge for your support for the amended Motion of Thanks. Thank you, Madam President.

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the motion moved by Ms Miriam LAU, as amended by Mr Albert HO, Mr Fred LI, Mr Andrew CHENG and Mr Frederick FUNG, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Ms Miriam LAU rose to claim a division.

**PRESIDENT** (in Cantonese): Ms Miriam LAU has claimed a division. The division bell will ring for one minute, after which the division will begin.

**PRESIDENT** (in Cantonese): Will Members please proceed to vote.

**PRESIDENT** (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Dr David LI, Dr LUI Ming-wah, Mr CHEUNG Man-kwong, Mrs Sophie LEUNG, Mr SIN Chung-kai, Dr Philip WONG, Mr WONG Yung-kan, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Abraham SHEK, Ms LI Fung-ying, Mr Tommy CHEUNG, Mr Vincent FANG, Mr WONG Kwok-hing, Dr Joseph LEE, Mr Daniel LAM, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Prof Patrick LAU and Mr KWONG Chi-kin voted for the amendment.

Ms Margaret NG, Mr Bernard CHAN, Dr KWOK Ka-ki, Dr Fernando CHEUNG and Miss TAM Heung-man abstained.



Geographical Constituencies:

Mr James TIEN, Mr Albert HO, Mr Martin LEE, Mr Fred LI, Mr James TO, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Dr YEUNG Sum, Mr LAU Chin-shek, Mr LAU Kong-wah, Mr Andrew CHENG, Mr TAM Yiu-chung, Mr Frederick FUNG, Mr LEE Wing-tat, Mr LI Kwok-ying, Mr CHEUNG Hok-ming and Mr Albert CHENG voted for the amendment.

Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Ms Emily LAU and Mr Albert CHAN voted against the amendment.

Mrs Selina CHOW, Mr Jasper TSANG, Ms Audrey EU, Mr Alan LEONG and Mr Ronny TONG abstained.

THE PRESIDENT, Mrs Rita FAN, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 27 were present, 22 were in favour of the motion as amended and five abstained; while among the Members returned by geographical constituencies through direct elections, 27 were present, 17 were in favour of the motion as amended, four against it and five abstained. Since the question was agreed by a majority of each of the two groups of Members present, she therefore declared that the motion as amended was carried.

## **NEXT MEETING**

**PRESIDENT** (in Cantonese): The debate on the Motion of Thanks has lasted for three days. I reckon roughly 56 Members have spoken with a total speaking time of 22 hours 21 minutes, whereas 14 public officers have spoken with a total speaking time of four hours 23 minutes.

I now adjourn the Council until 11:00 am on Wednesday, 31 October 2007.

(Members tapped on the bench to mark the occasion)

*Adjourned accordingly at seventeen minutes past Four o'clock.*