

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 14 November 2007

The Council met at Eleven o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

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

THE HONOURABLE ALBERT HO CHUN-YAN

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

THE HONOURABLE LEE CHEUK-YAN

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

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

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

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

THE HONOURABLE MARGARET NG

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

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

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

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

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

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

THE HONOURABLE LEUNG YIU-CHUNG

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

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

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

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

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

DR THE HONOURABLE YEUNG SUM, J.P.

THE HONOURABLE LAU CHIN-SHEK, J.P.

THE HONOURABLE LAU KONG-WAH, J.P.

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

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

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

THE HONOURABLE CHOY SO-YUK, J.P.

THE HONOURABLE ANDREW CHENG KAR-FOO

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

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

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

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

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

THE HONOURABLE ALBERT CHAN WAI-YIP

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

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

THE HONOURABLE VINCENT FANG KANG, J.P.

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

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

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

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

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

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

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

THE HONOURABLE LEUNG KWOK-HUNG

DR THE HONOURABLE KWOK KA-KI

DR THE HONOURABLE FERNANDO CHEUNG CHIU-HUNG

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

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

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

THE HONOURABLE CHIM PUI-CHUNG

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

THE HONOURABLE ALBERT JINGHAN CHENG, J.P.

THE HONOURABLE KWONG CHI-KIN

THE HONOURABLE TAM HEUNG-MAN

PUBLIC OFFICERS ATTENDING:

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

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

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

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

CLERKS IN ATTENDANCE:

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

MRS VIVIAN KAM NG LAI-MAN, ASSISTANT SECRETARY GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

TABLING OF PAPERS

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

Papers

No. 27 — Report on the Administration of the Immigration Service Welfare Fund prepared by the Director of Immigration Incorporated in accordance with Regulation 12(b) of the Immigration Service (Welfare Fund) Regulation

No. 28 — Construction Workers Registration Authority Annual Report 2006-2007

Report of the Bills Committee on Attachment of Income Order (Application to Government and Miscellaneous Amendments) Bill 2007

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. First question.

Enhancing Business Licensing System

1. **MR ANDREW LEUNG** (in Cantonese): *President, about enhancing the business licensing system, will the Government inform this Council:*

- (a) *as it was reported that the report on doing business published recently by the World Bank indicated that to apply for a business licence to start a business in Hong Kong, it would take 155 days and 23 procedures to complete the licensing process, whether the authorities will further shorten the relevant licensing process and time required; and*
- (b) *given that to enhance the business licensing system, the Government has launched the "Be the Smart Regulator" Programme to improve*

the processing of food-related, club and hotel licences and has pledged to develop a model of best practices based on relevant experience that will be replicated across licences and departments, of the latest progress in implementing the Programme?

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

- (a) The annual World Bank's "Doing Business" report (the Report) used an ease of doing business index to measure the impact of regulation on business activity. In the recent Report which covered a total of 178 economies, Hong Kong ranked 4th globally, up from 5th position last year. The overall index has 10 constituent business indicators. We are among the world's top ranked economies in the aspects of enforcing contracts (1st), getting credit (2nd), protecting investors (3rd), paying taxes (3rd) and trading across borders (3rd).

The major objective of the Report is to encourage reform in developing economies. The results should therefore be interpreted with care. Based on 10 indicators on business regulations only, the Report's ranking does not reflect other areas that are important to business, such as proximity to large markets, macroeconomic policy, quality of infrastructure, currency volatility, investor perceptions, crime rates and security of property, transparency of government procurement, and underlying strength of institutions.

Amongst the 10 indicators, Hong Kong did not fare too well in the indicator of dealing with licences, which measures all procedures required for a business in the construction industry to build a two-storey warehouse. Hong Kong, with 23 procedures and 155 days, as cited in the Report, ranks 60th in the current Report. In adopting its methodology, the World Bank assumed the construction of a warehouse to be a representative business activity in an economy. Nevertheless, in Hong Kong the construction of a two-storey warehouse is extremely rare.

To complete its survey, the World Bank relied on academics to provide information. The results in the Report are quite different from the Administration's own account of the number of procedures and time required, which in practice are much smaller. We also noted that the changes in the number of procedures and time from last year's Report are results of refinement made by the World Bank on its methodology.

The Administration has asked relevant departments to actively study the Report's findings with a view to making improvements where possible. The Administration will continue its overall efforts to enhance the business licensing regime of Hong Kong.

- (b) In early 2007, the Government launched the "Be the Smart Regulator" Programme to further improve the business environment and competitiveness of Hong Kong. The Economic Analysis and Business Facilitation Unit (EABFU) issued a "Be the Smart Regulator" pamphlet to bureaux/departments, which explained the importance of "smart regulation" and included success stories for reference by bureaux/departments.

The EABFU and the Efficiency Unit (EU) have joined hands with departments concerned to take forward various measures under the Programme. The Programme aims at improving the efficiency, transparency and customer-friendliness of Hong Kong's licensing processes with a view to reducing compliance cost on business. The focus of work is currently on the premises-based licensing, covering the food-related licences of the Food and Environmental Hygiene Department (FEHD), as well as the hotel, guesthouse and club licences of the Home Affairs Department (HAD).

Good progress has been made and the measures implemented are well received by the trades. Details are set out below:

- (i) *Customer Service*

Regarding improvement on customer service, the FEHD, the Buildings Department and the Fire Services Department have assigned designated officers to look after individual

food-related licence applications. The HAD has also implemented similar measures for hotel, guesthouse and club licences.

(ii) *Licensing Process*

Regarding the licences under the FEHD and the HAD, we have implemented a number of measures to improve efficiency, enhance communication between the departments concerned, and streamline the processes.

(iii) *Licensing Guides*

The HAD and the FEHD have conducted reviews on their licensing guides with a view to providing clearer guidance on applications. This not only helps the trades to comply with the licensing requirements, but also facilitates the adoption of standardized methods and procedures by licensing staff.

(iv) *Licence Application Tracking Facility*

The FEHD and the HAD have developed their respective inter-departmental licence application tracking facilities to enhance communication between the departments concerned in their licensing work.

(v) *Electronic Service*

Relevant government departments are working with the Liquor Licensing Board to develop a computer system to provide electronic service for Liquor Licence applications. The proposed system will help streamline the licensing process and is expected to be operational in mid-2008.

(vi) *Business Liaison Group (BLG)*

The EABFU has set up eight BLGs for different trades. Representatives from the departments concerned attend the meetings to exchange views with the trades on licensing and

regulatory issues so as to enhance communication with the business community.

The EABFU and the EU will share their experience in making licence-related improvements for the food business, hotels, guesthouses and clubs with other licensing departments for their reference and application in order to enhance the licensing efficiency of the Government.

MR ANDREW LEUNG (in Cantonese): *The Secretary stated in the main reply that it would take 23 procedures and 155 days to construct a two-storey warehouse in Hong Kong. He also pointed out that Hong Kong ranked 60th out of 178 countries in 2008, which was lower than Singapore and Japan, its rivals in the region. May I ask the Secretary whether the "Be the Smart Regulator" Programme can be extended to all business licences to benefit all trades as well as upgrading Hong Kong's advantageous position among the world's business cities?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, our idea is to improve the efficiency, transparency and customer-friendliness of Hong Kong's licensing processes with a view to reducing compliance cost on business through the "Be the Smart Regulator" Programme. In this respect, we will speed up our licensing system and reduce the cost of compliance through enhanced transparency and consultation with the trades. Based on the experience of the FEHD and the HAD, we have adopted a series of improvement initiatives in the hope of extending the Programme to other departments. In addition to the initiatives mentioned by me a while ago, other methods will also be introduced. They include, for instance, introducing provisional licences, considering further promoting the use of private certification, conducting regulatory reviews, and so on.

Besides the FEHD and the HAD mentioned by me earlier, which deal with licensing matters related to food and clubs, 30 bureaux/departments responsible for the issuance of 400 types of licences have also participated in the Programme. We will continue with this method and share the experience of issuing licences for the food business, hotels, guesthouses and clubs with various departments to improve the overall licensing efficiency of Hong Kong.

MR JEFFREY LAM (in Cantonese): *The Secretary pointed out in the main reply that, according to the World Bank's report, it was estimated to take 23 procedures and 155 days to obtain a licence in Hong Kong during the period between 2006 and 2008. Given that these figures have actually shown no improvement, may I ask whether the Government is satisfied with these unimproved figures?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): *As I pointed out earlier in the main reply, the World Bank relied on the data provided by academics in conducting its study. We have also examined our own data and found that they are different from those studied by the World Bank. According to our data, it will take 15 procedures and 112 days to complete the licensing process in Hong Kong.*

MR TOMMY CHEUNG (in Cantonese): *Unfortunately, Secretary Dr York CHOW was not present today. However, I would like to tell Secretary Ceajer CHAN that while we rank 60th if a warehouse is used as the basis for calculation, we will rank even far lower if food premises is used instead. Therefore, Hong Kong might have benefited from the assumption based on the construction of a two-storey warehouse. Nevertheless, President, I would like to remind the Secretary that some of the questions might be outside his ambit.*

I absolutely agree with the Secretary's comment in the main reply that many licensing procedures have seen improvement. However, regarding licensing for the catering industry — I think the guesthouse sector also faces similar problems — some problems can actually be tackled through introducing legislative amendments. In this regard, may I ask the Secretary whether the relevant problems should be raised to the level to be dealt with by the two Secretaries of Department? Even if the Financial Secretary hopes that better efforts can be made in business facilitation, he might not be able to request Secretary Dr York CHOW to make changes in licensing arrangements — especially in introducing legislative amendments. The legislation tabled to this Council recently is entirely related to food safety, bearing no relevance to licensing legislation. Hence, can the Secretary discuss these problems with the Chief Secretary for Administration? Actually, the proposals raised by the Secretary in the main reply, including the issuance of liquor licences and the combination of 10 types of licences into one, can be implemented only through

legislative amendments. However, Secretary Dr York CHOW is still unwilling to put them into implementation. So, can Secretary Ceajer CHAN reflect these issues to the two Secretaries of Department?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Certainly. I believe Bureau Directors will definitely heed Members' advice.

We can see in the "Be the Smart Regulator" Programme the biggest difference, and an important way to improve our licensing system in the future, is that the compliance cost must be evaluated in undertaking a certain task to determine whether we should achieve the same effect through regulation by law or other approaches. Under certain circumstances, the issuance of guidelines will be adopted instead of regulation by law. At present, we are dealing with many established procedures and found that after adopting this approach.....although this Programme was launched not long ago, we have already seen some pretty good results. My thanks also go to Honourable Members who pointed out earlier that good results had been achieved in implementation. We have also seen the results from the views reflected by the trades and our findings.

PRESIDENT (in Cantonese): Mr Tommy CHEUNG, has your supplementary question not been answered?

MR TOMMY CHEUNG (in Cantonese): *President, the Secretary has still not given me an answer. I am worried that many licensing problems can be resolved only through legislative amendments. According to the administrative approach mentioned by the Secretary, a lot of work has been done by the Government very quickly. However, insofar as introducing legislative amendments is concerned, the two Secretaries of Department really need to request the Secretary to introduce legislative amendments expeditiously for the sake of complementing many licensing procedures which have already been speeded up. Will the Secretary relay this to the Secretaries of Department?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): I will certainly reflect the Member's views to the Secretaries of Department and our colleagues.

MR JAMES TIEN (in Cantonese): *President, the Secretary stated in part (b) of the main reply that, among the 10 indicators, Hong Kong ranked 60th in terms of processing licences requiring 23 procedures and 155 days. According to the Secretary's explanation, it is most important that the World Bank's methodology is based on the construction of a two-storey warehouse, and yet there is no two-storey warehouse in Hong Kong. Actually, I do not agree that there is no two-storey warehouse in Hong Kong. We do have multi-storey warehouses. Compared with two-storey warehouses, how can these multi-storey warehouses make Hong Kong drop to the 60th place in the world and necessitate a processing period of 155 days? What difference will a multi-storey warehouse and a two-storey warehouse make to the processing period of 155 days? The last point I would like to raise is about the timetable. Has the Secretary provided a timetable for reference and application by other departments with a view to improving licensing efficiency? Does the Government have a timetable stating when improvements can be made?*

PRESIDENT (in Cantonese): Secretary, you may choose to answer one of the two supplementary questions raised by Mr James TIEN because the President will never interfere in how the Secretary should answer questions. You should therefore judge how to give your reply.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): I would like to answer the second supplementary question because it is easier.....

MR JAMES TIEN (in Cantonese): *Could the Secretary choose to answer the first one? (laughter)*

PRESIDENT (in Cantonese): Secretary, please answer the first supplementary question.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): The answer to the first supplementary question might involve certain.....I might not know how to answer. If multi-storey buildings are to be

built, what exactly are those buildings? What is the Honourable Member referring to? As the scope involved is quite extensive, I might not have all the information. Generally speaking, however, the World Bank's use of a two-storey warehouse as the measurement criterion of its methodology is, whatever arguments presented by us, quite different from the actual situation of Hong Kong in terms of the present strength of its economy, economic model, our views on Hong Kong's actual business environment, and so on.

MR JAMES TIEN (in Cantonese): *The Secretary has not answered my supplementary question. My question is about the reasons why a multi-storey warehouse and a two-storey warehouse could have lead to the difference of 23 procedures and 155 days.*

PRESIDENT (in Cantonese): Secretary, do you need to give a reply in writing?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): As I pointed out earlier, I believe I cannot give a reply here to the question about the construction of a building of a certain number of storeys. If the Honourable Member allows, I will give a reply in writing. (Appendix I)

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

MR HOWARD YOUNG (in Cantonese): *Madam President, the Secretary pointed out earlier that the survey had been conducted with reference to the data provided by academics. I know that the Secretary was previously an academic, and he also said that the results in the Report are different from the Government's standard of reference. May I ask the Secretary, given his own experience, if such surveys, whether they are conducted by academics or executive organs, will have any impact on foreign investors when they consider whether or not to go to certain places to make investments? Furthermore, should we simply take the Report as a joke or take these indicators very seriously?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Thank you, the Honourable Member. The Government will deal with every question raised by such surveys very seriously. If a survey, regardless of its nature, can point out what improvement is required, we will heed the criticism and make improvement. This is not the first time we have seen questions raised in such surveys. Members from the business sector have, in the past, raised questions in this regard too. Therefore, we will continue to improve the licensing procedures and make constant improvement through what we have already done.

As regards the impact of such reports on the business sector, every survey report will certainly highlight some information for the reference of the business sector. Generally speaking, however, we can see from this survey or other surveys that Hong Kong's overall competitive edge, business environment, and attractiveness to the business sector are, relatively speaking, occupying a leading position in the world.

PRESIDENT (in Cantonese): Second question.

Promoting Creative Industries and Hong Kong Brands

2. **MR JEFFREY LAM** (in Cantonese): *Madam President, in his 2007-2008 policy address, the Chief Executive stated that the development of creative industries must accelerate and the authorities would formulate strategies to revitalize Brand Hong Kong. In this connection, will the Government inform this Council:*

- (a) *of the new specific plans the authorities have regarding their policies and measures to promote creative industries (for example, converting vacant industrial buildings into production sites of creative industries, offering more creativity-related courses to train talents, and fostering co-operation among the Government, the business sector and the public in order to build up a creative economy in all echelons of society); and*
- (b) *given that earlier this month, the police seized some T-shirts and postcards from a store selling household items on the grounds of*

suspected contravention of the Societies Ordinance, what criteria are adopted by the authorities to safeguard freedom of creativity when enforcing the law, and how they will educate the public to avoid breaking the law while engaging in creative work?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in the absence of the Secretary for Commerce and Economic Development) (in Cantonese): Madam President, endowed with unique advantages in various areas, Hong Kong has all along been in a leading position in the region in the development of creative industries. Nonetheless, other places have been competing with Hong Kong and quite a number of them have marked progress in this area. In his policy address this year, the Chief Executive stated that the development of our creative industries should be expedited to enhance our competitiveness and maintain our existing edges, and to promote Hong Kong as a creative capital.

The Government attaches great importance to supporting the creative industries to explore new markets and promote "Brand Hong Kong" overseas. In this connection, the Secretary for Commerce and Economic Development will lead a delegation of industry representatives from the design, architectural, urban planning, cultural, film and television, comics and animation, and digital entertainment sectors to Shanghai to participate in the Shanghai International Creative Industries Week 2007 starting this Thursday. The visit aims to exchange with the worldwide industry players in a bid to explore business opportunities in the mainland market for Hong Kong industries.

My replies in response to the main question are as follows:

- (a) We aim to provide an enabling environment to facilitate the development of creative culture, attract a pool of talents to help flourish diversified and innovative ideas, and assist the industries to explore business opportunities. Currently, our specific plans include:
 - (i) making all-out efforts to develop the West Kowloon Cultural District as a new driving force to stimulate further growth and development of the cultural and creative industries in Hong Kong.

- (ii) encouraging the nurturing of creativity and talents in primary and secondary students, and promoting university training for creative talents.
- (iii) promoting at the community level a culture of innovation, technology and design to the general public, particularly the younger generation, thereby enriching our creative culture to support the development of the creative industries.
- (iv) converting decommissioned factory buildings into creative art spaces. Commencing operation early next year, the Jockey Club Creative Arts Centre, formerly the Shek Kip Mei Flatted Factory Building, represents a milestone in the development of the local creative industries. It is also the first attempt in Hong Kong to convert a decommissioned factory building into a creative arts centre, providing an enabling environment to draw together creative and cultural enterprises for the nurturing of creative talents, as well as to promote exchanges and collaboration between the creative and cultural sectors and the business community.
- (v) as part of its holistic support to the development of Hong Kong's film industry, the Government has set up the Film Development Council and the Legislative Council has approved an additional funding of \$300 million to expand the Film Development Fund to provide focused support to small-to-medium budget films in Hong Kong. The Fund aims to encourage more commercial investment in the film industry and create a critical mass of film activity and employment opportunities in order to nurture talents for the film industry.
- (vi) to actively participate in the World Expo 2010 Shanghai to capitalize on the opportunity to promote Hong Kong brands to the world and publicize the characteristics of Hong Kong as a creative capital.

Creative industries embrace a wide range of sectors. To ensure more effective delivery of support services to different sectors by various government departments and to achieve greater synergy

through integration of resources, a cross-sectoral steering committee chaired by the Financial Secretary will be formed to bring together the creativity and strengths of representatives from the industry players, non-governmental organizations and professional bodies to formulate the overall strategy and action plan for the development of local creative industries, as well as devise the ancillary facilities and manpower training in collaboration with the Government.

- (b) While the police fully respect the freedom of creativity, they will take appropriate enforcement action against those people who contravene the law of Hong Kong. All activities engaged by the public, including creative work, should be conducted in accordance with the law of Hong Kong. If there is any doubt, professional legal advice should be sought before carrying out the activities concerned in order to avoid breaking the law.

MR JEFFREY LAM (in Cantonese): *Madam President, in part (b) of the main reply, the Secretary said that the police fully respect the freedom of creativity. But the recent incident of " '14 K' T-shirt" has caused a host of doubts among many people who fear that they may have trespassed the line and committed an offence. The store concerned has recently also sold T-shirts with "Delay" as the first word of the logo and some people have also put on such T-shirts when participating in public activities. Secretary, some people also think that such words are indecent and offensive. However, in the main reply, the Secretary did not answer what criteria would be adopted by the police to protect freedom of creativity in their law-enforcement actions, how to educate the public so that they will not commit an offence and whether the Secretary can cite some concrete examples to illustrate the relevant procedures.*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): *Madam President, as I said in the main reply, the police fully respect the freedom of creativity. However, as the law-enforcement agent in Hong Kong, the police should enforce the law in a fair and impartial manner in accordance with the laws of Hong Kong. If there is any evidence showing that someone may have committed an offence, the police will conduct an in-depth*

investigation and collect evidence and take suitable enforcement action against those who are suspected to have broken the laws of Hong Kong.

When engaging in any activities, including creative work, people should abide by our laws. I believe the creative industry will also agree that art creators should shoulder social responsibility and abide by the law when engaging in creative work. Both the Government and the public respect the freedom of creativity which, however, does not mean the laws can be violated.

PRESIDENT (in Cantonese): Mr Jeffrey LAM, has your supplementary question not been answered?

MR JEFFREY LAM (in Cantonese): *Madam President, regarding the examples, the Secretary has not given us any examples for our reference. May I ask the Secretary whether he can give us some guidelines in this aspect?*

PRESIDENT (in Cantonese): Secretary, Mr LAM just now asked you to give some examples on the principles so that they can have a clear picture. However, if you do not have such information now, you may give a reply in writing.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): May I ask Mr LAM whether the examples he asked for are the examples of law enforcement by the police?

MR JEFFREY LAM (in Cantonese): *Yes.*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Regarding the specific examples in this aspect, I think I had better give Mr LAM a reply in writing. (Annex II)

MR BERNARD CHAN (in Cantonese): *President, I am glad to hear that the Secretary is so supportive of the art, cultural and creative industries in Hong*

Kong. I hope the Secretary will also agree that art is also part of the creative industry. Each year there are dozens of graduates from the two major tertiary institutes in Hong Kong. But as far as I know, among these graduates, only a few of them or less than one half of them can continue to work in the art industry as their career. To earn a living on art mainly depends on the market.

I would like to ask the Secretary a question: Many enterprises or governments of foreign countries will actively support their local artists and buy their works. In addition, their works will be displayed in government venues no matter they are two-dimensional or three-dimensional works. Apart from the Government, the business sector will certainly also display these works in public places. Will the Government consider taking the lead in doing so in support of the local creative industry and artists?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Thanks for the Member's question. The Government has done a lot of work in support of artistic creation in the community. It includes financial support and support in various aspects for the development of local art organizations. Through our effort in arts education and promotion, we strive to provide an environment conducive to the nurturing of creative talents.

Regarding Mr CHAN's particular suggestion just now, I believe it is precisely what the steering committee under the leadership of the Financial Secretary may consider. At present, we hope that we can discuss the issue with the industry, the business sector and the public. We will also consider how to make further efforts in the deployment of all our resources on the basis of our support for the development of the industry. I believe these suggestions can be referred to the steering committee for consideration.

MR SIN CHUNG-KAI (in Cantonese): *President, the Government has introduced a lot of measures to promote and help the creative industry. But I would like to cite an example. For instance, for on-line games, it usually takes around 12 months for the application and grant of a business licence. However, if an on-line game can only be granted a licence after 12 months, it will become outdated.*

May I ask the Secretary what specific efforts can be made in this aspect so as to help them get the licence? I do not ask the Government to help their development, rather I ask the Government what can be done as assistance.

PRESIDENT (in Cantonese): Mr SIN Chung-kai, your supplementary question is

MR SIN CHUNG-KAI (in Cantonese): *It is related to the digital entertainment sector mentioned in the Secretary's main reply. On-line games belong to digital entertainment.*

PRESIDENT (in Cantonese): I just wanted to explain it for you that your supplementary question is about the creative industry. Secretary, please answer the question.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, may I ask Mr SIN whether he referred to licence application in Hong Kong or elsewhere?

MR SIN CHUNG-KAI (in Cantonese): *Do we have such a licence in Hong Kong?*

In Hong Kong, fees are charged on the Internet if an on-line game is created in Hong Kong. But in the Mainland, it is necessary to apply for an ICP licence, apart from a distribution licence, if an on-line game is created there and it will take one year for the application of all licences, any.....

PRESIDENT (in Cantonese): Are you asking the Secretary about the difficulty in applying for licences in the Mainland.....

MR SIN CHUNG-KAI (in Cantonese): *Are there any means?*

PRESIDENT (in Cantonese): Does the SAR Government have any means to offer help?

MR SIN CHUNG-KAI (in Cantonese): *Yes.*

PRESIDENT (in Cantonese): Please sit down.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): In our promotion of "Brand Hong Kong" and the creative industry as a whole, one of the areas is to help the industries in Hong Kong to enter the mainland market under the framework of CEPA. The issue raised by Mr SIN Chung-kai precisely falls within this area and I certainly hope that we can make some effort in this aspect.

MRS SELINA CHOW (in Cantonese): *After the " '14 K' T-shirt" incident involving a store selling household goods, a few days ago, I heard that some newspaper articles were being investigated by the police on the ground that they might involve language violence and an offence might have been committed. It is believed that such a law-enforcement action will constitute a great threat to our creators, be they article writers, designers or artists. May I ask the Secretary how such so-called law-enforcement action can be prevented from constituting a threat to the freedom of creativity or the creators, and how such an action can be prevented from dealing a blow to the creative industry?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, no matter it is the creative industry, freedom of creation or freedom of the press, we fully respect it. Regarding the special example just cited by the Member, I cannot give a reply here. It should be answered by the police, if necessary.

MRS SELINA CHOW (in Cantonese): *President, my supplementary question is not about how the Secretary will solve this single incident. The most important thing is the Government's overall attitude because this is crucial to the freedom of creativity. However, the Secretary has not answered this part of my question as he treated my question as one concerning an individual incident.*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): The Government's position is crystal clear, regardless of whether it is freedom of creativity or freedom of the press. We will fully respect this principle when formulating this policy or other policies.

MR ALAN LEONG (in Cantonese): *Madam President, the search of a newspaper office and the seizure of "14 K" T-shirts in fact happened on the same day. I think the Secretary will also understand that the spirit of the rule of law is to protect human rights and freedom by means of the laws. Just now a number of colleagues pointed out the crux of the question. But I think the Secretary has not answered it and that is, the store concerned in the T-shirt incident enjoys a good reputation and superficially does not have any connection with triad societies. May I ask the Government whether an internal assessment and a review have been conducted on this action and whether it thinks that power has been abused in this incident?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, the police have enforced the law in accordance with the existing legislation. In this regard, we consider that the legislation is clear and the police have the power to do so. I believe the industry and the public understand the spirit of the law.

What the Societies Ordinance covers are rather serious matters. In this aspect, the police have justifications in their law-enforcement action.

MR ALAN LEONG (in Cantonese): *Madam President, the Secretary has not answered my supplementary question. My question is: Has the Government conducted any internal assessment on this incident and does the conclusion point to the fact that power has been abused?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, regarding this incident, I believe I cannot give a direct reply. I would rather have the question answered by colleagues from the Security Bureau.

MR ALAN LEONG (in Cantonese): *Madam President, does the Secretary mean that he has undertaken to give us a reply in writing?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): *Absolutely. (Annex III)*

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

MR LEUNG KWOK-HUNG (in Cantonese): *I would like to talk about the T-shirt incident. In my opinion, this is not only an incident about the freedom of creativity, but also freedom of expression. In fact, may I ask the Government whether those who have bought the T-shirts and are wearing them when going out will be prosecuted if the producer has been prosecuted under the Societies Ordinance? Because it is also an expression of views when they wear the T-shirts.*

In fact, Mr Alan LEONG's supplementary question just now is a very good question. Obviously, the police have abused the power because.....

PRESIDENT (in Cantonese): *Mr LEUNG Kwok-hung, you need not express your own views. Please ask the supplementary question direct. Have you asked your supplementary question?*

MR LEUNG KWOK-HUNG (in Cantonese): *Yes, I have. My supplementary question is: As the police have abused their power by seizing the T-shirts and arresting the producer, if some people wear the T-shirts when going out or, for example, I wear the T-shirt when attending meetings in this Chamber, will I be arrested? Secretary, you have to answer this question, because.....*

PRESIDENT (in Cantonese): *Please sit down, and the Secretary will answer the question.*

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

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, under the relevant provisions of the Societies Ordinance, any person who has the custody, control or has been found in possession of any writing, seals, banners or insignia of or relating to any triad society shall be guilty of an offence.

Regarding this incident, the Government has time and again urged that those people who have bought the products concerned should contact the police as soon as possible in order to help the investigation.

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, has your supplementary question not been answered?

MR LEUNG KWOK-HUNG (in Cantonese): *No.*

PRESIDENT (in Cantonese): You need only repeat the part of your question which has not been answered.

MR LEUNG KWOK-HUNG (in Cantonese): *If some people wear the T-shirts when going out, will they commit any offence under the Societies Ordinance?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, as the circumstances of individual cases are different, no single conclusion could be drawn. In my opinion, the police will seek the legal advice of the Department of Justice according to the circumstances of each individual case before considering what proper follow-up actions should be taken.

MR LEUNG KWOK-HUNG (in Cantonese): *No, President, I would like to.....*

PRESIDENT (in Cantonese): Has your supplementary question not been answered or do you wish to express your views? You may rise and say that the Secretary has not answered your supplementary question. But if you simply shake your head, I do not know what you want.

MR LEUNG KWOK-HUNG (in Cantonese): *The Secretary has not answered my supplementary question. Here we have a very crucial question and that is, whether the citizens of a region will be arrested because of wearing a particular piece of clothing. The Secretary said that individual cases should be discussed on their own merits. But I think the Government with such an attitude is irresponsible because the Government, when arresting the producer, said that the justification was clear and definite.*

President, my supplementary question is in fact very simple. On the basis that people wearing the T-shirts and the producer and those who have the custody of the T-shirts have committed the same offence, if people wearing the T-shirts fall within individual circumstances, why should the police launch such a large operation to arrest the producer? In doing so, how can the freedom of creativity be protected? Is this an abuse of power?

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please sit down first. This is Question Time, not a debate with the Secretary. I now ask the Secretary whether he has anything to add. You may be dissatisfied with his reply but if the Secretary says that he has nothing to add, then your follow-up should end there.

Secretary, do you have anything to add?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, my reply just now already answered Mr LEUNG's question, so I have nothing to add.

PRESIDENT (in Cantonese): Third question.

Supply of and Demand for Motorcycle Parking Spaces

3. **MR LEE CHEUK-YAN** (in Cantonese): *President, I have received complaints from members of the public that motorcycle parking spaces in many districts are insufficient. In reply to a question raised by a Member of this Council in this regard on 15 June 2005, the former Secretary for the Environment, Transport and Works advised that approximately 6 000 additional parking spaces for motorcycles were projected to be provided at roadside, government car parks, short-term tenancy (STT) car parks and new developments in the next three years. In this connection, will the Government inform this Council:*

- (a) *of the latest demand and supply situation of day-time and night-time motorcycle parking spaces in each local administrative district, and the districts in which motorcycle parking spaces are seriously in short supply;*
- (b) *of the respective numbers of motorcycle parking spaces added and cancelled in each local administrative district over the past two years; and*
- (c) *whether it plans to provide additional motorcycle parking spaces in the next 12 months; if so, of the number of such parking spaces, together with a breakdown by their respective locations?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): *Madam President, as at April this year, there were about 35 800 licensed motorcycles. The Transport Department (TD) assesses demand and supply of motorcycle parking spaces in the territory on a continuous basis and has been paying great effort in providing more designated motorcycle parking spaces.*

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

- (a) **For day-time parking spaces, the TD has estimated that the demand is 10 400 and the supply of designated parking spaces is 10 500. The overall supply is therefore adequate. As for night-time demand and supply of motorcycle parking spaces, the demand is**

basically similar to the number of licensed motorcycles, which is about 35 800, and the supply of designated parking spaces is 24 100. In other words, designated parking spaces are adequate to meet over 70% of the night-time parking demand. The above supply figures do not include other non-designated parking areas, such as private garages and open areas close to their home or working places.

Regarding the demand and supply of motorcycle parking spaces in each district, for day-time parking, among the 18 districts, seven experience shortage in parking provision. They include Wan Chai, Eastern, Yau Tsim Mong, Sham Shui Po, Kowloon City, Sai Kung and North Lantau and Outlying Islands. As for night-time parking provision, shortage is experienced in every district, and is more obvious in Tuen Mun, Yuen Long, North District, Sha Tin and Kwai Tsing. Nevertheless, we notice that some motorcycle parking spaces remain vacant in the car parks in these areas. We will continue to closely monitor the parking provision in these areas and work to our best to meet the demand.

- (b) The number of motorcycle parking spaces has increased by 2 100 over the past two years. The detailed breakdown of the increase on a district basis is at the Annex.

We have been paying great effort in implementing measures to increase the provision of motorcycle parking spaces in new developments and new STT car parks, as well as roadside and government multi-storey car parks. However, the progress has not matched the estimation made in 2005 because of the following reasons:

- (i) the completion dates of some new developments are different from those planned during the forecast, and hence the motorcycle parking spaces could not be provided as planned;
- (ii) we have to consult the local community for designating roadside motorcycle parking spaces. Contrary to expectations, the proposals at some locations were not supported by the local community; and

- (iii) there are vacant motorcycle parking spaces in some car parks. Because of commercial and utilization considerations, car park operators have not been as active as expected in providing even more motorcycle parking spaces.
- (c) We will continue to pay great effort in providing more motorcycle parking spaces to meet the demand. The TD will continue to:
- (i) designate more roadside motorcycle parking spaces without affecting traffic flow and road safety;
 - (ii) convert some of the private car parking spaces in government multi-storey car parks into motorcycle parking spaces according to market demand;
 - (iii) require new developments to provide adequate motorcycle parking spaces according to the Hong Kong Planning Standards and Guidelines; and
 - (iv) subject to demand and supply situation in individual districts, require operators of STT car parks to provide more motorcycle parking spaces when granting the tenancy, jointly with the Lands Department.

We expect that 1 000 additional motorcycle parking spaces will be provided at roadside, government car parks, STT car parks and new developments in the next 12 months. Most of these parking spaces will be provided in the New Territories where there is a shortage of night-time parking provision. The exact timing for the provision of parking spaces at new developments and STT car parks will, however, depend on the dates of completion of these developments and the opening of the STT car parks. We will also need to consult the local community before implementing plans for providing roadside parking spaces for motorcycles. Among the presently planned additional parking spaces, about 200 each will be located in Tuen Mun and Yuen Long; 100 each in North District, Sha Tin and Kwai Tsing; and the other 300 will be distributed in other districts.

Supply of Motorcycle Parking Spaces
(Increase/Decrease on Comparison between 2007 and 2005)

<i>District</i>	<i>2007</i>	<i>Increase(+) / Decrease (-)</i>
Central and Western	1 100	+ 50
Wan Chai	800	+ 50
Eastern	1 950	+ 150
Southern	1 350	+ 200
Yau Tsim Mong	1 450	+ 150
Sham Shui Po	1 550	+ 150
Kowloon City	1 300	+ 50
Wong Tai Sin	1 850	+ 250
Kwun Tong	2 800	+ 250
Tsuen Wan	950	+ 150
Tuen Mun	1 000	+ 200
Yuen Long	950	+ 50
North	450	+ 50
Tai Po	600	+ 100
Sai Kung	2 050	+ 50
Sha Tin	1 900	+ 150
Kwai Tsing	1 850	+ 50
North Lantau and Outlying Islands	200	+ 0
Total	24 100	+ 2 100

Note: Non-designated parking spaces, such as spaces in private garages, open areas and so on are not included in the supply figures.

MR LEE CHEUK-YAN (in Cantonese): *President, in Macao, the problem of motorcycle parking spaces has led to many motorcyclists taking to the streets. According to the Secretary's reply, I am afraid the public will also be mobilized to take to the streets.*

President, according to the figures, that is, my conclusion drawn from the main reply is that there is a shortfall of 11 700 night-time parking spaces. The

authorities undertook in 2005 to provide 6 000 additional parking spaces, but according to this reply, instead of providing 6 000 additional parking spaces, the authorities can only provide 3 100 additional parking spaces. This figure has already taken into account the number of parking spaces to be provided next year. In other words, with 3 000 less parking spaces provided, they have only honoured half of their promise and there is still a shortfall of 8 000 parking spaces now. However, the Government did not have a target in the entire reply, nor anything about the future..... it is afraid of making any projection on the number of parking spaces to be provided.

President, may I ask the Secretary whether the Government is afraid of making any projection or planning this time because it failed to live up to its promise last time? May I ask the Government whether it has any target in solving the shortage of parking spaces?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, the Government certainly has a target and it is very clear. We wish to work to our best in increasing parking spaces. I do not think it is appropriate to compare the situation in Hong Kong with that in Macao as Mr LEE did.

On the whole, the number of day-time parking spaces is acceptable, as it is more or less the same as the demand, but in respect of night-time parking spaces, as far as designated parking spaces are concerned, the supply only meets about 70% of the demand. However, I have already stated in the main reply that the 24 100 designated parking spaces do not cover non-designated parking spaces, such as private garages and open areas near people's home. For example, if I live in a village house, when I go home at night, I will park my motorcycle in the open area outside the house. It is appropriate to do so.

Generally speaking, our target and projection are that, by 2011, the number of parking spaces can be increased per annum by 1 450 parking spaces, reaching 29 900 in total. As for day-time parking spaces, the situation will be more or less the same as at present, while night-time parking spaces will be maintained at 70% of the demand. As the number of motorcycles increases at a rate of 6% every year and the provision of parking spaces increases at 6.5%, we are thus making up for the shortfall. I agree that the situation is not satisfactory, but we will work to our best to achieve it in the next few years.

Among others, we will seek to provide motorcycle parking spaces under flyovers. We understand that the provision of roadside motorcycle parking spaces is likely to meet opposition from District Councils because residents will be concerned about problems of noise and traffic. However, it seems feasible to provide motorcycle parking spaces under flyovers and we will make an extra effort in this regard in the next few years.

MR CHEUNG HOK-MING (in Cantonese): *President, the Secretary cited several figures in the main reply. It appears that day-time parking spaces are adequate, but for night-time parking spaces, as Mr LEE Cheuk-yan mentioned just now, there is a shortfall of 10 000-odd parking spaces. The Government claimed that the remaining 10 000-odd parking spaces can be satisfied by open areas outside private village houses or private garages. May I ask, other than parking at private car parks, how many of these 11 000-odd motorcycles will be parked illegally? What short-term solutions does the Government have? Does it have any plan in the long run?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): *Madam President, I have already stated in the main reply the ways we seek to provide more parking spaces. With respect to the shortfall, Members may have simply compared 35 800 parking spaces, that is, the number of registered motorcycles now, with 24 100 designated night-time parking spaces and concluded that there is a shortfall of 11 700 parking spaces. This may not, however, represent the shortfall now because, as I mentioned just now, the supply figure does not cover other non-designated parking spaces such as private garages.*

In March 2007, the TD conducted a territory-wide large-scale survey, which found that the number of illegal parked motorcycles in the territory was about 3 200. This may not be very accurate, but it is a good indicator showing that there are 3 200 illegally parked motorcycles obstructing the traffic at night. This is an indicator showing the shortfall. Nevertheless, we will endeavour to provide more parking spaces.

We will designate more motorcycle parking spaces at roadside or under flyovers, as I mentioned just now, provided that they do not affect traffic flow. Subject to the market demand, we will convert some of the private car parking spaces in multi-storey car parks into motorcycle parking spaces, subject to the

demand for private car parking spaces in the district being not large; also, concerning STT, subject to the situation of each district, we will also work jointly with the Lands Department in discussing with and requiring car park operators to provide more motorcycle parking spaces.

DR KWOK KA-KI (in Cantonese): *President, there is a huge discrepancy in the Government's projection and the actual demand. I do not understand why there is such a huge discrepancy, but my supplementary question is not about this.*

I found there are seven districts, namely Wan Chai, Eastern, Yau Tsim Mong, Sham Shui Po, Kowloon City, Sai Kung, and so on..... I believe people in these districts use motorcycles for job convenience or for going to work. If the parking spaces are inadequate, it will be undesirable for their work or the entire economy. May I ask the Government whether it can clarify when it can satisfy the great demand for day-time parking spaces in these districts? When can this be done?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): *Madam President, we wish to provide an additional 1 000 parking spaces within the next 12 months. Although we very much wish to provide more parking spaces in all districts, as I have said just now, we have to proceed according to the situation of each district. We will increase the supply as far as possible, for instance, by attempting to provide parking spaces in places less likely to meet strong opposition from the District Councils (for example in the space under flyovers). Once the business of District Councils starts again, we will provide as soon as feasible more parking spaces in districts with a dire need of parking spaces. I agree that it is difficult to site parking spaces in certain old districts such as Wan Chai, Eastern, Kowloon City, and so on, but colleagues of the Bureau hold that there is room for designating parking spaces and we will continue to work hard on this.*

DR KWOK KA-KI (in Cantonese): *President, the Secretary did not answering the timing. If she cannot give an answer now, I wish she can give a reply in writing after the meeting. What is her projected time of solving the problem of inadequate parking spaces in these seven districts at present?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, this projection is determined by the work in the district. If Members can give us a little time to discuss the matter with the District Councils when they resume meeting, we will then be able to provide a more concrete approach, for we are now only stating the number of parking spaces to be increased on our own account before any discussion with them. This may not be a desirable work plan.

MS MIRIAM LAU (in Cantonese): *President, the 1 000 additional parking spaces to be provided in the coming 12 months are all night-time parking spaces in the New Territories. As mentioned by Dr KWOK Ka-ki just now, the day-time parking spaces are seriously inadequate in seven districts. The supply and demand of day-time parking spaces are actually similar, and the shortfall is caused by a mismatch of supply and demand.*

May I ask the Secretary whether the authorities will draw experience from the previous handling of inadequate private car parking spaces, and conduct a comprehensive review by examining not only the figures but also whether there is a mismatch. The authorities not only have to review the figures, but also make priority consideration of providing parking spaces in districts with a dire need of parking spaces. Will the Government conduct a comprehensive review of the day-time and night-time parking spaces to see whether there is any mismatch of parking spaces and thereby solve the parking spaces problem?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, I think Ms Miriam LAU's proposal is precisely what we will do. In fact, the parking habits of motorcyclists are very important. We find that the situation differs from one district to another. In some districts, people are more willing to park their motorcycles in multi-storey car parks, while in other districts people prefer parking their motorcycles at roadside. Thus, when we designate parking spaces in a district, we have to design the right mode, rather than letting one mode fit all. Subject to the parking habit of the local community and situation in the district, we will decide the approach for each district and expeditiously solve the problem of mismatch, and thereby satisfy the majority demand.

MR LEUNG YIU-CHUNG (in Cantonese): *President, the Secretary's main reply reflected that the parking spaces in the New Territories, particularly during the night-time, are seriously inadequate. It also reflected that public transport expenses in the New Territories are very high, coupled with fuel expenses..... People wishing to minimize transport expenses will thus opt for the motorcycle as a means of transport.*

The Secretary stated in her reply to Mr LEE Cheuk-yan just now a target, but she did not give us the overall timetable of implementation and a genuine solution to the problem. The demand is on the increase because, as I mentioned just now, the fuel expenses are very high, so many people opt for the motorcycle. The Secretary is now only talking about the figures which will further increase. In this connection, can she inform us of her personal projection, plan and timetable? I hope that the Secretary will not tell us that she has a target but does not have a concrete timetable. I hope she can be more specific in her reply.

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, our concrete timetable for the coming 12 months is precisely doing more work in the New Territories. I said just now that there would be 200 such parking spaces each in Tuen Mun and Yuen Long; about 100 in North District, Sha Tin and Kwai Tsing, and the remaining 300 will be scattered in different districts. We will endeavour to do what Mr LEUNG has said. This is the relatively specific work, and after that, as I have stated just now, however the approach for different districts will be different because we have to consult the local community rather than relying on our subjective will alone. There are different ways to increase parking spaces in different districts, for instance, by providing car parks, STT car parks, roadside parking spaces, and so on. We need to discuss all these options with the local community. Moreover, we also have to consider whether there is a surge in the number of motorcycle. We can see that the increase rate peaked at 8.16%, but then it dropped to 5.57% in 2006. Certainly, the figure only indicates an average increase and it may not be on the rise or results in an upsurge as we have projected.

PRESIDENT (in Cantonese): Mr LEUNG Yiu-chung, has your supplementary question not been answered?

MR LEUNG YIU-CHUNG (in Cantonese): *No, President, my supplementary question is whether there is a concrete timetable and how to solve this problem in the long run. The Secretary has only stated the part on the coming 12 months and I wish she can expound on the timetable to solve the overall shortage.*

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

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, we have a rough projection but, as I said, it has to dovetail with the concrete work plan in the coming few years. Our present projection is that the number of parking spaces can be increased by an annual average of 1 450 parking spaces, reaching almost 30 000 by 2011. This is our general target, but we certainly wish to increase the number of parking spaces as far as possible by the different ways I mentioned earlier.

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

MR ABRAHAM SHEK (in Cantonese): *President, according to the Secretary's main reply, Wan Chai district has the least number of parking spaces. May I ask the Secretary why it is so? Will she consider increasing the parking spaces in Wan Chai?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, this is subject to the practical limitation of the district. In Wan Chai, much of the roadside space is used up. We certainly wish to designate as many parking spaces as possible in those worst case districts and this will be the major focus of our work in the future.

PRESIDENT (in Cantonese): Fourth question.

Social Services for Children Born in Hong Kong to Mainland Women and Their Families

4. **DR KWOK KA-KI** (in Cantonese): *President, in its population projections for the period between 2007 and 2036, the Census and Statistics Department (C&SD) has assumed that during that period, there will be 30 000 mainland women giving birth in Hong Kong per annum. Among them, 10 000 women are the spouses of permanent residents of Hong Kong, while the rest are not. In this connection, will the Government inform this Council:*

- (a) *whether it has conducted any detailed study to examine the respective impact on the local community brought about by the aforesaid two categories of mainland women giving birth in Hong Kong; and*
- (b) *as most of the mainland women of these two categories and their spouses have indicated in a survey that they will bring their children back to Hong Kong when or before their children are six years of age, whether the authorities have calculated the additional demand for social services such as housing, education, welfare services, health care and employment service arising from members of these two categories of families settling in Hong Kong in the next 10 years, and the number of primary and secondary schools which need to be built as well as the amount of resources required to meet such demands?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): **Madam President,** according to the 2006-based population projections compiled by C&SD, the number of births born in Hong Kong to mainland women is projected to be 30 000 per annum. Among these babies, 10 000 will be fathered by Hong Kong Permanent Residents (Type I babies) and 20 000 by men who are not Hong Kong Permanent Residents (Type II babies). With reference to the results of the Survey on Babies Born in Hong Kong to Mainland Women conducted at the Birth Registries, the Government projects that about 65% of the Type I babies will stay in Hong Kong. The remaining 35% will leave Hong Kong within the first year of their birth and, among them, 90% will return to Hong Kong before the age of 21. As for Type II babies, the Government projects that about 9% will stay in Hong Kong. The remaining 91% will leave Hong Kong within the first year of their birth and, among them, 58% will return to Hong Kong before

the age of 21. Among those Type I babies who will return to Hong Kong, 80% will do so at or before the age of three and 93% will do so at or before the age of six. As regards Type II babies who will return to Hong Kong, 51% will do so at or before the age of three and 85% will do so at or before the age of six. The impact of mainland women giving birth in Hong Kong will be reflected in the projections concerning population and household updated every two to three years by the C&SD. These projections will form a common basis for Government planning in various programme areas (such as housing, education, social services, medical and health services, employment services, and so on).

The Housing Department (HD) makes use of the population and household projections compiled by C&SD for projecting the long-term demand for Public Rental Housing (PRH). Corresponding adjustments to HD's flat production programme will be made with a view to meeting the demand of PRH applicants and ensuring that the average waiting time for PRH will be maintained at around three years.

As far as long-term planning in education is concerned, the Education Bureau will make reference to the school-age population projections and take into account the actual numbers of students at various levels at present as well as the latest demographic changes, such as fluctuations in newly-arrived children from the Mainland, in estimating the demand for school places and relevant resources in the next decade. Based on the relevant population figures, it is projected that the number of school-age children at the primary and secondary levels will not rise significantly in the coming 10 years. Hence, the Government does not foresee the need at this stage to build more schools solely to cater for children born to mainland women in Hong Kong. The provision of education facilities at pre-primary level is market-driven. The Government will reserve sufficient resources for the Pre-primary Education Voucher Scheme.

With regard to welfare services, it has been the Government's policy to serve all families and individuals in need. At present, the Integrated Family Service Centres (IFSCs) across the territory provide a continuum of preventive, supportive and therapeutic welfare services to Hong Kong residents in need, including children born to mainland mothers and living in Hong Kong. The IFSCs will assess the circumstances and problems faced by the children concerned, and provide them with appropriate services to cater for their needs at different stages of development. These services include family life education, parent-child activities, various types of support groups, counselling and referral services.

If, for various reasons, infants or children are left to stay in Hong Kong without proper care, social workers will assess their welfare needs in a comprehensive manner and provide appropriate services according to the actual circumstances of each case.

The Government takes into account the population and projected youth population in each district in planning for the provision of IFSCs and Integrated Children and Youth Services Centres (ICYSCs) respectively. IFSCs provide services appropriate and specific to district needs. For instance, they will organize more support groups and activities for the newly arrived families in districts with a higher concentration of these families, to help them adjust to living in Hong Kong and facilitate their integration into the community. In setting up ICYSCs, we will also give priority to areas with a greater service demand.

Apart from operating and subsidizing various welfare services, the Government has also set up a \$300 million Community Investment and Inclusion Fund (CIIF) to promote the development of mutual help networks among people from different generations, social strata and background. The aim is to enhance their sense of belonging to the community and facilitate social inclusion. Of the 147 projects supported by the CIIF, about 70% of them serve new arrivals.

In respect of public health care services, the Hospital Authority (HA) provides local residents with health care services, such as in-patient, out-patient and community care services. According to the Hong Kong Population Projections 2007 to 2036 published by the C&SD, the population aged below 18 in Hong Kong will drop slightly in the coming decade. The number will rise slightly in the two decades from 2016 to 2036 but will remain at the level of about 1.2 million. As such, the HA projects that the demand for its relevant health care services from local residents aged below 18 will remain steady in the coming three decades. The HA will ensure that adequate health care services are in place to meet the needs of the community by closely monitoring its service utilization and exercising flexibility in its deployment of resources in the light of changes in service demand and developments. In addition, the Department of Health (DH) provides a range of services for all children and students across the territory, irrespective of whether their parents are Hong Kong residents. The services include, among others, family health service, child assessment service, student health service and school dental service. Future demographic trend is one of the factors that the DH takes into account in its service planning.

As regards employment guidance, the Labour Department provides comprehensive employment services to all job seekers free of charge, through a network of Job Centres, Telephone Employment Service and its online Interactive Employment Service. A Resource Corner is set up in each Job Centre to provide employment information to job seekers who are new arrivals from the Mainland. The Job Centres also organize for new arrivals employment briefings on the local labour market situation as well as job search and interviewing skills on a regular basis.

Overall speaking, given the many uncertainties and the absence of actual trends for reference, it is difficult to project more precisely whether children born in Hong Kong to parents who are not Hong Kong Permanent Residents would eventually come back to settle in Hong Kong and receive education here. The Government will closely monitor the actual situation and update the relevant population projections and services planning as and when necessary.

DR KWOK KA-KI (in Cantonese): *In fact, the Government has not answered my question at all. In part (b) of the main question, I asked about the amount of resource the Government would deploy in response to the increase in population, but no answer was given by the Government. In 2001, there were only 620 babies whose parents were not Hong Kong residents, but this number increased year on year, from 1 200 to 2 000, then to 4 000, 9 000 and 10 000 now. If the increasing trend continues, there will be over 20 000 babies each year. A rough estimate reveals that in the next decade, the number of school-age children will exceed 250 000. Under the small-class teaching approach, about 10 000 classrooms and 400 schools will be needed to accommodate these children. But the Government dared to tell us that would not be a problem. I think the Secretary has not answered my question. So, President, as I asked in my question, I want the Government to give a clear calculation of the resource required to meet the development needs of some 200 000 school-age children, and state the impact they may have on schools if they come to Hong Kong or if not. Will the Government provide the assessment results, including the resource required, in actual figures? This request is stated unequivocally in part (b) of the main question.*

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

SECRETARY FOR EDUCATION (in Cantonese): The figure quoted by Dr KWOK Ka-ki just now was the figure of several years ago, that was 2001. Comparing with the figure this year, the figures over the past few years surely have changed. However, our planning over the past few years has already taken into account these changes. From today onwards, what we need to do is to look forward. As we have seen, the figure recorded is sharply higher than that a few years ago. We now estimate that 30 000 mainland women will give birth in Hong Kong each year, among which, 10 000 babies will be fathered by Hong Kong residents while the remaining 20 000 babies by non-Hong Kong residents.

As indicated in part (a) of the main reply, our computation has indeed included nearly 100% of Type I babies. As for Type II babies, on the primary education front, for example, over 50% of these babies have already been included in our computation, while on the secondary education front, over 60% of these babies have been included. Hence, we notice no substantial fluctuation in these figures. But still, projection is after all projection. As we have said, the C&SD will update these figures every two to three years, and studies will be conducted subject to the updated figures to examine the need to alter our assumption. If alteration is required, the alteration will be reflected in the figures of the prevailing projection. However, at this point, as we have said in the main reply, in respect of education and health care services, we project that the figure will not increase substantially in the next decade.

DR KWOK KA-KI (in Cantonese): President, the Secretary has really not answered my supplementary question. I asked him about the amount of resource required in respect of the relevant figures. Is he suggesting that the answer is "zero", in other words, there will be no difference regardless of mainland women giving birth in Hong Kong? With regard to the resource involved, has not the Government made any estimate, or does it consider that the situation will have no bearing on resources? I asked him to give the relevant figures, but he has not given any at all.

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

SECRETARY FOR EDUCATION (in Cantonese): To focus on education alone, according to my earlier reply, we are now talking about the increase in

resources or the number of schools required. In view of the existing services provided and in the light of the prevailing situation, we think a significant increase in resources is not called for, for the increase in school-age children is indeed very modest. Moreover, we have to keep in view the increasing trend in future. Certainly, if Dr KWOK Ka-ki again requests us to provide the relevant figures, I may provide him with the relevant information.

MR LI KWOK-YING (in Cantonese): *As mentioned by the Secretary in part (a) of the main reply, about 35% of Type I babies will leave Hong Kong within the first year of their birth and around 90% will return to Hong Kong before the age of 21. The figures for Type II babies are close, approximately 90% of these babies will leave Hong Kong within the first year of birth and around 60% will return to Hong Kong before the age of 21. We cannot rule out that these babies may stay in Hong Kong to study on their future return. According to my prediction, around 13 000 students will stay in Hong Kong to study. However, as far as I know, there are 4 000 cross-boundary students travelling from the Mainland to study in Hong Kong at present. Earlier on, there were cases where students were lost when they crossed the boundary. May I ask the Government whether it has measures to solve the transport problem faced by cross-boundary students or protect their safety?*

PRESIDENT (in Cantonese): Mr LI Kwok-ying, your supplementary question is

MR LI KWOK-YING (in Cantonese): *President, Dr KWOK Ka-ki's question asked about the protection available in various aspects for children born in Hong Kong, and the welfare to which they should be entitled in various aspects which the Government failed to address. However, these students also have the right to education. Though they have to live in the Mainland for various reasons, they are Hong Kong residents and should be looked after.*

PRESIDENT (in Cantonese): Mr LI Kwok-ying, Dr KWOK Ka-ki's main question is about the additional demand on housing, education and other aspects arising from children who come to settle in Hong Kong, and the additional resources the Government needed to deploy. The main question is about

children coming to settle in Hong Kong, whereas your present supplementary question is about children not living in Hong Kong but only come to Hong Kong to study, am I right? Will you ask another supplementary question later?

MR LI KWOK-YING (in Cantonese): *Alright.*

MISS CHAN YUEN-HAN (in Cantonese): *I will focus on Type I babies. As I listened to what the Secretary said earlier, it seemed that there was no problem at all. In his reply to Dr KWOK Ka-ki's main question on welfare, he said that it had been the Government's policy to serve all families and individuals in need. He also mentioned that if, for various reasons, infants or children were left to stay in Hong Kong without proper care, social workers would assess their welfare needs in a comprehensive manner and provide appropriate services according to the actual circumstances of each case. President, his reply in this manner seems to suggest that there is no problem, but in fact, there are a lot of problems. Yesterday, I asked the Secretary for Security a question when I dined with him: If a mainland mother, whose husband is a Hong Kong resident and does not have other family members, has to come to Hong Kong to look after her children but is required by the mainland authorities to leave Hong Kong when her permission of stay expires, what should she do if she wants to extend her stay in Hong Kong? I asked the Secretary this question yesterday.*

Another question is about cases in which the father of the children has died, leaving his mainland widow in financial difficulties. However, the Government has not followed up these cases. Every day, my office receives a lot of cases from mothers of Type I babies. President, as such, I think those two sections in the Secretary's main reply, which seems to suggest that "everything is fine" and that there is no problem at all, are not reflecting the actual situation. At present, what the Secretary said about "providing proper care comprehensively" has not been achieved, not that as I can see. May I ask the Secretary how he will assist people facing these two types of difficulty mentioned by me earlier to solve their problems?

PRESIDENT (in Cantonese): Miss CHAN Yuen-han, your supplementary question has indeed deviated from the content of Dr KWOK Ka-ki's main question, for you are asking about the issue of entry.

MISS CHAN YUEN-HAN (in Cantonese): *No, President, I am referring to children who have come to settle in Hong Kong but whose mothers are mainlanders.*

PRESIDENT (in Cantonese): **This is then about the entry problem of their mothers. However, the main question is about the number of children who may come to settle in Hong Kong and the demand for social resources brought about by them. That is why the two Secretaries attend the meeting. Nevertheless, the supplementary question put forth by the Member is indeed**

MISS CHAN YUEN-HAN (in Cantonese): *President, no. President, I understand full well what you mean. Some 60% of these children will come to settle in Hong Kong and someone has to take care of them. If there are paternal relatives who can look after them, there will not be any problem. If not, many of these children have to be taken care of by their mothers who have to travel from the Mainland to Hong Kong. In other words, these women are related to their children who have settled in Hong Kong. When these mainland mothers come to Hong Kong to take care of their children* *President, if you do not agree, I can surely ask another supplementary question, which will be on the economic front. If the husbands of these mainland mothers have died whereas these mothers have to come to Hong Kong to look after their children, what can they do? These mainland mothers who have resided in Hong Kong for less than seven years will encounter financial difficulties. The Secretary's remark that "everything is fine" and that their children will definitely be taken care of is not the case in reality. President, this supplementary question is in line with the theme of the question.*

PRESIDENT (in Cantonese): **Miss CHAN Yuen-han, please be seated first. First, I have no idea that the Secretary has made the remark that "everything is fine". Indeed, it is most unlikely that the many problems in Hong Kong will be brought to a status where "everything is fine". (Laughter)**

MISS CHAN YUEN-HAN (in Cantonese): *President, he did say so. He talked about "providing care comprehensively", was he not saying that "everything is fine" then? President, I beg your pardon.*

PRESIDENT (in Cantonese): However, I think Members should better focus on the issue of children coming to settle in Hong Kong, for the main question is about the demand for education and welfare services brought about by them. If I ask the Secretary to give a reply, I can only ask him to answer the part on welfare service.

MISS CHAN YUEN-HAN (in Cantonese): *Yes.*

PRESIDENT (in Cantonese): Your supplementary question should be: For children who have already settled in Hong Kong, if changes occur to their family and no one can take care of them in Hong Kong, what welfare measures has the Government put in place? Will you put your question this way?

MISS CHAN YUEN-HAN (in Cantonese): *Yes, thank you, President.*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): The problem mentioned by Miss CHAN Yuen-han actually did occur. For instance, in Tin Shui Wai, there are families like this, but not many. It would be an exaggeration to say that the situation is very serious. In fact, in the main reply, I have stated clearly that social workers will assess the welfare needs of these children in a comprehensive manner and provide appropriate services, but not "comprehensive care". If these children are fathered by Hong Kong residents, generally, they will not be left to stay in Hong Kong alone and will usually be looked after by other relatives in Hong Kong. There is definitely no case where only the infant is left in Hong Kong while the parents are in the Mainland, and even if there are such cases, the number will be small. We too understand the situation at the front line. These children are usually looked after by their relatives, like uncles and aunties. However, in all circumstances, Miss CHAN Yuen-han, the IFSCs will provide diversified services to them if necessary, but assessments will surely be carried out to identify their needs. That is why I said in the main reply that appropriate services would be provided if necessary, for at issue is what kind of services they need.

MISS CHAN YUEN-HAN (in Cantonese): *Perhaps I have not made myself clear, my question is about the children..... If the children are looked after by*

their family members as the Secretary said, there will not be any problem. But this is not the case, and the situation is really posing a problem. At present, my constituency covers Wong Tai Sin and Kwun Tong, not Tin Shui Wai. Many Type I babies are found in the district. Their mothers are eager to come to Hong Kong to look after their children when no one can take care of them, but their fathers are not here and they have no relatives in Hong Kong, what can they do? Actually, the situation has not been addressed as the Secretary claimed. Therefore, I hope the Secretary..... I am not referring to the situation in Tin Shui Wai but that in Wong Tai Sin and Kwun Tong.

President, I hope the Secretary will understand the problem I have raised.

PRESIDENT (in Cantonese): Though we have already spent 20 minutes on this question, I will allow one more Member to ask a supplementary question. If Members would like to draw the Government's attention to individual cases, they may reflect this to the Secretaries direct after the meeting.

Secretaries, I will allow one more Member to ask a supplementary question.

MR CHAN KAM-LAM (in Cantonese): *I would like to ask about part (a) of the main question, which asked whether the Government had conducted any study to examine the respective impact on the local community brought about by the two categories of mainland women giving birth in Hong Kong. The supplementary question asked by Miss CHAN Yuen-han just now is rather direct and may involve the children issue. My question is about Type I babies whose mothers have to return to the Mainland after their birth, a situation where many quasi-single-parent families have been created indirectly. According to the response of the Government, a series of welfare measures have been put in place to take care of the people in need. The annual figure is relatively high, with 65% of Type I babies staying in Hong Kong immediately after birth, which equals to 6 500 babies. Some of these babies may face the problem of quasi-single-parent families. May I ask the Government of the social burden brought about by this type of quasi-single-parent families where the father has to give up work to look after his children? In addition to direct welfare measures,*

can consideration be given to enhancing communication with the Mainland Authorities to allow mainland mothers to come to Hong Kong as soon as possible, instead of dealing with the problem with direct welfare measures?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Madam President, in fact, a comprehensive reply has been given in the main reply, that is, we will assess their service needs. The question raised by the Member just now is about how to allow the mothers to come to Hong Kong to take care of their families as soon as possible, which is a separate issue. As far as I understand it, at present, many mothers of these families can come to Hong Kong on two-way permits and maintain a constant tie with their families. There are such cases. As for how many fathers of single-parent families having to give up work to look after their children, we do not have the specific figures. However, if they need services, the IFSCs will definitely provide the services they need.

MR CHAN KAM-LAM (in Cantonese): *President, the Secretary has not answered my supplementary question. First, though the Government has not conducted the relevant assessment, such problems are a real possibility. Moreover, those so-called family service centres cannot provide comprehensive and direct assistance to fathers who have to give up work to look after their children. Therefore, in this respect, I think the Government should be comprehensive..... It should be truly comprehensive, for the Secretary did say in his earlier reply that the care provided was not comprehensive. I thus hope that the Government will provide the relevant supplementary information.*

PRESIDENT (in Cantonese): Will you state which part of your question has not been answered? You have only expressed your opinion just now.

MR CHAN KAM-LAM (in Cantonese): *President, as I said earlier, there are at least 6 500 Type I babies staying in Hong Kong each year*

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

MR CHAN KAM-LAM (in Cantonese): *The family service centres mentioned by the Secretary fail to provide service allowing the mothers concerned to take care of their children directly in Hong Kong. Has the Government assessed the welfare expenses involved, the savings in various aspects if these mainland mothers can reside in Hong Kong..... Just now, I have also asked about the Government's approach in implementing direct welfare measures and assisting mainland mothers, but the Secretary failed to give a direct answer.*

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

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Madam President, I would like to add a few words only. I think Mr CHAN Kam-lam's question assumes that these families must have difficulties, but some families may not necessarily have difficulties, for they may have elderly family members helping to look after the children, which is also a solution to the problem. We cannot say that the Government must take on the obligation to provide service to every family just because certain families are in difficulty, for not every family needs such service. For this reason, assessments must be conducted. Every case must be assessed by social workers, and appropriate services will be provided if necessary. For only by doing so are we prescribing the right remedy for the problem.

PRESIDENT (in Cantonese): Fifth question.

Tenant Purchase Scheme

5. **MR LEE WING-TAT** (in Cantonese): *President, the Tenants Purchase Scheme (TPS) has ceased since the sale of the TPS Phase 6B in August 2005. In this connection, will the Government inform this Council:*

- (a) *whether it will reconsider re-launching the TPS; if so, when or the circumstances under which it will be re-launched; if not, the reasons for that;*

- (b) *whether it will consult public housing tenants on re-launching the TPS; and*
- (c) *of the respective numbers of housing estates and flats suitable for inclusion in the TPS at present?*

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

- (a) The Hong Kong Housing Authority (HA) introduced the TPS in early 1998 to enable public housing tenants to buy the flats they rented at affordable prices, thereby helping to achieve the then policy objective of reaching a home ownership rate of 70% in 10 years' time. In 2002, following a comprehensive review of the housing policy, the Government made it clear that its role was to provide public rental housing (PRH) for low-income families, and that it should withdraw from its role as property developer by halting the production and sale of subsidized flats. The then Secretary for Housing, Planning and Lands stated in the Legislative Council on 13 November 2002 that "home ownership should be a matter of personal choice and affordability. It is therefore unnecessary for the Government to continue to hang on to the long-term home ownership target." On the TPS, he said, "in order to maintain an adequate number of PRH flats to meet the demand from eligible families in the long run and to be in line with the Government's general policy direction of withdrawing from the property market, the Government will recommend to the HA that except for the flats that were already sold and Phase 6 which has already been announced, the sale of PRH units under TPS should be halted." In line with this policy, the HA halted the TPS after the launch of Phase 6B in 2005.

We do not have any plans at this stage to re-launch the TPS. Three main considerations are relevant. First, there are currently over 110 000 applicants on the Waiting List for PRH with an average of 2 000 to 3 000 new applications every month. The HA must make the best use of the limited housing resources for low-income families who cannot afford private rental housing, in order to maintain the average waiting time for PRH at around three years.

Indeed, recovered flats have all along been an important source of overall public housing supply, accounting for about half of the PRH flats allocated each year on average. The present forecast of the average annual PRH production is only about 15 000 flats for the next five years. The HA therefore has to make effective use of the existing stock of PRH flats for allocation. PRH flats, once sold to the tenants, will never be returned to the HA for re-allocation. Inevitably, the HA's ability to sustain the public housing programme and to maintain the average waiting time at around three years will be greatly undermined.

Furthermore, the HA has encountered many problems in the management of PRH flats in TPS estates. Regardless of the number of flats sold, a TPS estate, as in the case of a private property, has to be managed by its Owners' Corporation (OC) which decides on how the estate is to be managed. In some TPS estates, due to the lack of the OC's consent, the HA's estate management measures, such as the Marking Scheme for Estate Management Enforcement, cannot be implemented in the estate public areas. This has prevented the HA from universal implementation of its estate management policy. Consequently, tenants living in TPS estates and those living in PRH estates are subject to different management measures. This is not satisfactory.

Since the implementation of the repositioned housing policy in 2002, the private property market has been operating smoothly and developing steadily. Statistics of private property transactions over the past few years shows that there were many transactions at a price of less than \$2 million dollars. This suggests that there was an adequate supply of lower-priced flats in the private market, offering choices to prospective home-buyers.

- (b) We will closely monitor developments in the private property market and turnover of PRH flats. Should there be a need to review the existing policy, we will certainly conduct extensive public consultation.
- (c) According to the then TPS estate selection criteria, estates for sale must be in good condition. When selecting estates for sale, we

took into account such factors as building age, building maintenance conditions and geographical distribution. As we do not have any plans to re-launch the TPS at this stage, we have not examined how many PRH flats might be suitable for sale.

MR LEE WING-TAT (in Cantonese): *President, Secretary Michael SUEN's announcement of the "SUEN's Nine Strokes" in October 2002 apparently aimed at controlling the supply of properties, with a view to helping the property developers by preventing a further drop in property prices. In fact, the Secretary should also be aware that the property market has stabilized since 2007 and property prices have soared by a great margin. In view of the fact that the Government has stopped producing PRH flats, what can be done to help PRH tenants earning a monthly income of some \$10,000 to \$20,000, including those who have been classified as "well-off" tenants, to buy properties?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, the cessation of the TPS at that time had gone through serious consideration so as to tie in with the repositioned housing policy. I explained earlier why we do not have any plans at this stage to re-launch the TPS, and the most important consideration is actually the recovery of PRH flats, which is very important as they account for about half of the allocated PRH flats. If we have to maintain the average waiting time for PRH at three years, this is a very important source indeed. At present, PRH tenants who are prospective home-buyers may surely turn to the private property market. Besides, the secondary market of Home Ownership Scheme (HOS) flats and PRH flats are also available. Furthermore, there are surplus flats from the HA for purchase by tenants at zero premium.

PRESIDENT (in Cantonese): There are altogether eight Members waiting for their turns to put supplementary questions, so will Members who have the opportunity to put questions please be as concise as possible.

MR WONG KWOK-HING (in Cantonese): *President, the Government's housing policy is self-contradictory. Some tenants are more prone to become*

"well-off" tenants when their children grow up and add to the household income, which may end up leaving the elderly tenants not cared of if the children are forced to move out. On the other hand, the Government has implemented the Special Scheme for Families with Elderly Persons (NFEP), under which a household with younger and elderly tenants living together will be allocated with a flat. In view of the fact that the Government is so determined today to refuse re-launching the TPS, may I ask the Secretary if she will revisit the TPS from the perspectives of the NFEP and a harmonious family whereby the elderly tenants live with their families and can be taken care of?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, I think that we should look at the overall objectives of the TPS from a macro angle. In my opinion, the most important objective now is to look after people who cannot afford flats in the private property market. So, such criteria as income, overall household income and means test must be set out. This is a very important step as the TPS is a kind of subvented welfare.

Under the general framework of the NFEP, we would be very happy to help the eligible households. The NFEP has been well-received as transfers, additions or external transfers from different districts to flats of the same housing estates have been arranged. For modern families, it may not necessarily be a good thing to require all family members to live under the same roof. It is however a good idea for family members to look after one another if they live close to each other. Our latest plan, as set out in the policy address, is to add 1 000 flats — which are no longer restricted to the New Territories, and allow internal transfers within the same estate through the NFEP in the urban area. We are very happy to continue adopting such a flexible approach to deal with the matter. However, if the objectives of the NFEP have to be achieved through the means tests or the TPS, we do not consider this compatible with the abovementioned considerations in the general setting.

MR WONG KWOK-HING (in Cantonese): *President, the Secretary has not answered how the contradictions in policy can be reconciled. Under the policy of harmonious families, family members are drawn to live together, but then they fell into the scope of "well-off" tenants as a result of an increase in household income and are required to pay double or 1.5 times rent. Therefore, my supplementary question is whether or not the Government will consider enabling*

the younger tenants to buy their own flats in consideration of the policy of harmonious families, so that they can live with the elderly tenants and hence save them from falling into scope of "well-off tenants". The Secretary has not answered how such contradictions in policy can be reconciled.

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): My reply has been clear enough because if the "well-off" tenants are allowed to buy the PRH flats under the policy of harmonious families, it will run counter to the general principle mentioned by us earlier on. Therefore, President, we do not have such plans at the present stage.

MS EMILY LAU (in Cantonese): *President, the Secretary mentioned in the main reply that there are many property transactions at a price of less than \$2 million in the private market, so she said that there was an adequate supply of such flats for prospective home-buyers.*

May I ask the Secretary if she has learnt from any information that some genuine prospective home-buyers may not have as much as \$2 million because all their money has been used to pay the 1.5 times or double rent, thereby leaving them with no money for buying a flat? And yet, they are very eager for home ownership. Does the existing government policy imply that consideration would not be given to these people in future?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, insofar as supply is concerned, what I meant just now is that 60% of the total property transactions are at a price less than \$2 million, and some of them are certainly beyond their affordability. At present, public housing tenants can either buy HOS or TPS flats from the secondary market, or apply in Green Forms for the HA's surplus flats in order to waive the payment of premium.

DR YEUNG SUM (in Cantonese): *Madam President, the Government is particularly concerned about the impact of PRH flats on the private property market. Also, the Secretary said that prospective home-buyers might buy flats at a price less than \$2 million in the market. Madam President, I hope the Secretary will understand that the income of TPS tenants is actually not as high*

as HOS tenants. I wonder if the Secretary is aware that the price of a TPS flat may probably range from \$250,000 to \$300,000, but that of an HOS flat is nearly \$1 million. Therefore, they actually belong to two different markets.

Madam President, 70% of the PRH tenants have bought their flats under the previous TPS. The elderly tenants did so simply for the sake of their children, using the rents for payment. In this connection, will the Secretary consider conducting another consultation exercise in relation to social stability?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, I agree that the introduction of the TPS at that time surely had its objectives, but the more important consideration at present is, just as I have explained earlier, to pool our limited resources to help the most needy, who are currently unable to buy any flat in the private market. Since there are now 110 000 applicants on the Waiting List for PRH, what can we do about them? We hope to maintain the average waiting time at around three years as this is vital to social stability. How can we help them? The answer is to secure a sufficient supply so as to maintain the average waiting time at three years for half of the flat demand was satisfied by these recovered flats.

For this reason, it will be difficult for us to allocate these resources to the TPS as the waiting time for PRH will become even longer, which may not be beneficial to society. Therefore, in view of the current situation, we think that priority should be given to the 110 000 Waiting List applicants who wish to move into PRH flats.

DR YEUNG SUM (in Cantonese): *Madam President, my specific supplementary question actually asks if the Administration would conduct another consultation exercise on the TPS, but the Secretary has not answered it at all.*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, I do not consider that there are right conditions for another consultation exercise. Just as I said earlier, priority should be given to deal with the 110 000 applicants on the Waiting List.

MISS CHAN YUEN-HAN (in Cantonese): *President, as the Secretary failed to answer the supplementary question raised by Mr WONG Kwok-hing just now, I would like to put it again.*

The purpose of the Government in introducing the NFEP is to encourage the younger and elderly tenants to live together, which I think is a pretty well-received idea by many kaifongs. On the other hand, however, many PRH tenants are either forced to move out after their children have grown up and added to the household income, or become "well-off" tenants, and they will inevitably move out anyway sooner or later. It turns out that, under the policy, the elderly tenants can continue to pay normal rent only if they force their children to move out. Therefore, I consider these two policies contradictory. If there is the TPS, family members can continue to look after one another under the same roof and there is no need for the younger tenants to move out.....

PRESIDENT (in Cantonese): Please put your supplementary question.

MISS CHAN YUEN-HAN (in Cantonese): *President, my supplementary question is: Given that the NFEP aims at looking after the elderly persons, why was the TPS which likewise serves the same purpose of caring the elderly persons discontinued? President, I wish to ask the Secretary via you the reason for the cessation.*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, just as I have said earlier, the scarcity of social resources naturally necessitates the imposition of assessment criteria. Why should each household meet the income and asset requirements? If it is suggested that younger tenants living with elderly persons can be exempted from the means tests, it would be unfair to the 110 000 applicants currently on the Waiting List for PRH flats as the rented flats will never be released for allocation again. We consider that under the principle of balance, it is an appropriate approach to require the tenants to satisfy the income and asset test requirements in the first place. On the other hand, assistance will be provided in a flexible way through the NFEP by means of transfers, additions or internal transfers within the same estate. This is indeed a desirable and balanced approach.

MISS CHAN YUEN-HAN (in Cantonese): *The Secretary did not answer my supplementary question. If the Secretary still insists on what she said, it means that her policy is self-contradictory, right?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, I do not quite understand what contradictions there are. I consider our policy very clear and smooth, which requires that the tenants must satisfy the means test requirements. Even if they wish to live with the elderly tenants, this general principle must be satisfied. When the requirements are met, we would be happy to help them look after the elderly persons through the NFEP.

MR SIN CHUNG-KAI (in Cantonese): *President..... Sorry, President, let me put on my microphone first.*

While the HA will produce more than 10 000 public housing flats in each of the next few years, the reason given by the Government for vacating the flats can actually be addressed simply by producing a few more thousands of PRH flats. The HA could produce as many as 100 000 flats each year at its peak, it is now only one-sixth or one-seventh of that amount. So, even if the TPS is re-launched to produce a few more thousand flats..... Will the Government build more PRH flats and introduce the TPS at the same time?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, land supply in the next five years should be enough for us to honour our pledge to maintain the average waiting time at around three years. It will be difficult for us to increase the land supply. As Members are aware, there is very intense competition for land resources. Whenever a proposal to build PRH flats was promoted in different districts, it received divergent views and we had to spend a lot of time to convince the different District Councils before the proposal was adopted. Therefore, it is on this premise that resources should continue to be pooled to facilitate the allocation of flats to tenants as early as possible.

Mr SIN asked earlier if more PRH flats could be produced. We actually share the same wish, but priority must be given to the 110 000 applicants on the Waiting List.

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

MR LEUNG YIU-CHUNG (in Cantonese): *President, the Secretary said that she would closely monitor developments in the private property market and turnover of PRH flats, and would review the existing policy should a need arise.*

What I wish to ask the Secretary is, in fact, a supplement to Mr SIN Chung-kai's supplementary question. The Secretary said that half of the allocated flats were actually recovered PRH flats, so the average annual production of 15 000 flats would be enough to cope with the demand. May I ask the Secretary, since there is no guarantee on the number of recovered PRH flats, meaning that the number of recovered flat does not necessarily remain constant and even, if she will simply ignore the existence of shortfall and refuse to increase production even if the number of recovered flats falls short of expectation? The demand for flats cannot be met without an increase in production. Will the Secretary review the annual production of 15 000 flats to see if our production can possibly be maintained at this level? Furthermore, apart from conducting a review, will the Government reduce its reliance on the recovered PRH flats and revisit the TPS?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, we expect the current practice where newly-built and recovered flats each accounting for half of the supply to remain unchanged in the next five years. The previous figures showed that the supply had been stable, so the developments will be closely monitored for appropriate adjustments to be made when necessary. However, we do not consider the making of adjustments tantamount to a change in the principle of our policies. Just as I have said, the recovered flats are very important in enabling us to honour our pledge to maintain the average waiting time at three years.

PRESIDENT (in Cantonese): Mr LEUNG Yiu-chung, has your supplementary question not been answered?

MR LEUNG YIU-CHUNG (in Cantonese): *The Secretary has not answered what actions would be taken when the number of recovered flats falls short of*

expectation. Although the Secretary said that adjustments would be made, what if the shortfall problem still persists despite the adjustments made?

PRESIDENT (in Cantonese): The Secretary has already answered your question, only that you think she has not. Have you stated the part that has not been answered?

MR LEUNG YIU-CHUNG (in Cantonese): *This part has yet to be answered.*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, I will surely closely monitor the recovery situation. However, the recovery of flats may be affected by different factors, such as the economic condition. Say, at times of economic prosperity, some people may move out or request transfers, or even buy their own flats with the subsidy they receive. We will therefore closely monitor the developments and make suitable adjustments.

PRESIDENT (in Cantonese): Last oral question.

Illegal Entrants Committing Crimes in Hong Kong in Order to Receive Medical Treatment in Institutions of Correctional Services Department

6. **DR JOSEPH LEE** (in Cantonese): *It has been reported that recently, some illegal entrants (IEs) have come to Hong Kong to commit crimes so that they can receive free medical and drug treatment in Hong Kong upon being sentenced to imprisonment. In this connection, will the Government inform this Council:*

- (a) *of the number of hospital beds in the local institutions of the Correctional Services Department (CSD) in each of the past three years, the respective occupancy rates of such beds by local and IE inmates, and the common types of illnesses suffered by IE inmates;*
- (b) *whether it will require the CSD and the Department of Health to record the medical expenditure incurred by IE inmates in order to*

assess whether the medical funding allocated to the CSD's local institutions is sufficient to meet the demands concerned; and

- (c) *whether it has considered collecting from the countries to which the IE inmates belong the medical fees incurred by them in Hong Kong, or collecting the relevant fees from such persons (for example, by deducting such fees from the wages they earn when working in the CSD's institutions)?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in the absence of Secretary for Security) (in Cantonese): Madam President,

- (a) The number of hospital beds in penal institutions of the CSD and their respective occupancy rate in each of the past three years are as follows:

<i>Year</i>	<i>Number of hospital beds</i>	<i>Average bed occupancy rate</i>
2004	733	89.3%
2005	733	98.2%
2006	730	85.8%
2007	733	88.6%

(January to October)

Hospital beds in penal institutions are provided for all inmates who need them. No differentiation is made on the basis of the inmates' status or classification. We are, therefore, not able to provide the respective occupancy rates by local inmates and those who are IE.

Inmates are admitted to hospitals in penal institutions mainly for treatment of psychotropic substance abuse, psychiatric illness, fever, and diseases related to upper respiratory tract infection. The CSD does not have breakdown figures for the common types of illnesses suffered by IE inmates.

- (b) In the past three financial years, the average medical expenditure incurred for inmates remained around \$150 million with no significant upward trend. According to the CSD's assessment, the

existing resources allocated to the provision of medical services in penal institutions are sufficient to meet service demand. As such, we do not see the need to require the CSD and the Department of Health to keep a separate record of the medical expenditure incurred for IE inmates or to establish a separate assessment mechanism.

- (c) Any person who breaks the law of Hong Kong will be subject to court action. The CSD has the statutory obligation to detain persons committed to their custody according to courts' ruling. Pursuant to the Prisons Ordinance (Cap. 234), the CSD is obliged to provide all inmates with, among others, meals and medical services. This is in line with Principle 24 of the Body of Principles for the Protection of All Persons under Any Form of Detention or Imprisonment endorsed by the General Assembly of the United Nations in 1988, that is, penal institutions shall offer free medical care and treatment to a detained or imprisoned person whenever necessary. Principle 5 also clearly states that the Body of Principles shall be applied to all persons within the territory of any given State, without distinction of any kind, such as race, colour, sex, language, religion or religious belief, political or other opinion, national, ethnic or social origin, property, birth or other status. In the light of the above principles, we will not collect medical fees from individual inmates.

DR JOSEPH LEE (in Cantonese): *The Secretary said in part (a) of the main reply that no respective occupancy rates of hospital beds by local inmates and those who were IEs were available and that there was no need to keep a separate record of the medical expenditure incurred by IE inmates. In the end, he also said that medical fees would not be collected from individual inmates or from the countries to which the IE inmates belong. Since medical fees will not be collected and this arrangement is so appealing, may I ask the Secretary if this will indirectly encourage more IEs to come to Hong Kong to receive free medical and drug treatment by committing offences, thus imposing an even heavier burden on our penal institutions?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, I thank Dr LEE for his supplementary. Of

course, we cannot rule out the possibility that some IE inmates would come to Hong Kong illegally with a view to being put in jail. However, Hong Kong is a place upholding the rule of law, so if anyone is sentenced by the Court to imprisonment, the CSD has the duty to deal with him accordingly. Moreover, in dealing with this group of people, it is necessary for Hong Kong to comply with the international standards on humanity. Just now, I explained to Members that the principles endorsed by the United Nations in 1988 had been implemented in Hong Kong for many years and they had ensured that the arrangements in Hong Kong in this regard were in line with international practice. As regards inmates involved in drug abuse, including IEs, that Dr LEE mentioned in particular, I wish to say that according to our statistics, from 2005 to October 2007, sentences of imprisonment were imposed on about 5 300 IEs and they had to serve their sentences in Hong Kong. About 250 of them claimed to have the experience of drug abuse or to be dependent on drugs. People with such a background accounted for about 5% of the total. On the whole, the existing arrangements on the provision of medical services made by the CSD are adequate in coping with this situation.

MISS CHOY SO-YUK (in Cantonese): *President, we can see that at present, the IEs mainly come from the Mainland and Vietnam. May I ask the Government whether it will have discussions with the Mainland and Vietnam to work out agreements on the transfer of sentenced persons and delete the clauses in such agreements which state that sentenced persons will only be transferred with their consent?*

PRESIDENT (in Cantonese): Miss CHOY So-yuk, please sit down. I am not sure if the Secretary has brought along with him the relevant information as Dr Joseph LEE's main question did not request such information. It is not a must for the Secretary to reply, however, since a lot of people are concerned about this issue, I will see if the Secretary has anything to add.

MISS CHOY SO-YUK (in Cantonese): *President, in fact, this point is relevant because Dr Joseph LEE talked about "with a view to being put in jail". The two courses of action that I have mentioned are the most effective in solving the problems relating to penal resources in Hong Kong and the pressure that the CSD is subjected to. May I ask the Government if it will do so?*

PRESIDENT (in Cantonese): Fine, Miss CHOY So-yuk. Secretary, please reply.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, I thank Miss CHOY So-yuk for her concern about this area. I can provide the information and give a reply.

In fact, at present, the IEs intercepted by us came mainly from the Mainland and Vietnam. For example, in 2006, we intercepted about 4 000 IEs. More than 3 100 of them came from the Mainland and about 600 came from Vietnam. In the first 10 months of 2007, we intercepted a total of more than 4 000 IEs. More than 2 400 of them came from the Mainland and about 500 came from Vietnam. Therefore, we estimate that, generally speaking, about three quarters of the IEs came from these two places.

Miss CHOY is particularly concerned about whether we will enter into agreements with the Mainland and Vietnam on the transfer of sentenced persons. I can tell Miss CHOY that the SAR Government has arrangements in this regard with 10 overseas governments and the Government of the Macao Special Administrative Region. We have also proposed the signing of such agreements with the Mainland and Vietnam, however, no further progress has been made to date. Nevertheless, I can tell Miss CHOY that when the SAR enters into this kind of agreements on the transfer of sentenced persons with overseas governments or other regions of our country, it must meet with one international criterion and that is, the transfer of inmates can be carried out only with the consent of the inmates concerned. For many years, Hong Kong has complied with and respected this international standard and criterion.

MR JAMES TO (in Cantonese): *President, I think the Government will find this issue quite thorny to deal with because there are actually a lot of constraints. I have also spoken in defence of the Government on many public occasions before, that is, I gave explanations on its behalf. Part (c) of the main reply pointed out that we are bound by the Body of Principles for the Protection of All Persons under Any Form of Detention or Imprisonment endorsed in 1988, so it is indeed necessary to provide medical care and treatment. However, may I ask whether medical care and treatment include all kinds of diseases and serious illnesses? We have to know that even ordinary members of the public who are not inmates have to wait for their turn for specialist medical services and some members of*

the public would even say, God forbid, that "they may have died before it is their turn", is that not so? Frankly speaking, the Government allocates more than \$100 million to meet the medical expenses incurred by those inmates. If they suffer from serious illnesses.....in fact, the waiting time for them is also very long, is it not? If it is, I wonder if this is the appropriate occasion to disseminate information, so that all these people will know that if they come here to commit offences with a view to being sent to jail, they may die before they can be cured. This is not because we do not want to abide by the principles, only that even Hong Kong people have to wait a long time for consultation. Right? May I ask the Secretary if he is interested in examining this issue, so that people who intend to do so will have a better idea?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, I can explain to Mr TO that the CSD is actively dealing with the needs of inmates. So far, we have assigned more than 440 colleagues to take care of these people. We earmark \$150 million each year for the medical services provided by the CSD and so far, this amount is adequate. Members can see from the main reply given by me just now that of late, the occupancy rate of hospital beds was some 80% to 90% but the number of beds can meet the demand. On the whole, the CSD believes that the situation is under control.

As regards whether we will let IEs know before they enter Hong Kong that they also have to wait for their turn even if they come here and that the medical service is not as good as they think, I think if their aim is to seek to be imprisoned, what they will consider is not whether they will have to wait after coming to Hong Kong but what sort of medical service they will get in their original place of abode. However, generally speaking, we will follow the rules and standards in Hong Kong when dealing with such matters and the CSD also considers that the present situation is under control.

DR KWOK KA-KI (in Cantonese): *According to the main reply, the Government does not have any statistics or figures on the IEs in penal institutions who.....May I ask the Government if it will carry out a more in-depth study and survey in the near future to find out what impact did IEs who came here deliberately to seek medical treatment have on the expenditure on correctional services or medical services?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, the general approach of the CSD in dealing with this issue is that if inmates need medical services, the CSD will deal with them according to the established policies and principles without differentiating whether the inmates are locals or IEs, or what their race and nationality are. Therefore, to the CSD, the most important thing is to make use of resources and manpower at its disposal to do a good job. At present, they do not intend to compile any breakdown figures.

PRESIDENT (in Cantonese): We have spent more than 15 minutes on this question. Last supplementary.

MISS CHOY SO-YUK (in Cantonese): *President, may I ask the Secretary whether, under the existing scheme operated by the Hospital Authority (HA) in which patients have to purchase their own medicine, inmates who are IEs are required to pay for their medicine out of their own pockets or is it paid for entirely with public funds?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, I know that the HA provides the services needed by these inmates. As regards whether they have to buy their own medicine, I will request my colleagues in the Security Bureau to provide the information in this regard in writing to Miss CHOY So-yuk after looking into this matter in detail. (Annex IV)

PRESIDENT (in Cantonese): Oral questions end here.

WRITTEN ANSWERS TO QUESTIONS

Cross-boundary Ferry Services

7. **MR WONG TING-KWONG** (in Chinese): *President, regarding the cross-boundary ferry services in Hong Kong, will the Government inform this Council:*

- (a) *of the total number of shipping companies currently providing cross-boundary ferry services between Hong Kong and Macao or the Mainland, and the respective numbers of ferry routes involved;*
- (b) *whether there was an increase in the number of shipping companies applying for the use of the berths of local ferry terminals to provide cross-boundary ferry services last year; if so, of the details;*
- (c) *whether it has received any application from the Las Vegas Sands Corp. for the operation of ferry services from Macao to the Hong Kong International Airport and the Macao Ferry Terminal at the Shun Tak Centre in Sheung Wan; if so, of the outcome of the applications, and whether it has assessed the impact of such ferry services on Hong Kong; and*
- (d) *whether the existing cross-boundary ferry terminals in Hong Kong can provide sufficient berths for such ferries; if so, of the details; if not, the reasons for that?*

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

- (a) At present, there are seven operators providing cross-boundary ferry services between Hong Kong and Macao and between Hong Kong and 13 ports in the Mainland at the four cross-boundary ferry terminals.
- (b) and (c)

From time to time, the Marine Department (MD) receives applications from operators for use of berthing slots and terminal facilities at the Hong Kong-Macao Ferry Terminal and the China Ferry Terminal for the provision of cross-boundary ferry services to Macao and the Mainland. As the applications involve the operators' commercial plans and decisions, we do not disclose details concerning the applications.

- (d) In the light of the rising trend of cross-boundary ferry passengers, the Government will embark on a review on the use of cross-boundary ferry terminals. The purpose of the review is to further improve the operation of the cross-boundary ferry terminals,

enhance the existing mechanism for allocating berthing slots and terminal facilities to ensure fair and efficient allocation of public resources, as well as to assess the future demands for berthing and terminal facilities for services to ports in the Mainland and to Macao, having particular regard to the need to maintain a high standard of passenger safety and comfort. Our objective is to enhance our connectivity with the Pearl River Delta Region to maintain Hong Kong's position as a transport and maritime hub. We will consult ferry service operators when conducting the review.

We expect to complete the review in the first quarter of 2008. The MD is now processing applications for berthing slots for services to be provided within this quarter (that is, October to December 2007). As regards future applications for berthing slots by operators, other than those for the provision of existing services, the MD will process applications for berthing slots for additional or new services upon completion of the review.

High Oil Prices

8. **MR CHEUNG HOK-MING** (in Chinese): *President, recently, I have received complaints from members of the public, who have expressed their dissatisfaction with several oil companies in Hong Kong, which are "quick-in-raising and slow-in-reducing" when adjusting fuel prices, as well as the high fuel duty in Hong Kong. In this connection, will the Government inform this Council:*

- (a) *whether it has explored improvement measures to address the above problem of adjusting fuel prices by oil companies; if it has, of the details of the improvement measures; if not, the reasons for that;*
- (b) *in view of the Government's strong financial position at present, whether it has considered lowering fuel duty to bring down fuel prices in Hong Kong so as to alleviate the burden of the public; if not, of the reasons for that; and*
- (c) *given that one of the purposes for the Government to maintain high fuel duty is to curb the increase in vehicles, whether the Government has reviewed if such practice can achieve the anticipated effect; if it*

has, of the details of the effect; if not, whether it will review if it is necessary to continue such practice or resort to alternative measures?

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

- (a) This part of the question falls within the ambit of the Environment Bureau. The Environment Bureau points out that the retail prices of vehicular fuel in Hong Kong are determined by oil companies, having regard to international oil prices, commercial practices and their operating costs. The Government appreciates the impact of vehicular fuel prices on the local economy, and has been monitoring closely trends in international oil prices and the retail prices of local vehicular fuel. International oil prices have been very volatile in recent months. The prices of Brent Crude oil and the Singapore free-on-board prices for unleaded petrol and diesel have been increasing markedly, reaching new record high levels. The Environment Bureau has noted that changes in local pump prices of vehicular fuel have broadly been in line with trend movements of international oil prices. The Environment Bureau has all along maintained the contact with the oil companies and urged them to reduce their prices whenever there is room for downward adjustment.

In a free market economy, the Government does not have the power to dictate the retail prices of vehicular fuel. But the Government will endeavour to ensure a stable fuel supply, and enhance competition by maintaining market openness and removing entry barriers. The Government has decided to introduce a new competition law and establish a Competition Commission. The Commerce and Economic Development Bureau has started working on the drafting of an appropriate legislation, which will apply to all sectors.

- (b) Comparing with the relevant figures in other developed jurisdictions, the share of Hong Kong's duty in the retail price of vehicular fuel is not particularly high. The duty incidence of petrol is about 40%, which is lower than that in some developed

jurisdictions, such as Japan, Germany and the United Kingdom. As a result of the concessionary duty rate for ultra low sulphur diesel, duty represents only about 10% of the retail price of diesel, which is far lower than the case in the abovementioned jurisdictions.

The Government takes into account various factors in formulating duty rates for vehicular fuel, including the Government's financial position, the public's affordability and the impact on transport and environment. The Government reviews the duty rates for vehicular fuel from time to time, and would consider adjustments or concessions having regard to different circumstances and policies. For example, the Government has repeatedly extended the concessionary duty rate for ultra low sulphur diesel to alleviate the operating difficulties of the transport trade. Besides, the Government will soon propose new concessionary duty rate for Euro V diesel for the Legislative Council's endorsement with a view to encouraging the market to switch to this more environmentally-friendly fuel.

Petrol is used by private cars. As it is generally accepted that private cars are not a necessity in Hong Kong, we tend to be more prudent in considering any proposals to reduce the duty rate for petrol.

- (c) The increase of vehicles in Hong Kong is affected by various factors, including economic and population growth, and motor vehicle and fuel prices. The Transport and Housing Bureau notes that Hong Kong's vehicles have increased at an acceptable rate in recent years, with an average annual growth rate of 1.5% in the past 10 years. The Transport and Housing Bureau will continue to monitor the increase of vehicles, and will review and implement necessary measures from time to time to improve traffic conditions.

Provision of Helipad in Wan Chai

9. **DR KWOK KA-KI** (in Chinese): *President, at the meeting of the Panel on Planning, Lands and Works of this Council held on 29 May this year, an official of the Planning Department said that the proposed provision of a helipad northeast of the Hong Kong Convention and Exhibition Centre (HKCEC) was*

mainly for the use of the Government Flying Service (GFS) to provide emergency and other government flying services. The helipad could also be used by commercial operators of domestic helicopter services provided that emergency services would not be affected. As the Administration has earmarked a site at the Kai Tak Development for the development of a cross-boundary heliport, the abovementioned helipad is not supposed to provide cross-boundary helicopter services. However, it has been reported that after a businessman lobbied the Chief Executive directly, the Administration may change in the near future its policy of not providing cross-boundary helicopter services at the helipad. In this connection, will the Government inform this Council:

- (a) whether the Chief Executive has instructed the relevant bureau to review the aforesaid policy afresh;*
- (b) whether it will consult this Council, the Wan Chai District Council and the public before making the decision to permit cross-boundary helicopters to use the helipad;*
- (c) whether it has projected the respective numbers of helicopter movements in different intervals of a day and the numbers of such movements for the provision of domestic helicopter services, as well as whether it has assessed the impact of permitting cross-boundary helicopters to use the helipad on the surrounding environment and tourists; and*
- (d) whether it will limit the numbers of helicopter movements at the helipad in different intervals of a day?*

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

(a) and (b)

The Government's original plan was to build a government helipad at the north-eastern corner of the HKCEC solely for the GFS to provide emergency services and other government flying services. After taking into account the motion passed by the relevant panels of the Legislative Council on 28 February 2005, the Administration agreed to allow commercial helicopter operators to share the use of the helipad with the Government for providing domestic helicopter

services, on condition that the operations of the GFS would not be affected. The Administration has no plan to change this arrangement for the provision of cross-boundary helicopter services. The Chief Executive has not instructed the relevant bureaux to review this arrangement.

The technical feasibility study on the shared-use of the helipad will be completed by the end of this year. Upon completion of the study, we will brief the relevant Legislative Council panels, the Wan Chai District Council and the industry on the results of the study.

- (c) Since the GFS must provide emergency and essential flying services at all times, the number of GFS flights using the helipad at different hours throughout the day will depend on actual operational needs. Based on past experience, we estimate the number of GFS flights using the helipad to be about 5 000 a year. Regarding commercial helicopter operations, which usually take place during daytime, we estimate that the helipad would cater for about 20 000 movements a year. The abovementioned technical feasibility study will assess the impact of the operation of the helipad on the surrounding environment and tourists.
- (d) To ensure that the GFS can use the helipad any time so as not to hamper the provision of casualty evacuation services to the public, we will not set a ceiling on the number of the GFS flights at the helipad at different hours throughout the day.

As to commercial helicopters, we will formulate the relevant arrangements for their operations. As part of such formulation, we will consider if the number of helicopter movements in different intervals of a day would need to be limited.

High Intensity Gas Discharge Headlamps

10. **MR ALBERT CHAN** (in Chinese): *President, recently, some members of the public have reflected to me that the headlamps of many vehicles have been converted to brighter "HID" lamps (that is, high intensity gas-discharge headlamps). As such headlamps are twice as bright as the original filament*

headlamps and emit dazzling light, they blur the vision of pedestrians and other drivers, jeopardizing their safety. In this connection, will the Government inform this Council:

- (a) of the number of complaints received about vehicles installed with high-powered HID headlamps in each of the past three years;*
- (b) whether it knows the current number of vehicles installed with high-powered HID headlamps; if so, of the details; if not, the reasons for that; and*
- (c) whether it has assessed the impact of such headlamps on other drivers; if so, of the findings; if not, the reasons for that?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, the Road Traffic (Construction and Maintenance of Vehicles) Regulations (Cap. 374A) require that all headlamps must be capable of emitting adequately aligned dipped beams so that they are at all times incapable of dazzling any person who is 8 m or more in the front and whose eye-level is 1 m or more above the ground.

- (a)** At present, the Transport Department (TD) does not keep separate statistics on complaints concerning vehicles installed with high-powered HID headlamps. However, upon receipt of complaints that may be pursued, the TD will arrange for the vehicles to be examined. In 2004, 2005, and 2006, the TD had arranged examination of headlamps for 226, 70 and 78 vehicles respectively.
- (b)** The construction of retrofit type HID headlamps does not meet the statutory requirements. Vehicles with high-powered HID headlamps are mostly illegally modified. The original filament headlamps were replaced by high-powered HID headlamps without approval from the TD. The TD does not have information on the number of such vehicles.
- (c)** High-powered HID headlamps will cause dazzling and affect the safety of other road users. The police will step up inspection and enforcement action to combat illegal conversion of HID headlamps.

Energy Saving Measures

11. **DR DAVID LI:** *President, in his 2007-2008 policy address, the Chief Executive stated that as a member of the Asia-Pacific Economic Co-operation, Hong Kong would honour its pledge and seek to achieve a reduction in energy intensity of at least 25% by 2030, and to this end, the Government would introduce energy saving measures at different levels, and consult the public on the proposed mandatory implementation of the Building Energy Codes. In this connection, will the Government inform this Council:*

- (a) *whether it knows the percentage of electricity consumption for air conditioning in the total electricity consumption in Hong Kong in July and August this year, and the trend of such consumption in the past five years;*
- (b) *given that in countries affected by excessively cold weather in winter, the installation of double-glazed or even triple-glazed windows is mandatory, whether it has assessed if all other factors being equal, mandatory installation of double-glazed windows in newly constructed buildings in Hong Kong will result in a meaningful reduction in the energy required for air conditioning in such buildings, and the number of years it will take for such mandatory installation to result in a 1% reduction in the overall electricity demand compared to a "no-action" scenario; if it has, of the assessment results; and*
- (c) *of the estimated annual energy savings, in terms of overall electricity consumption, that can be achieved by replacing incandescent light bulbs with compact fluorescent light bulbs, which will reduce both the heat produced by the light bulbs and the electricity required to power them?*

SECRETARY FOR THE ENVIRONMENT: President,

- (a) Over the past five years, the percentage of electricity consumption for air conditioning accounted for around 30% of the total electricity consumption in Hong Kong. There were only very slight year-on-year fluctuations in the percentage during the period. We do not have month-by-month data on the percentage of electricity consumption for air conditioning.

- (b) Under the Building (Energy Efficiency) Regulation of the Buildings Ordinance, commercial buildings and hotels are required to be so designed and constructed to achieve energy efficiency by providing external walls and roofs with a suitable overall thermal transfer value. Information such as the number of windows on the external walls, their thickness and materials are required to be stipulated in building plan submissions. Therefore, new commercial buildings and hotels have to achieve energy efficiency in terms of the design and materials with windows as a contributing component.
- (c) Compact fluorescent lamps (CFLs) consume around 75% less electricity than incandescent lamps. Yet, some incandescent lamps cannot be replaced by CFLs owing to, for example, the need for special lighting effects. According to the data from the Census and Statistics Department, the net yearly import of incandescent lamps in 2006 was about 34.5 million units, which was equivalent to around 16 million installations. Assuming that 50% of them are replaced by CFLs, there will be an estimated annual saving of about 450 GWh, which is equivalent to about 1% of the total electricity consumption in Hong Kong.

Developing Hong Kong into Key Data Centre in the Region

12. **MR SIN CHUNG-KAI** (in Chinese): *President, in the Report on Economic Summit on "China's 11th Five-Year Plan and the Development of Hong Kong" published in January this year, the Focus Group on Professional Services, Information & Technology and Tourism put forth the proposal of promoting Hong Kong as the key data centre in the region. In this connection, will the Government inform this Council:*

- (a) *of the progress made by the authorities in developing data services in Hong Kong since the publication of the above Report, and apart from further facilitating the outsourcing of more data centres in the Government, whether the authorities have formulated concrete measures to help develop Hong Kong into the key data centre in the region; if they have, of the details and timetable of such measures; if not, the reasons for that;*
- (b) *given that it is mentioned in the above proposal that "Hong Kong should actively promote overseas its numerous advantages that are*

conducive to the development of data services", whether the authorities have established promotion channels for this purpose; if they have, of the relevant details and timetable; if not, the reasons for that; and

- (c) *whether the authorities have drawn on the relevant experience of neighbouring regions to devise a set of development strategies taking into account the strengths and weaknesses of Hong Kong, so as to enhance Hong Kong's competitiveness; if they have, of the relevant details; if not, the reasons for that?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in the absence of Secretary for Commerce and Economic Development): President, regarding Mr Sin Chung-kai's question, my reply is set out below.

- (a) and (b)

The Government has been actively promoting the development of Information and Communication Technologies (ICT) industry in Hong Kong. Firstly, the Government as a major ICT user adopts an aggressive outsourcing policy to facilitate the development of ICT industries, including the data centre sector. We will continue to facilitate government departments to outsource their data centre services to the market where appropriate. We believe that these measures and the potential synergy they will generate will facilitate Hong Kong to develop into a regional data centre hub.

Meanwhile, under the Digital 21 Strategy, the Government will continue to enhance and maintain a conducive business environment for Hong Kong to foster technological co-operation with the Mainland and international partners. The Government will also continue to engage in regular discussions and exchanges with the ICT industry through the ICT Industry Partnership Forum and other platforms, and strengthen Hong Kong's role as a hub for technological cooperation and trade.

The Report of "The Focus Group on Professional Services, Information & Technology and Tourism" under the Economic Summit on "China's 11th Five-Year Plan and the Development of

Hong Kong" recommends that the Government should actively promote overseas Hong Kong's numerous conditions which are conducive to the development of data service, and should review the existing land policy to allow service providers to install concerned equipment or facilities in industrial premises without the need for special application or additional fees, so as to promote Hong Kong to be a key data centre in the region.

In respect of overseas promotion, Invest Hong Kong has identified Hong Kong's major advantages as a regional data centre hub, including proximity to the mainland market, stable political environment, relative immunity from natural disasters, reliable and excellent telecommunications and electricity infrastructure, quality IT manpower, sound legal system for data protection and intellectual property rights protection. Invest Hong Kong actively promotes Hong Kong's advantages to existing and potential end users and data centre operators globally through its existing channels, including conducting overseas visits to potential clients and facilitating potential clients to develop business plans in Hong Kong.

As for the proposal relating to industrial premises, since it involves the utilization of land resources, the Commerce and Economic Development Bureau has consulted the Development Bureau on the issue and conducted a preliminary analysis on the different requirements for building facilities with respect to different types of data centres. The Commerce and Economic Development Bureau is planning to commission a consultant to conduct a more detailed study. The consultancy study will look into the market demand for different types of data centres, analyse whether changing the relevant policy governing industrial premises can cater to the actual needs of developing data centres, and examine the relevant measures of other regions. We expect that the study will be completed in the middle of next year.

- (c) In the preliminary analysis mentioned above, the Government has initially looked into the industrial land policies of other regions such as the United Kingdom and Singapore. The Government will conduct more in-depth study of this aspect in the planned consultancy study.

Statutory Paternity Leave

13. **MR FREDERICK FUNG** (in Chinese): *President, in its replies to related questions from Members of this Council last year and this year, the Government indicated that the relevant study on legislating for statutory paternity leave for male employees was underway, and it did not intend to take the lead in providing paid paternity leave for civil servants. In this connection, will the Government inform this Council:*

- (a) *of the latest progress of the study, its expected completion date and preliminary results;*
- (b) *of the areas covered by the study, whether it has made reference to the practice of Hong Kong's competitors in the region (for example, male employees in Taiwan and Singapore are currently entitled to paternity leave of two to three days), and whether it has looked into the positive effects of statutory paternity leave on enhancing Hong Kong's competitiveness and attracting talents to work in the territory; and*
- (c) *given that some local enterprises have recently started to provide paid paternity leave of two to five days for their male employees, whether it will reconsider providing paid paternity leave for all government employees, so as to set an example as a good employer, promote its policy of encouraging enterprises to shoulder social responsibilities, and help to retain talents; if so, of the details; if not, the reasons for that?*

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

(a) and (b)

The Government reviews from time to time our labour legislation in the light of changing social circumstances and the pace of economic development to ensure that the legislative provisions meet the reasonable expectations of employees and employers. The Labour Department has already embarked on a study on whether we should

legislate for paid paternity leave for male employees. The scope of the study includes legislation governing paternity leave in other economies in such aspects as the duration of paternity leave, the eligibility criteria for and the manner of taking such leave, as well as the payment of remuneration during the leave period.

Based on the information we have collected so far, it is noted that different places have adopted different practices regarding paternity leave as appropriate to their own economic situation, social security and welfare system, population policy and labour market situation, and so on. Some economies provide unpaid paternity leave to employees (for example, Australia and New Zealand) while in other economies the social insurance system assumes direct responsibility for paying employees' remuneration during the period of paternity leave (for example, the United Kingdom and Sweden). A number of developed Western economies as well as some of our neighbouring economies have not legislated on paternity leave. Given that the practice adopted may vary from place to place in accordance with individual circumstances, it might not be appropriate to make a direct comparison between the relevant arrangements elsewhere with Hong Kong.

As to whether the provision of statutory paternity leave is conducive to enhancing the competitiveness of Hong Kong and attracting talents to work in the territory, there is hitherto not much information to which we can make reference. Overall speaking, we are of the view that the competitiveness of a place and its ability to attract talents hinge on a host of factors such as the legal system and law and order of that place, its infrastructure, health care system, efficiency of the government and the quality of the people.

In deliberating whether we should legislate for paternity leave, we should first and foremost ensure that there is wide consensus in the community in this regard and that a reasonable balance is struck between the benefits of employees and the affordability of employers. We will continue with our in-depth study on the subject. At the same time, the Government will continue to act as a facilitator partnering with the business community and non-governmental organizations in promoting family-friendly

employment practices, including the provision of paternity leave to help employees balance work and family commitments.

- (c) We consider that the full-pay annual leave generally provided to civil servants are adequate for meeting personal needs that may arise during the year, including taking care of family members. As regards non-civil service contract (NCSC) staff, their terms and conditions are distinct from those applied to civil servants. It is the Government's established policy that the employment terms of NCSC staff should be no less favourable than those provided for under the Employment Ordinance and no more favourable than those applicable to civil servants in comparable civil service ranks or comparable levels of responsibilities. At present, we have no plan to provide paid paternity leave in addition to the existing annual leave benefits of civil servants and NCSC staff. Earlier on, we have encouraged departmental management to, where operational needs permit, favourably consider applications from expecting fathers for taking their earned paid leave to take care of their spouse and newborn baby.

Nurturing Gifted Children

14. **MR LAU KONG-WAH** (in Chinese): *President, about nurturing gifted children, will the Government inform this Council:*

- (a) *whether it has compiled statistics on the number of gifted children identified in each of the past two years, and of the channels through which the gifted children are identified by the authorities;*
- (b) *of the current number of schools set up for nurturing gifted children and their average tuition fees; whether it has assessed if the number of places offered by such schools can meet the demand, and whether the tuition fees charged by such schools are beyond the affordability of low-income parents; and*
- (c) *whether it has formulated a policy on nurturing gifted children; if not, whether it will assess if there is a need to formulate such a policy?*

SECRETARY FOR EDUCATION (in Chinese): President,

- (a) There are different definitions and interpretations of "giftedness". At present, the education sector generally adopts a broad definition by using multiple intelligences to identify the gifted and talented. Given these circumstances, there is not an agreed, single, standard tool or means to identify giftedness or to test the multiple intelligences, and hence no statistics of the number of gifted students has been compiled or kept by the Government. In fact, gifted students have different areas of talent and potential, the statistics, even available elsewhere, might well serve to reflect the tip of many examples of different gifted students in certain domains only.

Gifted education in Hong Kong is implemented through a three-tier framework. Level 1 provision is delivered through classroom learning and teaching to develop the potential of all students. Level 2 provision includes pull-out programmes outside regular classes. Level 3 provision is for exceptionally gifted students through off-site programmes.

In respect of school-based gifted education provision at Level 1 and Level 2, the Education Bureau suggests to schools that they should adopt multiple methods and criteria to assess the abilities and performance of students, including behavioural checklists, teacher/parent/peer/self nomination, student portfolios and other standardized tests, and avoid making judgement on giftedness through a single test or source of information.

The Education Bureau started the Support Measures for the Exceptionally Gifted Students Scheme in 2001 to offer off-site support to exceptionally gifted students in need for advanced enrichment and extension. The students are selected through annual territory-wide school nomination and accepted as members of the Scheme. Since 2001, 6 000 students have been admitted.

- (b) For the number of schools with gifted education provision, there are currently over 130 schools in the gifted education networks. These networks consist of 57 schools participating in the Gifted Education

Partner School Network organized by the Education Bureau since 2004, and 73 schools participating in the Quality Education Fund Thematic Network (Gifted Education). Moreover, about 290 schools participate in various Education Bureau schemes since 2004 for promoting school-based gifted education programmes, and encourage their teachers to study the professional (practical) training programmes run by the Education Bureau. The school-based programmes and activities organized by schools are generally offered free to students as part of the education programme of the school.

In addition to these, over 200 secondary schools nominate their students to the Education Bureau's Support Measures for the Exceptionally Gifted Students Scheme, started since 2001. Most courses offered under the Scheme are free of charge, except some university credit-bearing courses which are charged by the universities concerned. Universities have, however, put in place an exemption/remission mechanism to ensure that the gifted students from low-income families are accommodated.

- (c) All along the Government has a clear policy on gifted education. The Education Commission Report No. 4 in 1990 probed the definition of giftedness, the learning needs of the gifted, and recommended the direction for the preliminary development of gifted education in Hong Kong. The mission of gifted education is to fully explore and develop the potential of gifted students systematically and strategically by providing them with opportunities to receive education at appropriate levels in a flexible learning and teaching environment. The policy aims to meet the needs and attributes of gifted students, and provide training and guidance support to their teachers and parents and to encourage mainstream schools to cater for the needs of gifted students through school-based gifted programmes instead of placing them in designated schools.

The three-level gifted education framework as outlined in reply (a) above, that is, L1 and 2 (school-based provision), L3 (off-site provision) is operationalized on the following policy principles:

- Every child possesses individual talent that can be nurtured in all dedicated educational settings like classroom learning, pull-out programmes and off-site support.
- Every child possesses their own uniqueness, and more outstanding endowment out of their multiple intelligences.

An evaluation of the Support Measures for the Exceptionally Gifted Students Scheme was completed in January 2006 through survey, case studies and interviews. The results demonstrated that the Scheme was able to enhance students' academic knowledge, self-confidence, learning ability and widened their perspectives.

The establishment of the Hong Kong Academy for Gifted Education will further strengthen the provision of gifted education in school.

Rights and Benefits for Employees who are Parents

15. **MR FREDERICK FUNG** (in Chinese): *President, under the Maternity Protection Convention, 2000 (Convention 183) enacted by the International Labour Organization, female employees shall be entitled to a period of maternity leave of not less than 14 weeks and they should be allowed to take nursing breaks for breast-feeding their babies. Moreover, in some places, supporting measures are provided on various fronts (for example, parental leave) to facilitate employees who are parents in taking care of their children. In this connection, will the Government inform this Council:*

- (a) *whether it has reviewed if the existing 10-week period of statutory maternity leave should be extended; if so, of the outcome of the review; if not, the reasons for that; and whether it will extend the duration of statutory maternity leave to 14 weeks in accordance with the provision of the abovementioned Convention;*
- (b) *of the latest respective percentages of babies who are breast-fed before their discharge from hospitals and those who have been breast-fed continuously for four and six months after their discharge from hospitals; given that the abovementioned percentages of babies who were breast-fed continuously in 2004 were only 25% and 17%*

respectively, which were lower than the global averages of 45% and 36% respectively, whether it will study the introduction of nursing breaks for breast-feeding, and require employers to provide the relevant facilities (such as baby-sitting rooms), so as to facilitate female employees in breast-feeding their babies and milking;

- (c) whether it has reviewed the supporting measures currently available to working parents, and whether these measures are sufficient in comparison with those in other places; if it has, of the outcome of the review; if it has not, the reasons for that; and whether it will follow the practice of other places to provide working parents with support on various fronts, including the provision of parental leave; and*
- (d) whether it will consider taking the lead in providing civil servants and non-civil service contract staff with parental leave and 14 weeks of full-pay maternity leave, as well as nursing breaks for breast-feeding and the relevant facilities, so as to promote its policy of encouraging enterprises to adopt family-friendly measures?*

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

- (a) Under the existing provisions of the Employment Ordinance (EO), a pregnant employee is entitled to 10 weeks' maternity leave if she has been employed under a continuous contract immediately before the commencement of maternity leave. With the agreement of her employer, the employee may choose to commence her maternity leave two weeks before the expected date of confinement and take the remaining maternity leave after she has given birth. Such flexibility in taking maternity leave enables an employee to have more time for breast-feeding and recuperation after confinement. If the employee prefers to have a longer period of rest before confinement, or if she fails to reach an agreement with her employer on the commencement date of her maternity leave, she can commence her maternity leave four weeks before the expected date of confinement and take the remaining maternity leave after giving birth. If the employee encounters health problems before or after delivery, the employer shall allow her to take an additional period of leave for up to four weeks.**

We are of the view that the provisions on maternity protection in the EO have afforded comprehensive protection to pregnant employees in various aspects, including provisions governing the duration and the taking of maternity leave, maternity leave pay, employment protection and preservation of the health of pregnant employees, and so on. These provisions have also struck a reasonable balance between the interests of both the employers and the employees. The Administration presently has no plan to extend the duration of statutory maternity leave. In assessing whether amendments should be made to the relevant legislative provisions, the Administration will take into consideration the local socio-economic situation and whether there is wide consensus across different sectors.

- (b) For the babies born in Hong Kong in 2006, 70% of them were breast-fed before their discharge from hospitals, and 30% and 23% of them were continuously breast-fed for four months and six months respectively after their discharge from hospitals.

The Department of Health is committed to promoting, protecting and supporting breast-feeding. It also encourages and supports mothers to breast-feed their babies through different means. Breast-feeding rooms or areas are made available according to needs in public hospitals, clinics and some government premises frequented by the general public. In general, they offer seating, washing basin and electric outlet (for breast pump). We will discuss with other government departments and the private sector on how to further promote breast-feeding.

The Labour Department (LD) has been promoting the adoption of employee-oriented good people management practices among employers. To help employees attain work and family life balance, the LD has been actively encouraging employers through various publicity channels to address the needs of employees and flexibly adopt various family-friendly employment practices, amongst which is the provision of appropriate facilities and work arrangements to cater for the breast-feeding needs of female employees.

- (c) The Administration subsidizes non-governmental organizations (NGOs) to provide a wide range of day child care services.

Regular services are provided at standalone child care centres and child care centres co-located with kindergartens. The Social Welfare Department (SWD) also subsidizes these child care centres to operate extended hours service and occasional child care service to support parents who are unable to take care of their children because of long working hours and unforeseen circumstances, and so on. Moreover, through the Community Investment and Inclusion Fund, we assist members of the community in developing mutual help networks to support needy families by providing services such as child care.

The Administration is aware that because of the need to work shifts and other reasons, some parents are unable to take care of their children outside the regular opening hours of the various child care services. To address their needs, we will step up efforts in promoting more responsive neighbourhood mutual help child care services. In addition to providing financial incentives to Mutual Help Child Care Centres to enhance their services in the evenings, at weekends and on holidays, the SWD has also been subsidizing foster homes to provide non-residential day care service since October 2007. Within 2007-2008, some small group homes will start offering day care places.

Apart from subsidizing child care services, the SWD also operates or subsidizes 61 Integrated Family Service Centres and two Integrated Services Centres throughout the territory. They provide a continuum of preventive, supportive and therapeutic welfare services, including family life education, parent-child activities, referrals to receive different child care services, and so on, to individuals and families in need.

The Government will continue to act as a facilitator and partner with the business community and NGOs to promote different family-friendly employment practices to help employees balance work and family commitments.

- (d) At present, if a civil servant is recommended by a medical practitioner to take maternity leave in excess of 10 weeks, she may be allowed to take unpaid maternity leave at the end of her full-pay maternity leave, or may opt to take her earned paid leave before

proceeding on to maternity leave without pay. In fact, the vast majority of civil servants have accumulated a considerable balance of untaken leave which can be used for meeting personal needs that may arise during the year, including taking care of family members. As regards non-civil service contract (NCSC) staff, they are not civil servants and their terms and conditions should remain distinct from those applied to civil servants. It is the Government's established policy that the employment terms of NCSC staff should be no less favourable than those provided for under the EO and no more favourable than those applicable to civil servants in comparable civil service ranks or comparable levels of responsibilities. The Government currently has no plan to extend the full-pay maternity leave, make available breast-feeding breaks and related facilities, and introduce parental leave for civil servants and NCSC staff.

Crimes Involving ATM Cards and Credit Cards

16. **MR LAU KONG-WAH** (in Chinese): *President, regarding crimes involving automatic teller machine (ATM) cards and credit cards, will the Government inform this Council:*

- (a) *of the number of prosecutions instituted in the past two years, in relation to the use of fake ATM cards or credit cards, together with a breakdown, by nationality, of the number of the defendants;*
- (b) *whether it is aware of the places from which the fake ATM cards and credit cards originated, and whether the authorities have liaised with law-enforcement agencies in other jurisdictions in combating these crimes;*
- (c) *whether the authorities have detected any cases of fake ATM cards or credit cards forged by lawless elements in Hong Kong over the past three years; and*
- (d) *of the number of fraud cases in the past three years involving the use of information stolen from ATM cards and credit cards and the amount of money involved and, among such cases, the number of those involving credit card transactions on the Internet and the*

detection rate for the crimes of that nature, as well as whether guidelines will be provided to advise the public on how to reduce the risk of their credit card information being stolen and used for transactions on the Internet?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in the absence of Secretary for Security): President,

- (a) The Administration does not specifically keep statistics regarding the number of prosecution cases on the use of counterfeit payment cards (including credit cards, debit cards and ATM cards). Statistics for such cases are usually kept by reference to the offences involved (such as possessing or using a false instrument, or fraud).
- (b) The police's experience is that most of the counterfeit payment cards used in the relevant cases in Hong Kong were made outside Hong Kong. Counterfeiting payment cards is a transnational crime. The police will continue to combat crimes involving counterfeit payment cards by adopting an intelligence-led strategy and stepping up liaison, close co-operation and intelligence exchange with the banking industry and the law-enforcement agencies in the Mainland, Macao and overseas jurisdictions.
- (c) In the past three years, the police detected three cases in which the ATM cards or credit cards were counterfeited in Hong Kong, and arrested the persons involved.
- (d) In the past three years, the number of reported cases and the reported amount of losses for payment card fraud cases (that is, cases related to payment cards that are reportedly lost or stolen, and the payment cards involved are not counterfeit) are as follows:

<i>Year</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i> <i>(January to June)</i>
Number of reported cases	1 043	801	644	330
Reported amount of losses (\$ million)	21.65	17.04	20.77	7.02

Most of the payment card fraud cases were related to credit cards. Of these cases, the number of cases involving the use of credit cards in transactions on the Internet is as follows:

<i>Year</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i> <i>(January to June)</i>
Number of cases	65	37	52	43

The police have not kept separate statistics on the detection rates of such cases.

To effectively prevent such crimes, the police have been in close liaison and co-operation with the industry, encouraging the industry to adopt more stringent security features and systems for payment cards and credit cards so as to provide better safeguards for transactions on the Internet. Moreover, the police frequently remind citizens to keep a close watch on their personal belongings, and to ensure that their passwords would not be seen by others during withdrawal at ATMs or shopping. In addition, the police often remind the public through various channels (such as the "Police Report" programme) not to readily reveal the password of their payment cards to others, and to stay vigilant about dubious websites and report such websites, if found, to the banks and the police as soon as possible. The police have also set up a hotline (2860 5012) for public enquiries about matters on commercial and computer crimes, including those relating to credit card transactions on the Internet.

Promoting Use of Biodiesel

17. **MS AUDREY EU** (in Chinese): *President, in the 2007-2008 policy agenda, the Government has stated that it will encourage drivers to use biodiesel as motor vehicle fuel. In this connection, will the Government inform this Council:*

- (a) *whether it has estimated the consumption of auto-biodiesel in Hong Kong in the coming three years, and the impact of a wider use of such fuel on the environment (particularly on air pollutants and greenhouse gas emissions); if it has, of the details; if not, the reasons for that;*

- (b) *of the measures, other than the duty-free policy, to encourage drivers to switch to using such fuel;*
- (c) *when it will complete the formulation of the specifications of such fuel; and*
- (d) *what measures it will take to promote the use of such fuel at the retail level?*

SECRETARY FOR THE ENVIRONMENT (in Chinese): President, biodiesel is a type of renewable energy. The main environmental benefits of replacing fossil diesel with biodiesel lie in a reduction of greenhouse gas emissions, thereby helping to relieve global warming. The future consumption level of biodiesel in Hong Kong will depend on its acceptance by local drivers and market factors. Therefore at this stage, we are unable to provide an estimate on the amount of biodiesel to be consumed in Hong Kong in the coming three years. On the assumption that 5% of the vehicle diesel now being used in Hong Kong were replaced by biodiesel, our crude estimate is that the emissions of some 129 000 tonnes of "carbon dioxide equivalent" of greenhouse gases could be reduced, representing about 0.3% of Hong Kong's total emissions in 2005.

Similar to many overseas countries, we mainly promote the use of biodiesel through duty concession. To this end, the Government has pledged in this year's policy address to continue to maintain the duty-free policy for biodiesel. Besides, to strengthen users' confidence and help control the impact of biodiesel on the environment, we will draw up the specifications for auto-biodiesel to ensure its quality.

We plan to amend the Air Pollution Control (Motor Vehicle Fuel) Regulation (Cap. 311L) to stipulate the specifications for auto-biodiesel for Hong Kong with reference to the European Union standards. We will commence a consultation shortly in preparation for the necessary legislative work. We expect the new regulation to commence in early 2009.

Our policy is to provide the necessary conditions favourable to a wider use of biodiesel. Apart from continuing to maintain the duty-free policy for biodiesel, we will explain the relevant proposals to the major oil companies when drawing up the specifications for auto-biodiesel and during the consultation process. We will also assist companies interested in setting up biodiesel retail outlets in Hong Kong by providing them with the necessary information, including liaison with the relevant government departments.

Provision of Seats on Train Platforms

18. MS EMILY LAU (in Chinese): *President, regarding the installation of seats, for use by passengers awaiting boarding, on platforms of railway stations of the MTR Corporation Limited (MTRCL) and the Kowloon-Canton Railway Corporation (KCRC), will the executive authorities inform this Council whether they know:*

- (a) when the two railway corporations started installing seats on the platforms of their stations, and the numbers and names of the stations in which seats have not yet been installed on the platforms;*
- (b) the expenses incurred so far by the two railway corporations for installing such seats, and the amount of money required for installing seats on the platforms of all stations; and*
- (c) if the two railway corporations plan to install seats on the platforms of all stations; if so, of the details; if not, the reasons for that?*

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

- (a)** The MTRCL and KCRC have started to install seats at station platforms since 1995 and 1983 respectively. At present, most station platforms are provided with seats. Platforms that have not been provided with seats are set out below:

<i>Railway line</i>	<i>Station platform</i>
MTR Tsuen Wan Line	- Tsuen Wan Station Platform 1
MTR Island Line	- Sheung Wan Station Platform 2 - Quarry Bay Station Platforms 1 to 4
KCR East Rail	- Hung Hom Station Platforms 5 and 6 - Lo Wu Station Platforms 1 and 4
KCR Light Rail	- Leung King Stop Platform 1 - Shan King (N) Stop Platform 1 - On Ting Stop Platforms 1 and 2 - Fung Nin Road Stop Platforms 1 and 2
Total	16

(b) and (c)

Over the past years, the MTRCL and KCRC have invested about \$3.8 million and \$6.2 million respectively in the installation of seats at station platforms.

The MTRCL will install additional seats at various station platforms by end 2007, including the four platforms at Quarry Bay Station which currently do not have seats. As regards the Tsuen Wan Station Platform 1 and Sheung Wan Station Platform 2, since they are the terminal stations of the Tsuen Wan Line and the Island Line respectively and are intended for alighting passengers only, the Corporation does not plan to provide seats at these two platforms.

The KCRC currently has no plan to install more seats at station platforms. According to the KCRC, Platforms 5 and 6 of the Hung Hom Station are for intercity service. Since a departure lounge has already been provided at the Station, the Corporation does not see a need to install seats at these platforms. As for Lo Wu Station Platforms 1 and 4, these are used by East Rail trains heading to Tsim Sha Tsui East. Passengers travelling to Tsim Sha Tsui East will first wait in the waiting area at the concourse. Passageway to the platforms will only be opened when trains have arrived at either Platforms 1 or 4 for boarding. In the light of this, the KCRC does not consider the need to install seats at these platforms. For Light Rail, at present over 95% of the platforms have provided seats. As regards the six platforms set out in (a) above, the Corporation has no plan to install seats at these platforms because the provision of seats may impact on passenger flow given the constraints posed by the design of and limited space available at these platforms.

Reception Quality of Free TV Signals

19. **MR HOWARD YOUNG** (in Chinese): *President, recently, quite a number of members of the public have complained to me that free television (TV) programmes cannot be viewed clearly due to blockage of TV signals since the completion of some high-rise buildings in the vicinity of their residence. In this connection, will the Government inform this Council of:*

- (a) *the number of complaints received by the Office of the Telecommunications Authority (OFTA) over the past three years about newly-built high-rise buildings adversely affecting the reception of TV signals; whether there is a rising trend for this type of complaints in recent years and how the OFTA helped complainants solve the problem;*
- (b) *the total number of existing TV signal transposers in the territory; the number and locations of such transposers to be built in the next three years, and the districts in which the residents will be benefited; and*
- (c) *the factors being considered by the OFTA at present in deciding whether proposals for building new transposers should be made?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in the absence of Secretary for Commerce and Economic Development) (in Chinese): President,

- (a) In relation to poor TV reception owing to signal obstructions by existing and newly-built buildings in the vicinity, the annual number of enquiries received by the OFTA over the past three years shows a declining trend with details as follows:

<i>Year</i>	<i>No. of Enquiries</i>
2005	71
2006	56
2007 (as at October)	46

On receipt of complaints or requests for assistance about TV reception, the OFTA will investigate and, depending on the specific circumstances of each case, help find a solution such as advising the household to approach contractors for examining, resetting or adjusting the position or direction of the communal antenna as appropriate, and check if indoor wiring is in order.

For areas in which reception cannot be improved through the above measures, the OFTA will assess the technical feasibility of building

new analogue signal transposers, for example, spectrum availability in the area, to address the reception problem of the entire locality.

As required by the Government, Asia Television Limited (ATV) and Television Broadcasts Limited (TVB) will launch digital terrestrial television (DTT) broadcasting by the end of 2007. With the implementation of DTT and the further expansion of the digital coverage, TV reception problems such as "snowing" and "ghosting" will be resolved. The overall TV reception situation is expected to be significantly improved.

- (b) There are currently 51 analogue TV transmission stations in Hong Kong. To tie in with the implementation of DTT, ATV and TVB will construct six principal DTT transmission stations by the end of 2008. Details are as follows:

<i>Transmission station</i>	<i>Anticipated year of operation</i>	<i>Coverage area</i>
Temple Hill	2007	HK Island (north) Kowloon Peninsula Part of Sha Tin Lantau Island (east)
Castle Peak	2008	Tuen Mun Yuen Long Lantau Island (north)
Cloudy Hill	2008	New Territories (north) (including Tai Po, Fanling, Sheung Shui, and so on)
Kowloon Peak	2008	Tseung Kwan O Sai Kung Hong Kong Island (east)
Lamma Island	2008	Hong Kong Island (south)
Golden Hill	2008	Kwai Chung Tsuen Wan

From 2009 to 2011, another 23 transmission stations will go on stream, extending DTT coverage to over 99%.

- (c) Under section 18 of the Broadcasting Ordinance (Cap. 562), unless exempted by the Broadcasting Authority (BA), the two domestic free TV programme service licensees (that is, ATV and TVB) shall provide the service in such manner as to enable their programmes to be received throughout Hong Kong. In order to strike a balance between the need to meet the public demand for receiving free-to-air terrestrial TV and to take into account the reasonable investment of the two broadcasters, the BA has exempted the two broadcasters from providing service to areas of 3 km radius with a population of less than 2 000 and areas having technical constraints (for example, lack of spare frequency spectrum to improve reception, or lack of suitable site for building transposers). These are the guidelines on which the BA and OFTA plan with the two broadcasters for projects to construct new transposers.

Pay Level of Junior Employees in Film Industry

20. **MS EMILY LAU** (in Chinese): *President, in July this year, the Finance Committee approved the Administration's proposal to inject \$300 million into the Film Development Fund (FDF) to strengthen support for the local film industry. Nevertheless, I have learnt that junior assistant producers/directors in the film industry generally earn low salaries, work exceptionally long hours and lack medical protection. For example, while a television broadcasting company offers monthly salaries between \$9,000 to \$13,000 to newly recruited assistant producers/directors who are university degree holders, the salaries for equivalent positions in the film industry are far lower. In this connection, will the executive authorities inform this Council:*

- (a) *whether they are aware of the low starting salaries of graduates from tertiary institutions entering the film industry, and whether they have examined if such a situation, in the long run, is not conducive to the recruitment of new blood by the film industry and has negative impact on the healthy development of the industry; and*
- (b) *whether they will specify in the FDF's funding conditions that successful applicants will be required to:*
- (i) *offer a certain number of trainee positions to students or graduates of film-related courses at tertiary institutions;*

- (ii) *submit a report on their work on nurturing talents upon the completion of film production; and*
 - (iii) *offer salaries to junior level staff or new entrants at levels not lower than those for similar positions in television stations;*
- if so, of the details; if not, the reasons for that?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in the absence of Secretary for Commerce and Economic Development) (in Chinese): President, there has been a substantial drop in the number of local film productions as well as box office revenues in recent years, particularly so for the small-to-medium budget films. This has on the one hand caused a drain of talents in the industry, and on the other hand decreased opportunities for new recruits to participate in production and receive training. To revive the local film industry and put in new impetus, the Government has introduced a host of support measures, including the injection of an additional \$300 million to expand the FDF, so as to support the production of small-to-medium budget films.

My reply to the question is as follows:

- (a) The mode of operation of film production companies is unique. Generally speaking, production companies will normally employ production staff on short-term contracts when producing a new film. In contrast, television stations operate on a rather continual basis and remuneration of their staff is determined by the qualification, work experience and the prevailing market demand. It is thus difficult to make a direct comparison of employment terms and pay system between the two trades.
- (b) The FDF is established to encourage commercial investment in production of small-to-medium budget films through market forces with a view to boosting production volume and creating more employment opportunities, improving the level of proficiency as well as nurturing talents for the film industry.
 - (i) Although the FDF does not require the funded film productions to offer a certain number of trainee positions to students or graduates of film related courses at tertiary institutions, the industry collaborates with the local tertiary

institutions and various training bodies, offering trainee positions to budding film workers. Making this a compulsory requirement for fund application will restrain the flexibility in film production and will involve operational difficulties.

- (ii) Given the different experience and background of various members of a film production crew, it is difficult to set objective training indicators. Requiring a report on nurturing talents upon the completion of the production of the funded film may present practical difficulties while not serving a useful purpose.
- (iii) As the salaries of film workers cannot be directly compared with those of long-term employees of television stations, it is impracticable for the FDF to mandatorily require that film production companies offer salaries to junior level staff or new entrants at levels not lower than those permanent employees in similar positions in television stations, which is not in line with the mode of operation of the film industry.

Generally speaking, film veterans and film workers with better performance receive higher pay. However, for the daily-rated workers (such as props men, mechanics, floor managers, tea service attendants and production assistants), under the co-ordination of the Federation of Hong Kong Film Workers, the employer and employee sides have agreed on the minimum daily wage. It is understood that the two sides have recently revised upward the minimum daily wage having regard to market trends.

The nurturing of talents for the film industry requires long-term and ongoing efforts. The Government and the Film Development Council will continue to explore this issue actively and examine effective means for nurturing talents for the industry. As for the operation of the FDF, over-regulation will affect its operation and attractiveness, this may discourage commercial investment in the production of small-to-medium budget films, thereby resulting in the opposite. We must therefore strike a balance. Nevertheless, we will review the operation and requirements of the FDF from time to time, and consult the Legislative Council and the industry in order to ensure that the FDF is genuinely conducive to the long-term development of the local film industry.

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

PRESIDENT (in Cantonese): Bill. We now resume the Second Reading debate on the Attachment of Income Order (Application to Government and Miscellaneous Amendments) Bill 2007.

ATTACHMENT OF INCOME ORDER (APPLICATION TO GOVERNMENT AND MISCELLANEOUS AMENDMENTS) BILL 2007**Resumption of debate on Second Reading which was moved on 27 June 2007**

PRESIDENT (in Cantonese): Miss CHOY So-yuk, Chairman of the Bills Committee on the above Bill, will now address the Council on the Committee's Report.

MISS CHOY SO-YUK (in Cantonese): President, in my capacity as Chairman of the Bills Committee on Attachment of Income Order (Application to Government and Miscellaneous Amendments) Bill 2007 (the Bills Committee), I now report on the deliberations of the Bills Committee.

The Attachment of Income Order (Application to Government and Miscellaneous Amendments) Bill 2007 (the Bill) mainly seeks to amend the Guardianship of Minors Ordinance (GMO), the Separation and Maintenance Orders Ordinance (SMOO) and the Matrimonial Proceedings and Property Ordinance (MPPO) to provide for the application of Attachment of Income Orders (AIOs) to the Government as an income source.

The Bills Committee has held four meetings. The Bills Committee has studied in detail the scope of "income source", the arrangement for existing AIOs which have been issued to the Government, and whether those AIOs already made against wages or salary payable by the Government before the commencement of the Amendment Ordinance should be validated.

Some members have expressed concern about the scope of application of the proposed definition of "income source" in the Bill, and whether the proposed amendment will be able to cover all types of income source.

The Administration has assured members that under the present drafting of the Bill, if the income source is the Government, it will be covered by the new section 20(3A) of the GMO, new section 9A(3A) of the SMOO or new section 28(3A) of the MPPO. If the income source is not the Government, it will be covered by the revised section 20(4) of the GMO, revised section 9A(4) of the SMOO and revised section 28(4) of the MPPO. Following the enactment of the Amendment Ordinance, the AIO legislation will apply to the income source of the maintenance payer, irrespective of whether the income source is the Government or not, and whether the income is in the form of wages/salary or otherwise.

On the applicability of the AIO legislation, the Administration has explained that the AIO does not have extraterritorial effect, and does not apply to an income source outside Hong Kong. Therefore, the Administration considers it inappropriate to provide that the AIO legislation applies to foreign states.

As regards the position of income source which is an overseas company, the Administration has advised that these companies operating in Hong Kong are covered by the AIO legislation. These companies are the income source of employees of the companies and are subject to the AIO legislation. Under rule 11(2) of the AIO Rules (Cap. 13A), an income source who fails, without reasonable excuse, to comply with an AIO commits an offence and is liable to a fine at level 2.

Some members were concerned about the 64 AIOs now being handled by the Director of Accounting involving the wages of government employees. Given that the Court of Appeal handed down a judgment on 7 December 2006 which held that no attachment order could be made in respect of any wages or salary paid by the Government, these members considered that the enforcement of the 64 AIOs in question may give rise to claims against the Government for wrongful deduction of wages or salary from the government employees concerned.

The Administration explained that it has consulted the Department of Justice. The Department of Justice advised that there is legal basis for continued compliance with the AIOs already issued to the Government. The Department of Justice also advised that a fundamental principle in common law is that any order of the Court should be obeyed unless and until it is stayed or set aside. As long as an order remains effective, disobedience to it constitutes a contempt.

As for claims against the Government for wrongful deduction of wages or salary of the government employees concerned, the Administration informed the Bills Committee that any act done in compliance with an AIO when it is still in force cannot be faulted. The fact that the deduction was made under a court order provides a very good defence to any such claim.

Some members have reservations about the provision which validates AIOs made before the commencement of the Amendment Ordinance in respect of wages or salary payable by the Government. Members are generally of the view that validation provision should not be introduced as a matter of principle. Some Members have also raised the concern that the maintenance payers may be deprived of the right to challenge the validity of the AIOs.

The Administration explained that in the absence of the validation provision and in case the maintenance payers take successful actions to set aside the AIOs concerned, the maintenance payees may have to re-apply for AIOs upon enactment of the Amendment Ordinance, or take other actions, such as applying for judgment summons, to claim maintenance payment. Therefore, validation of the AIOs made by the Court before the commencement of the Amendment Ordinance will ensure that the payment of maintenance under the issued AIOs will not be disrupted.

The Administration said that the validation provision does not add legal burden to maintenance payers, but only makes it clear that civil servants are treated in the same way as other people in Hong Kong as far as the enforcement of a maintenance order is concerned. This is in line with the policy intent of the AIO legislation and is in the public interest.

Notwithstanding the Administration's explanation, some members maintained their reservations about the validation provision. After discussion, the Bills Committee suggested to delete the retrospective validation provision and

replace it by a provision that would only validate the AIOs issued on a prospective basis, from the commencement date of the Amendment Ordinance. It will be for individual maintenance payers who are government employees to decide whether to apply to the Court to set aside the AIOs concerned and to claim against the Government for "wrongful" deduction of wages or salary before commencement of the Amendment Ordinance.

At the suggestion of the Bills Committee, the Administration has agreed to propose Committee stage amendments to clauses 3(6), 5(6) and 7(6) to provide that AIOs already issued will have effect from the commencement date of the Amendment Ordinance.

To cater for situations where proceedings for AIOs have commenced but have not yet been completed before the commencement of the Amendment Ordinance, members supported the Administration to move an amendment to add a transitional provision to the effect that where before the commencement of the Amendment Ordinance, an application for an AIO in respect of the wages or salary payable to a maintenance payer by the Government has been made but has not yet been determined, the application is to be determined in accordance with the relevant sections as amended by the Amendment Ordinance.

As the Administration has agreed to move Committee stage amendments in response to the concerns raised by the Bills Committee, members support the resumption of the Second Reading debate of the Bill at this meeting of the Legislative Council and also the Committee stage amendments to be proposed by the Government.

President, I so submit.

President, please allow me to speak in my personal capacity and express the views of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) on the Bill. The Bill seeks to resolve the conflict between the Crown Proceedings Ordinance and the three ordinances involving AIOs arising from a judgment of the Court of Appeal, by providing in express terms that the Court can make an AIO against wages paid to civil servants by the Government, with a view to protecting the interest of maintenance payees. No doubt the AIO legislation was intended to apply not only to the private sector, but also the Government, when it was first endorsed in the Legislative Council. However, the implications of the Crown Proceedings Ordinance were not taken into

consideration, resulting in the Court's interpretation that AIOs do not apply to the Government. This is a mistake made in the drafting of the legislation then.

Certainly, the Legislative Council did have a share of the responsibility in examining the AIO legislation on the day when it was endorsed. There can be no gainsaying it. As for this amendment exercise which is meant to remedy the inadequacies, I think no one would raise objection to it in principle. But as regards how AIOs already issued by the Court against the Government before the commencement of the Amendment Ordinance, careful studies are indeed warranted.

First question. For AIOs made before the amendment of the Ordinance, should the Government continue to enforce these AIOs or should it immediately suspend their enforcement in view of the judgment of the Court of Appeal? The Government explained that any order of the Court should be obeyed unless and until it is stayed or set aside; and as long as an order remains effective, disobedience to it constitutes a contempt. This is so even though the Court made the order on a wrong legal basis.

We agree with this view of the Government. The Government is constitutionally required to obey a court judgment. This major principle is very clear. But practically, there is a difference between an executive decision or an act made by the Government on its own initiative and an act done by the Government in compliance with a court order. If an executive decision or an act made by the Government on its own initiative is not in line with a judgment made by the Court, we all the more hope that the Government will put things right immediately.

But if an act is done by the Government in compliance with a court order, and if that order is in conflict with a latest judgment made by the Court, we consider that the Government should continue to obey the previous order until the affected parties have applied to the Court for revocation of the order. This is constitutionally appropriate.

The second question is whether the amendments should be made retrospective, so that those AIOs previously issued by the Court against the Government will be validated. We consider that on the question of retrospective effect, we should be careful in making legislation. The making of a validation provision in this Bill seems to be more favourable to maintenance payees, mainly because it can ensure that they do not have to face the troubles of

going through court proceedings again. But on the other hand, according to the information of the Government, there are only 60-odd cases affected, and even if the maintenance payers in these cases applied to the Court for revocation of the AIOs, they still have to pay maintenance in accordance with the maintenance orders. So, we really cannot see any major incentive for them to take this course of action which only means putting money into the left pocket but taking it out of the right.

Certainly, we cannot rule out entirely the possibility that there will be exceptional or extreme cases. Therefore, on the one hand, we hope to spare maintenance payees the troubles of facing legal proceedings again as far as possible and on the other, we hope to minimize the retrospective effect of the Ordinance, and this is an appropriate solution. According to the latest arrangement made in the Bill, the AIOs issued will have effect only from the commencement of the Amendment Ordinance and this can strike a balance between the two considerations. Certainly, they still understand that the new arrangement is not entirely non-retrospective, for it will validate the AIOs made previously, just that the time of their coming into effect is deferred. But having considered various factors, we believe this arrangement is acceptable.

President, even though we support the Bill, the DAB must point out that the entire system of maintenance recovery is fundamentally flawed and far from effective, thus putting many women who are maintenance payees in a state of vulnerability and helplessness. Therefore, we will, as a start, support that the amount of the maintenance payment be determined by the legislation. We have no objection to this. However, we still hope that the Government will set up a Maintenance Board as soon as possible. The DAB regrets that the Government is only willing to patch things up here and there in the existing system, refusing to set up a Maintenance Board. Therefore, even though the DAB considers that the AIO Scheme cannot really ameliorate the current situation of defaulted maintenance payment, we have no other choice but to support this approach of the Government of patching things up here and there.

In the final analysis, the DAB considers that the existing system is fraught with problems. Disregarding how the Government will make amendments to or tighten the existing legislation, or how it will improve the procedures, I am afraid little effect would be achieved. Those vulnerable women who have the right to receive maintenance payment will inevitably have to spend a lot of time and effort bringing their case to different government departments and the Court

and also arguing and struggling in a tug-of-war with the defaulters. The cumbersome procedure would have worn them out well before they receive the maintenance payment to which they are entitled.

We consider that the most fundamental problem is that despite such small measure of help as the AIO, the situation of maintenance payees having to rely on themselves to recover the maintenance payment has basically remained unchanged. To divorced women who have already suffered badly from all kinds of mental stress and pressure in their living, this is absolutely not a reasonable arrangement.

In this connection, the DAB reiterates that the Government must positively respond to the consensus of society by expeditiously setting up a Maintenance Board to directly take up the responsibility of collecting and recovering maintenance payment for maintenance payees and various kinds work. The Government must cease to take only stop-gap measures. Rather, it should propose legislative amendments from time to time, in order to improve the existing maintenance system which is riddled with problems.

With these remarks, President, I support the Bill.

MS MIRIAM LAU (in Cantonese): Madam President, the Attachment of Income Order (Application to Government and Miscellaneous Amendments) Bill 2007 (the Bill) introduced by the Government mainly seeks to provide for the application of Attachment of Income Orders (AIOs) to the Hong Kong Government as an income source, so as to further enhance the clarity of the scope of application of the AIOs.

In fact, the AIO Scheme was introduced as early as in 1998 but as there has been no express provision on its application to the Hong Kong Government and its employees, the Court of Appeal handed down a judgment on the case of *L v L* in December 2006, that no attachment order can be made in respect of any wages or salary paid by the Hong Kong Government. This exposed a loophole of the Ordinance. For this reason, the Government has proposed amendments to plug the loophole. The Liberal Party supports this.

In the course of the scrutiny of the Bill by the Bills Committee, the Government proposed to include a technical provision to validate AIOs made to

the Government before the commencement of this Ordinance. A number of members, including myself, have reservations about this retrospective provision.

Although there is legal opinion that the Legislative Council has precedents of endorsing similar validation provisions and the Administration does not see anything wrong about it, members are of the view that this is against the common law principle that retrospective validation provisions should be avoided unless the making of such a provision is absolutely necessary. For this reason, I made a proposal to the Government at a meeting earlier that the AIOs already made is deemed valid from the commencement date of the Amendment Ordinance. This can ensure that in future, there will be a legal basis for all the acts done by the Administration in accordance with the AIOs in question. The merit of this proposal is that it can avoid the retrospective effect of the provision while minimizing the risk of the Government being challenged for wrongful deduction of wages as a result of its earlier enforcement of AIOs. The Liberal Party is glad that the Administration readily accepts good advice and has taken on board my proposal and introduced the relevant amendments accordingly. The Liberal Party supports the Bill and the amendments proposed by the Government.

Madam President, I so submit.

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

(No other Member indicated a wish to speak)

PRESIDENT (in Cantonese): If not, I now call upon the Secretary for Home Affairs to reply.

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, first of all, I thank the Chairman of the Bills Committee, Miss CHOY So-yuk, and other members of the Bills Committee for the time and effort that they have spent on scrutinizing the Attachment of Income Order (Application to Government and Miscellaneous Amendments) Bill 2007 (the Bill) as well as their valuable input. The Committee stage amendments that I will move later on are proposed in response to the views of the Bills Committee.

Madam President, the policy intent of the Attachment of Income Order (AIO) legislation is to enable the Court to make an AIO to deduct from the earnings of a maintenance payer the maintenance payment payable by him or her, irrespective of whether the source of income is the Government or not. A main objective of the Bill is to provide that although paragraph (a) to the proviso to section 23(1) of the Crown Proceedings Ordinance prohibits the attachment of wages or salary payable by the Government, the Court can still make an AIO to that effect.

On the other hand, given that the Court has, in a number of cases, made AIOs in respect of the wages or salary payable by the Government before the commencement of this Bill, in order to ensure that the maintenance payees in these cases will continue to receive payment of maintenance through the AIO without any disruption, it is necessary to validate these AIOs through the Bill. In view of the concern raised by the Bills Committee over the retrospective validation provision, I will move amendments later to revise the validation of these AIOs from the date when the AIO was issued to the date of the commencement of the Bill.

In addition to these amendments, I will propose an amendment in respect of a technical arrangement, and I will explain it further at the Committee stage.

Madam President, the implementation of the Bill will further improve the existing AIO legislation for the protection of the interest of maintenance payees. The Bill and the amendments have the support of the Bills Committee. I hope that Members will vote for the Bill as well as the amendments to be moved by the Government.

Thank you, Madam President.

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

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Attachment of Income Order (Application to Government and Miscellaneous Amendments) Bill 2007.

Council went into Committee.

Committee Stage

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

ATTACHMENT OF INCOME ORDER (APPLICATION TO GOVERNMENT AND MISCELLANEOUS AMENDMENTS) BILL 2007

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the following clauses stand part of the Attachment of Income Order (Application to Government and Miscellaneous Amendments) Bill 2007.

CLERK (in Cantonese): Clauses 1, 2, 4, 6, 8, 9 and 10.

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Clauses 3, 5 and 7.

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam Chairman, I move the amendments to clauses 3, 5 and 7, as set out in the paper circularized to Members.

The amendments consist mainly of two parts. The first part relates to the validation of the Attachment of Income Orders (AIOs) made by the Court to the Government as an income source. In order to ensure that payments to maintenance payees under the issued AIOs would not be disrupted, it is necessary to validate these AIOs by means of the Bill. The original proposal in the Bill was to validate such AIOs from the dates on which they were made, however, the Bills Committee was very concerned about the retrospective effect of the validation provision. Therefore, Ms Miriam LAU proposed that the Bill be amended to the effect that the Government should only validate AIOs issued on a prospective basis, from the commencement date of the Amendment Ordinance. This proposal also has the support of other Members in the Bills Committee. We are grateful to the Bills Committee for its views and have taken them on board. We will amend the relevant provision to the effect that AIOs will be validated on the commencement date of the Bill instead of from the dates on which they were made.

The second part is related to the transitional arrangement. Similarly, we are grateful to the Bills Committee for the views it put forward. The amendment proposes the addition of a transitional provision to the effect that where before the commencement of the Amendment Ordinance, an application for an AIO in respect of the wages or salary payable to a maintenance payer by

the Government has been made but has not yet been determined, the application is to be determined in accordance with the provisions as amended by the Bill.

Madam Chairman, these two amendments are moved in the light of the views of the Bills Committee. I hope Members will support them.

Thank you, Madam Chairman.

Proposed amendments

Clause 3 (see Annex I)

Clause 5 (see Annex I)

Clause 7 (see Annex I)

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Clauses 3, 5 and 7 as amended.

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

(Members raised their hands)

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

(No hands raised)

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

CHAIRMAN (in Cantonese): Council now resumes.

Council then resumed.

Third Reading of Bills

PRESIDENT (in Cantonese): Bill: Third Reading.

ATTACHMENT OF INCOME ORDER (APPLICATION TO GOVERNMENT AND MISCELLANEOUS AMENDMENTS) BILL 2007

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, the

Attachment of Income Order (Application to Government and Miscellaneous Amendments) Bill 2007

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

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Attachment of Income Order (Application to Government and Miscellaneous Amendments) Bill 2007 be read the Third time and do pass.

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

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): The Attachment of Income Order (Application to Government and Miscellaneous Amendments) Bill 2007.

MOTIONS

PRESIDENT (in Cantonese): Motion. Proposed resolution under the Dutiable Commodities Ordinance.

I now call upon the Secretary for the Environment to speak and move his motion.

PROPOSED RESOLUTION UNDER THE DUTIABLE COMMODITIES ORDINANCE

SECRETARY FOR THE ENVIRONMENT (in Cantonese): Madam President and Honourable Members, I move that the resolution as set out under my name on the agenda be passed. The resolution aims to introduce a concessionary duty

rate on diesel complying with the Euro V standard (Euro V diesel), which provides a fiscal incentive to encourage early introduction and supply of this more environment-friendly fuel on the local market.

The SAR Government is committed to improving the air quality of Hong Kong. Diesel vehicles are the major cause of roadside air pollution, accounting for 96% of respirable suspended particulates, 88% of nitrogen oxides and 66% of sulphur dioxide emitted by all types of vehicles.

To further reduce vehicle emissions, it has been our established policy to introduce and promote the use of cleaner fuel as far as practicable. Compared with ultra-low sulphur diesel (ULSD), which is the current statutory standard for motor vehicle diesel, Euro V diesel has 80% less sulphur content. Using Euro V diesel could reduce 80% of sulphur dioxide and 5% of particulates emitted by existing diesel vehicles. Should Euro V diesel vehicles be fuelled with Euro V diesel in future, they will emit 30% to 40% less nitrogen oxides than Euro IV diesel vehicles fueled with ULSD. As for diesel vehicles up to 3.5 tonnes, their particulate emissions will also reduce by 80%.

In view of the environmental benefits of using Euro V diesel, among the Asian countries, Japan has made it the statutory standard for motor vehicle diesel since January this year. The European Union (EU) has also decided to make it the statutory standard for motor vehicle diesel from January 2009, and to implement the Euro V emission standards for newly registered vehicles in phases from October of the same year. We also plan to implement the same standards in tandem with EU.

Euro V diesel provided by the local fuel suppliers is presently subject to the same concessionary duty rate as ULSD, which is set at \$1.11 per litre. We propose to reduce the duty rate for Euro V diesel to \$0.56 per litre from 1 December this year, so as to encourage fuel suppliers to introduce and provide Euro V diesel and diesel vehicle owners to switch to this more environment-friendly fuel as soon as possible. The concession period will last for two years. In the first eight months of this year, about 40% of the motor vehicle diesel imported to Hong Kong met the specifications of Euro V diesel. Based on the import prices provided by the Census and Statistics Department during the period, Euro V diesel was more costly than ULSD by up to about \$0.1 per litre. However, the future price differential between the two types of fuel will still be subject to market factors such as supply and demand situations.

Nevertheless, the proposed concessionary duty rate of \$0.56 per litre for Euro V diesel should render the price of Euro V diesel lower than ULSD. I have met with the major oil companies to encourage them to pass on the benefits from the tax concession to the customers. The oil companies have responded positively and pledged to duly reflect the duty concession on the retail price of Euro V diesel after deducting the cost increase. We will review this tax concession arrangement before making Euro V diesel the statutory standard for motor vehicle diesel in 2009.

Madam President and Honourable Members, I hope all Members will support this resolution to bring in a cleaner fuel to further improve the air quality of Hong Kong. Thank you, Madam President.

The Secretary for the Environment moved the following motion:

"RESOLVED that the Dutiable Commodities Ordinance (Cap. 109) be amended, in Part III of Schedule 1 -

(a) in paragraph 1 -

(i) by repealing "Subject to paragraph 1A, duty" and substituting "Duty";

(ii) by adding "(other than ultra low sulphur diesel and Euro V diesel)" after "hydrocarbon oil";

(b) by adding -

"1B. Duty shall be payable on Euro V diesel at the following rates -

(a) from 1 December 2007 to 30 November 2009 (both dates inclusive), at \$0.56 per litre; and

(b) from 1 December 2009, at \$2.89 per litre.";

(c) by repealing -

"Note: In this Part, "ISO" followed by a numerical symbol ("ISO number") means the test procedures of the International Organization for Standardization commonly known by that ISO number.";

(d) by adding -

"6. For the purposes of paragraph 1B, "Euro V diesel" (歐盟 V 期柴油) means a light diesel oil which -

- (a)* contains not more than 10.0 mg/kg of sulphur as determined by ISO 20884;
- (b)* has a cetane number of not less than 51.0 as determined by ISO 5165;
- (c)* has a cetane index of not lower than 46.0 as determined by ISO 4264;
- (d)* has a viscosity at 40°C of not lower than 2.00 mm²/s and not higher than 4.50 mm²/s as determined by ISO 3104;
- (e)* contains not more than 11% by mass of polycyclic aromatic hydrocarbons as determined by IP 391;
- (f)* has a 95% distillation temperature of not higher than 360°C as determined by ISO 3405;
- (g)* has a distillation percentage recovered at 250°C of lower than 65% by volume as determined by ISO 3405;
- (h)* has a distillation percentage recovered at 350°C of not lower than 85% by volume as determined by ISO 3405;

- (i) has a density at 15°C of not lower than 0.820 kg/L and not higher than 0.845 kg/L as determined by ISO 3675;
- (j) has a flash point of above 55°C as determined by ISO 2719;
- (k) contains not more than 0.30% by mass of carbon residue (on 10% distillation residue) as determined by ISO 10370;
- (l) contains not more than 0.01% by mass of ash as determined by ISO 6245;
- (m) contains not more than 200 mg/kg of water as determined by ISO 12937;
- (n) contains total contamination of not more than 24 mg/kg as determined by ISO 12662;
- (o) has a copper strip corrosion (3h at 50°C) rating of Class 1 as determined by ISO 2160;
- (p) has an oxidation stability of not higher than 25 g/m³ as determined by ISO 12205; and
- (q) has a lubricity, corrected wear scar diameter (wsd 1.4) at 60°C, of not higher than 460 µm as determined by ISO 12156-1.

Note: In this Part -

"IP" followed by a numerical symbol ("IP number") means the test procedures of the Institute of Petroleum commonly known by that IP number;

"ISO" followed by a numerical symbol ("ISO number") means the test procedures of the International Organization for Standardization commonly known by that ISO number;

"viscosity" (黏度) means the viscosity of diesel as determined by ISO 3104."."

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

MR WONG KWOK-HING (in Cantonese): Madam President, as a result of high oil prices, all industries and trades, especially the transport industry, are suffering immensely. For this reason, the taxi trade recently asked for the introduction of a fuel surcharge to cope with high oil prices. But the Government and the Transport Advisory Committee refused the request of the trade, thus leading to its strong reaction. This can show that high oil prices have indeed exerted very heavy pressure on the transport industry's business operation.

This time around, the authorities propose to reduce the duty on Euro V diesel to \$0.56 per litre for a period of two years. I strongly support this move because it is after all a very good measure that can lighten the burden of the transport sector. An added reason is that the Motor Transport Workers General Union affiliated to the Hong Kong Federation of trade Unions has in fact been fighting for such duty concession for more than a decade.

According to members of the Motor Transport Workers General Union, the high oil prices in recent years, coupled with increases in insurance premiums and tunnel tolls, have led to further decreases in drivers' incomes. Many members of this workers' union have pointed out that their monthly fuel expenses have increased by at least 50%, while their monthly incomes have gone down by at least 25%.

I have always been very concerned about the impacts of oil prices on the transport sector. In August this year, the Motor Transport Workers General Union, the Container Transportation Employee General Union and I held a

meeting with the Secretary for Transport and Housing, Ms Eva CHENG. During this meeting, the transport sector strongly requested the authorities to expeditiously reduce vehicle diesel duty by half, so as to relieve their burden.

Madam President, the authorities have proposed to reduce fuel duty by half this time around, but the reduction will only be applicable to Euro V vehicles. The number of drivers operating this kind of vehicles is actually very small. At this very time when the Government has a huge fiscal surplus, can the authorities consider the adoption of a larger number of concessionary measures to help the transport sector in operation? One feasible measure is to waive the duty on all types of fuel during the concession period. That way, the broad masses of drivers will be able to share the fruit of economic success.

Madam President, I so submit.

MS MIRIAM LAU (in Cantonese): Madam President, I support the passage of this resolution, which is about the introduction of a more environmentally-friendly fuel to further improve the air quality in Hong Kong. Together with the introduction of Euro V diesel (sulphur-free diesel), the Government plans to impose a concessionary duty rate of \$0.56 per litre. The Government is certainly well-intentioned, in the sense that while aiming to introduce a more environmentally-friendly fuel, it also imposes a concessionary duty rate, in the hope of providing the transport industry with a certain degree of financial relief. But even now, the transport industry and I still fear that the duty concession offered by the Government may be nibbled up by oil companies in the end, thus making it impossible to achieve the Government's desired result. In that case, even if sulphur-free diesel can be successfully introduced, the transport industry and consumers may still fail to benefit from the duty concession.

In his policy address, the Chief Executive proposed the introduction of sulphur-free diesel. Since that very day, I have been asking for information about the costs difference between sulphur-free diesel and ultra low sulphur diesel. However, all in the Government, from the Chief Executive down to officials responsible for the environment, have just been offering a standard official reply: owing to fluctuations of oil prices, it is very difficult at this stage to forecast the price of sulphur-free diesel at the time of actual introduction. It is only due to my persistent requests that the Government has eventually given a

brief response, disclosing that according to its statistics, there was a difference of \$0.1 per litre between the import prices of sulphur-free diesel and ultra low sulphur diesel in the previous eight months.

Reasonable computations based on such information can show that after the deduction of fuel duty, the price per litre of sulphur-free diesel should be \$0.45 lower than that of ultra low sulphur diesel. However, when it comes to whether the transport industry can really benefit from this duty concession of \$0.45 per litre, the Government simply refuses to give any affirmation and guarantee. It just keeps repeating the same old standard official reply that since oil price fluctuations are totally beyond its control, it cannot possibly tell what the situation will be. There can be only one reason for the Government's firm stance: it believes the undertaking of oil companies. As explained clearly by the Secretary just now, he has approached oil companies who have made the undertaking that after deducting the increased costs, they will ensure the reflection of the duty concession in the pump prices of sulphur-free diesel. The Government believes that they will really do so.

May I know what increased costs oil companies will face? I think before the Government accepts oil companies' replies, it should really ask them what increased costs they expect to face. I wish to point out that sulphur-free diesel currently accounts for 40% of the diesel market in Hong Kong. Sulphur-free diesel has already been introduced into Hong Kong and it is now mixed with low sulphur diesel for sale to users. I therefore think that the current pump prices of ultra low sulphur diesel in the market can already reflect the costs of sulphur-free diesel.

Oil companies may claim that they must spend money on publicity. But I hope that they will not incur any unnecessary expenditure or indirectly make the Government pay for their publicity and marketing activities. What I mean is that they may try to recoup their publicity costs from the duty saving, in which case consumers may once again fail to benefit from the duty concession. Oil companies also claim that they need to cleanse oil tanks. But I must point out that since 40% of the diesel currently sold in the market is sulphur-free diesel, all cleansing work must have been completed even if there is indeed a need for such cleansing. That being the case, is it still necessary to carry out any further oil tank cleansing? Is it still necessary to incur any additional costs? I hold that when sulphur-free diesel is formally introduced, oil companies do not actually need to cleanse any oil tanks, nor is it necessary for them to conduct any

publicity. I really fail to understand why there should be any additional costs. What are all those additional costs they have in mind which cannot be fairly reflected in oil prices and which must be recouped from the duty saving? I am really puzzled. What are the additional costs they have in mind? But the Government has never asked them such questions. I am very surprised to find that the Government has so much faith in the oil companies, believing whatever they say. If the oil companies reply that publicity will incur additional costs, I must tell them that there will be no need for any publicity because when there is a need for refuelling, people will naturally do so. I do not see any need for publicity. And, there will be no choices, as only sulphur-free diesel is available. As a matter of fact, at least 40% of the current supply of low-sulphur diesel is already sulphur-free. That being the case, is it still necessary to conduct any publicity to encourage people to refuel? When the oil tanks of vehicles are empty, there will be a need for a refill.

What is more, I also wish to know how the oil companies are going to make sure that the duty concession can be "appropriately" reflected in the pump prices of sulphur-free diesel? If the oil companies claim that they must conduct oil tank cleansing and unnecessary publicity and if the Government does not get hold of the required statistics beforehand, how can it monitor them in the future and prevent them from nibbling up the duty concession it offers? If the Government asks the oil companies whether they will nibble up the duty concession and readily believes their reply in the negative, then what kinds of information and criteria can it use when bargaining with them in case they really do so in the future? Does the Government really think that its credulous faith in the oil companies can suffice to convince taxpayers that public money is well-spent? Does it really think that the transport industry can be convinced that the duty concession will be duly reflected in pump prices, and that all in the transport industry and consumers can really benefit?

If the Government does not carry out any relevant statistical surveys, enquiries and verifications, it will create some "appropriate" room for the oil companies to "appropriately" adjust prices at will and make free with the duty saving. The transport sector will only be able to watch the oil companies lining their pockets.

In order to ensure that the duty concession can be duly reflected in pump prices, I think that the Government should request more information from the oil companies and require them to undertake not to nibble up the duty saving.

Besides, the oil companies must also be required to list all the increased costs they have in mind, so that everybody can know clearly what and how high these costs are. Such costs must be clearly reflected in the pump price of diesel per litre. Every single cent must be clearly accounted for. Besides, in order to avoid any suspicion, the oil companies should volunteer the required information, so that there can be more transparency and the public can also know the situation.

Madam President, I so submit.

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

MS AUDREY EU (in Cantonese): President, we all know that in Hong Kong, whenever people talk about air pollution, their most personal experience will be vehicle emissions in the streets. President, especially during election periods, when we must stand on the streets, shouting through loudspeakers, waving at passers-by and handing out leaflets, when we are no different from vacuum cleaners, we can feel the impacts of vehicle emissions most acutely. For this reason, when the Government proposes to introduce some forms of duty concession to encourage the use of better and more environmentally-friendly vehicle fuels, everybody welcomes the proposal in principle.

Can the Government's financial incentive really succeed in encouraging vehicle owners to switch to this type of fuel in the real world? Since there will be a reduction of revenue for the Treasury, all of us as Legislative Council Members are of course duty-bound to follow the matter closely.

Last Friday, the Legislative Council Panel on Environmental Affairs convened a special meeting to listen to the views of different sectors on the proposal. As a matter of fact, both the oil companies and the transport industry were invited to send representatives, but the former simply sent no one. On the other hand, "numerous" representatives from the transport industry turned up and expressed their very strong views. Their views can be summarized as follows:

First, they question whether the duty rate reduction can really lead to corresponding adjustments in pump prices. In other words, they are worried about whether the problem mentioned by Ms Miriam LAU may arise, meaning that they question whether the pump price of sulphur-free diesel will really go

down by \$0.55 even if the duty on it is reduced to the concessionary rate of \$0.56 per litre, which is \$0.55 lower than the existing concessionary duty rate of \$1.1 per litre for ultra low sulphur diesel. The transport industry is generally worried that the oil companies may not really transfer the benefit of the duty concession onto users.

Second, despite the Government's proposed reduction, the rate of duty on Euro V diesel in Hong Kong is still markedly higher than those in Macao and the Mainland, not to speak of other places where diesel duty is waived straight. The transport industry is worried about the effectiveness of the proposed duty concession. Those in the transport industry having difficulties are particularly worried, and they ask for the abolition of diesel duty altogether.

Third, the Government explains that the adoption of Euro V vehicles and diesel will reduce the emission of nitrogen oxides and particulates, but it must be pointed out that some 74 000 pre-Euro and Euro I diesel commercial vehicles are still running on the roads. Although the Government launched a \$3.2 billion grant scheme to encourage vehicle owners to replace their vehicles, only 1 404 applications were approved as at the end of August this year, involving a total grant of roughly \$53 million. This means that there are still some 70 000 commercial diesel vehicles running on the roads. How many of them will be replaced in the two-year period of diesel duty concession? The answer to this question will certainly have a bearing on air pollution, especially the air pollution caused by road traffic. It is hoped that the Secretary can consider what new measures can be introduced to encourage vehicle owners to speed up their replacement of vehicles.

The greatest problem with this resolution is whether or not consumers can gain any direct benefit following the duty concession and the consequent reduction of Treasury revenue. Members can all remember that the beer duty reduction last year was not followed by an immediate drop in the retail prices of beer. It was not until many efforts had been made that retail prices were eventually adjusted downwards.

The Secretary for the Environment has once again resorted to "verbal coercion", saying that he has personally met with the major oil companies, that they are very sincere, and that with his encouragement, the oil companies have agreed to appropriately reflect the duty concession when pricing Euro V diesel after deducting the costs. But as already asked by Ms Miriam LAU just now,

what actually are the costs referred to? At the meeting last Friday, we questioned the government representatives present on this many times. As you can possibly imagine, President, they simply repeated words such as "costs", "very sincere" and "encourage", remarking that neither the Secretary nor the Government could do anything to interfere with commercial operation. Members can observe that this will be the case every time when issues like this are raised. Every time, Members talk on and on, saying that they must put down their views on record, that principles are very important, and that although they want to support the Government, they still have many worries. Then, the Secretary will invariably give his strong assurance. But eventually, many problems still emerge. This is always and invariably the case. And, it is especially worth mentioning that on the issue of oil prices in Hong Kong, the complaints from the transport industry are certainly justified.

The reason is that even the Motor Transport Workers General Union has also pointed out that the after-tax pump prices of lead-free petrol in Hong Kong are higher than those in the United States, the United Kingdom, Canada and Japan by respectively close to 94%, 90%, 92% and 40%. The transport industry therefore suspects that the oligarchic control of fuel supply in Hong Kong may be the main reason for our high oil prices. At their meeting with Legislative Council Members last week, organizations like the Transport and Logistics Workers Union even requested the formulation of a fair competition law to encourage the entry of new oil companies and prevent any monopolization of the market. Speaking of this, I actually find something rather ironic. Every time when I hear the Liberal Party's views on this issue, I cannot help wondering why it is so strongly against fair competition. Actually, this can really

MS MIRIAM LAU (in Cantonese): Point of order. I request Ms Audrey EU to clarify whether she really thinks that we in the Liberal Party are against the formulation of a fair competition law to regulate oil companies.

PRESIDENT (in Cantonese): Ms Audrey EU, you may either give a reply or continue with your speech.

MS AUDREY EU (in Cantonese): President, I choose to give a reply. President, what I am referring to is the position adopted generally by the Liberal

Party in every discussion on the formulation of a fair competition law, not its position regarding the present issue of oil prices. On this present issue of diesel duty, as I mentioned just now, the transport industry raised one point during its meeting with Legislative Council Members last Friday: the Government will behave like this every time when the issue of oil prices is brought up for discussion. The transport industry therefore thinks that the ultimate solution should be the formulation of a fair competition law. For this reason, my only purpose is just to advise the Liberal Party that if it can be more positive regarding the formulation of a fair competition law, it will be possible to solve the problem of fuel prices faced and mentioned frequently by the transport industry. And, this is also in line with the position of the Civic Party. We cannot possibly count on the Secretary's "assurance" or "verbal coercion" for ever as a means of encouraging the oil companies to transfer the duty saving onto consumers. After all, the problem can only be solved by enacting a law to ensure fair competition.

With these remarks, President, I support the resolution.

MS MIRIAM LAU (in Cantonese): President, may I ask whether I can speak again now?

PRESIDENT (in Cantonese): You may not speak again.

MISS CHOY SO-YUK (in Cantonese): President, it is of course very good if the Government can introduce measures to encourage the use of green diesel. As a matter of fact, over all these years, the DAB has never stopped urging the Government to encourage the wider use of green diesel and promote environmentalism more vigorously. No one will believe that I do not support environmental protection. Therefore, if the Government proposes to reduce diesel duty and encourage the transport industry to switch to green diesel, I should be the first one to render total and absolute support.

However, after listening to the views of the transport industry at the special meeting last Friday, I honestly think that the Government's action is much too rash. Or, more seriously, I must say that the Government is not being responsible in its use of public money.

It is a great pity that no representatives of any oil companies were present at the meeting last week. As a result, we could not hear from any representatives of oil companies how much of the duty saving will be transferred onto the transport industry. I do not mean to say that we should help the transport industry only. But if the duty saving can really benefit the industry, it will be encouraged to switch to green diesel, and it is only in this way that the duty reduction can achieve the desired result. If all the duty saving is eventually pocketed by just a few corporations monopolizing the market and the transport industry is left with very little benefit, it will simply be impossible to encourage the industry to switch to green diesel.

What was so ironic was that the representatives of the transport industry present at the meeting that day (whose burden is theoretically to be relieved by the Government's duty reduction) all unanimously voiced their opposition. But I must admit that their opposition is in fact well-justified. Because we can observe that the fuel market in Hong Kong has all along been monopolized by just a handful of oil companies, and their records have been extremely poor. Whenever global oil prices went up, oil companies would increase their prices very quickly. But when global prices dropped, they were extremely slow in adjusting their prices downward. And, last time, when the Government lowered the rate of duty on ultra low sulphur diesel, they even pocketed almost the entire sum of duty saving on various excuses such as administrative fees and oil tank cleansing costs. The representative of the Environmental Protection Department present at the meeting that day was totally unable to convince us that the situation would be different this time around. I hope when the Secretary gives his reply later on, he can undertake to us and the general public that before lowering the duty rate, the Government will first ensure that the duty saving will be used for encouraging the transport industry to switch to green diesel. If the Government fails to persuade the oil companies to transfer the benefit of duty saving onto the transport industry, it will be most irresponsible of it to go ahead with the duty reduction. This will be tantamount to flushing public money down the drain, to the pockets of the few corporations monopolizing the market. I must say that this will be very regrettable.

President, since this is a green measure aimed at encouraging environmentalism among the public, other Members belonging to the DAB think that it should be supported. I of course support environmentalism even more strongly. For this reason, I hope that even if the proposed duty reduction is

passed today, the Secretary will still listen to Members' concerns and seek to ensure that the duty saving will not be pocketed by the oil companies as their extra profits.

President, I so submit.

MR SIN CHUNG-KAI (in Cantonese): President, we will support this resolution. As mentioned by quite a number of Members just now, one who listened to the views expressed at the hearing last week will probably think that all are against the resolution. For this reason, should we vote against the resolution today? The representative of the transport industry in this Council, however, has just requested us to render our support. But having listened to the views expressed that day, our reason tells us that we should oppose the resolution.

If the Secretary does not tell any lies later on, he will probably say that the oil companies have already made an undertaking. I believe that they have made an undertaking. But for how long will they keep their words? For just two months, or three months, after which they will simply pocket the \$0.56 of duty saving, as mentioned by Miss CHOY So-yuk? I have thought about how to deal with this problem. There is indeed a solution, but very complex administrative procedures will be involved. The Government may require consumers to produce their receipts for direct credit of the duty saving to them. This is some kind of a reimbursement basis, meaning that drivers of diesel vehicles are to claim the duty saving from the authorities by producing their refuelling receipts. But the idea will involve very complicated administrative technicalities, dismissed by government officials as unrealistic. I therefore do not dare to put forward the proposal.

As for what Ms Miriam LAU mentioned, that is, making enquiries with the oil companies, I must frankly say that even the Government has already thought of doing so. But making enquiries may not necessarily work. Frankly, are there any ordinances that make it obligatory for oil companies to disclose the required information? No, there is none. Well, if we are talking about tax payment, if the request is made by the Inland Revenue Department, things are different and they must provide the information. Ms Miriam LAU said that we should ask the oil companies. But what we can at most do is just asking. Honestly, speaking of the investigation report, we were provided with

the information simply because the oil companies were willing to do so. Had they refused to co-operate, we would not have been able to do anything. Therefore, what should be the solution? The formulation of a fair competition law. We have already proposed to formulate one. But we have been turned down. The Federation of Trade Unions has pointed out that to say the very least, the Consumer Council should be given the power to question oil companies. They must be required to answer the questions asked, right? But well, President, I do not think that it makes any more sense for me to say so now.

I must nonetheless point out that while we must adopt Euro V diesel to improve our air quality, we must bear in mind that we still face a big problem: cross-boundary drivers will usually fill up the tanks of their vehicles before returning to Hong Kong from the Mainland. In some cases, a vehicle is even fitted with an additional or auxiliary fuel tank, commonly called a "mei tai" (baby sling). These vehicles will burn the diesel bought in the Mainland after entering Hong Kong. This kind of diesel is certainly not ultra low sulphur in content. It is even ultra high sulphur. We cannot do anything about this problem. The fuel sold in Hong Kong itself is very clean, but how can we deal with all such vehicles, Secretary? The Secretary should make more efforts to negotiate with the Mainland to see if they can also adopt a kind of diesel that is up to environmental standards.

Second, just last week, we debated a piece of legislation on merchant shipping, but the Secretary was not present at the meeting. Under this legislation, there is to be an 4.5% m/m cap on the sulphur content of fuel oil used by ships. The Secretary has nodded and indicated his awareness of this legislation. Last week, when the Secretary was not present, I raised one point, and now, when he is present, I wish to stress this point once again. Currently, many vessels ply between the Pearl River Delta and Hong Kong, and these vessels must be licensed by the Marine Department. Can the Government set down any regulation, or can it negotiate with those concerned and then set down a regulation, requiring that at the time of entry into Hong Kong waters, these vessels must meet a higher standard in respect of the sulphur content of the diesel used?

According to the statistics of the Environmental Protection Department, the problem of emission is especially serious around Kwai Chung and Tsuen Wan. Emission from ships is one of the reasons for this problem. All these vessels must not be ignored because there are large numbers of them. What is

more, the diesel used by many river trade container vessels is very high in sulphur content. The diesel used in Hong Kong is very clean, but one tank of fuel they use is able to cause far greater pollution than seven or eight tanks of fuel we use in Hong Kong. This is partly related to the 20-80 rule. We have made lots of efforts in this respect, but the results are not at all satisfactory. I naturally support all these measures, but I think we must still deal with the vessels from the Pearl River Delta and those engaged in mid-stream operations, for they do have a bearing on the air pollution problem in the whole harbour of Hong Kong. There is also the problem of roadside air quality. The situation in this regard is better, for there are already laws in Hong Kong regulating vehicle emissions.

But cross-boundary vehicles still remain the most important problem we must deal with. How can the Government regulate cross-boundary vehicles? I think that we should at least clamp down on "mei tai's". I admit that the problem is now less serious. But, President, such vehicles are fitted with one more fuel tank in addition to the specification fuel tank. After entering Hong Kong, they can use the fuel in the specification tank and also the additional tank. Will the Government step up prosecutions? These vehicles will pose greater dangers. To sum up, in order to improve our air quality, we must also improve the quality of the diesel used by cross-boundary vehicles. And, we must at the same time require cross-boundary vehicles to use a kind of diesel that meets higher standards. I so submit.

MRS SELINA CHOW (in Cantonese): President, Ms Audrey EU must be suffering from amnesia. At a certain meeting of the Legislative Council in the past, we in the Liberal Party did propose a motion that clearly expressed our advocacy of formulating a fair competition law which empowers the Government to request information from oil companies, so that the problems with them can be addressed and fair competition in the fuel supply market can be ensured. The Liberal Party has put forward such advocacy many times before. I really do not know what I should say, now that some Members have chosen to turn a deaf ear to our advocacy.

Mr SIN Chung-kai similarly suffered from amnesia just now. These two Members from the democratic camp both suffered from amnesia, completely forgetting our advocacy that a fair competition law targeted on oil companies must be formulated. But they must not go so far in their attempts to mislead the public. Is it really true that after the enactment of a fair competition law, all

prices can then be fixed rigidly? The Secretary should know only too well that this will not be possible. The Government certainly does not want to interfere with pricing, and it only thinks that there is room for improvement in terms of transparency.

If Honourable colleagues choose to lose their memories, they must first set the record straight and never try to mislead others. Misleading others due to amnesia is of course undesirable. But deliberate attempts of misleading are even worse. Putting words into others' mouths will result in inaccurate perceptions. This is what the Liberal Party opposes all the time. Why do people always want to make ungrounded accusations? One thousand such accusations may turn a lie into the truth. I therefore very much hope that colleagues can realize this point.

Mr Ronny TONG should understand our position. He and I actually attended many forums on the formulation of a fair competition law together. I know that he wants to formulate a fair competition law applicable to all industries. But as I explained on every such occasion, the Liberal Party supports a fair competition law, but it does not want to see a sweeping law for all industries. We think that where there are problems, they must be dealt with. But we also think that if there are no problems, no attempts should be made to interfere with the free market and more freedom should be allowed. It is alright for different political parties to hold divergent views. This can be tolerated by our democratic system. But we must never put words into others' mouths and advance any misleading arguments.

How can we deal with the problem mentioned by Mr SIN Chung-kai? No one can possibly control pricing through any legislation — I believe that neither he nor the Democratic Party thinks that way. I think that while public pressure counts, government pressure is equally important. If society as a whole can exert pressure on the oil companies, they will understand that society will not let them go if they do not transfer the duty saving onto consumers.

I believe that from the long-term perspective, no business operators in society will want to sustain any damage to their reputation or hear any constant criticisms. I believe that honest businessmen and companies in general will not want to see something like this. If we can exert continuous pressure Members should still remember the case of beer prices. In the end, they yielded. Although the concessions they made might not necessarily be what we wanted, the important thing remains that we at least tried to exert pressure on them. The situation now is similar.

We have made clear our position on a fair competition law to the oil companies. If the Government asks the oil companies to increase transparency, we will certainly raise no objection. But no one should tell the public that the formulation of a fair competition law, be it comprehensive or sector-specific, will definitely solve the problem of pricing. I think that such an argument is misleading. Thank you, President.

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

(No Member indicated a wish to speak.)

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

SECRETARY FOR THE ENVIRONMENT (in Cantonese): Madam President and Honourable Members, I must first thank you all for supporting our resolution on the concessionary duty rate for Euro V diesel.

I have listened to Members' worries concerning this issue. I believe that despite their different views on how the problem should be tackled, Members' objective should be the same as that of the Government. We all share the common hope that while the duty concession can help us introduce a cleaner fuel at a sooner time to relieve our air pollution, the duty saving will not go to the pockets of oil companies.

In this connection, as also mentioned by several Members just now, the Government has made two major efforts. First, we have held discussions with the oil companies and sought to understand their positions on this issue. Members all know that oil prices are actually determined by market demand and supply and other factors. It is very difficult for the Government to fix prices for oil companies. However, I can say that we have still obtained very positive responses from the oil companies during the discussions on this issue.

We have also taken an additional action. We have gone through the records of import oil prices over the past eight months and found that in some cases, the price differences relating to Euro V fuels have in fact been made known to the public. In the first eight months of this year, for example, the biggest price difference was only 10 cents per litre. The public are well aware of the rough price differences between the two types of fuels. I believe that the Government, Members, the public and users will all continue to monitor the practices of fuel suppliers.

Members have also raised other proposals on ensuring the supply of cleaner fuels and alleviating air pollution. The Government is of course duty-bound to continue with its efforts, including dealing with the problem of cross-boundary vehicles and cleaner vessel fuels. We will continue with the relevant studies in future.

With these remarks, I thank Members for supporting the motion. Thank you.

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

(Members raised their hands)

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

(No hands raised)

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

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. Two motions without legislative effect.

PRESIDENT (in Cantonese): First motion: Rates relief.

I now call upon Mr CHEUNG Hok-ming to speak and move his motion.

RATES RELIEF

MR CHEUNG HOK-MING (in Cantonese): Madam President, I move that the motion, as printed on the Agenda, be passed.

The current year happens to be the 10th anniversary of our Motherland's recovery of sovereignty over Hong Kong. Having gone through the Asian financial turmoil of 1997, 1998 and the outbreak of SARS in 2003, our economy has bounced back from the rock bottom, having recovered and making rapid progress steadily. Below are a few well-known examples serving as data indicative of our growing economy: Our GDP from 2004 to 2006 saw an average annual growth of 7.7%; in the first half of 2007, our economy grew at a rate of 6.3%; in sum, Hong Kong has already registered a markedly rapid growth over the past 15 quarters. In addition, the Government expects the current year's rate of economic growth to be 5% to 6%.

If we refer back to the data in the past, it is easy to notice that even though our economy in 1997 was quite good, with the stock market brimming with all kinds of keen speculations, and everybody gaining in personal wealth as property prices kept on rising during the same period, the period saw economic growth of only about 5% to 5.5%. Let us look at the trend of recent years. Between 2004 and 2006, our GDP on average grew at a rate of 7.7%. The rate of economic growth in the first half of the current year is 6.3%. Apparently, it outstripped the pre-1997 growth rate. So, the economic growth now being registered by Hong Kong is very conspicuous. Furthermore, the Government's economic growth forecast for the next few years is quite optimistic. The Government's forecast is that for the years between 2008 and 2010, there will be a medium-range nominal growth of 6%. This shows that for a relatively longer period in the next few years our economy is basically going to be on the ascending track.

Fiscal balance has been restored to the Operating and Consolidated Accounts since 2005-2006, and the Government has been able to eliminate the deficit ahead of schedule. Over the past two or three years, the Treasury has

kept more and more fiscal reserves year after year. First it registered a surplus of \$19.4 billion for the Consolidated Account in 2004-2005. In 2005-2006, the net consolidated surplus rose to \$47.6 billion, far exceeding the original estimate. For 2006-2007, the consolidated surplus was expected to grow further to exceed \$58 billion. With regard to the current year, there is going to be even more notable fiscal surplus. The Government has already made it known that the figure will be no less than \$50 billion. According to outside forecast, it will be as high as \$70 billion to \$80 billion.

However, whilst economic growth is apparently better than expected, and the Government's fiscal surplus far exceeds the original forecast, members of the public have yet to benefit from it comprehensively.

According to a remark made by Chief Executive Donald TSANG earlier this year, the Hong Kong economy was at its best in 20 years. All of us just wondered if that was an overstatement. The reason is very simple. It is that Hong Kong's economy is undergoing restructuring and the progress has been very slow. Even though the economy has been improving, a lot of people still have not enjoyed the benefits brought about by economic development.

In recent years, Hong Kong has been undergoing economic restructuring. However, the process is a lengthy one compared with the past. The main reason is that 44% of our people are workers with low educational qualifications and low skills. Because of age and limitation of past conditions, most of them have primary school or even lower educational attainment. It is hard for them to face up to the challenges arising from a labour market rapidly moving towards a knowledge-based economy. That is to say, at a time when the economy is steadily improving, this group of people cannot benefit from it even though the overall employment situation is far better than what it was before. At a time when the economy is steadily improving, many people are still unable to share the fruits. Therefore, we do not think that Hong Kong is back to its golden age. Here is an example. A person who distributes free newspapers now only earns \$14 an hour. But the actual working time is limited to one hour in the morning with the highest volume of pedestrian flow. So, after the work is done and the pay collected, the person can only walk back home. Taking a ride back means "doing the work for nothing".

To these low-skilled workers and their families, there is another lethal blow, namely, inflation. In particular, prices of food have been going up

rapidly in recent days. At a time of stagnant earnings and rising food prices, it means that members of the low-income sector have to tighten their belts. With the economy growing vigorously, inflation has been rekindled in Hong Kong. In 2006, it was still possible to keep the rate of inflation at 2%. This year, because of a sharp increase of 30% in prices of food products from the Mainland, especially pork and beef, the inflation rate has gone up markedly. At first the Government was still adamant that the inflation rate for the entire year was 1.5%. However, later it had no choice but to make a revision, raising its forecast figure to 2%.

As a matter of fact, there are academics holding the view that there is a possibility for the inflation rate of the current year to exceed 3%. With inflation becoming more and more rampant, the burden of living on the middle and lower classes is getting heavier and heavier day after day. For poor families living on a few thousand dollars of Comprehensive Social Security Allowance (CSSA) payment, that is one more burden added to an already unbearable burden. People at the grass-roots level once had hopes on the Chief Executive's policy address, hoping that the Government would alleviate their hardship and return wealth to the people in view of the huge surplus. However, the Chief Executive merely handed out a piece of soft candy that melted immediately in one's mouth. It melted away even before its sweetness could be tasted. Primarily, business proprietors and highly paid "kingpin employees" stand to benefit from the lowering of profits tax and the standard rate of salaries tax. In the case of the poor, it can be said that there is no way for them to taste the sweetness of the candy except those aged 70 or above who are each to be given health care vouchers amounting to \$250 annually.

The local inflation is influenced by a number of factors, especially the direct impact from inflation on the Mainland. There is very little chance for the SAR Government to directly curb the inflation on the Mainland. To minimize the impact on the people's livelihood arising from inflation, we have got to rely on making some adjustment domestically. Earlier on, it was also pointed out by the Financial Secretary at a meeting of this Council's Financial Affairs Panel that the ever-rising food prices and the depreciating US dollar all added to inflation, and this could become a major concern in the management of our economy. So, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) holds that the SAR Government should now make good use of the resources available from the big surplus to adopt certain measures to give more attention to the impact of rising living cost on the low-income group.

Madam President, the current rates percentage charge of 5% has been in effect unchanged since 1999. In the past few years, on account of the poor economy, falling property prices and the stringent financial position of the Government, the middle class and the grassrooters, those most badly affected, made no request for revision. To enable the Government to get out of the red, they even put in their own efforts. They quietly shouldered all the burden under the awful circumstances of negative equity, unemployment and reduced wages. The severe winter of the economy is now over. The overall economic environment has changed considerably. As the Government's financial position is sound, and the public coffer has been registering huge surpluses year after year, the Government, in compliance with the policy of not collecting tax revenue in excess of government needs, in fact should lower the rates percentage charge so as to return wealth to the people.

We are of the view that of all the various government taxes, the tax base of rates is far broader than those of profits tax and salaries tax. It ought to be the tax with the broadest coverage, and is in a position to benefit the middle class and take care of the low-income group. The DAB, therefore, proposes that for the coming year the Government should bring in two relief measures, namely, waiving the rates for the whole year of 2008-2009 subject to a ceiling of \$5,000 per quarter, and reducing the rates percentage charge from the existing 5% to 3%.

According to the assessment by the DAB, it is forecast that these two proposals will cost the Government just some \$12.5 billion in revenue in 2008-2009. Given the fact that the Government is now going to register a huge surplus of \$70 billion, the Government can well afford to provide such a tax relief.

Also, waiving the rates for one whole year is just a one-off tax relief measure which will not affect the Government's recurrent revenue in the days to come but which can immediately return the surplus to members of the public. It is a tax relief capable of bringing benefit to the largest number of citizens and members of the industrial and business sectors. As for reducing the rates percentage charge from the existing 5% to 3%, the Government is going to collect just \$6.4 billion less annually if the calculation is made on the basis that the total revenue from rates in the coming year is going to be about \$16 billion. Its impact on the future can be said to be small.

Madam President, two weeks ago, during the debate on the Chief Executive's policy address, I made an analogy to those "money hoarders" appearing in Cantonese movies of the 1960s and 1970s. Though they want to be deemed as charitable, "they are all talks, holding tight onto their purses." Now our Government has sufficient surplus to return wealth to the people, and has kept saying to provide relief to the people and return wealth to the people. It is really the optimum moment for the Government to do the act of returning wealth to the people. Here, the DAB looks forward to the acceptance of our proposals by the Government. Wealth can then be indeed returned to the people. Madam President, I so submit.

Mr CHEUNG Hok-ming moved the following motion: (Translation)

"That, as the government revenue of the current year is far better than expected, this Council urges the Government to provide rates relief to return wealth to the people, including waiving the rates for the whole year of 2008-2009 and reducing the rates percentage charge from the existing 5% to 3%."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr CHEUNG Hok-ming be passed.

PRESIDENT (in Cantonese): Mr Frederick FUNG, Mr SIN Chung-kai, Mr Jeffrey LAM, Mr Ronny TONG and Mr CHAN Kam-lam will move amendments to this motion respectively. Ms Miriam LAU will move an amendment to Mr Jeffrey LAM's amendment. The motion and amendments will now be debated together in a joint debate.

I will call upon Mr Frederick FUNG to speak first, to be followed by Mr SIN Chung-kai, Mr Jeffrey LAM, Mr Ronny TONG, Mr CHAN Kam-lam, and Ms Miriam LAU; but no amendments are to be moved at this stage.

MR FREDERICK FUNG (in Cantonese): President, in late October, the Hong Kong Association for Democracy and People's Livelihood (ADPL) conducted an opinion poll on the disparity between the rich and the poor. The outcome clearly shows that more than 60% of those polled think that they cannot share the

fruits of economic success. What is more, most of the people say they get nothing. There has been no, or only very modest, pay increase. Yet they have to deal with the ever-rising prices. Their livelihood is getting harder and harder. According to more than 80% of those polled, the pressure of inflation is being felt. So, the magnitude of inflation can be visualized.

Regrettably, the policy address just delivered by the Chief Executive can be said to be somewhat callous to both the middle class and grassroots, there being no short-term relief measures. In dealing with profits tax and standard rate of salaries tax, the Chief Executive is not hesitant at all. They are reduced right away at his order. On the other hand, in response to the elderly people's modest request for an increase of a few hundred dollars in their "fruit grant" (Old Age Allowance), the Chief Executive gave them "a big no", particularly showing the magnitude of unfairness in the distribution of wealth. Even the Chief Executive is on this line of thinking. No wonder more than 55% of those polled think that the policy address provides no solution to deal with the disparity between the rich and the poor.

As a matter of fact, according to the most conservative estimate now, the current year is going to see a surplus exceeding \$50 billion — I even estimate it to be \$80 billion to \$100 billion. The Government is in a position to alleviate poverty and care for the livelihood of the grassroots. At the same time, the issue of disparity between the rich and the poor can also be equitably addressed so as to let people share the fruits of economic success.

Unfortunately, the reality happens to be otherwise. The overall wealth distribution by the Government is utterly tilted towards the business sector and those of the upper class in the community. No attention is being paid to the middle class and grassroots. Consequently, I have to move today's amendment. It is hoped that the Government can put into effect the principle of "those who have the means pay more" at least in the area of revenue as well as in the rates charging regime, and that, with rates waived, people of every sector can ease the pressure of inflation and share the fruits of economic success.

President, in no way could all sectors of the community share the fruits of economic success when the Chief Executive only made a few appeals in his policy address asking enterprises to shoulder the so-called social responsibility, yet "not matching words with actions." Earlier on, the Employers' Federation of Hong Kong recommended a pay increase of 2.5%. Also, according to a

recent survey, the average rate of pay increase of the current year is just 2.8%, a figure very much falling behind inflation. All these show that the Chief Executive's appeals are futile. The enterprises are still too mean, putting profits above all things. They fail to remember who stuck with them during those difficult years and how the wage earners "tightened their belts." President, how difficult is it for the citizens to share the fruits of economic success through pay increase?

At the same time, because of the heated economy on the Mainland, the intensity of inflation is ever growing. The exchange rate of Renminbi has surged to new highs again and again. On the contrary, Hong Kong dollar is constantly dropping in value in tandem with the depreciating US dollar. Prices of foodstuffs from the Mainland are all rising sharply. Common food items, such as pork, beef, eggs and tin food, are all becoming more and more expensive. China's economy is still going to grow rapidly next year, and it seems that inflation is likely to get worse. It is common knowledge that members of the middle and lower classes mainly rely on relatively cheaper mainland foodstuffs and commodities to keep their living expenses down. Foodstuffs often take up large portions of the grassroots' spending. So they are bearing the brunt of the blow, which adds to their heavy burden of living.

So, the ADPL and I propose the amendment of today, working on rates first with the proposal that rates for the forthcoming financial year be waived, subject to a ceiling of \$5,000 per quarter. We are of the view that such a measure, by making use of the more extensive coverage of the current rates charging regime, can let all sectors enjoy the fruits of economic success and also partially ease the pressure of inflation. What is more, if the target is set on units with lower rateable values — namely, those medium- and small-sized units, mainly those owned by members of the middle and lower classes — and their rates are waived for the entire year, then public housing residents and elderly property owners living in old districts can get the benefit right away. On the contrary, with regard to units with higher or very high rateable values, those in excess of \$5,000, we "set the ceiling" at \$5,000. The reason is that given their high rateable values, the units are naturally of high values. These people are naturally comparatively wealthy (so, they can afford to have a smaller concession), and are in a position to afford rates in excess of \$5,000.

The ADPL is of the view that such an approach is geared towards to the middle and lower classes. It is more in line with the principle of redistribution

of resources so that the disparity between the rich and the poor may not expand. President, had it not been for the restriction of the ambit of the motion, I would have moved an amendment on the issue of Government rent. The reason is that in the case of certain locations, besides rates, Government rent is also payable. To those locations the approach of setting the ceiling at \$5,000 per quarter can also be applied. This is to let members of the middle and lower classes who have yet to exhaust the ceiling set for rates and who are required to pay Government rent get the benefit on an equal footing. Such an approach can rectify any unfairness consequent upon a measure waiving rates only. On account of location and history, some properties are required to pay Government rent too. That is to say, both types of charges are payable. I think such an approach can help. It is hoped that the Government will give it consideration. Although this is not the topic under debate today, I thank the President for allowing me to stray from the subject for a while just now.

President, my amendment also touches on the issue of taxation system reform. The ADPL holds that the current arrangement of charging rates at a flat rate of 5% is unfair, and that a comprehensive review is necessary. Just as in the case of proposals made in connection with past Budgets, the ADPL strongly calls upon the Government to bring in a progressive rates system so as to put into practice the principle of those who have the means pay more". In fact, the higher the rates charged, the higher are the values of the properties. Only the wealthier can afford them. They, therefore, can afford to pay higher rates. This can help to ease the disparity between the rich and the poor. The Government should set different levels of rates percentage charge according to rateable values. To keep the tax regime simple, the ADPL is of the view that two or three levels may be set. With regard to the scope and percentage charge of each level, I think more time should be spent on examination and discussion. It may not be necessary to get all that worked out at today's motion debate. The principle should be one under which the smaller the rateable values are, the lower the percentage charge will be, and the conditions of middle and lower classes and those of grassroots should also be taken care of.

However, there is no harm for the ADPL to offer some modest ideas so as to attract some brilliant ones in return. Our suggestion is for the Government to consider setting the lowest level at a monthly rateable value of about \$8,000. Units with rateable values below this figure should be subject to a percentage charge of not more than 2%. This is to bring benefit directly to members of the

middle and lower classes. Percentage charges applicable to other levels are to rise as rateable values increase. President, it is foreseeable that over the next few years, rents of properties will go up steadily, and the economy will keep on growing. So, the proposal of bringing in a progressive rates regime is not going to have much impact on government revenue.

President, I recall that last month here, Honourable colleagues exceptionally passed a Motion of Thanks on the policy address. However, we unanimously called upon the Government to address squarely the problem of poverty, and, to this end, set up an ad hoc committee headed by the Chief Secretary for Administration. Last week, Honourable colleagues also passed my motion on re-establishing the Commission on Poverty. Let me repeat. The importance of the Commission on Poverty does not merely lie in formulating measures for poverty alleviation; it is also responsible for keeping a watch on the general policies to see if the wealth gap is being aggravated. Turning now to today's debate on the rates regime, there can be no way to achieve the principle of "those who have the means pay more" if there is to be no change. It can even be the cause of poverty. Thus, our hope is for the Government to review the existing rates regime in the context of poverty alleviation so as to adhere to the principle of "those who have the means pay more" and in accordance with the principle of narrowing the wealth gap.

Last time, Honourable colleagues here supported my motion on re-establishing the Commission on Poverty. It is hoped that all of you will again support my amendment today so as to really let all sectors share the fruits of economic success and ease the pressure of inflation. In particular, it is necessary to pinpoint the situations of the middle and lower classes as well as the problem of inflation confronting them just mentioned. My wish is for every Member to agree to ease the disparity between the rich and the poor by means of the principle of "those who have the means pay more".

Thank you, President.

MR SIN CHUNG-KAI (in Cantonese): President, the progressive rates regime just mentioned by the Honourable Frederick FUNG is exactly what we in the Democratic Party propose for this motion. The Democratic Party's amendment seeks to ask the Government to bring in a three-tier rates regime. The primary objective is to alleviate the burden of rates on people at the grass-roots level.

In concrete terms, our proposal is that for rateable value less than..... the Honourable Frederick FUNG just now said \$7,000 to \$8,000, which is very close to the figure of \$7,500 that we now put forward. How did we in fact arrive at this figure? We propose that for properties with monthly rateable values less than \$7,500, the rates percentage charge can be reduced to 3.5%. As a matter of fact, we divide all the rateable values of all the properties in Hong Kong — with reference to our table — into three tiers by using properties of the top 5% and the top 25% rateable values in Hong Kong for the purpose of delineation. According to our delineation, the lowest tier is for those touching or not reaching the top 25%. The second tier is for those between 25% and the top 5%. Those at the top 5% are to be the heaviest charged. For the heaviest ones, the cut is 0.5%. For those of the second tier, the cut is 1%. For those of the third tier, the cut is 1.5%. This is our proposal. It is a progressive rates regime that can benefit more people. In short, there can be a cut of 1.5% for those of \$7,500 or less. This is a very nice concession.

Anyway, in the case of certain consortia or big malls, they still can get a cut of 0.5%. As the Government is bound to conduct a reassessment of rateable values this year, there is still the possibility of having some increase.

Properties with monthly rateable values over \$30,000 approximately make up 5% of all the properties in Hong Kong. If they are for residential purposes, then they must be deluxe homes. The Democratic Party is of the view that their rates percentage charge should be reduced by 4.5% to offset the impact from the reassessment of rateable values.

Although this year the Government is going to have a huge surplus, which we estimate to be no less than \$80 billion, the Democratic Party is not in favour of the Government "handing out money for the sake of handing out money", especially because this year's surplus is mainly derived from stamp duty and land sales which are not stable sources of income.

The Democratic Party holds that if we find it advisable to reduce the rates, the best approach is to reduce the rates percentage charge instead of waiving rates as a one-off measure. In our opinion, to waive one whole year's rates for the sake of "handing out money" is not an effective way to return wealth to the people. It is advisable to adopt other methods. At the meeting with the Financial Secretary, the Democratic Party proposed that a "Reserve Fund for the Aged" be set up so as to lessen the pressure on health care and social welfare expenditures resulting from the ageing of the population.

So, here lies the biggest difference between my amendment and those of other Members, namely, the Democratic Party's amendment does not ask the Government to waive the next full year's rates as a one-off measure. However, I know that today most Members hold such a view. Anyway, to give the Government a clear message, that is, this Council is asking the Government to reduce the rates, the Democratic Party will not oppose this motion purely on account of this point.

The Democratic Party holds that, in order to realize vertical equity in the tax regime, the Government should consider bringing in a three-tier rates percentage charge regime. As a matter of fact, expensive properties (inclusive of mega malls, Grade A offices, and deluxe homes) have investment value in themselves. Owners can reap rich returns just from the investment incomes of these properties. Conversely, even though low-price properties also have investment value, what counts most is that these are people's dwellings. For instance, public housing provides people with "a roof over their heads". It is therefore very reasonable for properties of different values to carry different rates percentage charges.

Payment of rates is based on property value, regardless of whether or not the owner has derived income from the property. Even property owners who get no income are still required to pay rates. The Democratic Party all along has been receiving views from retired persons who, living on some meagre savings, consider rates on self-occupied properties a heavy burden.

However, the Democratic Party is not in favour of a drastic one-off reduction of the rates charge because among all items bringing in revenue for the Government, the rates have the broadest tax base. In the days when the Government sought to introduce a sales tax, it was said adamantly that our tax base was narrow. While calling upon the Government to reduce the rates, the Democratic Party is also mindful of the tax base.

The original motion moved by Mr CHEUNG Hok-ming of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) seeks to drastically slash the rates percentage charge "across the board" from 5% to 3%. As a matter of fact, such a measure can only benefit the majority of real estate tycoons holding Grade A offices, mega malls and big housing estates. When

compared with the Liberal Party's proposal, this is even more supportive of the interests of developers and consortia. The DAB probably wants to replace the Liberal Party as the buddy party of the business sector.

If the Government puts into effect the original motion moved by Mr CHEUNG Hok-ming, then, as stated by me just now, there is the possibility of the Government losing some \$12 billion to \$13 billion in revenue. This is quite a big sum, and then it may look like the materialization of "returning wealth to the wealthy," not "returning wealth to the people". So, it is hard for the Democratic Party to support a one-off measure to cut the rates percentage charge across the board to 3%.

With regard to the other amendments, I think we will support the amendment moved by Mr Frederick FUNG because his amendment is very close to the rationale of our amendment. Ours is just more specific though.

The Liberal Party has proposed two amendments. The first one is proposed by Jeffrey LAM. The second one is an amendment to Mr Jeffrey LAM's amendment by Ms Miriam LAU. In fact, the two amendments one of them is more or less "playing smart". The reason is that what Ms Miriam LAU proposes is whatever below 5%. That is equivalent to whateverism. Mr Jeffrey LAM's proposal is more specific. The Democratic Party will support Mr Jeffrey LAM's amendment. Obviously, we are of the view that if there is to be a reduction, even just a one-off one, there has got to be a ceiling. Even if the payment is to be waived, there should be a cap; that is to say, a ceiling of \$5,000. Regarding the percentage charge to be reduced, it is, of course, hoped that the Liberal Party will support our three-tier system. However, I believe that even if they do not, we still have to support their proposal to lower it to 4.5%.

However, the point is that it is necessary to vote on Ms Miriam LAU's amendment first. Ms Miriam LAU's amendment seeks a reduction below 5%, which is "playing smart"..... perhaps not "playing smart," but it sounds like whateverism. The reason is that even a reduction down to 4.99% is still a reduction below 5%. Anyway, we will still vote for it. It is our wish to drive home a clear message. That is to say, when we ask for a tax cut, we must also be mindful of the Government's "purse" and its long-term impact on government revenue.

I would like to stress that of the three amendments, that of the Democratic Party is the most moderate. Government revenue will only shrink by some \$2 billion. Regarding the DAB's proposal, just now he also said that it will, at one go, cost the Government at least \$13 billion, and subsequently \$6 billion every year. The Democratic Party considers such a rate of tax cut too steep, and finds it hard to vote for it.

The original motion moved by Mr CHEUNG Hok-ming in fact is to make the Government collect almost zero rates. With regard to other amendments, it is believed that other Members have, more or less, presented their views. Our principle is very clear, namely, to have progressive rates. Even if the rates percentage charge is indeed to be lowered, it still should not be slashed too much at one go. There has got to be some reservation. Such an approach is relatively moderate. If there is to be a one-off cut, it is still advisable to have a ceiling, for example, \$5,000, an approach often adopted by the Government in the past. With regard to the question as to whether or not it is to be for the whole year, the Democratic Party thinks it really depends on the Government's "purse". In fact, a ceiling of \$5,000 is already very generous. In fact, I think that a concession of \$5,000 in rates is a relief which over 80% of our properties cannot fully enjoy. That is to say, most people cannot fully enjoy the concession of \$5,000. The reason is that most people only pay \$3,000 or thereabouts in rates every quarter. Those paying \$5,000 in rates every quarter probably are deluxe homes.

I so submit.

MR JEFFREY LAM (in Cantonese): Just now there were words spoken by Mr SIN Chung-kai about our tie with the industrial and business sectors. We do take that in as he has "done his home work", and sought to understand the situation, thus different from some Members who tend to distort the facts, speak recklessly and mislead the people of Hong Kong with misinformation.

Madam President, I recall that in the Budget for the year 1998-1999, the then Financial Secretary, Mr Donald TSANG, now our Chief Executive, said these words: "I have decided that, in view of our healthy financial position and in line with our policy of not raising more revenue than necessary, I will reduce the overall rates percentage charge from 5% to 4.5% for one year in 1998-1999."

Since the SARS epidemic, our economy has quickly rebounded from the bottom. Last year, Hong Kong registered a surplus of \$58.6 billion. Recently, the Government has also revised upward the estimated surplus for 2007-2008, drastically raising it from \$25.4 billion to not less than \$50 billion. As the Treasury is again "overflowing", the Liberal Party thinks that the Government should waive the rates and lower the percentage charge so as to lessen the burden on landlords and tenants. This request is justifiable and reasonable, not excessive at all.

According to information from the Rating and Valuation Department, over the past two years, rates payable by private domestic small units measuring less than 69.9 sq m have gone up by 12.8%. Rates from private domestic medium units measuring 70 to 99.9 sq m have increased by 16% too. The increase in the case of office premises is even more stunning, up by 78%. However, the rates percentage charge remains at the level of 5%, thus considerably increasing the burden on landlords and tenants.

This year the Government is going to have a surplus, and it is likely for it to be more or less the same as, or even exceeding, last year's figure. We are of the view that for the next financial year, we should follow the example of the current year, that is, to continue the measure of waiving the rates payable by the people. Also, let the relief be for the whole year instead of just three quarters, subject to a ceiling of \$5,000 per quarter. In our opinion, the Government should not raise more revenue than necessary, but should return wealth to the people. Refunding rates as a one-off relief can not only avoid causing long-term impact on the Government's financial policy, in this way, it can also ease the extra burden brought onto the people by the ever-rising rentals and rateable values over the past few years.

Madam President, for the same reason, the Liberal Party also proposes that the rates percentage charge be reduced from 5% to 4.5%. This move can ease the burden on the people, and yet will not undermine the Government's financial position.

Let us take the year 2007-2008 as an example. Discounting the three quarters' rates which were waived by the Government, according to the original estimate of the Government, rates should have yielded revenue amounting to \$16.7 billion. If the percentage charge is to be lowered from 5% to 4.5% next year, the Treasury will, on the face of it, collect \$1.67 billion less. This figure,

compared with the Government's revenue from rates in the year 2006-2007, only represents a drop of \$0.37 billion.

Let us take a look at this year's figures. Up to the end of August this year, rental values of the main types of properties have on average gone up by 11.6% over what they were in the same period last year. Provided that the increase in rental values in 2007-2008 is maintained at this level, the revenue from rates in 2008-2009 is still going to reach \$16.77 billion even if the rates percentage charge goes down to 4.5%. There will still be an increase of \$0.07 billion over the current year.

If the rates percentage charge goes down from 5% to 3% in accordance with the original motion, the estimate is that the revenue from rates will go down to \$11.18 billion, which is \$5.59 billion less than the Liberal Party's proposal. We are afraid that such a proposal will make the Government's tax base even narrower.

As a matter of fact, to bring the rates percentage charge down to 4.5% is to impose the lowest percentage charge since 1999. Our tax base is narrow. Take the year 2006-2007 as an example. In the Government's Operating Account, the yield from profits tax ranked first, followed by salaries tax, tax under personal assessment, properties tax, and then rates. So, a sudden drastic lowering of rates is likely to debilitate our tax base. The impact will be most far-reaching. Here we must exercise prudence.

Furthermore, the original motion sets no ceiling on rates relief. Our worry is that such an approach is too permissive. So, our view is that it is advisable to follow the approach adopted by the former Financial Secretary Henry TANG in March this year by setting the relief ceiling at \$5,000 per quarter. The amendment moved by Mr CHAN Kam-lam also makes such a supplement.

Madam President, those ratespayers are not just big landlords. The majority of them are petty businessmen, petty landlords, petty tenants and even public housing residents as properties with monthly rateable values less than \$7,500 make up more than 75% of rates cases.

Some of today's amendments make mention of bringing in a progressive rates regime. Given the fact that we have all along maintained a low and simple tax regime, the Liberal Party is of the view that the introduction of a progressive

rates regime is likely to render our simple tax regime, one long proven to be effective, complicated. And the administrative costs will have to rise too.

In our opinion, the best approach is to take advantage of the Treasury's enormous harvest to make timely rebates to the people so as to benefit them direct. With regard to policy changes with far-reaching impact, such as a drastic reduction of percentage charge or the introduction of a progressive tax regime, the Liberal Party has reservations. However, the Liberal Party holds that as all parties are coming up with ideas on lowering the rates, we ought to first join efforts to strive for common ground while agree to disagree. Ms Miriam LAU will in due course move an amendment to my amendment. That is precisely for the sake of the above objective. It is hoped that there can be support from Members.

Madam President, I so submit.

MR RONNY TONG (in Cantonese): President, what we are discussing today is not just the issue about tax rebate. It is not even just about how the Government's management of finance. What we, the Civic Party, see here is an issue about the direction of governance. What is meant by serving the people? What is meant by returning wealth to the people?

President, take a look around the world. Very few governments have fiscal surpluses. I think that Hong Kong is probably the first government to be "flooded" even before all its tax revenue is collected. Besides proving that the new Financial Secretary is "blessed", it also shows how selectively mean the SAR Government is. In his policy address, the Chief Executive would rather reduce salaries tax by \$5 billion right away to repay some 20 000 taxpayers than raise the face value of health care vouchers for those aged 70 or above, or increase the "fruit grant" (Old Age Allowance) or other poverty relief resources. It thus gives people the feeling that these are petty gestures of goodwill that are utterly inadequate.

The Chief Executive is generous to the wealthy people. It is probably because they are all voters of the Chief Executive. So the Chief Executive described the lowering of the standard rate of salaries tax and profits tax of companies as a measure returning wealth to the people. I think he was referring to the return of wealth to "the Chief Executive's voters". The Chief Executive

once said proudly that "It would be difficult for Hong Kong to get poor." Alas, every day, some 1.3 million Hong Kong citizens are accomplishing this difficult task. For Hong Kong society, the greatest challenge to economic growth comes not from Singapore; nor from Macao or the Mainland. It comes from the internal problem of disparity between the rich and the poor. The disparity between the rich and poor springs from the lack of justice and mobility in the community. Some people understand the impact of this wealth gap problem on Hong Kong. However, some people still live in their own worlds, saying that efforts to reduce the disparity between the rich and the poor are an expression of populism.

President, for the purpose of today's topic, I tried to surf the Web to look for information. How many people of Hong Kong will stand to benefit from a rates rebate or rates relief? How much is the benefit going to be? Regrettably, my assistants made the search for me, but to no avail. I can only do some estimation. President, according to government data, residential properties in Hong Kong required to pay rates total 1.7 million units. However, those paying less than \$60,000 in rates annually (that is, \$5,000 per month) take up more than 60%. These, however, are not just residential units, for also included are those for both business and residential uses. In other words, roughly speaking, homes that stand to benefit will probably total less than 1 million units, or even fewer. How many people can be benefited? There are figures for us to see. Just now Mr Jeffrey LAM appeared to have mentioned the figure \$12 billion. Is that correct? President, according to our calculation, it is also just \$14 billion. It is certainly not a small sum to lose \$14 billion a year. Has it occurred to us that there are in fact many projects and programmes that can be funded by the \$14 billion so as to benefit more people in the community and make more sense?

Here is a very simple question. Last week we mentioned the point that there is no hospital in Tin Shui Wai, also so in Tung Chung. President, Tseung Kwan O in fact has no general hospital, not even a gynaecology department to speak of. So, it is not possible to give birth in Tseung Kwan O. Those delivering babies must go to Kwun Tong. We have so many needs. What is more, these needs do not just crop up today. We brought up these issues President, though I am a "freshman," a few of my colleagues have raised these issues for more than 10 years. Solutions have yet to be worked out. But when the Government cut tax, \$5 billion was gone in one stroke.

President, I wonder if it is a correct move to seek a rates relief once the economy makes an upturn and the Treasury is full to the brim. What matters most is that this motion debate is likely to touch on none of the very fundamental issues. Is it the Government's policy to spend whenever there is money, or to spend wherever there is the need? How to spend? Should we first repay the Chief Executive's voters or the rich and then provide the services required by the community with the remaining money, or should it be the other way round, that is, to first enhance social services and then give consideration to the idea of "handing out money" only if there are resources remaining?

People at the grass-roots level have considerable demand for various social services, and many of their requests have been put forward for a long time. Does the Government know that in the case of specialist out-patient clinics of government hospitals, the waiting time often exceeds one year and that in some cases it is necessary to wait for several years before there can be a ten-minute consultation with a specialist? Private specialist out-patient service is very expensive. Most grassroots have no choice but to keep on waiting. Should the Government tell them to keep on waiting, and yet hand out money to those landlords, wage earners and "kingpin wage earners" if there is money? Is this a correct concept of governance?

President, just now I mentioned a hospital for Tin Shui Wai. I think that is more important than a rates or salaries tax rebate. That Tin Shui Wai has no hospital is not the sole problem. We also see the problem of domestic violence there. I do not want to ask the Government how many people must die before there can be a decision to do more. I do not want to say this because it appears to be most cold-hearted to say that. However, the problem of domestic violence is not an issue cropping up only today. It is known to all. Indeed, the Government did put in more social workers for Tin Shui Wai in the past. However, at present the ratio is still as high as 1:6 000. Moreover, past family tragedies were not confined to Tin Shui Wai. They took place in new and old districts as well as in public and private housing estates. We have many victims. The profile is very broad. If additional funding is arranged as requested by us in the Civic Party to ease the problem of domestic violence, the amount needed is only \$200 million to \$300 million. We made such a request last year. It is just \$200 million to \$300 million. Can it in any way be compared with \$5 billion? Can it in any way be compared with 12 billion? Why does the Government not act on it?

We may say that this is a matter of priority. President, this is precisely a matter of priority. Which should be first and which should be last? Should handing out money come first or should allotting more resources for social services come first? So, President, it was already pointed out when I took the floor that this is not just an issue about tax rebate or an issue about rates. Nor is it about how much money. It is an issue about the direction of governance of the Government. Where does the Government's fundamental concept of governance lie? What is the order of priority?

President, now the economic performance is of course good, but at the same time it brings inflation. According to past experience, the pressure of inflation on the lower classes is the heaviest. We cannot disregard this. In the past, we saw the stock market rising day after day. However, with regard to our CSSA payments, there has been no adjustment ever since the cut in 2003. Our request is just to revert CSSA payments back to the level of 2003. Is this unfair? Why is it not done?

President, in addition to the issue of CSSA, we also have to provide assistance to single-parent families and people with disabilities. We in the Civic Party have worked out the figures. We will present them at our meeting with the "Money Lord". After all, the money required adds up to less than \$20 billion — sorry, not \$20 billion, it is less than \$2 billion, it is less than \$2 billion. However, the proposal of the motion moved today seeks to waive rates amounting to 12 billion. Which one has greater merit?

President, at the same time, what many low-income families are facing is not unemployment but the problem of working poverty. In Hong Kong, transport cost is high. Such expenditure can take up 20% of their spending. For residents of remote areas and local residents travelling to other districts for work, transport cost represents a large portion of their spending. Why do we not try to find a solution along that line? Even if we do increase the transport subsidy, only \$300 million is needed. How can it be compared with \$12 billion? President, all being said, we are not against — the Civic Party is not against, tax rebate; we are not against a rates relief. If the Government has resources to do so, we think that is worth doing. Our objection is to the order of priority.

So, President, the amendment that we propose today seeks to add a condition to the motion, that is, to ask the Government to first deal with the most

deep-rooted conflicts in the community before talking about "handing out money". Okay? What we talk about and what we ask for are far less than the rates relief or tax rebate. However, in our opinion, the social responsibility is even greater. Earlier on I said that it is an issue about order of priority and concept of governance. *(The buzzer sounded)*..... Thank you, President.

MR CHAN KAM-LAM (in Cantonese): The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) proposes that rates for the entire coming year of 2008-2009 be waived, subject to a ceiling of \$5,000 per quarter, and that the rates percentage charge be lowered from the existing rate of 5% to 3%. My amendment primarily seeks to give the original motion greater clarity.

Just now Mr CHEUNG Hok-ming already spelt out clearly our proposal. The specifics are in fact very simple, merely stating clearly the objective of reducing the existing rate of 5% to 3%. According to some Honourable colleagues, however, this will lead to the problem of narrowing the tax base. It is in fact erroneous to say so. Why? It is because the owner of a unit of property must still pay rates for that unit even if there is a reduction in the rates percentage charge. Even if the percentage charge is to go down from the existing 5% to 3%, the owner will still be required to pay tax. There will be no impact on the tax base from the reduction of rates percentage charge.

On the contrary, the tax burden on taxpayers can be eased specifically in the area of rates. This is precisely the primary objective for which we move such a motion. With regard to the Government's fiscal surplus for the current year, some people estimate it to be more than \$80 billion whilst some people estimate it to be more than \$70 billion. The Government has recently made it clear that it is going to be more than \$50 billion. So, our estimate is that even if the rates percentage charge is really adjusted downward, the sum to be involved is going to be only about \$10 billion. Moreover, it is believed that as far as the Government's revenue from salaries tax and profits tax is concerned, the current year can be said to be a relatively abundant year in history. According to the Financial Secretary's estimate, there will be more than \$100 billion.

If the Government is indeed to return wealth to the people, we agree that priority should be accorded to those of the lower classes who are experiencing hardship. However, on the issue of tax, I hold that an equitable tax regime is

not one that just involves the so-called issue of wealth redistribution in meaning. There has got to be a simple and low tax regime. In addition to its original meaning, we must also give consideration to factors like the burden on taxpayers, competitiveness of the market, talent drain and capital drain. We have to take them into consideration too. We should not just say that for the low ones we are to cut whilst for the high ones we are to further raise a little or even deny them of benefit. We are of the view that, from the perspective of international competition as a whole, it is necessary for us to give consideration comprehensively.

We also notice the existing situation of rising rentals. The reason is that the benchmark upon which our assessment of rates is based is the rateable value. We can see that over the past few years, that is, from 2003 and 2004 to 2007, rentals have gone up by more than one half; that is, by more than 50%. This shows that even though there has been no change to our percentage charge, the burden of rates payment on the people is in fact growing. The increase can be said to be quite drastic.

We think that it is possible to make a relatively moderate adjustment this year. The moderate adjustment that we refer to is considered from the perspective of the overall tax adjustment. Rates only take up a small part of it. Surely, it is quite a big adjustment for us to ask for a drop from 5% to 3%. It is relatively big when seen from this perspective alone. However, our wish is for the Government to do so at a time when there is extra revenue, just like what was done this year in waiving three quarters' rates.

It is believed that there will still be a lot of money next year for such a relief measure. We are of the view that if circumstances permit, then let the rates payable for the entire coming year be waived. The amount should not be more than \$20,000 per household for the whole year. Our estimate is made on the basis of rental of \$20,000; surely, in the case of some private buildings, the rentals can be about \$30,000. They are homes of some members of the middle class. However, low-income people and ordinary households in public housing estates also stand to benefit from the said measure. Starting from 1 January next year, the Housing Department is prepared to refund gradually rates paid for the last two quarters of the current year. In my opinion, what the Government ought to do is to let grassroots have easier access to benefits when the financial position is better. However, if we seek to lower salaries tax or profits tax, that is not going to have much effect on low-income persons. Accordingly, we have

put forward this proposal in a pinpointed manner. In respect of tax items with broader tax bases, lowering the rates percentage charge is in fact the best measure that can benefit all.

It does not matter whether the buildings that we live in are new or old, old buildings in urban districts can still fetch rather high rentals. These include those more than 40 years old. For example, we have recently dealt with many old buildings in Paterson Street, Causeway Bay, that are 40 or 50 years old. In fact, there is the possibility that those living there are members of the middle class. They are, however, different from residents living in buildings of better quality that cost \$8,000 to \$9,000 per sq ft. Their incomes are close to those of the middle class, but they are not too high. However, we still should take care of their needs.

Under this plan, the Rating and Valuation Department should, starting with October this year, conduct a comprehensive rateable value evaluation for the forthcoming year. It is, however, believed that, given the situation of the current year, rateable values of the recent period should be more stable. Although we do notice that there have been relatively big increases in the rentals of some buildings of better quality, those of the lower sector are comparatively stable. It is believed that rateable values for the current years probably will not rise sharply. However, we still think that it is now the right moment to make the reduction as there has been a steep rise in the overall local rental values ever since 2004.

Besides, we would like to raise another issue, namely, the issue of the requirement for certain property owners to pay Government rent at 3% annually. Properties on Hong Kong Island and those south of Boundary Street are subject to Government lease terms. Those north of Boundary Street basically are required to pay Government rent at 3%. This is a tax item on top of rates. They are also required to pay Government rent upon receipt of demand notes for rates. So, the burden on them can be quite heavy. My wish is for the Government to consider the matter and adopt some measures, such as giving consideration to the question whether those living in old districts where living conditions are poorer should pay Government rent. It is hoped that the Government will look into it further. Surely, we understand that it is in fact a complicated task.

Also, we find it very strange that the Democratic Party opposes the measure of giving a one-off rates rebate. According to them, this is not the

most effective way to alleviate people's hardship. However, as we all know, this year the Government has rebated rates twice, and also paid back a portion of the salaries tax. If they are not in favour of such moves, the Democratic Party should have also objected to the Government's measure to rebate salaries tax to taxpayers as they do not consider that to be a good way to alleviate people's hardship.

Finally, on the point of "returning wealth to the wealthy" but not "returning wealth to the people," we are of the view that it is not advisable to divide the rich and the poor in the community when consideration is being given to measures of taxation, especially when every person is a taxpayer. It is fine for us to somewhat take side on policy matters, but it is, in my opinion, not acceptable to polarize the rich and the poor.

Thank you, President.

MS MIRIAM LAU (in Cantonese): Madam President, just now several Honourable colleagues presented their views on reducing the rates percentage charge. It can be noted that we in fact hold different views on by how much the rates percentage charge should be reduced and whether it is advisable to bring in a more complicated progressive rates regime. The amendment proposed by the Liberal Party is included. The differences among us appear, at the first glance, to be very big.

However, if we look at it from another angle, then it can be said that we in fact have basically come to a consensus already. Most Members in their speeches invariably ask the Government to lower the rates percentage charge. There is some disagreement over the actual rate, or whether it is advisable to bring in a progressive regime.

Anyway, as stated by Mr Jeffrey LAM earlier on, it is our sincere wish to strive for common ground while agree to disagree. So, today I have made an amendment to the amendment proposed by Mr Jeffrey LAM, my party member, to reduce the rates percentage charge to below 5%, instead of lowering it from the existing rate of 5% to 4.5% as originally proposed. Earlier on in his speech, Mr SIN Chung-kai alleged that my amendment sought "to play smart". I know not how "to play smart". Mr SIN Chung-kai is too flattering. The Democratic Party often adopts a negative view towards amendments proposed by

other parties. In fact it is out of goodness of heart that we have proposed this amendment to the amendment. Because we had better take one step back and concentrate our efforts on items for which consensus has been reached instead of wrangling over issues like whether the reduction should be 0.5 or one to two percentage points, or whether there should be a progressive regime. As stated in my amendment, the request is for a measure to reduce, with immediate effect from next year, the rates percentage charge of 5%. In other words, it is just to reduce the rates percentage charge.

However, as views on how much the reduction should be are very diverse, I, therefore, for the time being seek a consensus here first. If all the parties do not work together to come to a consensus and unanimously ask the Government to reduce the rates percentage charge, but stick to their own views and say their own words, then I am afraid the motion today and all the different amendments will "all come to nothing". If it really turns out that way, the one most pleased is going to be the Government. The reason is that the Government will have an excuse to disregard and put aside the parties' request for lowering the rates percentage charge, and it will then have its way. Then members of the public will not get any benefit. Our Secretary is now smiling. He starts smiling. However, we do not want him to laugh hilariously.

I think just now Mr Jeffrey LAM already stated very clearly the opinion of the Liberal Party. Sharply reducing the rates percentage charge to 3% means cutting this item of steady revenue by about 40% in one go. This will further narrow the base of government revenue.

Two other Members proposed bringing in a tiered progressive regime to delineate percentage charges according to different rateable values. That is to say, properties with higher rental values will incur a higher percentage charge. This proposal is likely to render the original simple system of collection complicated, and increase the administrative costs.

Although there exists considerable difference among various Members' proposals on lowering the rates, there is still a chance to overcome that so long as we can strive for the biggest consensus — in fact our biggest consensus is to ask the Government to reduce the rates percentage charge — by first focusing efforts on pressing the Government to deal with the matter. Then, on the basis of this, there can be further negotiations. It is not going to be difficult for us to work

out a reduction or format acceptable to all. In this way, there will be another consensus. For each person to say his own words at this stage is definitely no good. Or else, the Government will be very happy. There being no consensus, surely "all will come to nothing". In the end, nothing can be gained.

Also, I think Members may have noticed that, in addition to making a request to reduce the rates percentage charge, the Liberal Party, in view of the fiscal abundance of the Treasury, is also asking the Government to waive rates for one whole year as a one-off measure, subject to a ceiling of \$5,000 per quarter. Even Joseph YAM, Chief Executive of Hong Kong Monetary Authority, earlier on at a meeting with this Council's Financial Affairs Panel openly endorsed this rates relief proposal of the Liberal Party. His views and those of ours are the same. We all think that it is only fair to return wealth to the people when the public coffers have an enormous surplus.

Therefore, we believe that this double-barrelled measure can greatly lessen the burden of rates on the people, and, at the same time, will not have great impact on the Treasury's revenue in the long run. It is definitely a win-win approach that can adequately address the aspirations of all sectors.

So, it is hoped that Members can put aside "minor differences" to support the "big consensus" as well as my amendment.

Madam President, I so submit.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, first of all, I have to thank Mr CHEUNG Hok-ming for moving the motion and Mr CHAN Kam-lam, Mr Jeffrey LAM, Mr Ronny TONG, Mr SIN Chung-kai, Mr Frederick FUNG and Ms Miriam LAU for their amendments.

The Financial Secretary already formally launched the consultation on the 2008-2009 Budget (the Budget) last week. In the Budget consultation, we will actively make appointments to meet Members and representatives of other social groups to listen to their views and demands relating to next year's Budget. Since it is expected that government revenue in the current financial year will be better than originally expected, we understand that Members and various sectors

of society all hope that in the next Budget, the Government will propose more measures to return wealth to the people, including the provision of a rates relief, as proposed in today's motion.

Rates constitute an important stable and broad-based source of government revenue. At present, the numbers of residential properties and non-residential properties liable to rates stand at about 2.2 million and 380 000 respectively. In the past decade, the annual total amount levied stood at between \$11 billion and some \$16 billion. Since the base of rates is broader and the owners and tenants of various types of buildings and even those of various kinds of industrial and commercial premises are included in it, providing a rates relief is often a way of returning wealth to the people that benefits the broadest spectrum of people. In fact, since the reunification, the Government has offered rates relief a number of times to alleviate the hardship of the community, including the rates relief offered during the Asia financial turmoil and the SARS outbreak. In addition, in order to put into practice the concept of leaving wealth with the community, in the Budget this year and in the 2007-2008 policy address, the Government has offered a rates relief amounting to a total of \$7.8 billion to all Hong Kong people for three quarters. This is also the most significant rates waiver announced since the SARS outbreak.

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

Today, the debate on the motion "Rates relief" touches mainly on three proposals: (1) a one-off rates waiver for the next financial year; (2) reducing the rates percentage charge and (3) introducing a progressive rates percentage charge. As part of the consultation on the Budget, today, my main intention is to listen to Members' views on these proposals.

In the following, I will provide some relevant figures and considerations relating to the foregoing three proposals, with a view to facilitating Members' discussion.

Concerning the proposal to offer a one-off rates waiver for the next financial year, in offering the two most recent rates waivers, that is, during the SARS outbreak and in this financial year, the Government adopted the one-off waiver approach and also set ceilings for the waivers. A one-off concession can

achieve the effect of returning wealth to the people on the one hand and avoid any long-term impact on government revenue on the other. Setting a ceiling can ensure that ratespayers having more means will still shoulder part of their responsibility.

According to Mr CHEUNG Hok-ming's original motion, if the rates for the whole year of 2008-2009 are waived without being subject to a ceiling, we estimate that the Government will have to forego \$16.7 billion in revenue as a result. If a ceiling of \$5,000 per quarter per household is set, it is estimated that the Government will have to forego about \$10.4 billion in revenue. The foregoing estimate is only based on the rateable values of these properties in this financial year and has not taken into account the possible changes in rental values that may occur in the year 2008-2009.

On reducing the rates percentage charge, in the past decade, with the exception of the year 1998-1999, the rates percentage charge has all along been kept at the 5% level and this is also a relatively low level in history. At present, the amount of rates for residential properties is on average \$267 per month. This accounts for 1.5% of the median rent-to-income ratio and is slightly lower than that a decade ago (that is, in 1997-1998), which was 1.9%. If the rates percentage charge is reduced by 2%, so that it becomes at 3%, the decrease will be as much as 40% and this low rates percentage charge will be unprecedented in history. It is estimated that government revenue will be reduced by about \$6.7 billion each year as a result.

Regarding the introduction of a progressive rates percentage charge, at present, the merit of a standard rates percentage charge lies in its simplicity and the low cost of implementation. Since the higher the rateable value of a property, the higher the amount of rates payable, the principle of "those who have the means pay more" is already manifested under the present arrangement. At present, the amount of rates payable in the case of 70% of properties is no more than \$250 each month, however, the rates revenue from this 70% of properties accounts for just some 20% of the the total rates revenue.

On another note, 50% of the total rates revenue came from 3% of properties, on which the largest sums of rates are payable. In view of this, when discussing whether a progressive rates percentage charge should be introduced, we must consider whether we should make the source of rates revenue even more confined to a small number of properties. In addition, if a

progressive rates percentage charge is introduced, we reckon that the number of disputes over rateable values assessment of properties each year will increase significantly, thus leading to an increase in administrative cost. In view of this, we think that the question of whether a progressive rates percentage charge should be introduced calls for careful consideration.

Deputy President, I so submit and hope that the foregoing figures and information will be helpful to today's debate.

MR LAU CHIN-SHEK (in Cantonese): With government finances expected to register huge surplus for two years in a row, the Treasury is "flooded". So even Chief Executive Joseph YAM also considers returning wealth to the people justified. Political parties, community organizations and members of the public have all put forward suggestions on increasing spending or reducing taxes. They can be said to be variegated, multifaceted and all-embracing. Today's debate topic, rates relief, is one of the many proposals.

Deputy President, with the exception of some tenants whose landlords are responsible for the payment of rates, all households and shop operators indeed do stand to benefit from a rates relief. A proposal benefiting and pleasing everybody probably will not meet much objection. However, here is my question. Given the fact that there are so many different suggestions on returning wealth to the people, and the Government's affordability, I wonder if it is possible to accept them *in toto*. If it is necessary to make choices, on what criteria are we to determine the order of priority?

Deputy President, three weeks ago we passed the amendment to the Motion of Thanks, asking the Government to increase the "fruit grant" (Old Age Allowance) to \$900 a month and \$1,000 a month. The Government holds that the "fruit grant" is intended to be a token of respect to the elderly, not for poverty alleviation. Therefore, so far there has been no direct response to the consensus reached by all the parties. Even if we agree that the "fruit grant" is intended to be a token of respect to the elderly, I wonder what is wrong in correspondingly enhancing our regards to the elderly as our community is now more affluent. What is more, the price of fresh fruit in September this year went up 22.2% compared with that of the period between October 2004 and September 2005. In other words, our regards to the elderly have shrunk by almost 20%. Isn't it now very reasonable to effect increases retrospectively?

Also, under government regulations, a recipient of the "fruit grant" must stay in Hong Kong continuously, with the permissible annual absence from Hong Kong for each person being 240 days. Elderly people wishing to retire on the Mainland must take all the trouble to travel between China and Hong Kong in order to enjoy the regards offered them by the community. Isn't this a little lack of compassion? At present, even CSSA has a Portable Scheme for people retiring to Guangdong and Fujian, there should be a solution to technical problems regarding fraudulent claimants. Why can't the same be done to the "fruit grant"?

Moreover, with regard to those \$50 health care vouchers to be issued to the elderly by the Government, there will be just five per year. Is that not too mean? Can't there be an increase to 10 or even 20 vouchers? If I were to choose between improving welfare for the elderly and rates relief, I would rather pick the former.

Deputy President, as foreign currencies such as pound sterling, Canadian dollar and Australian dollar are appreciating sharply, there is a suggestion that parents supporting children studying abroad be given a special tax allowance so as to reduce the burden on them. On this I hold no special view. However, if there is to be a special tax allowance for those with children studying abroad, then I think there is even a stronger case for tax allowance for those supporting parents living on the Mainland. I put forward such a proposal not because I stand to benefit from this. It is because family ties should not be blocked off by geographical factors. It does not matter whether the parents are living here or on the Mainland, for supporting parents is worth encouraging *per se*. Similarly, if I were to choose between relaxing the eligibility for Dependent Parent Allowance and rates relief, I would rather pick the former.

Moreover, since the introduction of the Pilot Transport Support Scheme, there have been just some 4 000 applicants. One of the reasons for the poor response to the Scheme is that the eligibility has been set too high whilst the time limit for support is too short. As we all know, to make up for the high transport cost, many low-income workers choose to work a few hours longer every day. As a result, there is serious impact on their mental and physical health as well as on their family life. My wish is for the Government to remove the restriction on districts of residence as well as the time limit for getting support. The income ceiling should also be raised so that more low-income workers can stand

to benefit. Similarly, if I were to choose between relaxing the eligibility for the Transport Support Scheme and rates relief, I would rather pick the former.

Here is another example. For five years in a row, this Council has passed motions seeking transport concessions to help people with disabilities. This proposal can help people with disabilities integrate into society, thus making Hong Kong a more caring society. For the Government to pay up the bill so as to enable more people with disabilities to commute is going to cost the Government very little. Similarly, if I were to choose between the offer of transport concessions to people with disabilities and rates relief, I would rather pick the former.

Deputy President, the principle upon which I make my choices is in fact very simple, it is the word "justice". Although a rates relief is for almost every person, that does not mean justice. As choices have to be made in a situation of limited resources, top priority should be given to helping those most in need of assistance. Only this, in my opinion, is in keeping with the principle of justice. Whether or not the SAR Government is popular can be seen from this too. For the SAR Government to be a caring government, it has got to be a considerate government.

Deputy President, as the estimated accumulative surplus of these two years will be well over \$100 billion, there is more than enough affordability to realize the aforesaid suggestions. It is in fact not necessary to make choices. However, we still have to consider another question, namely, whether or not we should "take advantage of the currents to forge ahead to the extreme" during our time of glory. In 1998-1999, the Government drastically reduced profits tax and salaries tax. As a result, during the SARS epidemic of 2003, the Government could not afford to have tax cuts nor increase spending in order to stimulate the economy. Instead, it had to raise tax and cut spending. Consequently, the masses had to live in dire straits and the community was abuzz with complaints. Everybody surely can still recall this. If we do not want history to repeat itself, efforts should be made to keep income and expenditure balanced within an economic cycle. We should keep some of the surplus during our time of glory so as to save for the rainy day. We do not mind to have one Donald TSANG after another gilding the lily during a time of prosperity. It is, however, necessary to avoid having frost added to snow when hard time comes in the aftermath of lily-gilding.

Thank you, Deputy President.

MS LI FUNG-YING (in Cantonese): Deputy President, the first three quarters of 2007 constituted a time of glory for our economy. The Hang Seng Index surged up to record highs again and again. The rise and fall of the Hang Seng Index became the most important talking point among members of the public. What is more, there were vivid reports by the media, such as that of a student who had not yet entered society and who only had a small sum of money suddenly made hundreds of thousand dollars or even more than \$1 million by buying and selling stocks. The Hong Kong stock market was turned into a place paved with gold freely accessible to all. It is now well into the fourth quarter of 2007. The stock market has plunged sharply in the adjustment of recent days. I know not if our economy can keep its glory of the first three quarters. However, prosperity in the stock market has, in chain reaction, fired up the property market. As a result, the property market has been climbing higher and higher, just like the Hang Seng Index. Prosperity of the stock and property markets greatly increases the Government's revenue from stamp duty, which already reached \$22 billion in the first half of the year. The target set for the whole year was thus achieved ahead of schedule. Investment income from the Exchange Fund in the third quarter reached \$114.6 billion, registering an all-time high. In the middle of the last month, the Financial Secretary estimated this year's fiscal surplus to be as high as \$50 billion, 100% higher than the original estimate. Outsiders think that this is just a conservative forecast by the Financial Secretary, and that the actual fiscal surplus of the current year should be as high as \$70 billion to \$80 billion.

With the Treasury's revenue rising sharply as a result of the community so involved in stocks investment, I can only say that our economy is having a time of glory. On the one hand, with the Treasury's revenue going up like a boat that rises as the river rises, it is only reasonable that wealth should be returned to the people. On the other hand, it can be noticed that propelling the growth of wealth in the community are mainly activities of investment and speculation in stocks and real estate. Those not participating in these activities are mainly grassroots who have no extra money for speculation in the stock market. There has been no improvement in their standard of living. As a matter of fact, if the glory of our economy is solely founded on activities of speculation in stocks and real estate, then in my opinion, this is not the course leading to sustainable development in our economy or to the achievement of a harmonious society. This is also precisely my biggest worry about the current glorious situation of our economy. It is necessary to be vigilant in peace time. To say these words today is especially meaningful. However, what I mean by vigilance in peace

time is perhaps different from what the Financial Secretary means when he makes the same remarks. By vigilance in peace time, I do not mean raising the safety index of government finances continuously in order to build high dams to prevent the overflowing Treasury from taking bigger moves to improve people's livelihood.

My position on the utilization of financial resources is very clear. In the past, in my representations on the Budgets to the Financial Secretary as well as at relevant debates of this Council, one of the principles stressed by me was on the utilization of financial resources. Top priority should be given to helping those not benefiting from the process of economic growth. I am not against today's motion. However, based on the principle of priority regarding the utilization of financial resources, the proposal of a rates relief for the purpose of returning wealth to the people somewhat lacks justification to be a matter of top or relatively high priority. In the Budget debate of last year, I criticized the Financial Secretary's policy for bringing no benefit to the grassroots not qualified to be taxpayers and not holding real estate. In the debate on this year's policy address, I also raised the point that measures of tax concessions and rates relief proposed by the Chief Executive in his policy address gave more to the well-off but disregarded the needy. Both for the same reason. That is to say, the measure of rates relief fails to accord priority to helping those most in need of assistance in our society.

With regard to the issue of priorities in the utilization of financial resources, I already made representation on the relevant measures early this month when I presented to the Financial Secretary views on the Budget for the year 2008-2009. The measures include waiving two months' rentals for public rental housing units and interim housing units, extending the Transport Support Scheme to the whole of Hong Kong, and fully implementing the recommendations outlined in the report of the Commission on Poverty. I am not going to repeat them here.

Deputy President, as the Government is going to have a huge fiscal surplus this year, it is believed that the Financial Secretary will accept this Council's views and go ahead to draw up the measure of rates relief in the Budget of 2008-2009. It is, however, hoped that the Financial Secretary will not make the same mistake, namely, let relief measures in the Budget benefit only those who are well-off and again disregard the well-being of grassroots. Thank you, Deputy President.

MR WONG TING-KWONG (in Cantonese): Deputy President, earlier on Mr John TSANG, the Financial Secretary, and Mr Joseph YAM, the Chief Executive of the Hong Kong Monetary Authority, successively delivered good news about the Treasury for the current year. Investment income from the Exchange Fund in the first three quarters of this year already amounted to \$114.6 billion, marking an increase of 10% over that for the same period of last year, and thus setting a record high for the first nine months of a year and also for one whole year. The amount set aside for the Government's fiscal reserves already amounts to some \$20 billion. What is more, according to the Government, the fiscal surplus for the year 2007-2008 is being estimated to be at least \$50 billion. At present, there are more than \$370 billion in the Government's fiscal reserves. And the accumulative surplus from the Exchange Fund stands at \$590 billion. The two items add up to almost \$1,000 billion. In addition, the Government has also revised the forecast for economic growth for 2007, raising it to 5% to 6%. It can be noted from this that the Government is full of confidence in our economic growth over the next few years.

Because of vigorous transactions in the stock market recently, the Government's revenue from stamp duty has increased considerably. This year, financially speaking, the Government can indeed be described as "having cash pouring in." Though our economy is on the upbeat, it has also led to higher inflation. In recent days, the exchange rate of Renminbi has been rising, as a result of which food items imported into Hong Kong from the Mainland become more expensive. Furthermore, on account of a weak US dollar, inflation is getting worse. The living expenses of grassroots have been on the increase, yet they are unable to share the fruits of the economy, so their livelihood can be said to be further burdened. This also further widens the wealth gap.

Now the Government has become very rich. As the saying goes, "One should do good after getting rich." It is indeed desirable to return wealth to the people to alleviate their hardship when the financial situation is sound. The Chief Executive, when delivering his policy address last month, proposed to lower profits tax and the standard rate of salaries tax and waive the rates for the last quarter of the current year. The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) holds that rates is the tax item with the broadest base. It is, therefore, proposed that rates for the entire year of 2008-2009 be waived as a one-off measure, subject to a ceiling of \$5,000 per quarter, and that the rates percentage charge be reduced from the present rate of 5% to 3%. The relevant relief measure can, on the one hand, further ease the

tax burden on the middle class and the lower sector; and, on the other, manifest the Government's spirit of being willing to ride out the storm and share prosperity with the people. With the Treasury beaming with money, it is advisable to "turn on the tap" and "spray more water" so as to shower the people with a little bit more benefit. The relevant measures will only reduce the Treasury's income by about \$12.4 billion, which is really negligible for a "flooded" Treasury. Even if the Treasury is to lose this sum of revenue, the measures of tax cut and rates relief can help to enhance people's spending power, stimulate the consumer market, and boost investment and growth of the trades. I hold that, in the long run, there will be much to gain and nothing to lose.

There are amendments seeking to bring in a progressive rates regime. The DAB finds it hard to support them. It is because the regime concerned is rather complicated. Questions like how to set the progressive levels and the rate for each level, and how the community will be affected, do require careful consideration and evaluation. Hasty introduction of the new regime will inevitably lead to a lot of arguments. So there must not be any rush.

With these remarks, Deputy President, I support the original motion and the amendment moved by Mr CHAN Kam-lam. Thank you.

MS EMILY LAU (in Cantonese): Deputy President, I welcome the motion on rates relief moved by Mr CHEUNG Hok-ming today and the various amendments to it. The reason is that I also put forward a similar proposal at a meeting with the Financial Secretary last week.

Though just now some Honourable colleagues said that the economy is now booming, some others also pointed out that many members of the public are not enjoying the benefit of the boom. At my meeting with the Financial Secretary, I too pointed out to him that according to the 2006 Population By-census Report by the Census and Statistics Department, the number of households each earning \$8,000 or less a month has grown, Deputy President, from 305 000 to 473 000 between 1996 and 2006. This represents an increase of 55%. Also, the number of households each earning less than \$4,000 a month has grown from 120 000 in 1996 to 200 000 in 2006, marking an increase as high as 66%.

Therefore, Deputy President, I think that any proposal from us must, as a top priority, take into consideration the affordability of the grassroots. I, therefore, very much support the amendment moved by Mr Ronny TONG. Why do I also support the original motion? Because in this Council two weeks ago, I asked a question on inflation. Deputy President, everybody finds the current inflation very serious. In particular, people now often talk about the surging food prices. I also presented some information from the Census and Statistics Department to remind the Financial Secretary and the Secretary for Financial Services and the Treasury. I also asked the Government what had been done to help those affected by inflation.

According to the reply from the Financial Secretary, already taken is a series of measures, including rental relief for public housing units, rates relief and kindergarten education vouchers. According to them, all these can help to curb inflation. Even though these may be effective measures, inflation will, in my opinion, still keep on growing. The reason is that, on the one hand, US dollar is weak, there is going to be trouble as Hong Kong dollar is linked to US dollar. The price increases of foodstuffs and commodities from the Mainland are likely to continue. So, inflation is bound to be a problem. Those most ill-equipped to cope with inflation are the grassroots.

On that day, I therefore made to the Financial Secretary and the Secretary for Financial Services and the Treasury the proposal that rates for one whole year be waived, subject also to a ceiling of \$5,000. This proposal happens to coincide with those put forward by quite a few Members today. I also propose to waive, for three months, the rentals of public housing units because this was also something mentioned by the Financial Secretary and the Secretary for Financial Services and the Treasury in the reply as one of the measures for combating inflation. As work has all along been proceeding on this line, and the present situation is probably most serious, to have them put into effect is my wish as well as my suggestion.

With regard to the scheme of kindergarten education vouchers, my suggestion is that there should be direct subsidy for all kindergartens. Turning now to other areas, I strongly support Mr Ronny TONG's point on the need to take care of the grassroots. It is also necessary to subsidize adult education and special education; provide more residential places for persons with mental or physical disabilities; increase health care vouchers; raise the "fruit grant" (Old

Age Allowance); have additional residential care home places; subsidize transport costs, and provide support to meet the transport needs of people with disabilities.

Deputy President, let me repeat what you and other Members made mention of. There are rumours speculating that the current year's fiscal surplus is going to amount to tens of billion dollars. Anyway, our fiscal reserves stand at \$400 billion and our accumulative surplus stands at \$600 billion. Once the Secretary for Financial Services and the Treasury and the Financial Secretary came here together. I mentioned to them the accumulative surplus. They took a look at the floor and asked where the surplus was. I told them that there was no need to look, and that it was with the Exchange Fund under the Hong Kong Monetary Authority. So, in my opinion, henceforth when Members come to the Legislative Council, do not just stick to the point that Hong Kong has some \$300 billion of fiscal surplus. It is also necessary to take into account the accumulative surplus. It appeared that on that day Joseph YAM also said that both funds carried no debts. Deputy President, it means that the Government is absolutely free to use those funds.

The Government also mentioned that in fact this sum of some \$300 billion was still untouched, why use the \$600 billion anyway? All these are really enormous figures. On that day, the Secretary for Financial Services and the Treasury also asked me if I had added together all those I just proposed. I stated that in the first place I did not have the data with me for accurate calculation, and that all would add up to just tens of billion dollars. Yet I am now talking about a sum of \$1,000 billion, Deputy President.

So, Deputy President, I am very much in agreement with what you said. I have to use the words that you used in the previous debate — Harmony is most important. It is hoped that today we can come to a consensus for action. Therefore, I do support the amendment that you moved just now. We must give the Government a message so as to let the Government know that this Council does consider certain matters to be worth doing. However, do not give the Government the impression that what this Council does is just for the sake of the wealthy people. Regarding matters in other areas, the Government should also take actions.

Therefore, I so submit. It is hoped that the Secretary for Financial Services and the Treasury is receptive to this Council's views and does respond proactively. Thank you.

MR LAU WONG-FAT (in Cantonese): Deputy President, in 2003, when the situation was miserable as the economy hit the rock bottom and the fiscal deficit reached a high level, the Hong Kong Government raised taxes and asked the people to ride out the storm together. Several years later, our economy made a strong comeback. The hard time is over. The Consolidated Account has, since the year 2004, successively registered surpluses. The other day, the Financial Secretary estimated the surplus for 2007-2008 to be at least \$50 billion. Given the deep-rooted practice of the Hong Kong Government to underestimate surpluses, it is generally believed that the surplus will amount to \$80 billion to \$100 billion. It can thus be noted that the Treasury has reached a condition of serious "flooding."

"With cash pouring in," the Government can well afford to further return wealth to the people. In a rare move, the Chief Executive announced in advance in his policy address decisions on tax cuts. This is indeed wise of him. The Treasury being so full to the brim, obviously the Government can and should work harder on returning wealth to the people in some other areas. A rates relief of a greater scale is a good measure that is very much expected. It is also realistic and relief-giving at a time when both inflation and rental cost are surging.

Deputy President, right from the start of our economic recovery, I have been urging the Government to honour the promises made to the people, citing the words "sharing joys and sharing sorrows". Pressing so hard that I seem to act like a debt-collector. It is not far-fetched to say that the Government is in debt to the people. The reason is that, after all the miseries, the Government indeed has an irrefutable duty to repay the people who made sacrifices to ride out the storm.

It is the people's general wish to ask the Government to provide a rates relief. It is also the consensus among Members of this Council. Judging from the original motion of today's debate and the amendments to it, all the parties, speaking in one voice, were unanimously in favour of urging the Government to provide a rates relief. They only differ on the rate of reduction and the approaches. So, the request for a rates relief is the crux of the matter. And the rate of reduction and approaches are just side issues.

Deputy President, it is hoped that at this debate Members can display the spirit of forbearance by striving for common ground while agreeing to disagree so as to present to the Government a clear and vigorous demand for a rates relief.

Do not wrangle too much over differences about side issues, in order not to obscure the consensus on the crux of the matter. Worse still is to let personal feelings get into the way, and even abandon the consensus. To do so is tantamount to placing partisan disputes above public interests. This is the worst scenario of gaining a little whilst losing a lot.

Deputy President, people's eyes are most discerning. With regard to the size of the cut in the rates percentage charge, the SAR Government, by judging the hour and sizing up the situation, is going to work out something. I think there is no need for us to be too concerned over this issue. The pressure is actually on the SAR Government. With the Treasury being so "flooded", if the Government still tries to fight shy of its responsibilities, beats about the bush, and refuses to lower the rates to a reasonably level, there is bound to be universal condemnation. Then even if the Government may not meet the fate of being terminated without a cause, there are bound to be many unwarranted obstacles along its path of "serving the people and building a harmonious society".

Deputy President, I so submit. Thank you, Deputy President.

DR RAYMOND HO (in Cantonese): Deputy President, I can be recall that at the press conference on his policy address, the Chief Executive once said these words: "We (that is, the Government) in the days of the financial turmoil and SARS epidemic asked the people of Hong Kong to make sacrifices and tighten their belts. I am heavily indebted to the people of Hong Kong!" He then continued, saying "The people of Hong Kong have worked very hard for economic recovery. It is time for the Government to return to them what they deserve. This is also the Government's responsibility."

These words sound so good. The Government is now in a very sound financial position. In addition, our economy is steadily on the way to further improvement. It is indeed the optimum moment for the Government to settle the debt and return wealth to the people. On the 5th of this month, when Financial Secretary John TSANG consulted this Council on the Budget for 2008-2009, it was disclosed that in February this year the Government estimated the surplus in the Consolidated Account of the current year to be \$25.4 billion. However, given the current development, the actual surplus is likely to exceed this figure. According to forecast, the fiscal surplus will be in excess of \$50

billion. According to the media, the Government's most recent internal assessment even put the figure at above \$70 billion.

On the other hand, even with the exclusion of the \$600 billion of accumulative surplus in the Exchange Fund, the balance of the fiscal reserves still stand at \$394.7 billion, equivalent to 19 months of government expenditure. By 2012, it will further rise to \$587.9 billion, equivalent to 24 months of government expenditure. As a matter of fact, when the amount of fiscal reserves stands at a level equivalent to 12 months of government expenditure, it is already enough to meet any sudden needs of the Government. So, the Government is in a sound position to provide a rates relief. The Government should, in addition to waiving the rates for the entire year of 2008-2009, also seriously consider reducing the rates percentage charge. Even if the percentage charge is reduced to 3%, it is still a reasonable level.

Although the economy is performing quite well now, and there is improvement in the employment situation, the people still face a lot of pressure arising from their livelihood. It is especially so at a time when inflation is becoming more and more serious. Now holding huge fiscal reserves, the Government should indeed show the people some realistic moves and gestures.

In the past 10 years, the Government have indeed waived the rates for one quarter or two so as to alleviate hardship of the people. Given the financial circumstances of that time, the people did understand the Government's situation. But now our economy is essentially sound and the Government's financial position is good, already reaching a level very much desired in the past. It is time to honour the promise of "returning wealth to the people", which includes waiving the rates for the whole year of 2008-2009 and reducing the rates percentage charge.

Deputy President, I so submit.

MR DANIEL LAM (in Cantonese): Deputy President, "Making good use of the surplus, and helping the poor and the feeble" are the two points that I would like to convey to the Government. Several years ago, our economy was poor and the Government appealed to the people to ride out the storm together. All the people of Hong Kong responded wholeheartedly. Now the Treasury is

"flooded". It is said that this year's fiscal surplus has increased by two folds over the Government's original estimate, and that it is going to be over \$70 billion.

In recent years, the stock market and property market, and the economy as a whole have been prosperous. A lot of data show that our economy in the current year is booming, and may remain so for some time in the future. The Government is going to have revenue "pouring in like water". In his policy address for the current year, Chief Executive Donald TSANG introduced some measures of tax cuts, including the lowering of salaries tax and profits tax. However, only the middle class and salaried people stand to benefit from these measures. Regrettably, apart from the measures waiving the rates of the last quarter and the issue of health care vouchers up to \$250 a year to each person aged at least 70, the poor and the feeble in the community still cannot share the fruits of economic success.

From the news we learned of social tragedies one after another caused by poverty. Of the some 900 000 elderly persons in Hong Kong, 60 000 to 70 000 are still living alone. Among them are some who can afford just \$10 a day for meals. To get food, some even have to scavenge markets for vegetable scraps. According to statistics, among the 1.3 million children in Hong Kong, one out of five lives in a poor family.

Deputy President, earlier on this Council passed a motion urging the Government to raise the "fruit grant" (Old Age Allowance) to \$900 for those above 65 and to \$1,000 for those above 70. Early in the morning of the day on which the "fruit grant" is to be issued, old people can be seen rushing to line up outside banks, which is indicative of the point that to many poor elderly persons, the sum of "fruit grant" is already a fortune. Raising the "fruit grant" is in fact a very modest request by members of the disadvantaged groups. It is hoped that the Government can give this suggestion earnest consideration.

Deputy President, as banks are cutting interest rates, and inflation rising, the people's bank deposits are in fact earning negative interest. The working poor, structural unemployment and no real growth in the income of grassroots are all facts in the community. Here also lies the root of the problem which leads to outbreaks of tragedies that hit poor families almost weekly. To poor families, rates constitute a heavy burden. At a time when the Government has

"cash pouring in", not collecting rates for one year or reducing the rates percentage charge of 5% by 0.5% to 1% probably will not have much impact on government revenue. That can also let members of the disadvantaged groups share the fruits of economic success. What is there against it?

Deputy President, I agree that "handing out candies" should not be the long-term approach. The Government should, therefore, adopt long-term strategies to put into effect ongoing work of poverty alleviation. A transport subsidy scheme for people working beyond their own districts should be implemented as soon as possible. An economic policy for the New Territories should be considered and formulated. At the same time, essential measures of tax concessions should be adopted so as to encourage children to live with their parents and to ease the problem arising from aged persons living alone. There should be more practical services of job placement and community support.

Surely, at a time when the Treasury is "flooded", what the SAR Government should do immediately is to return wealth to the people. This is something that the Government ought to do. Otherwise, the promise of "serving the people" will simply become empty talk.

Deputy President, I so submit.

MR JAMES TIEN (in Cantonese): Deputy President, several colleagues from the Liberal Party (you included, Deputy President) earlier on in their speeches talked about our views on rates collection for the coming year.

Deputy President, here I would like to add some more specific data. Given the fact that government figures indicate that for 2007-2008, the total revenue from rates stands at \$16.7 billion whilst the rates percentage charge is still 5%, the Liberal Party now proposes to have it reduced to 4.5%. There is one point that I have to add. This year, rateable values have, as a whole, gone up by 11.6%. In other words, if the calculation is based on the \$16.7 billion of 2007-2008, the total rates revenue will become \$18.6 billion when the increase of 11.6% takes effect in the year 2008-2009 and the percentage charge still stands at 5%. If the percentage charge is lowered to 4.5% as recommended by the Liberal Party, that is, cutting the rates by about 10%, there will be a cut of \$1.8 billion. That is to say, there will still be \$16.77 billion remaining. I,

therefore, think that the reduction is not going to affect the Government's overall revenue. Multiplying this year's \$16.7 billion by five is equivalent to multiplying the coming year's \$18.637 billion by 4.5. It can be seen that there will be no impact on government finance.

Surely, some other political parties and the Liberal Party all propose to waive the rates for the whole of the coming year, that is, 2008-2009. However, as there is going to be a ceiling of \$5,000, the computation shows that the Government will collect \$10.4 billion less, not \$16.7 billion less. So, in fact, there will even be an extra \$6 billion going to the Treasury.

We have also noted that Mr CHEUNG Hok-ming of the DAB proposes in his original motion to reduce the rates percentage charge to 3%. I, therefore, would like to make a representation on the actual data as follows: Take the figure of 2007-2008, that is, \$16.7 billion, and multiply it by 11.6%, and then add the sum to the original figure, it will come to \$18.6 billion. If the reduction is to be down to 3% (that is, a cut of 40%), it will come to just \$7.4 billion. There is going to be a difference as much as \$5.5 billion in the revenue going to the Treasury. Given this, the Liberal Party holds that even though we estimate the surplus of the Budget to be as high as \$60 billion, the question as to how much the Government should set aside for a one-off rebate to the people, how much for a long-term rebate to the people, and how much for reserves merits careful distribution.

We hold that among the various amendments to the motion moved by Mr Cheung Hok-ming, the one moved by the Deputy President to "below 5%," in fact covers all sorts of options, and thus gives the Government some margin. It is hoped that we can come to a consensus on how much the Government can do, there being justification to have a rates relief this year. We will welcome it, regardless of the amount.

The Liberal Party disagrees with the amendments proposed by two Members on the introduction of a progressive rates regime. We are of the view that the existing tax system in Hong Kong is in fact quite simple, with the exception of salaries tax, one that is more complicated. Salaries tax has many complicated computations. In the case of some people, there is no need to pay tax after the deduction of tax allowances. Out of more than 3 million people, only about 1.3 million Excuse me, to be correct, of the 3.5 million wage earners, only 1.5 million people are required to pay tax. Furthermore, most of

them are only required to pay less than \$100 in tax. The factor of progressiveness is, of course, present; so is the factor of allowance, such as child allowance and dependent parent allowance. This is the only tax item of greater complexity. Because this is a tax system more equitable to the millions of wage earners.

As for the other items, such as profits tax and rates, in view of the existing percentage charge of 5%, those earning more, those with more expensive residences, or those paying higher rentals must invariably pay more. We find no need to adjust the tax rate (that is, the percentage) of these items, in order not to further complicate our taxation. So, the Liberal Party basically opposes the amendments proposing the introduction of a progressive rates regime in relation to today's topic.

Deputy President, this is the point that I would like to clarify. Thank you, Deputy President.

MR WONG KWOK-HING (in Cantonese): Deputy President, this year our economy, propelled by the finance industry, has been developing very rapidly. Consequently, it is possible for the Government to achieve its revenue targets ahead of schedule. There is even a scenario showing an outrun target and a "flooded" Treasury. As stated by the Financial Secretary some time ago, the surplus in the Consolidated Account of the current year is expected to exceed the target figure of \$25.4 billion. According to a conservative estimate in the community, there is going to be a surplus of \$50 billion. Recently, there has been a saying that the surplus of the Hong Kong Government for the current year is likely to be as high as \$70 billion to \$80 billion.

However, following a rise in revenue, the Government still behaves like a miser, tightly clutching the purse of the Treasury. Last week when the Financial Secretary appeared before the Financial Affairs Panel of this Council, there were words about returning wealth to the people. However, regarding our proposals, such as raising the "fruit grant" (Old Age Allowance), lowering the salaries tax and putting in more resources for poverty alleviation, he made no direct response. Instead, he even said that the more reserves that the Government had, the better it would be. As a matter of fact, the Government's fiscal reserves currently stand at \$394.7 billion, equivalent to 19 months of government expenditure. In addition, the Exchange Fund still has assets

amounting to more than \$1,000 billion. There are in fact more than enough funds to maintain the stability of our finance and currency. So, I think it is time for the Government to use a portion of the extra surplus to return wealth to the people, particularly to solve the serious social problem of wealth gap in order that there can be a redistribution of wealth, one of the functions of taxation. Deputy President, in his policy address delivered yesterday, Mr HO Hau-wah, the Chief Executive of Macao, made courageously and resolutely several instantly effective measures to return wealth to the people and alleviate poverty. That gained him much popularity. Isn't the Hong Kong Government too mean in comparison?

Deputy President, in recent months, prices of commodities have indeed been going up noticeably, the increases being most drastic in the case of daily necessities such as food and non-staple foodstuffs. According to many analyses, this year inflation will run at least at the rate of 3%. At a time when inflation is worsening, there is an even greater need for the poor to be given help by the Government with "wealth". Regrettably, to date, the Government still uses as a shield the excuse that "handing out money" is not the way to help the disadvantaged groups. Surely, we do understand that just "handing out money" is not the way out. I, however, wonder if it is the way to alleviate poverty for the Government to just resort to the tactics of training and retraining in total disregard of the need to keep members of the lower classes warm, fed and healthy. Deputy President, in order to save some "meal money", now some poor people only go to the market at closing time to buy "leftovers", or pick up some vegetable scraps for their meals. To eat such food can be harmful to health. Some poor elderly persons have to scavenge refuse collection points or garbage cans day and night for waste paper or aluminium cans in order to sell them for a few dollars of food. Hard pressed by daily needs, many poor people must "count every cent and make every cent count." The Government, however, hoards a surplus amounting to tens of billion dollars, and yet remains very stingy. If such a government does not give us the impression of being cold-blooded, then what does it give?

Deputy President, different political parties have asked the Government to provide a rates relief. The Federation of Trade Unions (FTU) is in favour of that. Although in the case of grassroots and public housing residents, a rates relief only means a benefit of one or two hundred dollars per quarter, it is still, in our opinion, better than nothing. The grassroots can at least afford to be a little more generous when buying food. We support the amendments asking the

Government to bring in a progressive rates regime so as to set different percentage charges according to rateable values. The reason is that such a measure can bring into play the principle of vertical equity in the tax system. Those with greater means are to pay more. Besides, we do agree that there should be a relatively smaller cut in the rates percentage charge for properties with higher rental values as this can render the collection of rates more equitable.

Deputy President, finally I would like to remind the Government that although a rates relief does return wealth to the people, this small amount of "wealth" is just better than nothing — this is just a small amount of "wealth". To the grassroots or poor people, the gain is very small. So, it is hoped that following the grant of a rates relief, the SAR Government can understand that this is just the first step of returning wealth. More measures should be adopted after this so as to repay the people. Also, greater efforts should be made in poverty alleviation so as to help the grassroots. We propose that the "fruit grant" be increased to \$1,000, a living allowance of \$1,000 be given to every poor elderly person who does not qualify for CSSA, salaries tax be reduced, and the scope of transport subsidy scheme for people working beyond their own districts be enlarged and its threshold of application be lowered. Our wish is for the Government and the Financial Secretary to consider the 11 suggestions presented to the Government yesterday by Legislative Council Members from the FTU. If the Government accepts our suggestions, then it will no longer come under the criticism of being a miser. There will even be applauses from the people.

I so submit. Thank you, Deputy President.

MR LEUNG YIU-CHUNG (in Cantonese): Deputy President, I remember that earlier on in your speech you called upon Members to come to a consensus today, and not to let "all come to nothing" so as to make it possible for the Government to do something for the community on getting a clear message. Certainly, this is a key point regarding the rates relief.

As a matter of fact, with regard to your point on consensus, I noted that in the speeches just delivered by several Members, there is a consensus on many points. The first point of consensus is that the Government has in fact accumulated an enormous surplus. As there is an enormous surplus, there is no

reason to be stingy. Real efforts should be made to do something for the community so as to return wealth to the people.

Regarding the amount of accumulated surplus, we, of course, have all sorts of estimates. Ms Emily LAU even estimates the accumulated surplus to be \$1,000 billion. It does not matter how much it is. As far as the figure is concerned, it is in fact far better than what it was before. This is indisputable. So, under today's theme of returning wealth to the people, this is something irrefutable.

However, the question is how to return wealth to the people. From other Members I heard the second point of consensus that they put forward. It is that many problems in the community remain unsolved. Quite a few measures ought to be adopted. A rates relief is just one of them. Some Members even said that if choices could be made, issues required to be solved first should be dealt with first. In other words, the gravity of those issues is very acute. It is hoped that the Government will take particular notice.

I remember that just now Mr LAU Chin-shek said that if there could be improvement to the "fruit grant" (Old Age Allowance), he would rather have the improvement to the "fruit grant" and drop the rates relief. He also said that if there could be improvement to the Transport Support Scheme, he too would rather have the improvement to the Transport Support Scheme and drop the rates relief. He even supports the half-fare concession that I have been fighting for years for people with disabilities. If the problem in this area can be solved, then he is prepared to have no rates relief. According to him, although the payment is for rates, most people, with the exception of some tenants, do in fact stand to benefit. This in fact is true. As we all know, insofar as rates is concerned, even public housing residents also stand to benefit, though the sum is under a hundred dollars. However, judging from Members' choices, we all agree that an issue leading to deep-rooted conflicts in the community warrants more attention, that is, helping the disadvantaged groups. This is the most important issue.

I remember that just now Mr Daniel LAM also said that we, in addition to caring for the disadvantaged groups, must also attend to another deep-rooted issue, namely, the long-standing problem of wealth gap. Deputy President, I find these few points of consensus actually very important. I hold that if it is possible to make choices earlier so as to solve the wealth gap problem first, then

the question as to whether or not there is to be a rates relief is not of the greatest importance.

The wealth gap problem that we notice is not one that crops up just today. It is an accumulated one. This accumulated problem leads to many other problems in our community, such as those related to family relationships and a life without dignity. All these issues are present. So, today we are not saying that the coffers should be opened instantly to "hand out money" or that tax should be refunded to thank voters once our economy registers an accumulated surplus. On the contrary, I think that the first issue to address is to solve the problem that leads to deep-rooted conflicts in our community, namely, the wealth gap problem.

With regard to this wealth gap problem, I wonder if it is really so difficult to solve it in the context of today. The fact is that as we have so great an accumulated surplus, it is not really very hard to solve this problem. Of course, this is also not necessarily very easy. The question remains whether or not our Government is prepared to act on it, and whether or not it is so determined. For example, the question about half-fare concession has been under discussion for six years. However, the Government today is still saying that it is necessary to do some calculation to find out how much the subsidy will cost. Surely, calculation is necessary. Must it take as long as six years? In my opinion, this is impossible.

In fact, this reflects just one thing, namely, whether or not we have the confidence and determination to solve this problem. If there is no determination, the calculation cannot be done in 60 years, not to mention six years. So, today I would like to tell the Secretary this. If we give top priority to problems like wealth gap and helping the disadvantaged groups, then these problems can, I believe, definitely be solved. Whether or not we have the determination to solve these problems is the crux of the matter.

Here is what I find most lamentable. Now the Government has accumulated an enormous surplus. Every person talks about the need to return wealth to the people. But who are these so-called "people"? We have not drawn a clear definition. We have seen the Government reduce profits tax and the standard rate, for which \$5 billion was slashed at one go. The decision was made quickly. It did not take six years, did it? The calculation was done in less than six weeks. On making a comparison of these matters, we can see that it is a matter of determination.

Although revenue has already been cut by \$5 billion, I wonder how many grassroots really do stand to benefit. The answer is zero, absolutely zero. In the first place, they, paying no tax, cannot enjoy the benefit of tax cut. In the second place, they, making no profits, are also not required to pay profits tax. So, not a single grass-roots member of the public stands to benefit. That being so, as the Government has so much in surplus, I wonder if it is possible to give top priority to problems like wealth gap and helping the disadvantaged groups in order that they can be dealt with first. If the Government deal with problems by, like what I just said, making tax rebates or thanking the voters, then it is, in my opinion, most lamentable.

Deputy President, according to a kaifong, as the stock market has been booming recently, he noticed that members of the upper class in the community are doing very well financially. Very likely this may lead to some consequences, such as high inflation. At a time of high inflation, the grassroots will not only get no benefit, but will actually suffer. It is hoped that the Government will pay heed to these matters and seek to ease the pressure of living caused by high inflation.

Deputy President, I so submit.

MISS TAM HEUNG-MAN (in Cantonese): Deputy President, the Financial Secretary once stated that for the current year, the Government would register a surplus of \$50 billion. However, there are people in the accountancy sector saying that the surplus will be over \$70 billion. Every person naturally has his eyes on that amount of surplus to see how to equitably return wealth to the people. Today, Mr CHEUNG Hok-ming has his eyes on the rates.

The proposal of Mr CHEUNG, together with the proposals in the amendments proposed by other Members, can in fact be discussed under two topics, namely, waiving the rates for 2008-2009, and making a long-term revision to the collection of rates, including adjusting the rates percentage charge and bringing in a progressive rates regime. So, the discussion should be divided into two parts.

First of all, I am in favour of waiving the rates for the new financial year, provided that there is a ceiling. It is because such a move can, for one thing, ease the burden on the middle class, and also preserve the flexibility in the

management of public finance for another. Moreover, there will be no criticism of "openly favouring" those consortia in possession of a lot of properties. It can be described as an act achieving several goals.

However, the original motion proposes to waive all the rates for the whole year of 2008-2009. I was quite shocked on reading it. If the payment of one year's rates is waived, does it mean that it will cost the Government more than \$10 billion? There are still many social policies the implementation of which requires resources. How can we afford to forego, without due consideration, this amount of revenue?

Tin Shui Wai residents need community facilities like playground, swimming pool and library. We require more resources for cultural conservation. We require resources for investment in infrastructure. I, therefore, think that even if wealth is to be returned to the people, especially for the benefit of the middle class, by way of rates refund, there has got to be a ceiling for the amount to be waived. This is to ensure that the Government can have enough resources to build a better society for us.

Also, to waive rates without a ceiling gives the biggest benefit not to the middle class or the lower classes, but to landlords collecting rents from their apartments or shops, or developers hoarding an enormous stock of housing in anticipation of sharp rises in property prices. The Member moving the original motion must also have no wish to see such a state of affairs, one that can give a huge benefit to those people. So, it is necessary to set a ceiling for rates relief.

Deputy President, I am in favour of a rates relief. However, with regard to reducing the rates or even bringing in a progressive rates regime, I think there has got to be careful consideration.

I have always been of the view that if the Government has a surplus, then first of all it is necessary to satisfy the community's needs in different aspects of public spending. Only then should consideration be given to one-off relief measures. To maintain flexibility in the management of public finance, long-term relief measures, such as tax cut and rates reduction, can be considered only when it is certain that the financial position is stable.

We must understand that it is definitely "easy to make a cut but hard to get a raise". It does not matter whether it is tax or rates. If calculation is based on the point that the Government collects \$14 billion annually from rates, then a cut

of one percentage point in the rates percentage charge will cost the Government \$2.8 billion in revenue. As pointed out by quite a few Members, this sum is big enough to raise the "fruit grant" (Old Age Allowance) for the elderly to \$900 to \$1,000 a month. Are we to first take care of the rent-collecting property owners so as to reduce their burden by a thousand or a few hundred dollars a year, or are we to take care of our elderly first?

So, with regard to the principle on rates relief, I think the Government should first satisfy the requirements in welfare, education, health care and retirement security. Only then should consideration be given to waiving rates or reducing the rates percentage charge.

With regard to a progressive rates regime, I think there are even more considerations. I understand that progressive rates is a concept based on the principle of "those who have means pay more". This is justifiable from the perspective of wealth distribution in the community. My worry is that there will be a lot of unwarranted trouble in enforcement.

First, if the progressive regime is like the one outlined in the amendment proposed by Mr SIN, namely, to divide rateable values into different bands, for each of which a percentage charge is to be set, then the rates payable by properties with rateable values falling under individual bands are likely to have big differences.

For example, according to Mr SIN's proposal, a property leased for \$7,499 a month should pay about \$2,700 in rates annually. However, if the rent is \$7,500, the rates payable annually should be \$3,600. There is a difference as large as \$900. Is it reasonable to have a difference of \$900 in rates because of a difference of \$1 in rateable value?

Also, the Government is responsible for the evaluation of rateable values. Once a progressive rates regime is implemented, and there come the aforesaid differences in rates, many landlords certainly will lodge appeals. Ultimately, is it going to be necessary for the Government to incur a lot of administrative cost because of the need to handle these complicated cases?

What is more, rateable values of properties tend to change as the market fluctuates, thus creating even greater differences. So, Deputy President, I would like to say this as the last point. According to my personal experience,

rates do not constitute an expenditure item with the greatest pressure on the middle class. We really should not spend too much time discussing, as a top priority, the reformat of this complicated mechanism for rates collection. Efforts should be put in to deal with the issue of wealth gap and the narrow tax base. It is believed that members of the middle class are longing more for a tax cut than for a rates reduction. I so submit, thank you, Deputy President.

DR FERNANDO CHEUNG (in Cantonese): Deputy President, the Government is now "flooded", "flooded" with lots of money. According to Joseph YAM, Chief Executive of the Hong Kong Monetary Authority, our fiscal reserves and accumulated surplus amount to nearly \$1,000 billion. The Government really has very huge resources at its disposal. I do not know our latest ranking in the world in terms of public reserves. I can remember that some time ago, we ranked sixth or seventh. I believe that with all the recent increases in our surplus, our ranking may have become higher.

Deputy President, we must not forget that we are just a city and we are being compared with countries all over the world, so our reserves must be very enormous. I dare say that on a per capita basis, our ranking must be the first worldwide. I am only talking about our public reserves, not all the wealth owned by the very rich people. Their wealth must even be much greater. Viewed from every perspective, Hong Kong is really a blessed land. We are so very rich. Since we are so wealthy, we should think about returning wealth to the people. This is a desirable thing to do. For example, a rates reduction can help relieve the people's financial burden. This is something desirable, especially when prices are all rising.

But before returning wealth to the people, we must also take account of the current wealth gap in society. As a matter of fact, many grass-roots people are still caught in a grim struggle for survival. What measures can we introduce to improve the life of those people living in a state of relative shortage of resources and services or the underprivileged, such as the elderly, people with disabilities, ex-mental patients, single-parent families, new immigrants or ethnic minorities in this affluent society of ours today? Should we first consider the groups in greatest need when seeking to relieve the people's pressure in living? Should there be any priority when society seeks to help people in need? The amendment put forward by Mr Ronny TONG is therefore very important, in the sense that we must first consider the fair and just allocation of resources.

We note that the policy address proposes to waive the rates for the last quarter of this year. This will involve a sum of \$2 billion or so. The policy address further proposes to reduce profits tax and the standard rate of salaries tax, and this will involve \$5 billion. But the Chief Executive himself once remarked that poverty alleviation must not be regarded as handing out money, and that it should be about helping people to help themselves. But then, he now proposes to hand out so much money. The sum of \$5 billion is cold hard cash, and the Government will hand it back to rich people and profitable businesses. And, the issue of rates mentioned in the motion today is also about handing out money to property owners. There are indeed many elderly property owners whose properties are by no means valuable. They worked hard for their entire life, but now, when they are old, they do not have any high incomes, or they simply do not have any income at all. As a result, they must live on their savings and live in their own properties. It will be wonderful to waive the rates for them. But as Members all know, the biggest beneficiaries of any sweeping rates waiver will inevitably be the large landlords. People who own more properties will benefit more. Are we supposed to return wealth to the people indiscriminately, regardless of their wealth? Are we supposed to return wealth first to the richest people? I am very worried about this.

There are many needs in society. In the case of poor people, for example, their CSSA rates were axed by 11% in 2003. They are now unable to catch up with the inflation rate. In respect of foodstuffs, the inflation rate over the past six years has been two-digit. But in a recent meeting of the relevant panel, the Government said that the increase might just be 2.3%. What kinds of people are CSSA recipients? Half of them are elderly persons. People with disabilities and chronic patients account respectively for 10% and 20%. And, more than 10% are single-parent families. Actually, most CSSA recipients are helpless poor people in dire need of assistance. But the Government has cut their CSSA rates. Allowances for such basic necessities such as spectacles, dental treatment, telephone services and home removal have either been reduced or abolished altogether, Deputy President. The disability allowance has also been cut, and the rate has not been changed.

(THE PRESIDENT resumed the Chair)

Let me also talk about other major livelihood items. In the case of health care, for example, the waiting time for specialist out-patient consultation is as

long as years. This is also the case with psychiatric services. As for hospitals, there is none in Tung Chung. The situation in Tin Shui Wai is even more absurd. According to government planning standards, there should be one hospital for a population of 200 000. The population of Tin Shui Wai is now 300 000, but no hospital has been constructed. There is only one health centre. According to the planning standards, there should be one hospital and two health centres. There are many more similar cases, President. The proposal on offering transport fare concession to people with disabilities has been put forward for many years, but it has not yet been implemented. And, even if it is really implemented, how much money will be involved? As computed by the Government itself, the whole initiative will only involve \$100 million. As for other support services for people with disabilities, they must wait for years, as long as seven or eight years, for residential care places. We have discussed this point and expressed the hope that the Government can give us a plan and see whether it is possible to shorten the waiting queue in the coming five years. But the Government does not have any such plan. Elderly people wanting to live in residential care homes for the elderly must wait 32 months, and the waiting period has kept on increasing. Since there are several hundred more applicants, the average waiting time has increased by a month. This means that the situation this year is worse than that of last year. As for domestic violence, refuge centres are all full, and temporary places are also all full (*The buzzer sounded*) President, I so submit.

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

MR LEUNG KWOK-HUNG (in Cantonese): President, it is indeed kind of odd for us to discuss rates and other reform measures today. I believe the Secretaries present today will also think so. Since we have already passed the Motion of Thanks, we should have endorsed his initiatives, right? Why do we still request the Chief Executive to do this and that now? Well, this is the political reality in Hong Kong. Honestly speaking, we are totally unable to interfere with the Chief Executive's policies.

I have just said that many Members supported the Motion of Thanks. But judging from Members' speeches today, I do not think that they really supported the Motion of Thanks so wholeheartedly. The reason is that Members still want him to do so many things. What actually is under discussion today? It is governance, instead of any economic issue. We are discussing which areas the Government should accord priority to when allocating resources. This is the

fundamental function of the Government. An election is approaching. Four days later, there will be an election. All therefore want to be able to claim credit for this and that. The debate today is therefore related to the District Councils Election. All political parties and groupings want to add various points and issues in their speeches, so that they can claim the credit for successfully fighting for this and that in their election campaigns. We in the League of Social Democrats have nothing to do with all this because we hold the unambiguous position that the Government's financial management philosophy should be based on the principle of taking from the excessive and giving to the deficient. This is nothing complicated, just an ancient Chinese concept on governance — we must not take from the deficient and give to the excessive.

Honourable Members, I may make an analogy here. Suppose there is a parent. When the family is in financial difficulties, he tells his children to eat only two bowls of rice, instead of three. And, when he sees that their children's shoes are worn out, he tells them not to buy any new ones and just walk with their bare feet for the time being. But when the family's financial situation improves, he spends all the money on his "second wife". His children of course disapprove of this. The Hong Kong Government is doing exactly this. Because of the coterie election, he must hand out money. He will of course hand out money first to the 800 members of the Election Committee and then those related to him. This explains why the Government has been behaving like the very bad parent mentioned above and accounts for the secret rationale behind its policies.

Honourable Members, in a way, one can say that the Government has poured huge amounts of water into a deep hollow. It then asks everybody to get water from it with a ladle. And, it truly allows everybody to do so freely. But the grass-roots people do not even have a tiny spoon. Therefore, they can only scoop some water up with their hands, only to find that it has all drained away before they can drink it. Unlike the grassroots, the large consortia can use large ladles. Once they ladle up any water, they immediately take a gulp and then take the remaining water home. This is also the case with rates. The reduction of rates is applicable to all, so it is regressive in nature. This runs completely counter to the progressive taxation principle upheld by the League of Social Democrats. We must therefore oppose it as a matter of principle. But, as a matter of fact, the Government has produced such a long menu Even the Liberal Party says that the Government is going to hand out billions of dollars, some \$80 billion. This is really a very large sum. I also want to join them in handing out the billions of dollars.

PRESIDENT (in Cantonese): Mrs Selina CHOW, a point of order?

MRS SELINA CHOW (in Cantonese): President, I wish to ask Mr LEUNG Kwok-hung to clarify his reference to \$80 billion.

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, you may choose to reply or continue with your speech.

MR LEUNG KWOK-HUNG (in Cantonese): It is several dozen billion dollars, maybe. I am not quite sure. Anyway, it is several dozen billion dollars. Where does all this money come from?

(Mrs Selina CHOW rose)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please wait. Mrs Selina CHOW, a point of order?

MRS SELINA CHOW (in Cantonese): President, Mr LEUNG Kwok-hung mentioned \$80 billion just now. Will he please clarify how he has come to know that it is \$80 billion?

MR LEUNG KWOK-HUNG (in Cantonese): I am a man who is prepared to admit his mistakes. I cannot remember now. I can only remember that it is several dozen billion dollars

MRS SELINA CHOW (in Cantonese): OK.

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, you may continue.

MR LEUNG KWOK-HUNG (in Cantonese): It is no big deal anyway. The exact amount is of no particular significance in my argument. The important thing is that the Liberal Party advocates the handing out of money.

What the Government has been doing all along is to take from the deficient and give to the excessive. This is very clear. When we were consulted by the Financial Secretary, he even had the face to ask us what welfare item should be reduced in case additional welfare benefits were provided. This is simply a stupid question. He has been trying to mislead the Hong Kong public. His question is simply no different from this: If the Government gives \$10 to Long Hair, should it recoup \$10 from Audrey EU? Is he out of his mind anyway? The Government holds a thousand billion dollars in fiscal surplus. His earlier estimation has proven to be several dozen billion dollars shy of the actual amount. He has failed in his duty, and he has still sought to deceive Hong Kong people with his erroneous computations. He has also forced Legislative Council Members to say which welfare benefits should be reduced in case he increases the welfare for the poor. This kind of government is really most unreliable, right?

I once advised Financial Secretary John TSANG to increase stamp duty. I told him that just a very small increase will yield several dozen billion dollars in additional revenue. But he has not replied to me so far. Therefore, I do not want to discuss the issue of whether or not rates should be increased today. I think that before the reforms advocated by the various political parties and groupings in respect of education, health care, the elderly and retirement protection are implemented, any proposal on tax rebate is just a scan. It is just like what some big bankers will do when they want to sell their stocks. They will just try to boost the transaction volume and sell their stocks amidst the confusion.

Honourable Members, the League of Social Democrats must make a statement at this juncture: The Government's philosophy of financial management is utterly wrong. It is in fact telling all Hong Kong people that when we have money, we should continue to offer benefits to the large consortia and wealthy people. The goodwill shown to the middle classes and the petty bourgeoisie is just meant to conceal its real tactics. This is nothing but a scan. Once again, I condemn the Government's philosophy of financial management.

Thank you, President.

MS AUDREY EU (in Cantonese): President, as Mr Ronny TONG, Mr Tommy CHEUNG and Miss TAM Heung-man of the Civic Party have already spoken and explained its thinking, I do not intend to repeat their words. I only wish to

explain briefly the voting consideration of the Civic Party and our central ideas. Regarding the motion on rates relief, the Civic Party has three points of overriding guiding philosophy for consideration.

The first point is related to the issue of priorities raised by Mr Ronny TONG in proposing his amendment, namely, the rates relief should be considered on the premise that the aspirations of the grass-roots community for fair allocation of resources should be taken into account. Actually, a number of Honourable colleagues have already raised in their speeches such proposals as increasing the "fruit grant", health care concessions for the elderly, transport allowance, and transport assistance for people with disabilities, which are greatly supported by the Civic Party. We also agree with Miss LI Fung-ying and Mr LEUNG Yiu-chung's comment that rates relief is undoubtedly one of the ways to return wealth to the people. But is it the best way? Therefore, we find the issue of priorities most important. As such, the passage or otherwise of Mr Ronny TONG's amendment will influence our decision of whether we will support other amendments or abstain from voting.

Another vitally important guiding philosophy concerns the issue of "capping". It is proposed in several amendments that the rates relief should be subject to a ceiling of \$5,000. This proposal is taken very seriously by the Civic Party too. If the rates relief is subject to no limitation, as proposed in the original motion, such that an annual rates waiver of a certain percentage is effected, including waiving the rates for the whole year of 2008-2009, for the ultimate purpose of reducing the rates percentage charge from the existing 5% to 3%, it will, on the contrary, offer even more assistance to those people who are getting increasing rich. This is not the best way to return wealth to the people because the Civic Party believes that "returning wealth to the people" is not tantamount to returning wealth to the richest people. For this reason, the imposition or otherwise of a "ceiling" is a major factor of consideration for the Civic Party in deciding whether it should support a certain amendment.

President, the third point I wish to raise is related to the amendments proposed by Mr Frederick FUNG and Mr SIN Chung-kai in which a progressive rates regime is proposed. In her speech just now, Miss TAM Heung-man has already explained why the Civic Party has strong reservations about progressive rates. Simply put, President, we will abstain on the two amendments proposed by Mr SIN Chung-kai and Mr Frederick FUNG. The Civic Party will, however, support the two amendments proposed by Mr Jeffrey LAM and Ms

Miriam LAU. We will also support the amendment proposed by Mr Ronny TONG of the Civic Party. If Mr TONG's amendment is passed, we will support the remaining amendments because the passage of Mr TONG's amendment would include the endorsement of our proposed premise, namely, the aspirations of the grass-roots community should be taken into account. However, if this premise, namely, the priorities taken by us seriously, is not endorsed, the Civic Party will, based on our three considerations in terms of priorities, abstain on all of the remaining amendments.

In addition, President, it must be noted that that many Honourable colleagues have mentioned such issues as the coffers being flooded with cash, fiscal reserves, accumulated surplus, and so on. These figures, when added up, are close to \$1,000 billion. When I heard the mention of this figure, my nerves were pinched as I recalled the Chief Executive electoral debate chaired by the President. President, you should still remember Alan LEONG point out during the debate that Hong Kong was actually very rich because more than \$900 billion was at our disposal. However, he was immediately queried by Chief Executive Donald TSANG if his calculation was wrong. Alan LEONG replied that his calculation was right, as the figure was provided by the Government. The repeated mentioning of this figure by every Member today has reminded me of this incident. Even the Chief Executive did not realize Hong Kong had so much money, but it is actually the case. This is indeed one of the problems of the SAR Government. When the Government made a public announcement of its fiscal reserves, its fiscal surplus was often underestimated. As a result, it has failed to effectively utilize our resources in providing public services and strive to resolve the problem of disparity between the rich and the poor.

This is the guiding philosophy of the Civic Party — all public finance and economic initiatives have a close bearing on the people's livelihood. As our most important and priority consideration is to narrow the disparity between the rich and the poor, we hope all policies aiming at ultimately returning wealth to the poor will start from here. Thank you, President.

MR LEE CHEUK-YAN (in Cantonese): Sometimes, I would imagine John TSANG meeting with Antony LEUNG one day, and Antony would probably say to John TSANG, "You are lucky; the Government is in a 'flooded' situation". On the contrary, John TSANG would probably reply to Antony LEUNG, "You were lucky; there was a fiscal deficit".

Now I am wondering whether the Financial Secretary finds himself troubled by a fiscal deficit or a "flooded" situation. Insofar as society as a whole is concerned, we certainly hope for a "flooded" situation, right? However, from the angle of the Financial Secretary, I sometimes doubt if he is being troubled by the "flooded" situation because everyone is asking for reductions in this and that, including rates and taxes.

However, President, I think the Government should not feel troubled if it can adhere to its principle. Alas, Secretary, I often find the Government's principles of operation totally wrong. Secretary, I have listened to you very clearly this time. You said that it would cost the Government \$16.7 billion should a rates relief be implemented for an entire year, and \$10 billion or so should the rates relief be subject to a ceiling of \$5,000. I was very impressed when I heard the figures of \$16.7 billion and \$10 billion. If I were to call the shots, what will I do to spend \$16.7 billion and \$10 billion?

Frankly speaking, I will definitely not spend the money on rates reduction. However, many people prefer this option, why? Probably because they think that a rates reduction can benefit the greatest number of people in society. However, the proposal by a number of political parties to use the money to reduce rates is, to a certain extent, attributed to the Government which was responsible for starting all this, because its principle is not visible to anyone. On what principle is the Government managing finance? Is it managing finance with prudence? No. Obviously, the Government has offered \$5 billion reductions in profits tax and salaries tax. The offer of \$5 billion to the richest people in Hong Kong seems to suggest that the Government is adopting a principle of "returning wealth to the rich". If this is really the case, and if the Administration is "returning wealth to the rich", why does it not offer \$16.7 billion to those who are not so rich, given that \$5 billion has been given to the rich? Hence, the Administration's principle is most problematic. The Administration is the one who started all this by taking the first step. The latest policy address has also taken the first step with the Government offering to "return wealth to the rich". Such being the case, no demands in future will be as wasteful as the Government's behaviour of "returning wealth to the rich". Therefore, the Government will find it very difficult to succeed in advising people to exercise prudence.

President, the most serious problem confronting the entire Government at the moment is what principle or approach of handing out candies should be adopted by the Government when it is in a "flooded situation". I would like to call the Government's current approach of handing out candies a V-shaped approach. What does it mean by a V-shaped approach? If the richest people are at the very top of the entire society, the V-shape will be turned upside down. This would mean that the poorest people constitute the largest number of people in society, whereas the richest people are at the very top. It is precisely because of the V-shaped approach adopted by the Government in handing out candies that the richest people will get the most while those further down will get increasingly less. It is simply because of this approach of handing out candies that the problem of disparity between the rich and the poor has continued to worsen, with the wealth gap further widened subsequent to the Government's offering more to the rich and less to the poor. There are indeed many obvious examples in which the poor are offered less.

Secretary, a very abnormal phenomenon has now emerged with people fighting for smaller amounts of money finding it difficult to succeed, while those fighting for larger amounts of money finding it easy to succeed. Why? The more money is involved, such as the rates relief being discussed by Honourable Members now, the fight can easily succeed because a lot of money will really be involved. This is because this measure, once implemented, will make everyone happy. Therefore, the fight is easy. However, the less money is involved, the harder it is to fight for it. For instance, the half-fare concession fought for by people with disabilities involves a mere \$100 million or so a year. It has been so difficult that nothing has been achieved, even though the fight has continued for five years. There is still no sign of success even though the Government is now in a "flooded situation". Let me cite the transport allowance as the next example. The cross-district transport allowance now being implemented will last only six months. In response to the request for an extension of the six-month allowance period, the Government has resorted to procrastination by saying that the allowance cannot be taken forward so quickly because the study is time-consuming and many people will have to be consulted and, furthermore, it has no idea of the views of other political parties.

It is thus evident that people demanding less money will find it even more difficult to press the Government for money. On the contrary, it seems that the Government is prepared to hand out billions of dollars at any time. I find this development very, very abnormal, but this is really the case. Why will this

happen? Because according to the V-shaped approach of handing out candies, the Government will treat the rich people less stringently by giving them more. On the contrary, the Government will treat the poor more callously and stringently.

In view of this, very often, the most needy in Hong Kong are, on the contrary.....the present-day society is very abnormal. In the face of hardship, the needy, the poorest people, or many elderly.....the discussion on "fruit grant" has yet been properly settled. However, another question arose when our discussion on "fruit grant" had just concluded. Scrambling to join in the discussion on rates relief, Members have already forgotten about the "fruit grant".

I think the Government should, no matter what happens, first resolve the issue of "fruit grant" before considering anything else. The stance of the Hong Kong Confederation of Trade Unions is very clear. We support Mr Ronny TONG's amendment, that the needs of the grassroots must be given priority. After addressing their needs, others.....As pointed out by me earlier, the less money is involved, the harder it is to fight for it. Can the Government first deal with demands involving less money? Can it really help the needy? To a certain extent, the rates relief is just an extra bonus. The Government should first offer timely assistance, and with adequate assistance, society as a whole will warm up and become aware of the existence of compassion and justice in society. Only with extra strength should an extra bonus be offered. The Government will not be blamed if it can act in this manner.

Hence, President, we support Mr Ronny TONG's amendment. We will abstain on other amendments or the original motion if they do not accord priority to taking care of the grassroots. Thank you, President.

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

MR ALBERT CHAN (in Cantonese): President, the League of Social Democrats (the League) has a very clear stance, that public finance and the Government are responsible for distributing and redistributing financial resources. In the process of doing so, especially when the needs of the socially disadvantaged have not been reasonably and fully addressed, we firmly oppose any move to redistribute financial resources to make the rich even richer.

The disparity between the rich and the poor has actually existed in Hong Kong as a very solemn and pressing problem. The Government must respond to and deal with it. If the majority of the rates relief proposals are implemented as suggested in today's motion, the wealth gap problem in Hong Kong will only further deteriorate. As a result, those who are so obese that they cannot even put on their socks will become even more obese. In fact, this will only bring the rich people more trouble as they are already leading a good life. More money would only mean more headaches, for they have no idea of how to spend their money.

For the vast majority of rich people, a rates relief is merely an extra bonus. However, it is very unfortunate that most of the amendments have failed to offer timely assistance. The only exception is Mr Ronny TONG's proposed amendment — though it is only better than nothing. He has proposed to add ", with the premises that....., consider providing". We think that this direction is worthy of our support. However, I am afraid the tone of his demand for the Government to assume its responsibility is not strong enough.

Let us take a look at the existing social problems. President, Mr LEE Cheuk-yan has mentioned a number of these problems earlier, and so I will not repeat them here. Members can see that the Government still has to wait for one or two months before it can make decisions on problems pertaining to CSSA, the elderly and people with disabilities, particularly the offer of transport allowance to people with disabilities, an issue which been discussed in this Chamber for years.

There are a lot of problems relating to old buildings in our district, and improvements have yet been made to many villages where the conditions are deplorable. The problems in Tin Shui Wai and Tung Chung have also been repeatedly raised in this Chamber. Yesterday, Tung Chung reported another incident involving someone jumping from a building. Though the incident is unrelated to gambling, it is still one of the many problems faced by the grassroots. Hong Kong has gradually turned into a "city of people jumping from buildings". In terms of the ratio of population, President, I believe jumping to death worldwide.....I know. President, I am now talking about redistribution of wealth because a rates relief will further aggravate the disparity between the rich and the poor. For this reason, the poverty problem will lead to a surge of incidents involving people jumping from buildings, and this is a fact.

President, if the Government is financial sound, it should look at what other ways are available other than rates relief.....the Government's rate of reduction is calculated in billions of dollars. Actually, I have made a proposal this year and last to the Government with respect to the Budget to establish a fund amounting to \$20 billion to improve the living of grass-roots members of the public. This year, a similar proposal was also raised by the DAB. We are very thankful to the DAB for supporting our proposal last year. Today, I would like to raise a new proposal to the Government to establish a fund amounting to \$10 billion for maintenance of old buildings. About a decade ago, the Government allocated \$10 billion to the Urban Renewal Authority (URA) as a redevelopment fund. This is very important for, with this sum of money, the URA was able to carry on with its work. At present, there are many problems with old buildings. Generally speaking, the problem of old buildings lacking maintenance is even more urgent and worse than urban renewal. However, the Government is taking a wrong direction by merely considering compulsory building inspection by way of enacting legislation to make this mandatory.

Given its fat purse, the Government should set aside \$10 billion from its rates revenue to establish a fund for maintenance of old buildings to assist the public in commissioning consultants to carry out maintenance and proper repairs to the problematic old buildings in the territory. In fact, I have repeatedly cited the "Dressing Up" project undertaken in Guangzhou years ago as an example to illustrate the beautification of the entire Guangzhou Province as a result of the project. Years ago, the government of San Francisco also allocated large amounts of money to improve the look of the old districts of San Francisco. As our Government has abundant money, why does it not implement these urgent projects but, on the contrary, distribute the money to the public to carry out the projects on their own? From the angle of public finance, the Government has absolutely failed in its duty and is irresponsible in acting in this manner.

The principle of keeping expenditure within the limits of revenues, as laid down in the Basic Law, simply means that the Government should consider how to spend its money wisely when it has money. As the Government is now in possession of abundant money, it should consider how to ensure that the money is well spent, instead of distributing it. Actually, distributing money is not a way to keep expenditure within the limits of revenues. The function of public

finance is to examine how to ensure that public money is well spent to meet public needs so as to benefit society as a whole, instead of fattening the obese to make them even more obese.

President, I earnestly hope that the Government and Members in this Chamber can really think the matter through. As Members of this Council and political parties, they are obliged to ensure that the Government's financial resources can be distributed in such a way as to benefit society as a whole. I absolutely cannot see how a reduction of rates by several percentage points can benefit the entire community. On the contrary, it will definitely render positive assistance to those people who have already been benefited and own many properties to increase their wealth further.

I hope Members can withdraw their own motions or act jointly in voting against them after this Chamber has learned a lesson from painful experiences. The only motion I can accept is Mr Ronny TONG's amendment. I definitely do not hope to see the motion further aggravate the situation in which "behind the vermilion gates meat and wine go to waste".

Thank you, President.

MISS CHAN YUEN-HAN (in Cantonese): During a meeting held yesterday between three Members of the Hong Kong Federation of Trade Unions and the Government, a proposal on rates relief for the whole year was raised in the hope of benefiting more people, including public housing residents. So long as the proposal of rates relief can benefit these people, we will consider it good. However, we are also worried that some people have to pay high rates every quarter, for some colleagues have proposed that the rates relief be subject to a ceiling of \$5,000. We have some opinions about this, and we also propose that a rates relief be provided for the whole year. Frankly speaking, even an ordinary household has to pay more than \$1,000 in rates per quarter, though I believe some families might pay less. Therefore, the setting of \$5,000 as the ceiling is still acceptable to me. However, this is not what we wish to achieve. In general, insofar as our voting preference is concerned, we hope the motion will not end up accomplishing nothing. Therefore, even if the mainstream principle is not entirely identical to ours, we will still lend our support, except for individual amendments.

Madam President, let me start with the philosophy of our entire idea. Why do we propose that the rates relief for the whole year be subject to a ceiling of \$5,000? Because we consider that the Government should, in distributing money, benefit everyone, including public housing residents, as well as helping other poor people. This is why we will make a proposal on rates relief for the whole year, but subject to a ceiling of \$5,000. However, we do not hope to see the motion end up accomplishing nothing as a result of the proposal raised by some colleagues to raise the ceiling a bit higher. Therefore, we will selectively render our support.

Madam President, insofar as the situation facing Hong Kong is concerned, although our conditions have turned for the better, we will find when we chat with the residents in the districts that the impact of the spiralling prices of everything is widely felt. I believe even you, Madam President, is aware of this. I told the Financial Secretary and Secretary Ceajer CHAN yesterday that the grassroots had a lot of grievances, and some of them were attributed to high living expenses. For instance, the grassroots complained to me during my visit to the districts that some prices were exorbitant. Such canned food as luncheon pork and fried dace with black beans have seen price increases of more than 20%. In addition, the prices of beef and pork are also going up. Our daily living in general is being affected by the exorbitant prices of various kinds of fresh food. In the face of such spiralling prices, it is evident to all that the increases are quite severe.

In the past several days, I heard WEN Jiabao pledge that he will suppress the spiralling prices in the market to ensure that the people can lead a stable living and he will thus adopt a targeted approach to address the present situation in which the people are affected by the rising prices of fresh food. Actually, our Government should also have noted this situation. Therefore, I very much hope that, through the introduction of some sort of a tax relief, everyone can be benefited. So, my premise is I am concerned about public housing residents in addition to owners in general.

Madam President, some people will of course argue that we may perhaps consider benefiting the grassroots through salaries tax. However, I would like to point out that quite a large number of grass-roots people are not required to pay salaries tax. This is why the previous Budget prepared by Financial Secretary Henry TANG was criticized. Some of the "three no's" we were talking about fall into this category. Having no properties, they live in public

housing estates. As a result, they have not been able to benefit from many of the government policies. I feel that a rates relief might probably offer them some assistance. However, it is not enough for rates to be waived for just a quarter. Instead, rates should be waived for the entire year so that everyone can share the fruits of success.

In addition, I would like to take this opportunity to say a few words. Actually, I emphasized yesterday time and again to the Financial Secretary that the disparity between the rich and the poor in Hong Kong is very serious at the moment. The Government should, in proposing tax cuts, give practical consideration to the situation of the grass-roots people. Why is there such a strong reaction from the grassroots to this year's policy address? Frankly speaking, it is because the grassroots feel that the Government has given no consideration to their plight. For instance, the Government should consider how to benefit poor people like them by slashing taxes across the board. In addition to slashing rates to probably benefit public housing residents, consideration can also be given to the allowances under salaries tax. I think that the Government should jointly consider initiatives in this area too.

Of course, there are other areas to which the Government should also give consideration. For instance, the Government should also consider the poverty problem facing the elderly. Should the Government fail to consider the problems facing the grassroots in the context of tax relief, I believe there might be strong reactions from the public to the Budget by then, like their reaction to this year's policy address — I am talking about the reaction from the grassroots.

In this campaign for a minimum wage and standard working hours, we in the labour sector have originally felt that this policy address delivered by the Chief Executive is in general much clearer than the extremely vague one delivered last year, because of the proposal of a timetable and roadmap and a concrete commitment of introducing legislation on a minimum wage and standard working hours to the Legislative Council of the next term in this year's policy address. We consider this policy address good and acceptable. However, why was the reaction from the grassroots at large so strong? This is precisely because the policy address has triggered a very strong reaction from these poor people — including low-income earners, the poor and the elderly living in poverty, as mentioned by me just now.

I think Secretary Ceajer CHAN in particular should, if given the opportunity, visit the districts to listen to the views of the people living there rather than make a simple comment that tax reductions will now be effected given previous tax increases. Yesterday, sparks flew among us on the issue of profits tax. In my opinion, we should not look at the matter in that way. In the face of such serious disparity between the rich and the poor, the public will not be satisfied if the Government still presents them with such a simple reason, namely tax reductions will now be effected given previous tax increases. I think the Government is not doing enough. The Government should consider the conditions of the public before it can convince them. After all, this is better than having the public asked these questions: Why can profits tax be reduced? Why are the poor offered no assistance? Is the Government merely taking the rich seriously? I am saying all this because I very much hope government officials will understand that the people of Hong Kong will have a lot of grievances if they can still not share the fruits of success even if the economy has turned for the better.

Similarly, the Chief Executive of our neighbour, Macao, has also published his policy address recently. Although he has made some efforts, we can see that the response of the Macao community is still far from satisfactory. It can still be felt that some of the policies cannot yet resolve problems in concrete terms. Though I am not a Macao resident, I can learn of Macao's conditions from the news. Perhaps the grass-roots people of Macao feel that the policy address has failed to positively deal with their problems. Despite the initiative of "distributing money", the problems believed to exist are still not resolved. As a result, a group of grass-roots people can still not benefit from the economy even when it is taking off on all fronts.

With these remarks, Madam President, we basically support the original motion. As for the various amendments, we will support, oppose or abstain on some of them. Thank you.

MR CHIM PUI-CHUNG (in Cantonese): President, the issue under discussion today is in fact an issue relating to the administration of the SAR Government. If it is purely a matter of rates relief, we have to understand what the existing rates charging system in Hong Kong is about — it is about the levy of rates on people properties by the Government according to the values of their properties

and the districts in which their properties are located. In view of this, if a rates relief is to be offered, in the case of rich big corporations, the more properties they possess, the more they stand to gain. In that case, is it possible to request the Government or the Legislative Council to enact legislation, so that the rich have to pay more in rates but when a rates relief is offered, they will stand to benefit less? If this is feasible, legislation should be enacted first of all. We are now saying on the one hand that the rates have to be reduced, and on the other, we are saying that this will not do. In fact, our discussion here only shows our self-contradictions and this will be a joke to the general public. They would then think that all Members have no political wisdom, that they even lack knowledge about society and all their talk is misleading to the public. We have to sort it out clearly. It is the Government's policy to provide social welfare and the aim of social welfare is to enable the so-called poor members of the public to get some benefit from society.

The third question is: Since the Government is just like a company, is its income non-recurrent gain or fixed revenue? We can see that recently, the Financial Secretary said it was estimated that the surplus would amount to about \$50 billion. According to my personal estimate, more than 80% of this \$50 billion came from stamp duty. At present, it is true that the stock market is booming, however, if it declines several months later, the Government may not be able to derive any income from it next year. How can the Government rely on such unstable income as non-recurrent gain to provide additional welfare? Therefore, even within the Government, there are disagreements concerning returning wealth to the public.

When it comes to the fourth issue, regarding returning wealth to the public, the rich are also members of the public, so we should say "returning wealth to those in need of help" instead. I even have some views on the word "poor" in "helping the poor". We should say "assisting people who have not yet got rich". If we call them "the poor", this is discrimination. We are discriminating against their being poor. Do we mean that they will not have the chance to get rich in the future? They just have not got rich yet. Mr DENG Xiaoping once talked about enabling some people to get rich first and this has created a lot of rich people on the Mainland nowadays. What the Chief Executive and his administration should examine is not helping the poor but "assisting people who have not yet got rich" by giving them encouragement. We should not call them "the poor" and should not discriminate against them. They just have not yet got rich.

Therefore, President, we have to understand that at present, the surplus of the Government is still not very stable, particularly given that there are in fact no resources in Hong Kong and one cannot see how the future bodes in the long run. Of course, for the time being, as people say, "If our motherland fares well, so will Hong Kong". In the final analysis, since China is so big, any initiative or opportunity on the Mainland will create a lot of opportunities for Hong Kong.

Therefore, as Members, we have to be fair-minded and take another kind of attitude in looking at the issue — we are not in very high positions and only the President is in a higher position — since we are in a slightly higher position and can see farther, we can guide the public in examining together how our wealth should be utilized. By a stroke of luck, in Hong Kong, the SAR Government will have tens of billions of dollars in surplus, so how can we utilize the surplus properly to serve the public? Let us not talk about returning wealth to the people. If we do so, everyone would say, "It is better to give the money to me than to others, particularly when some people are already so rich that what they get in addition will just be like gilding the lily, so it would be better if all the money is given to me."

On the question of how to spend the Government's surplus, I personally believe that it should be spent on the present major infrastructure projects. It is true that the government proposal concerning the 10 major infrastructure projects is very worthy of support, however, it is a pity that although they were announced quickly, they are being implemented too slowly. We should demand that the Government use the surplus to expedite the implementation of these infrastructure projects and even to implement all 10 major infrastructure projects immediately. This will give impetus to the entire society and create job opportunities in society.

Second, if there is still some surplus left, how should it be used? I often say that a town for the elderly should be established at an appropriate location in China because a town for the elderly can solve the problem of an ageing population in Hong Kong. If the Government earmarks a sum of money in the existing surplus for this purpose immediately, it will not feel the pinch. It will only be a one-off affair and the money will be used immediately only for once. When the Government is short of money, it will not be possible to recoup the money because it has already been spent. Otherwise, two years later, in the event that problems arise in society and the \$50 billion has not yet been spent, the

Government will decide not to use the money on this and as a result, nothing can be accomplished.

Of course, I am also inclined towards spending it on a third area, namely, to encourage employment. As we all know, at present, there are still many kinds of jobs that pay only several thousand dollars per month, however, no one wants to take up these jobs because the problem of transport makes it impossible for people to take up these jobs. Therefore, if we want to encourage people to seek employment, we can offer subsidies on various expenses such as travelling expenses as far as possible, so as to solve the existing problems in Hong Kong.

Today's motion question is related to the rates. However, before any rates relief has been offered, Members are already at odds with one another over this issue, so how can this make the Government feel comfortable about offering a rates relief? Therefore, the main question should be how the Government can put the surplus to good use. I believe that the Government is working for the people, so it will not be miserly and we have confidence in the Government. Thank you, President.

MRS SELINA CHOW (in Cantonese): President, originally, today's debate is about whether or not the rates should be reduced, but little did I expect that it would turn into a mini debate on the Budget.

On behalf of the Liberal Party, I wish to talk about two aspects in particular. One of it is very simple. We said just now that Mr Jeffrey LAM's amendment represented the position that the Liberal Party had presented to the Financial Secretary, however, in order that all Members can reach a consensus and be mutually accommodating, we agreed on an amendment that will convey a common wish and demand to the Government, so as to present a consensus with the broadest base to the Government. The further amendment proposed by Ms Miriam LAU is intended to serve this purpose. I am very pleased to hear a number of Members say that they would support this further amendment.

Next, I wish to talk about Mr Ronny TONG's amendment in particular. Mr Ronny TONG said in his speech just now that his topic is a very broad one. He said what he wanted to discuss today was not the Government's direction in fiscal management but its direction in governance. He then asked what returning wealth to the people meant. Should we first consider the needs of

society before we return wealth to the public, or should we first return wealth to the public, then provide additional social services only when there are still resources left? That is to say, if we choose one option, we have to forego the other option and if we choose the other option, we cannot choose a particular option. However, is this really the case? If we provide a rates relief, is it true that it will definitely be impossible to provide social services? The answer is in the negative. He has this mistaken belief because his reasoning is wrong. If a rates relief is offered, is it the case that a lot of the demands of the grassroots cannot be met? This is not so.

Many of the demands relating to the forthcoming Budget that we in the Liberal Party made to the Financial Secretary are the demands of the grassroots. Just like other political parties, we have also pointed out the needs of the grassroots. For example, on the transport subsidies for people with disabilities and even the Old Age Allowance or health care vouchers that were mentioned by some Honourable colleagues mentioned just now, we have all reached a very broad-based consensus.

I believe that our legislature is a very caring one. Irrespective of Members' political party or grouping, they have all voiced the needs of the grassroots in society constantly to the Government. Although the degree of our efforts may vary due to various considerations, our desire to help them is entirely the same. This also holds true for the Liberal Party and I believe that the same applies to the Civic Party, the DAB, the Democratic Party, all other Members and even Members without any political affiliation. Therefore, I think that there is no need to create a confrontational situation or even to cause confrontations among various social strata by saying that if a rates relief is offered, the grassroots will be short of this or that. I fully agree with Mr CHAN Kam-lam and he was very right in saying that doing so would not be conducive to social harmony, that this would only cause social contradictions and foment social disharmony and confrontation. This we cannot support or approve of.

Members must remember that if we want to have a peaceful society, the Government has to be fair, and it must always strike a balance. It has to take care of people at the grassroots as well as those in the middle class. But I do not agree with the comments made just now by Mr LEE Cheuk-yan, who asked why we should offer a rates relief of hundreds of millions of dollars since some people were already so rich. This is not how we should look at this matter.

We have set a ceiling of \$5,000. Why is it necessary to set a ceiling? Because we consider it necessary to cater to that group of people more. Had they had the ability, it would not have been necessary for us to cater so much to them. This is also a question of balance.

Members must not forget that we are now talking about returning wealth. Those people have paid rates to the Government. Since the Government has such a large amount of surplus now, surely it is not excessive to return a little of the wealth to them. It is now said that the Government will have some \$60 billion or \$70 billion in surplus. If this is the case, we in the Liberal Party hope that a rates relief amounting to about one sixth of the rates can be offered. This is not excessive, and the remaining fifth sixths of the rates can still be used to pay for various kinds of social expenditure.

In view of this, we can by no means agree with the view that we have to wait until there is still some surplus left before a rates relief can be offered because we believe that in order to enable society to develop in a stable manner, it is absolutely necessary to take care of various social strata and various interests in order to win broad-based social support. We do not think that the grassroots will think otherwise. People at the grassroots also yearn for a balanced and fair society in which everyone can get his share, rather than one biased in favour of a certain group. Therefore, I very much hope that Honourable colleagues can really understand the aspirations and demands of various social strata and support this consensus that has the broadest base. It will be a blessing to Hong Kong only if we do so. I also hope that no one will make it sound as though we had to deprive some social strata (in particular, the grassroots) of their welfare if we try to do something for the welfare of a certain social stratum.

President, here, I wish to state our position clearly. We have reservations about Mr Ronny TONG's amendment, therefore, we will not support it.

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

(No other Member indicated a wish to speak)

PRESIDENT (in Cantonese): If not, I now call on Mr CHEUNG Hok-ming to speak. The speaking time is five minutes.

MR CHEUNG HOK-MING (in Cantonese): President, the subject of the motion moved by me today is in fact a simple one. One request is to waive the rates for the whole year of 2008-2009 and another is to reduce the rates percentage charge from the existing 5% to 3%.

A number of Members have proposed amendments and the DAB is also aware that the original motion moved by us has aroused some concern in society, so Mr CHAN Kam-lam has supplemented the motion by proposing a ceiling of \$5,000.

As regards the amendments proposed by the other five Members, various proposals are put forward in them, in particular, Mr Frederick FUNG has proposed a progressive rates regime. On this, the Secretary has already given a clear explanation and the DAB also has some reservation about this. The merit of Mr Frederick FUNG's amendment lies in the fact that he agrees with our proposal to waive the rates for the whole year of 2008-2009, but we have some reservation about his amendment because of his position on a progressive rates regime.

As regards Mr SIN Chung-kai's amendment, I am very astonished because what he proposed just now was similar to Mr Frederick FUNG's progressive rates regime and Secretary Prof Caejer CHAN has already pointed out some of the difficulties in his first speech and we agree with them. However, I said I was astonished because Mr SIN Chung-kai, in his speech and his amendment, deleted the proposal to waive the rates for the whole year of 2008-2009 as proposed by the DAB in its original motion or as proposed in other Honourable colleagues' amendments. He pointed out clearly in his speech that this course of action could not be considered as returning wealth to the people, rather it was returning wealth to the consortia. We think that this is a very serious allegation.

President, I have also looked up some information and would like to share it with Honourable colleagues here. Of course, the information is that for 2004, so it may not be able to reflect the picture accurately, however, I think it is not far from the true picture. Several areas are mentioned in it. First, the number of private residential units alone stood at 1 518 410 and public housing units, offices and commercial buildings and industrial units were excluded. The

annual rates charge for 1 499 228 of them was less than \$2,000 and they accounted for 98% of the total. The people in question were those in the lower-middle class or the middle class, not those in large consortia. Secondly, the number of public housing units, in which members of the grassroots lived, stood at 678 150 and the amount of rates paid by them in the whole year was less than \$5,000. This figure also shows clearly that people at the grassroots will be benefited as a result. As regards offices, Members have to note that there were 193 333 offices and the annual rates charge was less than \$20,000 for about 84% of them. There were 144 820 units in industrial buildings and the annual rates charge was less than \$20,000 for about 92% of them.

All the foregoing figures prove that the allegation made by Mr SIN Chung-kai that we were just returning wealth to the consortia and not to the public is far too serious. We hope that he, as a member of the Democratic Party, will explain to the public why he has to oppose waiving the rates for the whole year of 2008-2009.

President, apart from Mr SIN Chung-kai's amendment, our attention is also drawn to the two amendments proposed by the Liberal Party. In this connection, I wish to reiterate that firstly, Mr Jeffrey LAM's amendment obviously differs greatly from our original motion. He proposes that the rates percentage charge be reduced to 4.5%, whereas we propose that it be reduced to 3%. As regards Ms Miriam LAU's amendment — Mr James TIEN has already given an explanation on this — she proposes that the rates percentage charge be reduced to below 5% and Mr James TIEN has explained clearly that it has incorporated the views of the DAB. The DAB will also support these two amendments.

As regards the amendment proposed by Mr Ronny TONG, Mrs Selina CHOW said very clearly that he had set the issue of rates relief against the issue of the public's livelihood, and the contradiction was made out to be an irreconcilable one. Just now, some Honourable colleagues also pointed out clearly that there was no contradiction between the two. Reducing the rates does not mean that other things will not be done and doing other things does not mean that the rates cannot be reduced. Therefore, President, we oppose Mr Ronny TONG's amendment.

Thank you, President.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, concerning today's motion debate, I have nothing to add. Here, I am grateful to various Members for expressing their valuable opinions just now. I noticed that apart from the views on the subject of rates, many of the views expressed just now were related to other areas, such as tax and expenditure. They are all very valuable. When formulating the 2008-2009 Budget, we will surely consider Members' views earnestly and carefully. As I said just now, we have already launched the consultation on the Budget formally and are now meeting various Members and the representatives of various groups in groups. I hope that Members will also express their views and valuable proposals to us actively, just as they did just now. I also call on all members of the public to actively express their views on next year's Budget to the Government through the webpage < www.budget.gov.hk > or through other channels.

As in the past, the Government will adhere to the principle of "prudent management of public finances, keeping expenditure within the limits of revenue", follow the principle of "leaving wealth with the community where affordable" and consider the views of various sectors carefully.

Even as we create the conditions for economic development, we will try to enable various sectors of society to share the fruits of economic development as far as possible.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now call upon Mr Frederick FUNG to move his amendment.

MR FREDERICK FUNG (in Cantonese): President, I move that Mr CHEUNG Hok-ming's motion be amended.

Mr Frederick FUNG moved the following amendment: (Translation)

"To delete "as the government revenue of the current year is far better than expected" after "That," and substitute with "although Hong Kong's economy has recorded continuous growth, the public at large are still unable to share the fruits of economic success, and as the fiscal surplus of

the current year is expected to far exceed the Government's original estimates"; to add "and ease the pressure of inflation" after "to return wealth to the people"; to add ", subject to a ceiling of \$5,000 per quarter per household, and introducing a progressive rates system under which different levels of rates percentage charges are set according to the rateable values, with lower percentages for smaller rateable values," after "2008-2009"; to add "of the lowest level" after "reducing the rates percentage charge"; and to delete "3%" after "5% to" and substitute with "2%".

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Frederick FUNG to Mr CHEUNG Hok-ming's motion, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr Frederick FUNG rose to claim a division.

PRESIDENT (in Cantonese): Mr Frederick FUNG has claimed a division. The division bell will ring for three minutes, after which the division will begin.

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

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

Functional Constituencies:

Mr CHEUNG Man-kwong, Mr SIN Chung-kai, Mr WONG Kwok-hing, Dr KWOK Ka-ki and Mr KWONG Chi-kin voted for the motion.

Dr Raymond HO, Dr Philip WONG, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Timothy FOK, Mr Tommy CHEUNG, Mr Vincent FANG, Mr Daniel LAM, Mr Jeffrey LAM, Mr Andrew LEUNG and Prof Patrick LAU voted against the motion.

Mr WONG Yung-kan, Ms LI Fung-ying, Dr Joseph LEE, Dr Fernando CHEUNG, Mr WONG Ting-kwong, Mr CHIM Pui-chung and Miss TAM Heung-man abstained.

Geographical Constituencies:

Mr Albert HO, Mr Martin LEE, Mr James TO, Miss CHAN Yuen-han, Mr LEUNG Yiu-chung, Dr YEUNG Sum, Ms Emily LAU, Mr Andrew CHENG, Mr Frederick FUNG, Mr LEE Wing-tat and Mr Albert CHENG voted for the motion.

Mrs Selina CHOW voted against the motion.

Mr LEE Cheuk-yan, Mr CHAN Kam-lam, Mr Jasper TSANG, Mr LAU Chin-shek, Mr LAU Kong-wah, Miss CHOY So-yuk, Mr TAM Yiu-chung, Mr Albert CHAN, Ms Audrey EU, Mr LI Kwok-ying, Mr Alan LEONG, Mr CHEUNG Hok-ming 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, 24 were present, five were in favour of the amendment, 12 against it and seven abstained; while among the Members returned by

geographical constituencies through direct elections, 26 were present, 11 were in favour of the amendment, one against it and 13 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): Madam President, I move that in the event of further divisions being claimed in respect of the motion on "Rates Relief" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(Members raised their hands)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members who are present. I declare the motion passed.

I order that in the event of further divisions being claimed in respect of the motion on "Rates Relief" 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 SIN Chung-kai, you may move your amendment.

MR SIN CHUNG-KAI (in Cantonese): President, I move that Mr CHEUNG Hok-ming's motion be amended.

Mr SIN Chung-kai moved the following amendment: (Translation)

"To delete ", as the government revenue of the current year is far better than expected" after "That" and substitute with "the Financial Secretary advised in mid-October this year that the fiscal surplus of the current year would amount to \$50 billion, far exceeding the estimate of \$25.4 billion; in view of this"; and to delete "provide rates relief to return wealth to the people, including waiving the rates for the whole year of 2008-2009 and reducing the rates percentage charge from the existing 5% to 3%" after "this Council urges the Government to" and substitute with "introduce three-tier progressive rates under which the rates percentage charge of properties with a monthly rateable value below \$7,500 will be reduced from the existing 5% to 3.5% and the rates percentage charge of properties with a monthly rateable value between \$7,500 and \$30,000 will be reduced from the existing 5% to 4%, while the rates percentage charge of other properties will be reduced from the existing 5% to 4.5%, so as to alleviate the tax burden on the public and return wealth to the people". "

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr SIN Chung-kai to Mr CHEUNG Hok-ming's motion, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr SIN Chung-kai rose to claim a division.

PRESIDENT (in Cantonese): Mr SIN Chung-kai has claimed a division. The division bell will ring for 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:

Mr CHEUNG Man-kwong, Mr SIN Chung-kai and Dr KWOK Ka-ki voted for the motion.

Dr Raymond HO, Mr Bernard CHAN, Dr Philip WONG, Mr WONG Yung-kan, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Timothy FOK, 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 motion.

Ms LI Fung-ying, Mr WONG Kwok-hing, Dr Joseph LEE, Dr Fernando CHEUNG, Mr CHIM Pui-chung, Mr KWONG Chi-kin and Miss TAM Heung-man abstained.

Geographical Constituencies:

Mr Albert HO, Mr Martin LEE, Mr James TO, Dr YEUNG Sum, Mr Andrew CHENG, Mr LEE Wing-tat and Mr Albert CHENG voted for the motion.

Mrs Selina CHOW, Mr CHAN Kam-lam, Mr Jasper TSANG, Mr LAU Kong-wah, Miss CHOY So-yuk, Mr TAM Yiu-chung, Mr LI Kwok-ying and Mr CHEUNG Hok-ming voted against the motion.

Mr LEE Cheuk-yan, Miss CHAN Yuen-han, Mr LEUNG Yiu-chung, Mr LAU Chin-shek, Ms Emily LAU, Mr Albert CHAN, Mr Frederick FUNG, 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, 25 were present, three were in favour of the amendment, 15 against it and seven abstained; while among the Members returned by geographical constituencies through direct elections, 26 were present, seven were in favour of the amendment, eight against it and 10 abstained. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr Jeffrey LAM, you may move your amendment.

MR JEFFREY LAM (in Cantonese): President, I move that Mr CHEUNG Hok-ming's motion be amended.

Mr Jeffrey LAM moved the following amendment: (Translation)

"To add "the rentals of different types of properties have been rising in recent years and" after "That, as"; to add "also" after "the current year is"; to add ", subject to a ceiling of \$5,000 per quarter," after "2008-2009"; and to delete "3%" after "5% to" and substitute with "4.5%, which will not only alleviate the burden on the public and the businesses, but can also avoid creating long-term pressure on government revenue"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Jeffrey LAM to Mr CHEUNG Hok-ming's motion, be passed.

PRESIDENT (in Cantonese): I now call upon Ms Miriam LAU to move her amendment to Mr Jeffrey LAM's amendment.

MS MIRIAM LAU (in Cantonese): President, I move that Mr Jeffrey LAM's amendment be amended.

Ms Miriam LAU moved the following amendment to Mr Jeffrey LAM's amendment: (Translation)

"To delete "4.5%" after "5% to" and substitute with "below 5%"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Ms Miriam LAU to Mr Jeffrey LAM's amendment, be passed.

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

(Members raised their hands)

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

(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 Jeffrey LAM's amendment, as amended by Ms Miriam LAU, to Mr CHEUNG Hok-ming's motion, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

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

PRESIDENT (in Cantonese): Members have been informed that Mr CHAN Kam-lam will withdraw his amendment if Mr Jeffrey LAM's amendment is passed. As this is the case now, Mr CHAN Kam-lam will not move his amendment.

PRESIDENT (in Cantonese): Mr Ronny TONG, as the amendments by Mr Jeffrey LAM and Ms Miriam LAU have been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. When you move your revised amendment, you have up to three minutes to explain the revised terms in your amendment. You may now move your revised amendment.

MR RONNY TONG (in Cantonese): President, I move that Mr CHEUNG Hok-ming's motion as amended by Mr Jeffrey LAM and Ms Miriam LAU, be further amended by my revised amendment.

President, I heard a moment ago Mrs Selina CHOW and Honourable colleagues of the DAB criticize my amendment. President, I recall that my speech was delivered in Cantonese. The speech delivered by our party leader was also in Cantonese. We have made it very clear that our amendment is not meant to be confrontational. We did not say that we could only choose either one of the two options; we were talking about the issue of priority. Very often, I do not understand why the motions or amendments proposed by the pro-democracy camp are comprehensible to Members of the pro-democracy camp only and incomprehensible to Members of the Liberal Party and the DAB. There is nothing I can do to change this. I only hope that they can explain this to their constituents.

President, it is indeed quite difficult to calculate the figures affected by the ceiling. According to the relevant lists, if the rates relief for each quarter is subject to a ceiling of \$5,000, the amount of rates involved per year should be \$30,000 (sic), and the number of households is approximately 686 000. However, these 686 000 households include commercial buildings, industrial buildings and even parking lots. President, even parking lots are taken into account. Therefore, the number of people to be benefited is actually quite limited. This is why we propose our amendment. I hope Honourable colleagues can carefully examine the terms of our amendment and try to understand our earlier speeches.

Thank you, President.

Mr Ronny TONG moved the following further amendment to the motion as amended by Mr Jeffrey LAM and Ms Miriam LAU: (Translation)

"To add "; when providing rates relief, the aspirations of the grassroots community for fair allocation of resources should be taken into account" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Ronny TONG's amendment to Mr CHEUNG Hok-ming's motion as amended by Mr Jeffrey LAM and Ms Miriam LAU, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr CHAN Kam-lam rose to claim a division.

PRESIDENT (in Cantonese): Mr CHAN Kam-lam has claimed a division. The division bell will ring for one minute, after which the division will begin.

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

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

Functional Constituencies:

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 Philip WONG voted against the amendment.

Dr Raymond HO, Mr Bernard CHAN, Mr WONG Yung-kan, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Timothy FOK, Mr Tommy CHEUNG, Mr Vincent FANG, Mr WONG Kwok-hing, Mr Daniel LAM, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Prof Patrick LAU and Mr KWONG Chi-kin abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Martin LEE, 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 Alan LEONG, Mr Ronny TONG and Mr Albert CHENG voted for the amendment.

Mrs Selina CHOW, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr Jasper TSANG, Mr LAU Kong-wah, Miss CHOY So-yuk, Mr TAM Yiu-chung, Mr LI Kwok-ying and Mr CHEUNG Hok-ming abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 25 were present, seven were in favour of the amendment, one against it and 17 abstained; while among the Members returned by geographical constituencies through direct elections, 25 were present, 15 were in favour of the amendment and nine abstained. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negated.

PRESIDENT (in Cantonese): Mr CHEUNG Hok-ming, you may now reply and you have three minutes 40 seconds.

MR CHEUNG HOK-MING (in Cantonese): President, with regard to this motion today, six Members have proposed amendments and many colleagues have also expressed their views. Here, I wish to express my gratitude to them.

As Members said in their speeches, given a huge fiscal surplus, the Government should relieve the hardships of the people and return wealth to them. Nobody would take exception to this point. From the result of the vote taken just now, Members obviously do not wish to see all the proposals being negated today, and they wish to put across a clear message to the people, that Members of the Legislative Council would like to see the Government returning wealth to the people. This is a very clear position.

Judging from the many amendments proposed, it is actually the wish of all colleagues to seek common ground while accommodating differences. With regard to Ms Miriam LAU's amendment, we have adopted an accommodating attitude, especially as Mr James TIEN mentioned in his speech that "below 5%" as proposed in Ms Miriam LAU's amendment can also mean "4.5%" and "3%" and that a decision can be taken in the light of needs, subject to further discussion by Members. We think that this is worthy of support. Since the proposal of the DAB of reducing 5% to 3% is consistent with the "below 5%" proposed in

Ms Miriam LAU's amendment, I urge colleagues to adopt an accommodating attitude and support this motion of the DAB.

Thank you, President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr CHEUNG Hok-ming, as amended by Mr Jeffrey LAM and Ms Miriam LAU, 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)

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:

Dr Raymond HO, Mr CHEUNG Man-kwong, Mr Bernard CHAN, Mr SIN Chung-kai, Dr Philip WONG, Mr WONG Yung-kan, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Timothy FOK, 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 amended motion.

Ms LI Fung-ying, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr CHIM Pui-chung and Miss TAM Heung-man abstained.

Geographical Constituencies:

Mr Albert HO, Mr Martin LEE, Mrs Selina CHOW, Mr James TO, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr Jasper TSANG, Dr YEUNG Sum, Mr LAU Kong-wah, Ms Emily LAU, Miss CHOY So-yuk, Mr Andrew CHENG, Mr 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 amended motion.

Mr Albert CHAN voted against the amended motion.

Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Mr LAU Chin-shek, 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, 25 were present, 20 were in favour of the motion as amended and five abstained; while among the Members returned by geographical constituencies through direct elections, 26 were present, 18 were in favour of the motion as amended, one against it and six 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.

PRESIDENT (in Cantonese): Second motion: Developing diversified hawking and bazaar economic activities.

I now call upon Mr WONG Kwok-hing to speak and move his motion.

DEVELOPING DIVERSIFIED HAWKING AND BAZAAR ECONOMIC ACTIVITIES

MR WONG KWOK-HING (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed.

President, today I wish to move a motion on "Developing diversified hawking and bazaar economic activities" in order to revitalize the hawking trade and diversified small businesses so that human and land resources can be fully utilized and more opportunities for starting up businesses and employment for the grassroots in remote new towns can be created.

Hawkers and small business operators make immense contribution to society. In the post-war years, the Hong Kong society and economy were in a shambles. Unemployment was severe, the economy sagged and we had a very difficult time. Hawking and small businesses performed a special socio-economic function in cushioning off rifts and conflicts in society at a time when unemployment was severe, prices steep and welfare wanting. At a time when Hong Kong underwent economic restructuring, hawking and small businesses played a part in helping the tourism industry develop, spurred growth in the retail sector, attracted tourists and invigorated a diversified economy. In sum, hawking and small businesses are part of Hong Kong people's life as they grow up and they are an essential part of the collective memory. The Secretary for Justice WONG Yan-lung comes from a family of an ice cream peddler. It can therefore be seen that the contribution made by hawking and small businesses cannot be doubted.

However, all through the 10 years since the establishment of the SAR Government, especially during the eight years since the abrogation of the two Municipal Councils, ice cream hawkers have almost been driven out of existence. Even though the Dairy Products Beverage and Food Industries Employees Union and the Federation of Hong Kong, Kowloon and New Territories Hawker Associations which represent the 20 000 hawkers in Hong Kong have made repeated demands; and even though tragedies have occurred time and again as a result of hawkers being chased and arrested by law-enforcement agencies; and even though residents of remote new towns have asked that regulations and barriers be removed to facilitate small business operations, and even though streets are to be redeveloped and the Urban Renewal

Authority (URA) has called for the reissue of hawker licences in the Graham Street redevelopment incident, government departments have to date not carried out any full-scale review of the renewal and issue of hawker licences and hawker control policy. No timetable or roadmap has been drawn up, much to our regret. We do not know how many tragedies or social resistance efforts are to take place before the Government is willing to face squarely the problem of hawkers and small businesses, or give them a way out and take the right steps to develop local diversified small businesses.

President, the motion I proposed states from the outset that efforts should be made to accord priority to enabling small businesses to run in the remote areas. This is aimed at making people living in the remote areas and new towns self-reliant and self-supporting and capable of engaging in more economic activities at their own initiative. Hence they will not have to travel a long way to work in the urban areas and they can make a living in the district in which they live. In this way, not only will the residents of new towns be able to find a job but they can also have a new way out. Since the Government says that it is committed to promoting the setting up of social enterprises and funds are set aside to create jobs, why can the Government not try to take a multi-pronged approach to give these people more options in starting up their own businesses? Moreover, no additional funding from the Government is required to relax restrictions and allow hawkers to run businesses in the remote new towns. All that is needed is the drawing up of a policy. Why can this not be done? Why?

President, my motion suggests that on-street economy be revitalized. This issue of revitalizing on-street economy often crops up in the redevelopment of old urban areas. Recently, the URA announced the redevelopment plan for Graham Street in Sheung Wan and a public call was made for the reissue of hawker licences for the place. As we all know, the purpose of redeveloping Graham Street is to preserve the original characteristics of the place, and hawking activities are precisely the original characteristics in the market there. Hawkers and bazaars are the original characteristics of many places in Hong Kong. Such characteristics are fast fading out with urban redevelopment and the emphasis placed on building big shopping malls. Therefore, the recommendation made in part (a) of my motion is to preserve existing bazaars which have local economic, cultural and native characteristics, and assist in the sustainable development of such bazaars.

Now in the busy urban areas in Mong Kok and Causeway Bay, some places there are designated as pedestrian areas at certain hours of the day. Such pedestrian precincts are often taken up by artists, performing artists and art groups as performance venues. Now, almost every night in the streets of Mong Kok, we can see their publicity efforts or performances. This gives art-lovers a chance to perform while also provides a diversified touch of culture to the passers-by. In part (c) of my motion, there is a proposal on these designated zones for street art performance. As for arts fairs, the kind of art fairs I have in mind are not only like the one set up in the piazza of the Cultural Centre in Tsim Sha Tsui organized by the Leisure and Cultural Services Department on Sundays. The arts fair there is subject to excessive control and lacks in vitality. The designated zones for street art performance and arts fairs proposed by me are a kind of public space teeming with vigour and vitality where the arts, performances, music, drama, and so on, can freely develop. Also, these venues can serve to discover and nurture the culture and talents of folk art performances. Examples which come readily to the mind are those handmade figures made of flour, magic locks made of bent iron wires, grasshoppers made from blades of grass or even traditional folk arts like vocal mimicry, or those so-called "aeroplane" olives. All these evoke fond childhood memories in many Hong Kong people. They should be preserved and further developed.

President, about dawn markets and night markets, I also feel very sorry about them. I remember last summer a peddler more than 60 years of age was drowned when he leaped into a river in Tin Shui Wai to escape arrest by staff of the Food and Environmental Hygiene Department. Last week in this Chamber we talked about the hardship of people living in Tin Shui Wai — how hard they are in finding a job and how exorbitant the transport fares are. My motion on diversified hawking and other economic activities will serve to point the way to make these people self-reliant and self-supporting. It would be enough if the authorities do not drive them out of existence and provide a place for them to run their businesses.

In those remote new towns in the New Territories, land resources are abundant and so they should be used as testing grounds to set up such markets. In the new town of Tung Chung, due to the imbalance in planning, there is absolutely no on-street economy as such. The Secretary for Home Affairs, Mr TSANG Tak-sing went to Tung Chung once to inspect the situation there. I am sure he must have seen that there is practically nothing except the shopping malls and markets run by the Housing Department. So there is no place for workers who have just come off their work late at night to go to if they want to eat, say, a

glutinous rice dumpling with chicken or a bowl of congee. Why can night markets not be set up in these places with on-street cooked food designated zones featuring specialty food and drinks? People will then find it more convenient when they want to look for something to eat. More opportunities to start up businesses and employment can be found as well. People from all quarters can then benefit. Why can this win-win option not be considered?

President, as for policies on the issue and renewal of hawker licences and policy on hawker management, this has been a key note in my action agenda for many years. On this occasion when the issue is formally included on the Agenda of the meeting of this Council for a debate for the first time, I hope Members would pay attention to two letters.

First, a letter from the Federation of Hong Kong, Kowloon and New Territories Hawker Associations. The Federation represents 58 hawker associations in Hong Kong and 20 000 employees in the trade. They came to the Legislative Council today and handed a petition to us. They pointed out that ever since the abrogation of the two Municipal Councils by the Government, there was absolutely no platform for a review of the hawker policy. So they urged the Government to set up a hawker committee in order that there could be a platform for a review of this policy. They hoped that their representatives would be able to join the committee and take part in the work. They also hoped that the Government could conduct a fresh review of the hawker policy, including matters like the issue and renewal of licences and management. I think their demand is really reasonable and I hope the Government will not shirk its responsibility anymore.

There is another letter today and it comes from the representatives of the Dairy Products Beverage and Food Industries Employees Union and a group of workers in the trade. They came to hand in their petition while pushing ice cream carts. They appealed to us. Three Chinese characters were written on the banner which they brought along and they were "urgent, urgent, urgent". They negotiated with the relevant department in February and March in the hope that their licences could be renewed because some people wanted to join the trade but could not get any licence. At that time there were still 60 hawkers selling ice cream. But President, today they told me that only 30 were left. The number of ice cream hawkers is dwindling and soon we will see no more of them. These ice cream hawkers have brought up people like our Secretary for Justice. Why can the Government not give them some assistance? They do

not need any government funding and they do not need any land designated for their exclusive use. All they need is a policy that suits them. They work as part-hawkers and part-workers. The licence is applied on their behalf by their company. Why does the Government do nothing about this? Does it have to wait till all of them are driven out of business that it will raise the issue for discussion again?

President, lastly, I would like to point out that the proposal I make in the motion to revitalize local diversified economic activities should be done with a practical approach and District Councils of all the 18 districts in Hong Kong should take concerted action and organize economic and cultural activities and bazaars which suit the special characteristics of the districts and are attractive enough, beneficial to all and diversified. These will provide the grassroots with opportunities of starting up small businesses and employment. Such activities should keep abreast of the times and practical situation instead of borrowing wholesale some practices which are outdated. This is an approach appropriate to the times.

I hope Honourable colleagues can lend their support to my original motion. Thank you, President.

Mr WONG Kwok-hing moved the following motion: (Translation)

"That, in order to fully utilize human and land resources, develop diversified hawking and bazaar economic activities to enhance the attractiveness of tourism in Hong Kong, as well as to further revitalize on-street economy and diversified economic activities in remote new towns, this Council urges the Government to:

- (a) preserve existing bazaars which have local economic, cultural and native characteristics, and assist in the sustainable development of such bazaars;
- (b) establish and develop new marketplaces with various characteristics, such as creativity bazaars and marketplaces for organic fishery and agricultural produce;
- (c) set up designated zones for street art performance, arts fairs and the like in order to encourage and promote the culture of street art

performance, preserve collective memories, and maintain, discover and nurture the culture and talents of folk art performance;

- (d) set up various types of dawn markets and night markets at suitable locations so that those running small businesses who are self-reliant and self-supporting can have a way out;
- (e) explore the setting up of on-street cooked food designated zones featuring specialty food and drinks;
- (f) expeditiously conduct a comprehensive review on the policies for hawker licensing and management to tie in with the objective of promoting diversified hawking and bazaar economic activities; and
- (g) proactively explore with various District Councils to implement the above measures and means for revitalizing the diversified economy and culture in the districts,

so as to provide the grassroots with opportunities for starting up small businesses and employment."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr WONG Kwok-hing be passed.

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

I will call upon Mr Vincent FANG to speak first, to be followed by Ms Audrey EU; but no amendments are to be proposed at this stage.

MR VINCENT FANG (in Cantonese): Madam President, I would like to take this opportunity today to thank the Chief Executive on behalf of the hawkers in Tai Yuen Street and Cross Street for his decision to preserve that open-air bazaar in Wan Chai. I believe this is the first occasion to put into practice the point

made in the policy address to preserve open-air bazaars with hawkers as the key players.

However, both the Liberal Party and I think that preservation alone is not enough. As I said in moving the motion on "Retaining and supporting the development of commercial districts and bazaars with local characteristics" in January 2007, the aim of the motion is to preserve some trades which are still teeming with vitality now, and commercial districts and bazaars which contribute to Hong Kong's image, economy, society, employment and people's livelihood. The Chief Executive has announced that the open-air bazaar in Wan Chai will be preserved and that "a district-based approach in considering the development and revitalization of Wan Chai" will be adopted. Therefore, the motion proposed by Mr WONG Kwok-hing today is timely indeed and as the Government is presently conducting a review of the hawker policy, the debate offers a good opportunity for the presentation of more constructive proposals to the Government.

The Liberal Party supports Mr WONG's original motion as a matter of principle. But we think that before any attempt is made to establish new bazaars, a holistic policy on open-air bazaars should be drawn up. Standards should be formulated on the size, contents and management of the bazaars. Then a decision should be made to act according to the policy and preserve which ones of them. After that revitalization efforts should be made, including beautifying the place or add in some cultural and artistic elements, enhance management and engage in publicity. These will enable the bazaars to have better chances of survival, sustain their development and produce economic benefits. Then a review should be conducted of the existing hawker licensing system to decide on what kind of people may join in the trade.

If we only add the number of new bazaars and ignore the effectiveness of the existing bazaars, this will develop into a situation where some new bazaars open while the old ones shut down. The result is that bazaars of special characteristics cannot be established. The attempt to create jobs by developing a bazaar economy will be doomed to fail. All the hard work will be in vain. A good example of this is the new Poor Men's Night Club opened a few years ago.

The special feature about hawking is that it has a low entry threshold. Everyone can join in the trade. There are no strict restrictions on the goods put up for sale. On top of these, goods are displayed in public. Therefore,

hawkers can think up all kinds of ingenious ways to lure customers. This accounts for the life force and the momentum. It also leads to attraction and cohesion. Recently, in a debate on the development of the convention and exhibition industry, some Honourable colleagues mentioned the case of Yiwu in Zhejiang Province. It is the largest market for small commodities country-wide and it all started from an open-air bazaar.

Therefore, open-air bazaars with special characteristics are not only selling points in tourism, they can also create jobs and contribute to the economy, provided that we can devise a holistic development strategy which can spur the development of such open-air bazaars. This will be conducive to the development of Hong Kong as a whole.

As I pointed out at the beginning of this year, the SAR Government should take the lead to make decisions at the town planning level to preserve commercial districts and bazaars with local characteristics. Then standards should be set on the size of the bazaar concerned, for it is only of a certain scale that a bazaar can induce patronage. However, there cannot be no restrictions, for if the place is too densely packed, it would affect the shops, especially the front part in which business is carried out. So we must decide on the scale of a bazaar in a planned manner and draw up a relevant policy which will not result in the dwindling of the bazaar. This hinges on the hawker policy which is what mentioned in part (f) of my amendment. We support a comprehensive review of the policies on hawker licensing and management, but the key is that licence renewal applications must be handled with flexibility.

Mr WONG has talked about the hawker licensing system in detail. For more than 30 years no hawker licence has been issued and succession is only limited to next of kin. Once the licence-holder dies and there is no one to succeed, the licence will be revoked. The stall will then be left vacant. In this way, if we do not let in new people to fill up the vacancy, even if bazaars are preserved, their scale will only dwindle from year to year. In the end only an empty shell is left and there would be no more vitality.

There should be a supply chain which links up to every bazaar and that accounts for its development. How can the scale of a bazaar be maintained? Many hawkers have made the following suggestion to me: Should any vacancy appear, the stall should be put up for application or drawing of lots by those who have been in the same trade as assistants to hawkers for five or even seven years or more.

Now a hawker may hire two to three assistants. These assistants may have made a living from the trade for a very long time and they are very experienced. If the licence-holder ceases to run the business, these people will be out of work at once. So if the Government can handle the licence renewal policy with flexibility, this will maintain the scale of a bazaar while more job opportunities are provided.

After the Liberal Party has discussed the issue with the hawkers, we oppose the idea raised in the amendment proposed by Ms Audrey EU to resume licensing of hawkers. The reason is that some old hawkers make their living by hiring assistants to run their business. If the licensing of hawkers is resumed, these old people may not be able to make a living anymore.

Moreover, hawkers are finding it increasingly difficult to run their business. We must have a sound system which gives priority to those who have been in the trade for a long time. It is not practical to take the rash step to resume licensing of hawkers before there is any comprehensive plan or policy for the development of bazaars. Moreover, it will only make management more difficult.

As for other points in Ms EU's amendment, as they are quite similar to the original motion, the Liberal Party does not object to them.

In the past when the Government outlawed the open-air food stalls (dai pai dong) and the hawkers, the two lofty arguments advanced were urban development and municipal health. But as I have said in this Council, provided that the restrictions are sensible, hawkers agree that regulation of bazaars by the Government should be stepped up. They are even prepared to play a part in beautifying their stalls. For those who do not comply with the rules, the Government may as well revoke their licence.

Therefore, I have deliberately added the views from hawkers to part (a) of the motion. As they all make Hong Kong their home and they all earn their living from this trade, how would they not be prepared to make their trade better? Actually, hawkers do not just want to make improvements, they hope that the Government can do more in publicity for them.

We do not just want the preservation of open-air bazaars with local characteristics, we hope that this link in our economy can grow from strength to strength and its vitality can be enhanced so that the retail sector in Hong Kong

can be more diversified and that more tourist attractions and jobs can be created. In this way the Hong Kong economy can sustain its development and our society can be more harmonious. I hope Honourable colleagues can support my amendment as well as the original motion proposed by Mr WONG Kwok-hing.

Madam President, I so submit.

MS AUDREY EU (in Cantonese): President, in recent years there have been numerous clashes between hawkers and the Hawker Control Team, resulting in many reports of accidents. Several Honourable colleagues have mentioned earlier on that on 29 March 2006, a hawker by the name of PANG Tung-ni was hit by a lorry as he dashed out into the street in Castle Peak Road, Cheung Sha Wan. He was allegedly being rounded up by plain-clothes officers from the Hawker Control Team at that time. PANG was badly injured and fell into a coma. In June 2006 in a dawn market in Tin Shui Wai, a 60-year-old man was forced to jump into the river when he was being chased by the staff from the Food and Environmental Hygiene Department (FEHD). The old man was selling herbal drugs at that time. Although the Coroner's Court found that the hawker had died of an accident, the case is really that of someone who was made a victim of a policy even though he was not intended as a target. In May this year, in the dawn market in Aberdeen Praya Road, staff from the FEHD cleared the unlicensed hawkers and when they tried to arrest a female fish hawker with two children, her husband became emotionally agitated and waved a chopper. Two FEHD staff members were attacked and wounded in the ensuing melee. The events serve as a background which tells us why many Honourable colleagues mentioned in the motion and the amendments that designated approved areas should be set up to handle the hawker problem flexibly.

President, the amendment I propose this time around has four major parts. First, about problems faced by some hawkers under the threat of urban renewal. Owing to urban renewal, many bazaars are forced to shut down. When Mr Vincent FANG spoke earlier, he mentioned that the Secretary for Development, Mrs Carrie LAM, had made a pledge to the relevant subcommittee in this Council that all the stalls in Tai Yuen Street and Cross Street could be preserved. This is indeed good news. However, there are still many hot potatoes in the hands of the Government, and they include the "Sports Shoes Street" in Mong Kok, Graham Street in Central, and so on. Solutions are yet to be found for these places.

The Civic Party thinks that the Government should engage in a review of the urban renewal strategy as soon as possible. It must first remove barriers for the Urban Renewal Authority (URA), namely the requirement that the URA has to be self-financing and that there must be planning before land resumption. When these restrictions are lifted, the URA can have a greater room to manoeuvre and it can undertake redevelopment according to the humanistic and environmental needs of a community. The URA will therefore not be relegated into a mega developer.

On the other hand, the Civic Party considers that the town planning system which has been in use for nearly 70 years should be revamped. The secretariat of the Town Planning Board must be made independent of the government structure and it must report directly to the Board. More members of the political assemblies with popular support should be appointed to the Board.

With respect to public participation, a good example in the planning projects undertaken in recent years is in Kai Tak. This "Kai Tak experience" is a project with a bottom-up approach and public participation. The Government should provide "planning assistance" at the community level. Through services rendered by professionals, support is given to those who want to undertake planning in their own community. Views from residents, commercial tenants and other relevant parties in the community can be gathered and compiled. As a result, an effective consultation exercise can be held. Consideration should be given to providing the assistance concerned at the District Council level.

The main objective of a town planning system is to pool the collective wisdom of the people in the community instead of imposing the will of the bureaucrats on the public. The Government should handle the issues of preserving bazaars and streets with characteristics at the planning level in order to prevent problems from arising. This will enable the coexistence of development and conservation and prevent bazaars from being sacrificed every time in the name of balancing development and conservation.

President, another part of my amendment actually is meant to supplement Mr WONG Kwok-hing's motion. In his speech, Mr WONG Kwok-hing mentioned these bazaars and said that it would be fine to provide land to the hawkers and they would take care of the rest. However, the Civic Party thinks that this is not enough. It is necessary to offer lots of matching facilities,

support and assistance. Therefore, we have added many things such as to relax street control and management, remove unnecessary regulations and restrictions, provide regular cleaning service, traffic control, electricity supply and storage space, and so on. All these are very important. President, the most important thing is that as we consider this issue, we must not look at it in the existing mode of thinking or perspective. When many Honourable colleagues hear about hawkers, they would think that the hawker problem is a headache. The problems which I have referred to earlier, such as the Hawker Control Team, sanitation, obstruction of public place or obstruction of traffic, and so on, are actually caused by the existing rigid policies.

The Civic Party agrees very much with the spirit behind Mr WONG Kwok-hing's motion and, that is, to develop diversified and local economy. This is vital to tourism. When many people talk about this issue, they will think that whenever mention is made of hawkers, Covent Garden would come to their mind and the case is just like that in foreign countries. They even ask how many marketplaces in the world are like Covent Garden. This is far from being the truth. President, there are lots of places in the world with open-air bazaars. If we travel abroad, we would not want to visit the shops selling designer brands behind curtain wall buildings just like what visitors to Hong Kong are doing, for they look invariably the same. If we are in a foreign place, and if we visit their markets, we will feel the vigour and vitality there. We therefore agree with Mr WONG Kwok-hing very much when he talks about revitalizing these places. Bazaars are not just for selling goods, they are a kind of arts fair. Many kinds of local goods and the indigenous culture can be found there, and Hong Kong certainly has the conditions to develop that. The young people and the self-employed often lodge complaints with this Council. They say that when they display their goods or perform on the street, the police or the Hawker Control Team will be the first ones to come to watch their show. Actually, a lot of artistic or creative endeavours do not stem from the confines of huge museums but spring up from the local communities. So if we are to consider developing bazaars, we should not just be thinking about how the existing stalls selling fish balls, snacks or dolls can be preserved. Instead, we should seek diversified development and include such elements as performance and the arts. This will imbue the place with local colours. Then better matching facilities should be provided against the backdrop of Hong Kong as a cosmopolitan city. The main purpose of the second point in the amendment is the hope that the Government can provide various matching facilities to these bazaars in trying to help their development.

President, the third point is a minor amendment. I have explained to Mr WONG Kwok-hing earlier that while his original motion suggests that new bazaars and marketplaces be set up or developed, the Civic Party does not favour the Government doing that, for this will never bring any good results. If we look back at past events, we will find that when hawkers are relocated to market buildings or in the case of designing hawker stalls in Stanley, all these have not come to any good. Because strict restrictions are imposed on the size of the place and the kinds of goods to be sold. There is only drab monotony and variety is lacking. Nothing is done to highlight the special characteristics of the place. Just look at some of the successful open-air bazaars like the "Wedding Card Street", "Sports Shoes Street", Lyndhurst Terrace or Sai Yeung Choi Street and so on, as well as many of the art fairs and dawn markets. They all started, from the district concerned. Their development is a natural course of growth. This is just a minor amendment.

President, the fourth point. I hope the Liberal Party would pay close attention to that because they are against the resumption of licensing of hawkers. Actually, this amendment is on part (f) of the original motion, that is, "expeditiously conduct a comprehensive review on the policies of hawker licensing and management". I agree with everything Mr Vincent FANG has said earlier, such as the need for bazaars to be of a certain scale, that there should be continuity and a supply chain, the kinds of people who may join the trade or the need for innovation and diversity. President, it is only natural that there should be new entrants to the trade given these new developments. Therefore, consideration must be given to restoring the issue of hawker licences. The licensing system is by itself a kind of regulatory system. If we want to see the healthy development of a bazaar in every way, there must be regulation by the Government. And a licensing system is essential to regulation. What should be done if there are no new entrants or no new licences? Now hawkers in the dawn markets are mostly illegal hawkers. President, on the licensing of hawkers, would Members stop looking at the issue from any old approach. Instead, we should lend our support to new thinking and the resumption of licensing of hawkers under a new policy after review. Thank you, President.

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, first of all, I wish to thank Mr WONG Kwok-hing for proposing a motion on "Developing diversified hawking and bazaar economic activities" and two other Members for proposing their amendments respectively.

On the question of preserving and assisting the development of bazaars with native characteristics and in response to aspirations from the public and the Legislative Council for the conservation and revitalization of existing bazaars, we have stepped up work in this respect. As Members have said earlier, the Chief Executive in the policy address delivered not long ago mentioned that the Administration had completed the plan for the preservation of the open-air bazaar in Tai Yuen Street and Cross Street in Wan Chai. The Legislative Council Panel on Home Affairs Subcommittee on Heritage Conservation was briefed on the proposed plan yesterday. Subject to endorsement by the Wan Chai District Council, we shall work closely with the Urban Renewal Authority (URA) and the Wan Chai District Council and consult the hawkers there as well as the community at large on the beautification initiatives for the bazaar.

When the URA launches urban renewal projects, it will assist as much as possible in the sustainable development of bazaars with local characteristics. An example is the redevelopment project in Bailey Street/Graham Street in Sheung Wan. Although strictly speaking the open-air bazaar next to it does not fall into the scope of the redevelopment project, the URA has formed a conservation group comprised of people in the district, District Council (DC) members and experts to study how conservation work in the project can be taken forward, and such work includes discussion with hawkers and other stakeholders. It is hoped that during and after the redevelopment of the bazaar, hawkers may run their businesses *in-situ*.

The Administration is well aware of the fact that bazaars with local characteristics can offer a taste of local life and culture to visitors as well as residents here. We have always been working hard to develop diversified tourist spots to enhance our claim as a prime tourist attraction in Asia. The Hong Kong Tourism Board (HKTB) works through various means such as the Internet and its publications to promote the many theme-based shopping streets and open-air bazaars in Hong Kong. Such theme-based shopping streets include Hollywood Road which is branded as "Antiquities Street", Des Voeux Road West or "Dried Seafood Street", Canton Road or "Jade Street", and so on. Open-air bazaars like Stanley Market, Tai Yuen Street, "Women's Street", the night market in Temple Street, and so on, are also publicized. Findings of surveys conducted by the HKTB show that these open-air bazaars top the list of the most popular spots for tourists.

On the suggestion to promote the culture of street art performances, our cultural policy aims at fostering an environment conducive to the freedom of expression and artistic creation, as well as promoting greater public engagement in cultural activities. We agree that street art performances can offer a chance for art workers to develop their talents and promote the cultural and artistic ethos in a community. As streets in Hong Kong are narrow and pedestrians there plenty, when considering designating zones for street art performances and arts fairs, we must pay special attention to pedestrian traffic, noise and safety.

Working on this premise, we encourage and support various DCs to identify suitable locations in their respective districts and designate zones for street art performances and arts fairs in an attempt to promote district-based local culture, arouse public interest in and enhance public appreciation of culture and the arts, identify and foster native creative talents and attract local residents and visitors to come, watch and spend.

The Hong Kong Arts Development Council began to liaise with various DCs last year to launch a pilot scheme on roadside publicity booths. The aim is to erect promotion boards in prominent places in the district and publicize cultural and artistic events and other related activities both in the district concerned, in other districts as well as in the whole territory. Now the scheme has been endorsed by the DCs of Central and Western, Island South and Wan Chai. We hope that the scheme will receive support from other districts and a cultural ethos in the districts can be built. We also hope that both visitors and local residents can be attracted to come and watch cultural and artistic events in Hong Kong and that benefits both in cultural and economic terms can be enhanced.

As for the issue of on-street hawking mentioned by Members, it must be admitted that on-street hawking activities may offer a way for hawkers to make a living and patrons may be able to buy goods at affordable prices, but hawking also brings problems in sanitation, noise, cleanliness and obstruction of public places. Moreover, hawking on the streets may cause unfair competition to those shopowners, commercial tenants or lessees of market stalls who rent premises or stalls to do business.

Currently there are about 6 600 licensed fixed pitch hawkers and about 630 licensed itinerant hawkers. It has been the Administration's policy that when

circumstances permit, unlicensed hawking should be reduced gradually and on-street hawking should be put under control, in order to reduce the nuisance caused by on-street hawking. In April 2002, the Legislative Council Panel on Food and Environmental Hygiene agreed to the launch of a scheme on voluntary surrender of hawker licences by the Food and Environmental Hygiene Department (FEHD). Hawkers who surrender their itinerant hawker licences under this scheme may rent vacant stalls in the public markets at a concessionary rate or they may choose to run their businesses as fixed pitch hawkers and choose a vacant fixed pitch. Or they may surrender their licences and in return get a one-off *ex gratia* grant to the amount of \$30,000. Since the introduction of the scheme, a number of itinerant hawkers have returned their licences.

Mr Vincent FANG proposes in his amendment that the Government should handle hawker licence renewal applications with flexibility. At present, a holder of a hawker licence may apply to the FEHD each year before the expiry date for licence renewal. As a general rule, their application would be approved. For succession to and transfer of licence, we have a proven system in place. A certain degree of flexibility is allowed in say, when the licence-holder is advanced in age or in poor health, the fixed pitch hawker licence concerned may be transferred to direct relatives provided that the person does not hold any other hawker licence. As for fixed pitch hawker licence for cooked food stalls, it can be transferred to the spouse of the licence-holder who does not hold any other hawker licence. In special cases, the Director of FEHD may consider exercising his or her discretion to permit the transfer or succession of a fixed pitch hawker licence, such as to an assistant who has offered long years of service to the licence-holder.

To ensure that our hawking policy may meet public aspirations and demands from the hawkers, the Food and Health Bureau is currently conducting a review of the hawker licensing policy and would consider public views on bazaars when it is to formulate a hawker licensing policy in future. During the review, we will consult hawker representatives, the Legislative Council and DCs concerned. We expect the review can be completed in mid-2008.

As for the suggestion made in Ms Audrey EU's amendment to resume licensing of hawkers, we are of the view that resuming the issue of any type of hawker licence would affect our overall hawker control policy and bring about

considerable impact on other stakeholders such as other hawkers or shop owners. The Food and Health Bureau considers that the interests and views of all sectors across the community should be weighed. The Legislative Council Panel on Food Safety and Environmental Hygiene and also hawker representatives will be consulted on relevant matters in due course.

In addition, Mr WONG Kwok-hing and Ms Audrey EU suggest setting up on-street cooked food designated zones and on-street cooked food permitted areas. Provided that food safety and environmental hygiene standards are satisfied, the Food and Health Bureau and FEHD will provide appropriate assistance in the issue of licences for food establishments. Having said that, the proposal should be endorsed by people in the district concerned as well as by the relevant DC. The Administration is open to the proposal on setting up dawn markets and night markets. However, the proposed locations have to be supported by the DCs concerned, residents and the relevant government departments.

The Government has always considered DCs as key partners in district affairs. Through the concerted effort of the DCs, their select committees and government departments, various initiatives to improve the economy and the environment have been successfully implemented and the living quality of residents in the districts has been raised. In future, the Government will continue to work with the DCs on subjects of local concern. The Home Affairs Department will continue to provide funding and appropriate support to assist DCs in revitalizing the districts and fostering a diversified economy and culture there.

Madam President, I so submit. I look forward to hearing other views from Members.

MISS CHAN YUEN-HAN (in Cantonese): As I listened to the speech delivered by the Secretary, I had a feeling that it seemed that the Secretary was saying that consultation was to be held and views were to be heard. We welcome all this. But when it comes to how society may look at the policy from several aspects, it would simply not do if the Government just sits here and does not have any stand.

I hope the Secretary can think about this. When people work as hawkers and so something may have to be constructed, but the Government just sits back

and does nothing, those living in the buildings above will think that hawkers are posing an obstruction. However, if these activities are regulated and if relevant facilities are constructed, those living in the buildings above will welcome it. As I have often said, many places in Japan are very busy and people are doing a roaring trade. Those living upstairs mix well with those doing business below. For example, I have been to France, Britain and the United States and I can see that people living upstairs mix well with those below and there is no hostility between them. So if the Government says that it will take on a neutral stand and respect the DCs, I cannot agree more. Does the Government look at the grassroots in a constructive manner? Or how much has it done to help them in employment? I think Secretary TSANG Tak-sing should ponder over these questions seriously. We from the Hong Kong Federation of Trade Unions (FTU) are prepared to talk with the Government on these issues. If the Government just says that it will listen to views but does not want to play the role of a builder or a promoter, I think that there are bound to be problems.

Madam President, my colleague WONG Kwok-hing has proposed that efforts should be made to develop diversified hawking and bazaar economic activities. With respect to this, I can say that the FTU has looked deeply into the subject and undertaken many studies. We have even set up the Wong Tai Sin Dragon Market on lot in Upper Wong Tai Sin Estate with an area of 130 000 sq ft next to the Wong Tai Sin Temple. The market was held during the Lunar New Year as a temple fair with cultural activities. It lasted about 90 days. An average of 50 000 to 60 000 people visited the market daily during the period. If people ask us whether or not there are things that warrant reconsideration during the whole process of organizing that initiative, I can say that there certainly are. But overall, it was very popular with the people. The important thing is that some construction should be done. If the Government just says that people can offer something for sale as they want, I am sure that we will get a different kind of reaction in the end.

Madam President, why do we work so hard on this kind of things? Because we see that after the reunification and in the context of economic restructuring and globalization, the grassroots find that job opportunities are diminishing. What opportunities are available to solve the employment problem of the grassroots? In our opinion, there are many ways, of these a very important one is diversified hawking and bazaar economic activities. I hope very much that the Government can think about this.

Speaking for the citizens, they will find their life more exciting as the Government engages in construction efforts. As mentioned by the Secretary earlier, one example is Hollywood Road. It is a place I like to take a stroll. I think that it offers potentials of development. However, as we have seen that in some of the places in Hollywood Road, some vendors who display goods for sale have been cleared and driven out of business during the past eight to 10 years. They have had a hard time doing business. I am saying this because I can see that the Government is using some very backward ways to handle these hawking activities or other economic activities with local characteristics.

Madam President, in contrast we can turn to see what our neighbouring cities are doing. In Shanghai, at the beginning of this year, it was announced that on-street stalls were permitted in some of the streets under certain conditions. At first, the municipal government was wavering on that issue and it had once considered outlawing all such on-street hawking activities. But then it soon found out that it was useless to ban hawking, for many workers who had been forced out of work were resorting to hawking to earn a living. At last, the Shanghai Municipal Government decided to change its stand from that of prohibition to regulation. In this process, the people are given more options and the jobless can now find a means to make a living. The Shanghai Municipal Government faces the problem of the hardship of individual businessmen and the plight of the disadvantaged in the course of urban development. The way to handle this is to strike a balance between the above and people's living. It does not want to solve the problem by driving these hawkers out of existence, and it has really addressed the problem.

Apart from Shanghai, we can see that in Chong Qing Municipality, the authorities have designated some 400 on-street stalls at specific locations and altogether more than 10 000 such stalls are added to the city. Nanjing Municipality has introduced a points system for regulation of hawkers. If hawkers are found to have breached the rules, points will be deducted and once 12 points are deducted, they will not be allowed to engage in hawking anymore. From all this we can see that other cities have used many methods to handle the problem. The first thing they do is to recognize hawking activities, then they would do the construction and regulation. Of course, there must be participants, stakeholders and members of the public in this, but the prerequisite is that a policy should be put in place by the government before all else.

Similar cases can be found not just in the cities on the Mainland but also cosmopolitan cities in the ranks of Hong Kong too. Honourable colleagues have said earlier that other places do not ban hawking activities. In New York, London, Paris, Japan and elsewhere, there are all sorts of hawkers, bazaars, weekend markets, flea markets and so on. There is an amazing array of goods on sale in such venues. The places are not just well-liked by local residents but also tourists. They are must-see places. So a lot can be done on this. New culture can be found breeding and growing there. Let me first talk about innovation.

I have been to Taiwan. In Ximending in Taipei there is an innovation bazaar and it is on the premises of the Red House Theatre. On Saturdays people will display their innovative articles next to it. As the subway exit in Ximending is very busy, so young people love to go there. The same thing is found not just in Taipei but we can also find similar things in other places, like Japan and London. But in Hong Kong, for such innovative activities involving the young people, even if there are such things around, it can be said that the only example is the Lunar New Year Market where the young people can learn to sell things. They may sell, for example, McDull pig cushions, and so on. Can the Government not put some thoughts to designating some busy places for hawking activities for a longer period of time? I think that this is very helpful to promoting innovative products.

Moreover, I think members of the public do have such a need. Like the bazaar for agricultural produces I visited recently. Currently, there is a few such kind of bazaars for agricultural produces in Hong Kong. The Government is supportive of these bazaars. The products put up for sale there are well-liked by the public. We can see now that many people like to engage in farming. I know a group of people who used to make their living by writing have now turned to practising organic farming. Such organic agricultural produces are very popular. But the key lies in how to make the sale of such produces steady. I think the Government needs to look into that.

In many big cities, such as New York, there is a flower market in Manhattan. There are some such markets in London similarly. Those markets in London are more than 200 years old. We can see that everyone is happy in these markets, be they the buyers, growers and vendors. It works to everyone's advantage. This is not just a question of originality alone. In some

famous cities, there are many hawking activities in the form of stalls. But in a cosmopolitan city like Hong Kong, if we are to go shopping, we would have to go to the supermarkets and big shopping malls. There are no bazaars or marketplaces. There is this same dreary monotony sprawling all over our city and on top of that, roads are built to fence off the crowd.

If we are to do such things, the Government must pause and think about the question of how the grassroots can be assisted in employment. It does not matter if it comes in the form of open-air bazaars, on-street hawking or creative industries. The Government has got to do some construction in the sense of, say, making good use of busy places where there is a big potential patronage. This accounts for the success in such work. Besides, how should regulation be carried out? This is the second key to success. I hope very much that the Government can do something to enable the people of Hong Kong, the grassroots (*The buzzer sounded*) to find jobs and live a more colourful life.

PRESIDENT (in Cantonese): Speaking time is up.

MISS CHAN YUEN-HAN (in Cantonese): Thank you, Madam President. I support the motion and the amendments.

MR FREDERICK FUNG (in Cantonese): President, you can see that we Members are very enthusiastic and happy in speaking on this motion. But our emotions are certainly also mingled with a lot of dissatisfaction. I hope the Government can also adopt such a sympathetic and committed attitude in examining this issue, and I hope it would not be too indifferent because this issue has already been plaguing Hong Kong — the Urban Council in the past and the Food and Environmental Hygiene Department now — for decades.

I still recall that some 20 years ago, that was in the 1980s, when I was an Urban Councillor, the Urban Council had spent three to four years on conducting a detailed study. That subcommittee was chaired by Elsie ELLIOTT and I was also one of the members. At that time, we came to a conclusion (I do not know if the Government still accepts that conclusion now) that on-street peddling by hawkers was a safety net. In particular, when our economy is at low ebbs and

when there are not so many posts to feed so many people, then allowing the people to work as hawkers will enable them to earn money with their own hands, so as to feed themselves as well as their families. We are not forbidding the people from working as hawkers, but the problem lies in how we can manage them properly and how the arrangements can be properly made.

Therefore, it was this perspective that we had adopted in the conclusion at that time when we examined the hawker policy. Finally, there was naturally another conclusion as well. Among the goods sold by hawkers, there are dry goods and wet goods. We could not accept those cooked food hawkers because they would give rise to hygiene issues. Regarding non-cooked food hawkers, we would basically consider and handle the issue in the light of the degree of acceptance and values. If the Government does not take this into consideration, its policy would then frequently be swaying between two extremes. I shall tell Members later on some of the circumstances I have personally observed. I think the Government has become increasingly stern in strangling this trade.

In fact, when the economy is in bad shape, the people would choose to work as hawkers even at the risk of being arrested. I do not know whether the Government would commend them or denounce them for doing so. In terms of behaviour and policy, the Government would arrest and disperse the hawkers. But from the perspective of combating poverty, the Government would say it hopes the people can become self-reliant and make money on their own. Yet, the Government is deterring the people from becoming self-reliant. Moreover, since Hong Kong in fact cannot provide so many jobs for people aged over 40, is it true that hawking should be regarded as a kind of feasible profession on a temporary and tentative basis?

In fact, the profession of hawking has a long history that dates back to the ancient time. When we read some martial arts novels and traditional serial novels or watch some television series, we would invariably come across hawkers whenever such stories involve street scenes. This is a profession that has existed for thousands of years. Therefore, in the past we heard people say that "we had to go shopping on the market days" — the market has always been the place where hawkers gather together. I cannot see why we cannot facilitate that. However, the current practice runs contrary to what the right arrangements should be like. The licenses held by our licensed hawkers, that is, the hawkers who are now known as "licensed itinerant hawkers", have seen

no new issue since the 1970s. In addition, we even deploy the Hawker Control Team to control them. In the past, we had set up the hawker permitted areas in such areas as Apliu Street, Sai Yeung Choi Street (or alternatively known as the "Women's Street") and Temple Street, and so on. But how do the authorities treat licensed hawkers now? They disperse them.

I do not know whether the Secretary is aware that, I, together with some licensed hawkers, had held a meeting with your Director about half a year ago. He told us the following situation: In the past, in the era of the Urban Council, it was stipulated that, in view of the different treatments accorded to licensed and unlicensed hawkers, the authorities would warn them first before actually arresting them. But now, they had suddenly designated 1 000 black spots, where hawkers would be arrested without warnings. Treating licensed hawkers in this way is tantamount to strangling their survival. Although it was reported that there had at one time been some 10 000 licensed hawkers, but nowadays only 7 000-odd of them are left. For itinerant hawkers, only 300-odd are left, and most of them are elderly people.

Why is the number of hawkers diminishing? In fact, they are not diminishing, nor are there no hawkers applying for licences. Instead, such licenses are no longer open to new applications because this kind of licenses has been abolished. I think it is because the Government finds itself incapable of "catching" those unlicensed hawkers, so even licensed hawkers are tackled and treated like the unlicensed hawkers. If so, why should they bother to apply for licences and pay the annual license fees? Therefore, I hope the Bureau can really review the policy, and it should review the policy from the perspectives of human beings, poverty alleviation and allowing others a chance of survival.

President, I am not sure whether the Secretary knows that the department still have another policy, that is, if an itinerant hawker is willing to surrender his licence, he can receive an amount of \$30,000. But such a surrender is subject to a time limit — he must surrender it within 12 months, otherwise, he will not be able to get the amount of \$30,000. This policy in fact is luring the hawkers to surrender their licences as soon as possible. If the hawkers still have the chance of continuing to conduct their hawking business, why are they not allowed doing so? Why can they not be allowed to surrender their licences and receive \$30,000 after they have become incapable of making a living in this trade? Why should there be a time limit?

Besides, I heard that after the expiry of the 12-month period, no new licences will be issued, that is, even the existing itinerant hawkers' licences will not be issued, or even the existing licensed hawkers will not be allowed to renew their licences. I hope the Secretary can clarify this point when he gives his reply later on, and tell us whether it is possible to allow them to continue conducting their licensed operations. For those who are in their 50's or 60's, if they are not allowed to continue working as hawkers, they cannot make a living. In fact, on this issue, we in the ADPL have been following up this on behalf of the licensed hawkers associations since the 1980s, and we have all along been assisting them in finding a way out, a means of survival. Therefore, I hope the Secretary can seriously examine this, can he not?

President, I think Hong Kong has been developing towards commercialization and in the process of becoming a cosmopolitan city. When people need to buy something, they would usually say that they would visit the large shopping arcades and supermarkets, and so on. Such a practice has in fact deprived our traditional trades of any chance of survival. And there are even slimmer chances for such places like the Temple Street and "Women's Street" to survive. However, may I ask, in the poorest districts of the territory like Kwun Tong, Shum Shui Po, Apliu Street, and so on, where markets are already formed, is it possible to allow those people aged 40, 50 or above to have the chance of becoming self-reliant? I think this is exactly one of the possible measures that can be adopted under the poverty alleviation policy.

President, please forgive me for rehashing an old theme. I still hope that the Government can re-establish the Commission on Poverty, so that the body that co-ordinates poverty alleviation initiatives can issue permissions similar to hawker licences. Apart from reminding us of the good old days and enabling people to make a living by this method, it is also one of the tools that can be adopted to aid the poor. Finally, I hope this type of tools can be submitted to the respective District Councils for consideration, thereby engaging the District Councils in the task of poverty alleviation.

Thank you, President.

MR WONG YUNG-KAN (in Cantonese): Madam President, during the past two to three decades, with continuous urban renewal projects taking place in Hong Kong, newly built buildings and shopping centres are always managed by

rich and powerful consortia in an exclusive manner. As a result, monotonously uniform chain stores are brought in, displaying nearly identical décor and selling almost the same goods. In addition, the Government also joins hands with them in urban management policies. So, as a result, traditional bazaars and marketplaces selling on-street snacks and staging performances have gradually declined due to the lack of specific venues to accommodate them. In recent years, when the nostalgia trend has become popular in Hong Kong, we start to realize that these economic activities, which had all along been overlooked by us, are actually very valuable local economic and cultural heritage, thus giving rise to many heated discussions on how we can revitalize and even further develop them.

This Council had held two relevant discussions in the past: A motion on "the Policy on inheritance of 'dai pai dong' culture" was discussed in 2005, and then another motion debate on "Retaining and supporting the development of commercial districts and bazaars with local characteristics" was held some time later. Both motions were passed with amendments. The motion moved by Mr WONG Kwok-hing today is exploring the subject matter from a macro point of view, and its coverage is rather extensive with both local colours and policy relevance. It is indeed a motion that merits our discussion in detail. As the Legislative Council Member representing the agriculture and fisheries constituency, I shall put forward my own views on this motion.

In April this year, the New Territories Association of Societies, in conjunction with many organizations in Tai Po, had successfully applied for funds to implement the Enhancing Self-Reliance Through District Partnership Programme, which holds the Sea-Land Market at the far end of the Tai Po Waterfront Park every Sunday. The concept of the Sea-Land Market originates from the leisure fishing industry, but it is conducted in the form of a bazaar. About five or six years ago, I had a chat with some fellow fishermen in Tai Po on the worsening operation of the traditional fishing industry. For some fishermen who had chosen to work ashore instead, they could only settle with jobs like low-skilled workers or some might even have to live on CSSA. In our discussion, we thought that, instead of drowning ourselves in worries and sorrows, we had better make use of our operating tools — our own fishing boats — to take people on sea cruises to view the beauty of the Tolo Harbour. In the meantime, we can serve the people with snacks from the fishermen's cuisine, and we may operate a Sea-Land Market at the waterfront to sell characteristic goods like dried seafood.

The Tai Po Waterfront Park is a geographical natural venue for holding such an event. It is just like the rocket launching base in Xichang, which is far away from the people's residences and it has a beautiful coastline commanding great views; and in addition, there is also an extensive city park. Every element serves to put together an interactive relation. Since the launch of business in the first half of the year, over 50 000 people had visited the market. Besides, the Sea-Land Market has also brought more visitors to the Waterfront Park, and on the other hand, we may also say that the Waterfront Park has attracted more extra visitors or customers to the Sea-Land Market.

The value of the Sea-Land Market lies in its capability of enabling the fishermen with limited capital to take visitors on board their fee-charging decorated boats, which are converted from their fishing boats, to appreciate the beauty of the Tolo Harbour and to sell characteristic fishermen's snacks, dried seafood and handicraft items made by them personally. Besides, the Sea-Land Market also attracts a large crowd of young housewives and youths in Tai Po to start some small businesses there to sell products with special characteristics.

Another project related to the agricultural and fisheries industry is the holiday agricultural bazaar — a marketplace selling organic agricultural produces in Tai Wo, Tai Po. Hosted by the Federation of Vegetable Marketing Co-operative Societies, it is held on every alternate week mainly for the sale of organic vegetables. Although some other produces are sold as well, the organizer thinks that such produces should also be organic ones. Since the launch some two and a half years ago, the holiday agricultural bazaar has attracted a large number of visitors, from several hundreds in the beginning to nearly 2 000 now whenever the bazaar is open for business. Therefore, I think this is a very good approach.

Madam President, Ms Audrey EU has deleted the wording "marketplaces for organic fishery and agricultural produce" from the original motion. However, the original motion just rides on Hong Kong people's popular trend of preferring fresh, healthy and safe food in recent years and it was just included as an example. Why does she advocate all kinds of bazaars and only opposes the agricultural and fisheries industry? In addition, her wordings also include other bazaars and marketplaces. Ms Audrey EU's approach really makes our industry very unhappy. Therefore, I shall not support her amendment. Even for the future Fishermen's Wharf in the Southern District, the specific role of the fishing industry cannot be abandoned. Therefore, I find her approach very weird.

With regard to the holiday agricultural bazaar, since at the moment there are only some vegetables and some accredited food from certain sources, so if we can develop the project further — there are no parking facilities in the vicinity — I hope the Government can consider providing some parking facilities for the project. In fact, there is a car park belonging to the District Office. As usually no cars will be parked there on holidays, this car park can be considered for such purpose. We hope the responsible officials can study the development from different perspectives. This will help other industries as well.

President, I support the original motion.

MR TOMMY CHEUNG (in Cantonese): Madam President, I agree that we should develop diversified hawking zones and open-air bazaars, especially we should encourage the injection of the element of traditional culinary culture into such bazaars, so as to facilitate a stronger manifestation of our local characteristics, and this will also serve as an incentive attracting tourists from different regions to visit Hong Kong. In this way, the catering and tourism industries can complement each other.

Curbside open-air "dai pai dongs" are a unique traditional culinary culture in Hong Kong. I moved a motion in this Council as early as the end of 2005 to urge the authorities to, on the premises of complying with environmental hygiene and safety requirements, assist the operators of "dai pai dongs" in continuing their operation, so as to complement the tourism development plans. It was nearly identical to the spirit of today's motion.

Regrettably, two years have passed since the passage of the motion, the authorities still have not given us any positive response. The existing policy is to let the remaining 28 "dai pai dongs" fade out with the lapse of time.

All along, due to hygiene and safety reasons, the authorities have insisted on using cooked food centres in markets to gradually replace and abolish curbside open-air "dai pai dongs". With such excuses, the Government has not seriously listened to our aspirations. What we are demanding is: To make use of the distinctiveness and collective memories of "dai pai dongs", derived from their historical and cultural uniqueness, to tie in with the tourism industry in seeking sustainable development, instead of moving "dai pai dongs" into cooked food centres in wet markets which would be totally unattractive to tourists, thereby stripping them of their unique local flavour.

I have frequently cited the case of Singapore as an example. Not only have they refrained from eradicating all the curbside cooked food stalls, but the Singaporean Government have even moved many famous cooked food hawkers into the Hawker Centre. Next, it spent S\$420 million, which is about HK\$2 billion, to implement a comprehensive project to improve the hygiene conditions of the Hawker Centre in an attempt to turn it into a tourist attraction with special local characteristics.

From this, we can see that environmental hygiene problems are not adequately convincing reasons for eradicating "dai pai dongs". It all depends on whether the authorities are sincere enough to take the step of conducting studies to identify matching and co-ordinating measures and eventually figure out a perfect package which would ensure hygiene safety on the one hand and preserve such historical heritage of Hong Kong on the other.

There are in fact many possible solutions, such as relocating "dai pai dongs" away from people's residences; designating the areas nearby as pedestrian precincts; stepping up the management and beautification works; installing additional drainage systems and cleaning facilities and making use of relevant technologies to solve hygiene and pollution problems, thereby preventing "dai pai dongs" from causing nuisances to people living in the vicinity.

I also agree with Mr Vincent FANG's amendment in that the Government should review the policy on hawker licensing, handle licence renewal applications with flexibility and lower the threshold of entry as far as possible. I think the licences of curbside cooked food stalls ("dai pai dongs") should also be covered in the review, and the Government should consider relaxing the restriction that only the surviving spouse of a licence holder can inherit the licence.

The authorities do not need to worry that this may cause unfairness to those operators who had voluntarily surrendered "dai pai dong" licences in the past because the authorities had already made *ex gratia* payments to them, and that the consensus in society has changed as well. Therefore, it is necessary for the Government to review and deal with established policies for curbside cooked food hawkers with flexibility, so as to tie in with the development of characteristic open-air bazaars. The authorities need not worry too much.

There are actually many hawking zones and open-air bazaars in Hong Kong, such as the Stanley Bazaar, Apliu Street Bazaar, Bowring Street Bazaar and Temple Street Bazaar, and so on. However, the Government has not formulated any relevant policies to tie in with their development, so, in terms of scale and reputation, they lag far behind famous bazaars in overseas countries such as Covent Garden in London, Shilin Night Market in Taipei and Suan Lum Night Bazaar in Thailand.

Therefore, I must stress once again, the authorities must be perfectly clear about our own positioning. We do not just want to preserve the declining bazaars. Instead, we want to make use of the diversified traditional artistic, historical and cultural resources in Hong Kong society, re-inject new vigour of life into them, so as to develop open-air bazaars with local economic, cultural and native characteristics. In this way, we can promote the economic activities of diversified hawkers in the spheres of catering, retail and performances, thereby stimulating more visitor flow, pushing the development of the tourism industry and creating more employment opportunities.

However, with regard to Ms Audrey EU's suggestion of resuming licensing of hawkers, I have strong reservations. This is because this suggestion is as controversial and "unconventional" as the suggestion of building public housing on the Peak, which was put forward by a candidate running in the District Council Election. If a completely open hawker policy is adopted, and hawker licensing is resumed, I think by then hawkers will be seen selling goods in Hong Kong, Kowloon and the New Territories, and even on the Peak. I am not sure if this is the result we want to see.

I also notice just now that when Ms Audrey EU spoke on her amendment — I wish to briefly discuss her amendment, that is, point (f) of the original motion "expeditiously conduct a comprehensive review on the policies for hawker licensing and management", which she has not amended; instead, she has only added the wordings of "and resume licensing for hawkers" — she explained that there must be new thinking. However, insofar as such new thinking is concerned, I cannot understand the logic of two points. Perhaps I should blame my relatively poor command of Chinese, which accounts for my failure to grasp the spirit and gist of her speech.

But, I wish to raise two questions. First, if you support your earlier suggestion of reviewing the policies for hawker licensing, then why do you

request the Government to resume licensing of hawkers before the review is conducted? If it is necessary to resume licensing, then why is it necessary to conduct any review at all? Secondly, when the issue of resuming licensing is raised, the President would definitely say that, it would be like what had been done in the past, so it is only restoring some old measures. I think this is just old thinking, which is by no means any new thinking. Therefore, I hope Ms Audrey EU can explain this clearly to me in future.

Finally, in the course of developing characteristic bazaars, I hope the Government would not do it in a cursory and sloppy manner. It must conduct extensive and in-depth consultations, together with detailed planning, so that there can be good co-ordination among all the different parties.

I understand that it is no simple task to integrate and beautify the remaining 28 "dai pai dongs" scattered now in different parts of the territory. However, I firmly believe that as long as the authorities can adopt a macro vision and a serious attitude, together with the adoption of various policies, and provide holistic assistance in revitalization work, hygiene management, matching transport arrangements, streets regulatory administration and promotion campaigns, and so on, then our goal of identifying a win-win solution for all parties can definitely be attained.

Madam President, I so submit.

MR TIMOTHY FOK (in Cantonese): Madam President, throughout the process of Hong Kong's evolution from a small fishing village in the past to an international cosmopolitan city nowadays, the hawking and bazaar economy has always played a very significant role in the overall economic structure of the territory. However, the fact that the bazaar economy has moved from prosperity to mediocrity, or even on the brink of extinction and become an "endangered species requiring protection", cannot be attributed to any single policy or single development case. The land shortage and the replacement by shopping arcades are only excuses. In my opinion, the real cause lies in the concept of economic and social development that makes profit returns its goal. As long as such a concept is not changed, the battles defending such bazaars will have to be fought one after the other — today we defend the "Wedding Cards Street" and tomorrow we shall be defending the "Sports Shoes Street".

In order to highlight the local cultural characteristics, assist local economies with characteristics and enhance the vigor of the respective cities, cosmopolitan cities like London, Paris, Tokyo and Singapore have, through policy support, deliberately retained some bazaars or business zones with special characteristics to serve as the composite factors balancing metro-culture and metro-commerce, and they have achieved remarkable results. Unfortunately, the characteristic bazaars in Hong Kong have been demolished one after the other, and the programme to promote local community economy, which aimed at building up unique characteristics in different districts, had disappeared for a long time.

Madam President, it is trendy recently for people to talk about revitalization. So we seek to revitalize monuments, and we seek to revitalize on-street economy. But how shall we go about with revitalization? The major selling points of bazaars are their special characteristics. Therefore, the retention and enhancement of their characteristics is crucial to any determination of the survival of such bazaars. This problem cannot be solved just by the Government's designation of permitted operating areas. Therefore, in promoting bazaar economy, the Government must have comprehensive and proper planning and it should work with the existing operators in jointly planning and establishing bazaars with special characteristics.

Besides, for the hawkers, bazaar economy is just a way of conducting business. So, business opportunities, sources of customers, clients' favourable comments, promotion and competition within the trade are all matters of concern to them. In fact, "gimmicks" alone may not necessarily work. In promoting bazaar economy, the Government cannot adopt the past attitude of staying aloof. Instead, it should care about the success or failure of the operators, so that it should strive to solve the difficulties faced by the operators, explore new business and profit opportunities for them. Of course, the co-ordination between the bazaar economy and the local economy is also one of the factors that must be considered. We should not sacrifice the interests of the business operators in the districts in which such bazaars are operated. Otherwise, it will only encourage shop operators to move their goods from shopping arcades to the bazaars and sell their goods there, which will risk sacrificing the characteristics that should exist in the original bazaars.

We should seek not only to revitalize bazaar economy, but also promote their sustainable development, and also upgrade and optimize the existing business operation and management. In order to attain this goal, the operators

should strive for self-enhancement, and the Government should also proceed with overall planning underpinned by a vision of developing new industries. What the Government should do are:

- (1) Re-establishing new brand names for traditional bazaars and injecting a restaurant patronage culture into them, so as to promote the upgrading of grass-roots business undertakings;
- (2) Complementing bazaars with the tourism industry, blending them together with religion and culture, assisting the upgrading of traditional bazaars and periodically launching large-scale local and international promotion activities; and
- (3) Removing unnecessary regulations and restrictions, exercising flexibility according to the geographical conditions and establishing flexible management systems that aim at facilitating business operation.

Traditional bazaars boast a long historical and cultural background and rich local characteristics. Operators should have the awareness to keep themselves abreast of the latest developments, whereas the Government should also have the heart to share success and glory with the operators, so that they can both keep tabs on the pulse of society, exploit the characteristics of bazaars fully, and build up new values, thus enabling the people to have a fresh view of themselves which should enable them to become once again the major part of the economic, social and cultural dimensions of Hong Kong.

I so submit.

MR JAMES TO (in Cantonese): President, although the Urban Council has now become a term in history, the policies and practices it once adopted have not been totally discarded. Instead, they are still enforced by the Food and Environmental Hygiene Department now.

Of course, with the changes of time and social conditions, there must be certain policies that cannot remain unchanged nowadays, and they should be subject to review. However, if it is necessary to formulate a new policy or to revive an old policy, we must exercise extra caution in conducting such reviews.

The seven proposals contained in the original motion represent a further development of, not a major deviation from, the existing policy direction, so basically the Democratic Party agrees to them. However, I would like to highlight two to three of these proposals and discuss them with Members.

Last year, — it should be the previous Legislative Session — when the motion "Promoting the sustainable development of the local agriculture and fisheries industries" was discussed in the Legislative Council, Mr Fred LI of the Democratic Party proposed an amendment and demanded the promotion of locally produced organic produces so as to enable farm owners to have more sales channels. The organic farming industry of Hong Kong is still in the early phase of development, so the Government should devise measures to assist its development. Therefore, we support the proposal contained in the original motion that advocates the establishment of marketplaces for organic fishery and agricultural produces.

With regard to the proposal of studying the possibility of setting up on-street cooked food designated zones featuring specialty food and drinks, when the Legislative Council discussed a motion on preserving the culinary culture of "dai pai dongs" in the 2005-2006 Session, we agreed that the proposal could be considered, subject to the approval of the District Councils concerned. Therefore, this time when this old subject is raised again, it still has our support.

In our opinion, the most controversial part of the entire motion is whether the Government should resume licensing of hawkers or the part on issuing licences to hawkers. From the perspective of municipal management, hawker management has always been the most difficult task. In each annual Budget, several hundred millions dollars must be set aside for handling such matters.

At the policy level, for the purpose of promoting local economic activities, it seems worthwhile for us to encourage hawking activities. However, we have to think it over thoroughly, because from the perspective of micro management, relaxing the licensing conditions for hawkers may bring about management problems that may be difficult to address.

Starting from 1970, the then Urban Council had stopped issuing new licences, whereas existing licences could only be inherited by immediate family members from generations to generations. From the 1990s onwards, no new licences have been issued for itinerant hawkers. Therefore, hawkers no longer

run their businesses on the streets. Instead, they may continue running their businesses in market complexes, or they may switch to other professions after receiving *ex gratia* payments.

If my understanding is correct, the original policy intent of relocating hawkers into market complexes was, in addition to the advantage of easy management, to improve the general physical outlook of the city of Hong Kong. The Democratic Party supports this policy because it would provide a better environment for both the hawkers and consumers in conducting the transactions.

After all these years, both on-street fixed pitch hawkers and itinerant hawkers have continued to conduct their businesses in a controlled environment. Although there are still many unlicensed hawkers as well as hawker black spots, after years of deliberate enforcement operations, unlicensed cooked food stalls which are susceptible to mishaps and hygiene problems have been brought under control in some measures. Hawkers who have been relocated to market complexes have built up their business base. In fact, their biggest competitors are the supermarkets, instead of hawkers on the streets.

Of course, there is still room for further review in respect of the licensing policy for hawkers. For example, after the two Municipal Councils were dissolved, there are still differences between the fees charged on hawkers in the New Territories and in the urban areas in respect of hawker licence fees and rentals in market complexes. As regards the licensing policy for fixed pitch hawkers, such as whether greater flexibility should be exercised, as suggested in the amendment proposed by Mr Vincent FANG, we may leave this to the discussion by the public in detail.

(THE PRESIDENT'S DEPUTY, Ms Miriam LAU Kin-ye, took the Chair)

However, if the licensing of hawkers is to be resumed, we must conduct more detailed discussion on it. The Democratic Party shares similar concerns as expressed by the Secretary just now, including the effects on the city's general physical outlook, hygiene issues and unfair competition, and so on. Furthermore, the Democratic Party is also concerned about how the resumption of licensing of hawkers will affect the community environment, an issue that will

be faced by each and every District Council. If the licensing of hawkers is to be resumed, the first thing that needs to be done is to convince the District Councils concerned and the residents living in the relevant districts. According to the experience we have gained in community service, we know that most residents are in fact unwilling to see the congregation of hawkers in the vicinity of their homes, whereas shop operators are also concerned that resuming licensing of hawkers will have a catastrophic impact on their business. Furthermore, will the resumption of licensing of hawkers lead to an increase in the number of unlicensed hawkers? After all, our experience has confirmed that it is easy to issue hawker licenses, but it will be very difficult to recover them. In future, should there be any policy change whereupon these licences will have to be recovered, it will certainly be a formidable social project. Recently, I had met with some former senior officials who were once responsible for matters in this area, and as they recounted their experience, they still had very strong mixed feelings about this. When they learnt that we would hold discussions on re-issuing hawker licenses, they advised that we should deal with it very cautiously. In fact, these are matters that we must consider very carefully.

Since the resumption of licensing of hawkers is an issue of extensive implications and great complexity, we do not feel at ease at all to make a final decision within the time of conducting a single motion debate. Therefore, we will abstain on the amendment for the resumption of licensing of hawkers. However, we are willing to keep listening to views and opinions and will take part in detailed and repeated discussions on this issue.

Deputy President, I so submit.

MISS CHOY SO-YUK (in Cantonese): Deputy President, yesterday, the Secretary for Development officially promised that all the hawkers' stalls in the Tai Yuen Street open-air bazaar could continue their operation there. On hearing this news, both the hawkers and I felt happy. It was because ever since the middle of last year, stall operators in the open-air bazaar had one after the other received notifications from the Government that, due to urban redevelopment and transport needs, they must vacate the bazaar by a specified date. I have made a site visit and met with the hawkers for a number of times. I have also assisted the hawkers in making requests to the authorities through various channels, and now we have finally obtained a relatively definite reply.

This time the Tai Yuen Street open-air bazaar has managed to survive and is allowed to continue to operate. I hope the SAR Government's act was not just a temporary measure aiming at addressing some tentative needs. Instead, I hope the Government is implementing the new heritage conservation policy advocated by the Chief Executive — so that it is a change of its overall policy and a show of its respect for and commitment to local characteristic culture.

In order to testify the determination of the SAR Government, I would like to urge it to extend this preservation policy to the remaining 10-odd open-air bazaars in Hong Kong — I refer to the 10-odd open-air bazaars with more than 100 stalls in total — and hope that the Government can extend the relevant policy to them, so that our next generation can have more opportunities of experiencing the street scenes originated from life and full of distinctive local characteristics.

In fact, the open-air bazaars and curbside food stalls of a place can usually reflect the nature and the charm of a city. We all know there are such hot spots like the Chinatown in Singapore and the night bazaars of different scales in Taipei. But for Hong Kong, what do we have? In the past, we could still claim that we have "dai pai dong". But in recent years, especially after the closing down of Man Yuen Noodles, and the Government's stubborn refusal to issue new licences, characteristic attractions in Hong Kong are diminishing.

Deputy President, in fighting for the preservation of characteristic bazaars and the retention of some street culture, we are not urging the Government to assist some "sunset industries", nor do we casually try to stop the process of urban redevelopment just for the sake of some ambiguous concepts. Instead, we do not easily let go some traditional things that really possess development potentials; that are full of vigour and capable of conjuring the collective memory of the people.

Let us take North Point where I live as an example. Recently, I have been seeing some long queues in front of certain stalls every evening. What they are selling are not exquisite food, but only some ordinary food like egg puffs, beef entrails and desserts, and so on. The long queues can be seen every evening and people have to line up for several hours to buy such food. For those Hong Kong people who have patronized "dai pai dong" since their childhood, such feeling is by no means unfamiliar to them. Have you had such

experience: After staying overseas for some time and after eating a lot of fine food in different countries, the food you miss most must be a bowl of wonton noodle or fish ball rice noodle?

Can you say that they are not part of the culture of Hong Kong, not part of the people's collective memory, thus not worthy of preservation? Even if the above is just my personal view and cannot be considered as the absolute truth, but if you bother to examine the redevelopment proposal of the urban area of Kwun Tong, you will find that it has also included the idea of reshaping the street and shop culture. This serves to illustrate that the preservation and development of traditional things not only attracts an increasing attention but also carries very high commercial value.

In fact, traditional open-air bazaars are exactly a facet of street culture full of vigour and traditional native characteristics. They are mostly operated as small businesses. Their preservation will enable the grassroots to make a living and also stimulate local consumption and the local economy. Better still, they can preserve the on-street culinary culture, thereby attracting overseas tourists to Hong Kong to have a taste of it. Therefore, there is great value in developing the local economy on the one hand, and developing the tourism industry on the other. In order to fully exploit this advantage to retain tourists who may have different interests, the issue we should contemplate is how we can make full use of this advantage, and how we can inject new vigour and modern elements into the bazaars. In addition, the Government should also step up the management of such bazaars and attach great emphasis to their packaging, so that it can promote such bazaars to the tourists or even consider making further development initiatives. In this way, the Government will then be able to stimulate the local people to spend money there, and promote the bazaar's on-street culture as a kind of tourist attractions which would blend together the west with the east and the new with the old.

Deputy President, with regard to developing diversified hawking and bazaar economic activities, the public's attitude is all too obvious. And this Council had passed two motions, one in the beginning of this year and the other in 2005, to urge the SAR Government, on the premise of having regard to community environmental hygiene, to preserve and support the development of commercial zones and bazaars with native characteristics, and to formulate policies to ensure that such characteristic "dai pai dongs" can be inherited by future generations.

In this connection, under the new thinking of the current conservation trend, we would like to urge the Government to refrain from insisting on demolishing the old order and building up the new. Instead, it should ride on the current practice of requiring all projects to undergo environmental impact assessment (EIA) before proceeding with actual implementation, it should introduce "traditional characteristics impact assessment", which should require all urban redevelopment projects to first assess what kind of impact they will have on items with traditional native characteristics, and such a report should be accompanied by a comprehensive compensation proposal. Because only by acting cautiously and prudently in every move we make can we ensure that the collective memories that are most worthy of preservation would not be lost due to the vanishing of traditional things one after the other, which will eventually develop into our collective loss of memory.

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

PROF PATRICK LAU (in Cantonese): Deputy President, regarding hawking and bazaar economic activities, the Hong Kong Government has all along adopted the attitude of gradually weeding them out. First, apart from having stopped issuing licences for hawkers and "dai pai dongs" for a long time, the Government has also been actively recovering the existing licences. On the other hand, with the implementation of redevelopment projects in various old districts, the Government has also gradually relocated many traditional bazaars with long history into market complexes, thus making them unable to operate in open air anymore, and their business plummets drastically.

I can understand the difficulties faced by the Government. In the past, when hawkers and traditional bazaars were prevalent, there were great problems with the general physical outlook of the city and the hygiene conditions in Hong Kong. At that time, the most pressing need of Hong Kong was to develop the territory into a modern city. Therefore, the Government then actively implemented the Clean Hong Kong Campaign, and started to tackle the problem arising from the excessive numbers of hawkers and bazaars. The Government formulated a set of regulatory policies to prevent the situation from deteriorating, and it also proceeded with weeding out bazaars in order to make room for development projects.

From the historical perspective, it is understandable for the Government to have adopted such an attitude of gradually phasing out hawkers and bazaars. However, as a common saying goes, "The opposite result will take place if things have developed to the extremes", so after several decades of enforcement operations, together with the lack of the awareness of conserving traditional local culture on the part of the Government, before anyone has realized it, the local hawker and bazaar cultures have nearly been wiped out.

However, Deputy President, fortunately the Government has recently changed its stance on the local culture. In the latest policy address, the Government has stressed the significance of promoting local culture, and it has even specifically mentioned the Open-air Bazaar in Wan Chai, saying that actions will be taken to further beautify it. It is indeed a new policy direction. In fact, hawking and bazaar economic activities have been part of the local history and social culture. On the one hand, such activities witnessed certain ways of living of the people in the early history of Hong Kong, and on the other, they have also revealed the changes in new social phenomena that have taken place in recent years.

Let us take the market in the vicinity of Graham Street as an example. Apart from being a Hong Kong-style market that has evolved for a century, with the emergence of many western-style restaurants and the increasing number of non-Chinese residents in the neighbourhood, it has also witnessed the changes that have taken place as a result of the exchange between Chinese and foreign cultures. Not only does the market provide restaurant services for the people in the neighbourhood, it also attracts tourists from all over the world to pay a visit every day.

Some other examples include the many holiday pedestrian precincts in Causeway Bay. Sometimes on-street book exhibitions are held there, and sometimes some stalls would be set up for selling organic vegetables and fruits there. There are also some young hawkers selling home-made ornaments or handicraft items. It is even more interesting for us to see occasionally some young people putting up self-motivated music and singing performances on the streets. Not only do such performances entertain both the performers themselves and the public, they have also created a harmonious, diversified and happy atmosphere in the urban area.

Therefore, in my opinion, in order to successfully develop diversified hawking and bazaar economic activities, the Government should act with understanding, offer the room for free development, provide suitable community venues and facilities and only exercise the basic supervision of the hygiene and safety conditions. This is the most important principle. As long as we can uphold the principle of active non-intervention, we do not need to worry about which kinds of local cultural items or economic activities we should promote because allowing community characteristics to evolve naturally is the most effective measure, most compatible with the aspirations of the people and best able to identify the latest trends.

Deputy President, I also hope that the Development Bureau and the URA can adopt the "people-oriented" and "district-oriented" principles as the basis in handling and planning for the redevelopment projects of old districts.

With regard to the "people-oriented" principle, the authorities concerned should formulate a highly transparent consultation mechanism and they should confer greater power and offer more opportunities of participation to District Councils and non-government organizations in the districts, so as to grasp fully the aspirations of the people in the districts, and prevent the emergence of conflicts due to misunderstanding of redevelopment arrangements.

With regard to the "district-oriented" principle, the authorities should proceed with overall conservation initiatives and integrate old buildings with new ones in a harmonious manner through proper town planning and suitable revitalization. In this way, we can preserve the original characteristics of the districts on the one hand, and bring in innovative and creative economic elements on the other, so as to achieve the desirable effect of striking a right balance between conservation and development.

Thank you, Deputy President.

DR KWOK KA-KI (in Cantonese): Deputy President, co-incidentally, as we are holding this motion debate today, the Government makes an announcement that the Tai Yuen Street market will be preserved. In fact, this Council held a debate on a similar subject at nearly the same time last year. Some people said that Mr WONG Kwok-hing was "rehashing an old theme", but I do not think so, because this is a fairly important issue.

A year ago, the Star Ferry Pier incident had not happened yet, nor had the Queen's Pier incident. There were not so many people then calling for the preservation of local culture. But there were already voices in the community expressing the aspiration of preserving such culture as on-street hawking and bazaar activities.

I believe Members may have travelled to many different places, and I have the same experience too. We may have strolled in the streets of Taipei of Taiwan. But we would usually stroll in the rather inconspicuous pedestrian walks, we would buy some snacks and we would shop at some petty shops or from hawkers. Strange enough, we have everything conceivable here in Hong Kong, including the International Finance Centre, the MegaBox, as well as shopping arcades that cost tens of million or even hundreds of million dollars to build; yet it appears that all these things have failed to attract many people to stay in Hong Kong. Instead, people would rather spend their money elsewhere. In fact, what is most important for a city is its distinctive characteristics and significant elements — we once possessed them, but they are vanishing one after the other.

People who live in Central may remember our open-air bazaar (Dai Tat Dei). In the past, Dai Tat Dei was a very significant open-air nightclub for the poor people, but it has fallen into oblivion as a result of the implementation of development projects by the Government. As Members may know, we had once tried to build up another Dai Tat Dei in the reclamation area, but it was not a success. The Dragon Market at Wong Tai Sin was another similar but equally unsuccessful attempt.

What makes me disappointed is, apart from the Tai Yuen Street market, the Government, be it the Home Affairs Bureau or the Development Bureau, has failed to formulate a more general and sustainable policy for planning how to revitalize — in terms of planning and the diversified hawking cultures — and to enhance the characteristics of Hong Kong. We have already spent a lot of money. We have spent a whole lot of money on the Disneyland. In future we may inject more capital into the Disneyland, and we may spend several billions dollars on the Ocean Park, and several other billions dollars on building a fish market at Aberdeen in the Southern District of Hong Kong.

I wonder if it has ever occurred to Members that there are existing tourist attractions that many tourists visit every day and they do not cost us a whole lot

of additional money, such as Temple Street, Tung Choi Street, Apliu Street, and so on. These are places that the Government does not need to spend billions of dollars on, and these are places that are very popular among both local residents and tourists. These are places that people find what they call the local culture of Hong Kong, and this is exactly what we do when we visit other places as tourists. Therefore, just as the original motion and the amendments have pointed out, we need to have a new policy.

Just now, colleagues mentioned that hawkers were regarded by people as scourges in the past. Of course, the social environment and government administration in the past cannot be compared to what we have today. We must not argue that given the situation in the past and given what hawkers were like several decades ago, the revival of hawking activities today will certainly cause damages to city outlook or deterioration of the social environment. If that was true, the notion of preserving the Tai Yuen Street market would not have won so much support from Members of this Council. If we use the same yardstick to judge the matter, the Tai Yuen Street market will certainly be less clean and will cause greater environmental impact than the new markets to be built by the Government. But, why do Members of this Council, members of the District Council and local residents fight so hard to protect the market? It is all because the market is special and unique, that it is irreplaceable, even though there are modern or better management frameworks.

Therefore, as the original motion has pointed out, the idea does not only refer to cooked food stalls, or "dai pai dongs", as we call them. It includes designated zones for street art performances, arts fairs, dawn markets and marketplaces for organic agricultural produces, and so on. All these are important. Is it true that the Government is unable to do this? Of course not.

There are ample vacant areas along the waterfront of Central, Kennedy Town and North Point, but nobody would go to these places at night. In fact, the most important point is: What will attract people to go to these places? Nothing. These are quiet and deserted zones. I believe if we could adopt a new perspective, for example, if we allow some minor and different mixes of artists and hawkers to engage in activities in different manners, together with some government planning and management, there are potentials in these places. Not only will this help revitalize our community, it will also provide a way out for middle-aged people or the unemployed who have difficulties in finding jobs.

Maybe the stock market is so "robust" these days that there is no need for this, because people can make money simply by subscribing to new issues of shares. However, this robustness is not long-lasting, and it could be short-lived. If we do not seize this opportunity to re-examine policies which can revitalize different districts, we will be wasting the chance.

The new Government has put forward a lot of new ideas, and we may also look at the matter from new perspectives. In the 1970s, we stopped issuing licences to fixed pitch and itinerant hawkers or even "dai pai dong" licences, but then marked changes have taken place if we compare Hong Kong in the year 2000 to that in the 1970s. Our management culture and the people who want to engage in hawking activities are different from what they were 30 years ago, when the society was laden with refugees. As such, we should be able to discard the old thinking, carry out new planning, and give new opportunity to new projects.

Many new development areas will be completed one after the other, including recreational areas in the West Kowloon Development District, East Kowloon and Tamar, and so on. There is ample room for us to try out these new planning and cultural initiatives. However, if the Government, such as the Food and Environmental Hygiene Department and the Leisure and Cultural Services Department continue to stick to their old rut and conduct planning in such a way that streets are deserted and equipped only with concrete slabs and empty benches, they are not going to offer us much help. Therefore, I very much hope to hear that the Government will soon announce some innovative and fully consistent policies that will carry out the initiatives proposed in the original motion and the amendments that call for revitalization.

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

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

MR ALAN LEONG (in Cantonese): At the meeting of the Legislative Council Subcommittee on Heritage Conservation yesterday, the Secretary for Development said that the open-air bazaar at Tai Yuen Street and Cross Street will be preserved to allow continued operation of the 150 licensed fixed pitch hawker stalls. Like other colleagues, I welcome this.

In fact, if government officials can pay more careful attention, it is not difficult for them to find out the immensity of the creativity of our community. Recently, we have seen that a group of people who are concerned about the development of marketplaces in Hong Kong had, in another community where redevelopment works will commence soon, namely, Graham Street in Central, organized the "Graham Street Market Festival". It was reported in the press that two university students in the school of design had specially designed for themselves a "hawker-stall" outfit, with big light bulbs hanging on their heads and large green boxes and a canvas canopy on their back, in order to promote the cultural values of hawkers and bazaars. Deputy President, their lecturer in university pointed out that to foreign tourists, the local marketplace culture is unique and so, it is indeed worthy of our cherishing and preservation.

Following repeated calls from community organizations in recent years, there have been significant changes in the concept of urban renewal in the community. Urban renewal should not only mean demolishing the old districts and replacing them by magnificent luxurious districts. In the old districts there are not only the buildings, but also the residents and shops, as well as the humanistic and commercial network made up by them. All these have added up to form an established, intricate and diversified way of living in the old districts. Community involvement is essential in the process of urban renewal, and the valuable features of the locality should be carefully preserved. It should not be settled simply by the imagination or design of planning officials from top to bottom.

Deputy President, in fact, in the minds of many officials charged with these responsibilities, on-street culture and hawking activities may often mean the lack of order and hygiene and must therefore be removed in the course of transformation into new districts. This is just the unilateral thinking of the manager or law enforcer who always neglects the origin of the development of diversified hawking and bazaar economic activities and the deeper role and meaning of diversified hawking in the development of the native culture.

I would like to elaborate this point by using the history of Yue Man Square in Kwun Tong as an example. Deputy President, this old locality in Kwun Tong started to develop as early as in the late 1950s, and had at one point become

a hot spot for spending among grassroots both inside and outside the district, where a great variety of cooked food stalls and stalls selling clothing and jeans at bargain prices could be found. It was popular not only among residents of Kwun Tong. Even residents of Tsz Wan Shan, Sau Mau Ping and as far away as Lam Tin would go there for spending. The hustle and bustle of it was absolutely comparable to that of the Women's Street or other marketplaces.

In fact, Deputy President, the removal of these localities, as intended by government officials, is unnecessary, as there have been changes in the aspirations of community organizations. It is a pity that these marketplaces like Yue Man Square, which had their glorious days, are destined to such a grim end as they gradually faded out in the course of redevelopment. I hope that this will not happen again. In fact, if the Government is willing to make genuine commitment to planning in the redevelopment of old districts and preserve marketplaces with local characteristics as well as the features of community economy, the old districts will be able to rekindle their dynamics and prosper further.

Yesterday, we learned that the Government would make commitment for the preservation of the Wan Chai market and bazaars. We certainly hope that the Government can adopt the same attitude towards other old districts not mentioned in the policy address and heed the genuine needs of the residents and shops.

Finally, Deputy President, I would like to make a few more comments on the point about resuming licensing of hawkers. I very much support this proposal. We must understand that the prerequisite of this proposal is that it is only after a comprehensive review of all the considerations that licensing of hawkers should be resumed as a means to further revitalize on-street economy and diversified economic activities in remote new towns. Therefore, on this premise and basis of discussion, I think hawking on the Peak absolutely would not occur. To conduct a more in-depth review, we can first collate the relevant resources and data to obtain a full picture of the distribution of marketplaces in all districts of the territory, their operating hours, the area of the markets, the number and location of stalls, and so on, before giving consideration to resuming licensing of hawkers. This, I think, is entirely appropriate. Besides, the concerns raised by the Secretary and Members earlier can also be addressed in the review.

The role played by hawkers in the robust development of the local culture and in resolving the problem of employment especially in the remote areas cannot be neglected. Therefore, I hope that colleagues in this Council can carefully consider and support the proposal of resuming licensing of hawkers after the review. Thank you, Deputy President.

MRS SELINA CHOW (in Cantonese): Deputy President, in the 1980s I was an appointed member of the Urban Council and so, I know very well that Elsie ELLIOTT had worked very hard in the Urban Council to study with the Urban Services Department how on-street hawkers could be relocated to markets. At that time, the public held the view that for safety, health and traffic reasons, we should have a clear policy to relocate hawkers away from the street, and that was very clear.

That was two to three decades ago, and today, things have changed with the passage of time. We think that nostalgia is the prevailing trend and so, people tend to indulge in reminiscences of the past. The Women's Street, Li Yuen Street East, Li Yuen Street West or Tai Yuen Street in Hong Kong are actually places where both locals and overseas visitors very much like to go for shopping. Besides, the few remaining roadside "tai pai dongs" are also very popular and attractive.

In neighbouring countries, such as Singapore, the hawker policy is very successful. Why can it be so successful in other places which claimed to be international metropolis but not in Hong Kong? Let us look back and think. Although the relocation of hawkers to markets is a justified option supported by the public, it warrants reconsideration now as things have changed with the passage of time.

In this connection, we very much support the motion proposed by Mr WONG Kwok-hing today. We think that it is a timely proposal. It is our wish that the Government can conduct a review again to find out what kind of new mentality we should adopt, so that we can bring to our city outlook anew this hawking culture after 30 years of progress on the premise that this will not pose safety, hygiene or traffic problems.

We will absolutely throw great weight behind this direction. Studies in this respect are very necessary because we cannot underestimate the complexity

of the so-called hawker policy. For what reasons did we consider it necessary to remove on-street hawkers at that time? It was actually in response to the calls of the public and shops back then. We can actually look at this issue from many different angles. In a phone-in radio programme this morning, I heard that public views are still very different on resuming licensing of hawkers, and they do not quite agree to it. But it does not mean that they do not support a hawker policy in Hong Kong. They very much agree with such a policy, just that when it comes to the policy on hawkers and resuming licensing of hawkers, they are reminded of the various scenes that they used to face, scenes that they do not wish to see again. So, we must prevent the same situation from happening again.

I hope Members can think about this: How would we like hawkers to operate now? Personally, I think we actually do not wish to see them occupying the streets as they did before and their occupation of the street gradually developing into a local cultural characteristic. We do not wish to see this happen. We hope that they can operate in an orderly manner and with proper management, and we hope that there is order in terms of hygiene, safety and traffic and that hawkers can give play to their characteristics in an orderly manner. This is very important.

Last week, we discussed Tin Shui Wai, and to residents of Tin Shui Wai, hawking is a good option compared to monopolization by large consortiums. Providing the space for hawkers to stay and operate can be an arrangement welcomed by the residents. So, when we are discussing the formulation of a hawker policy, we must conduct in-depth studies and review.

In the meantime, we must learn the past lessons. What lessons? Lessons from the experience of the Dragon Market, the Poor Men's Nightclub, the Arts Fair in Tsim Sha Tsui, and so on. The Government and the community have tried to enliven these places, but the result has not been very effective. We must think about this: Why are these initiatives still unsuccessful despite that space is provided? Why is it that even the hawkers think that these places seem to be not serving the intended purpose at all? We have to prevent these from happening.

Another problem is that under the hawker policy in the past, licences were issued to hawkers on a personal basis and this had led to a big problem. Some people leased their licence to others; and in some cases, the operation was made

hereditary in that the licence was passed onto the next generation. The Government subsequently said that the licence cannot be passed onto the next generation and the licence was valid for operation only in the licensee's generation. These are the problems resulted, and if licences will be issued on a personal basis, these problems are bound to arise. Such being the case, we may have to consider whether such personal licence is unnecessary. It might be better for the Government to provide the venues and then take up the management work of the venues to protect public interest, and hawkers can tender for these venues within these parameters. This can prevent the situation where an individual person with a licence would never be willing to surrender the licence.

I very much agree with Mr WONG Kwok-hing's motion in many aspects. That is, in-depth studies and review are warranted and a new mindset should be adopted, rather than sticking to the old rut. What Mr Alan LEONG said earlier in his speech seems to be different from the wording of their amendment. According to the wording of their amendment, they agree that Mr WONG Kwok-hing's proposal to conduct a review is correct but the wording "and resume licensing for hawkers" is also added. The words "and resume licensing for hawkers" are written very clearly here. In other words, they proposed that the licensing of hawkers be resumed now and this, we cannot support.

Thank you, Deputy President.

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

(No other Member indicated a wish to speak)

DEPUTY PRESIDENT (in Cantonese): If not, Mr WONG Kwok-hing, you may now speak on the two amendments and you have up to five minutes to speak.

MR WONG KWOK-HING (in Cantonese): Deputy President, I am grateful to the 11 Members who have spoken in support of the direction of my motion, although some Members hold different views on some of the amendments.

With regard to the amendments proposed by Mr Vincent FANG and Ms Audrey EU, I welcome and support them insofar as the direction is concerned, as they have further improved and supplemented my original motion and also included some new proposals in it.

I have listened very carefully to the views expressed by the 10-odd Members who have spoken. The greatest argument lies in the question of resuming licensing of hawkers proposed in Ms Audrey EU's amendment. On this point, I think we have to look at it from an accommodating perspective and in context, and also from the speech on the amendment and the speeches made by Members of the Civic Party. In fact, in the entire motion debate, restraints are already imposed in the front part and at the back. We can use a colloquial analogy to describe this and that is, it is like hanging oneself but with one's buttocks safely fixed in a position, which means that nothing grave will happen. It is because in my original motion, there is the prerequisite of conducting a review and then item (g) towards the end mentions that co-operation with various District Councils is required. With the prerequisite in front and the straitjacket at the back, any new proposal or proposal made after the review concerning a diversified hawker policy or the operation of bazaars will certainly strike a balance among the interests of all sides in response to the views from all parties concerned and hence achieve a win-win situation.

So, from this angle, I hope that Members will support both my original motion and the two amendments.

Thank you, Deputy President.

SECRETARY FOR HOME AFFAIRS (in Cantonese): Deputy President, Hong Kong is a highly urbanized place and if it is hoped that a form of development of bazaars is used to achieve the goal of fully utilizing human and land resources, the prerequisite is that the land factor must be considered and work done to co-ordinate and balance the interests of various parties, and a fair and open business environment is upheld.

To illustrate, the "dai pai dong" or curbside cooked food stalls have indeed a long history of existence in Hong Kong and the traditional food culture that they embody is part of the local characteristics. However, there are people who complain that these cooked food stalls produce environmental nuisances.

(THE PRESIDENT assumed the Chair)

Due to constraints in the environment in which these curbside cooked food stalls operate, most of them do not have any sound hygiene facilities such as toilets or sewage drains. They prepare and cook food in almost open-air conditions and this accounts for the various types of environmental nuisances produced, including excessive noise, pollution caused by cooking oil and fumes, clogging of underground pipes by the greasy sewage and obstruction to cars and pedestrians. Therefore, the SAR Government has acted in response to public opinion and gradually reduced the number of curbside cooked food stalls. Although such cooked food stalls now only number 28, over the past three years the Food and Environmental Hygiene Department (FEHD) has received no less than 299 complaints about environmental nuisance and food hygiene problems concerning these curbside cooked food stalls. Many residents and members of District Councils (DCs) have requested the Administration to resite these curbside cooked food stalls in their districts. So when we try to retain this kind of "dai pai dong", there is really a need to remove their negative impact first.

At this time and age, to develop a new form of bazaar economy, we must be careful not to repeat the same practice as used in the past century. If we want to attract patrons and form a bazaar in a certain location, we have to rely on the unique characteristics and attractions of the relevant commercial activities there. Ever since 2002, with efforts made by the Home Affairs Department and various District Councils (DCs), a number of trials have been made and we are pleased to say that some achievements have been made. An example is the Sheung Wan Promenade and this is the sixth time it is organized. As many as half a million people have visited the Sheung Wan Promenade and it is now a big annual event for the Sheung Wan district. Other examples are the Hong Kong Computer Festival in Sham Shui Po, the Book Festival in Wan Chai, the Jewellery and Goldsmith Square in Tsuen Wan, and FARM Youth Culture and Innovation Bazaar at the Victoria Park. These have all been well-received.

There are indeed some traditional marketplaces in Hong Kong which have potentials for revitalization. One such example is the old market in Sai Kung. The Hong Kong Housing Society is working together with the Sai Kung DC in carrying out an urban revitalization scheme in Sai Kung with the aim of preserving the historical and cultural characteristics of the Sai Kung old market while improvement is being made to the environment of the district and raising

the living standards of residents in the old market. This will hopefully turn the Sai Kung old market into a key attraction for cultural tourism in Sai Kung and assist in the sustainable development of the old market with shops of distinctive characteristics. Another example is Tung Chung on Lantau Island. In the Tung Chung old market not very far from Yat Tung Estate, many visitors are attracted to taste the specialty dishes there. It has certainly good potentials for revitalization.

In the long run, if bazaars and marketplaces are to maintain their vitality, they must be powered by innovation. Innovation is closely linked with culture and the arts. Since September 2007, we have launched a series of public engagement initiatives in respect of the West Kowloon Cultural District and many views have been put forward to suggest that culture and the arts should be enhanced at the community level. This is a conviction we share and we hope that DCs and district arts and culture groups may make full use of the existing and additional resources in the DCs to promote local and district-based culture in their districts. They should encourage local innovative thinking, enrich the cultural life of the communities and inject new life into the local economy. The District Officers will work in partnership with the DCs to this end. Also, the district offices of the Leisure and Cultural Services Department will do their best to provide performance opportunities to local artistes and performing troupes in the outdoor venues under their management. They will also co-operate with the DCs in respect of venue choice, performance timeslots, and so on. All these efforts are expected to shape an ethos in society conducive to the formation and development of the kind of bazaar like the arts fairs as mentioned by Members earlier.

As for the many other suggestions made by Members, I would relay them to the relevant Directors of Bureau and their colleagues for consideration. With the recovery of our economy, as market forces come into play and dedicated efforts made by people striving to start up a business of their own, I believe our domestic economy will be imbued with renewed energy and impetus and it will flourish in a diversified manner.

Madam President, I so submit.

PRESIDENT (in Cantonese): I now call upon Mr Vincent FANG to move his amendment to the motion.

MR VINCENT FANG (in Cantonese): President, I move that Mr WONG Kwok-hing's motion be amended.

Mr Vincent FANG moved the following amendment: (Translation)

"To add "as open-air bazaars not only feature local characteristics, which are one of Hong Kong's tourist attractions, their operations are also diversified and have a low threshold of entry, hence conducive to encouraging start-up businesses, and" after "That,"; to add "and revitalize" after "(a) preserve"; to delete "assist in" after "native characteristics, and" and substitute with "launch beautification works, enhance management and promotion, so as to foster the viability and promote"; to add ", and handle licence renewal applications with flexibility" after "licensing and management"; and to delete "objective of" after "to tie in with the" and substitute with "objectives of increasing employment,"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Vincent FANG to Mr WONG Kwok-hing's motion, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Ms Audrey EU, as Mr Vincent FANG's amendment has been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. When you move your revised amendment, you have up to three minutes to explain the revised terms in your amendment, but you may not repeat what you have already covered in your earlier speech. You may now move your revised amendment.

MS AUDREY EU (in Cantonese): President, I move that Mr WONG Kwok-hing's motion as amended by Mr Vincent FANG, be further amended by my revised amendment.

President, in my original amendment, the words "resume licensing for hawkers" were placed after "a comprehensive review on the policies for hawker licensing and management". But as Mr Vincent FANG's amendment has been passed, the inclusion of some of the words may hamper the smooth reading of the motion. Therefore, the changes that I am proposing now mainly serve to change the order of the words, so as to improve the fluency. No changes have been made to the contents. So, due to the inclusion of some words by Mr Vincent FANG, the words "resume licensing for hawkers", which were originally placed in item (g), are now moved to item (k). Besides, many of the changes are purely textual in nature.

As Mr WONG Kwok-hing pointed out in his response, the major argument about "resuming licensing for hawkers" is primarily confined by a pre-requisite, that is, a comprehensive review must be conducted first. The proposal is "besieged" in front and "hemmed in" from behind, as described by WONG Kwok-hing. Because it is then stated very clearly that the consent of all District Council members is required for implementing the proposal. I hope that colleagues, after listening to my explanation and Mr WONG Kwok-hing's speech earlier on, will support this amendment. Thank you, President.

Ms Audrey EU moved the following further amendment to the motion as amended by Mr Vincent FANG: (Translation)

"To add "assist in the sustainable development of bazaars, particularly those under the threat of urban renewal; (h) commend bazaars and

marketplaces with creativity in various districts and promote them to overseas tourists; (i) relax street control and management, remove unnecessary regulations and restrictions, designate permitted areas for street art performance, and reduce intervention by law enforcement officers in street art activities in such areas; (j) designate permitted areas for dawn markets and night markets, and provide regular cleaning service, traffic control, electricity supply and storage space; (k) resume licensing for hawkers; and (l)" after "(g)". "

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Ms Audrey EU's amendment to Mr WONG Kwok-hing's motion as amended by Mr Vincent FANG, 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 raise their hands)

Mr Tommy CHEUNG rose to claim a division.

PRESIDENT (in Cantonese): Mr Tommy CHEUNG has claimed a division. The division bell will ring for three minutes, after which the division will start.

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, Mr WONG Kwok-hing, Dr Joseph LEE, Dr KWOK Ka-ki, Dr Fernando CHEUNG and Mr KWONG Chi-kin voted for the amendment.

Mr Bernard CHAN, Dr Philip WONG, Mr WONG Yung-kan, Mr LAU Wong-fat, Ms Miriam LAU, Mr Abraham SHEK, Mr Tommy CHEUNG, Mr Vincent FANG, Mr Daniel LAM, Mr Jeffrey LAM and Mr Andrew LEUNG voted against the amendment.

Dr Raymond HO, Mr CHEUNG Man-kwong, Mr SIN Chung-kai, Mr Timothy FOK and Prof Patrick LAU abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Miss CHAN Yuen-han, Mr LEUNG Yiu-chung, Mr Frederick FUNG, Ms Audrey EU, Mr Alan LEONG and Mr Ronny TONG voted for the amendment.

Mrs Selina CHOW and Mr Jasper TSANG voted against the amendment.

Mr Albert HO, Mr Martin LEE, Mr Fred LI, Mr James TO, Mr CHAN Kam-lam, Dr YEUNG Sum, Mr LAU Kong-wah, Miss CHOY So-yuk and Mr TAM Yiu-chung abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 23 were present, seven were in favour of the amendment, 11 against it and five abstained; while among the Members returned by geographical constituencies through direct elections, 19 were present, seven were in favour of

the amendment, two against it and nine abstained. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr WONG Kwok-hing, you may now reply and you have two minutes 50 seconds.

MR WONG KWOK-HING (in Cantonese): Madam President, I have to thank the 10-odd Members very much for speaking in this motion debate today. I also thank the Secretary for giving a positive response on behalf of the Government.

To the elderly man who was drowned in Tin Shui Wai a year ago, I think this motion debate may give him a bit of comfort, if he can hear us in Heaven. To Mr PANG Tung-ni who was seriously injured and went into a coma after being knocked down by a car when he was chased by law-enforcement officers a year ago (Members, he has awakened and is making recovery gradually), I think this motion can perhaps explain things out a bit for Mr PANG if he is watching the live broadcast of this discussion tonight on television.

With regard to the most important theme of my motion, and that is, the call for a comprehensive review by the Government on a diversified hawking policy and bazaar activities, the Secretary has given us a very positive response. He has adopted an open attitude, and he also gave a positive response on the timetable and roadmap of the review. I very much hope that the government-led review will be thorough and extensive while allowing full participation of the relevant sectors. Madam President, what is most needed at this point in time? I hope the Government can provide a platform for their participation, rather than just conducting a one-off review.

Madam President, in the remaining one minute or so, I have to make an appeal again. Regarding the licence for ice-cream vendors thanks to which our Secretary for Justice was brought up, 20 days later the total number of this licence will be reduced by three. Madam President, it means that only 27 licences will be left by then. If actions will be taken to save these licences only when the Government has conducted the comprehensive review, I think these licences will be driven into extinction next year. I hope that Secretary TSANG Tak-sing can hear my appeal and take rescue actions as soon as possible, as soon

as possible, as soon as possible, rather than taking actions only when the comprehensive review has been conducted. Otherwise, hawkers selling ice cream and popsicles will vanish in Hong Kong and by then, what remains would only be memory and memory.

Thank you, Madam President. I hope Members will support my motion.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr WONG Kwok-hing, as amended by Mr Vincent FANG, 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 the motion as amended passed.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11:00 am on Wednesday, 21 November 2007.

Adjourned accordingly at three minutes to Eight o'clock.

Annex I

ATTACHMENT OF INCOME ORDER (APPLICATION TO GOVERNMENT AND MISCELLANEOUS AMENDMENTS) BILL 2007

COMMITTEE STAGE

Amendments to be moved by the Secretary for Home Affairs

<u>Clause</u>	<u>Amendment Proposed</u>
3(1)	<p>By adding before the proposed definition of “income source” –</p> <p>““Amendment Ordinance” (《修訂條例》) means the Attachment of Income Order (Application to Government and Miscellaneous Amendments) Ordinance 2007 (of 2007);”.</p>
3(6)	<p>By deleting the proposed section 20(9) and (10) and substituting –</p> <p>“(9) Any attachment order –</p> <p>(a) made by the court before the commencement date of the Amendment Ordinance in respect of the wages or salary payable to a maintenance payer by the Government; and</p> <p>(b) which has not been discharged or declared invalid by the court as at that commencement date,</p> <p>has effect from that commencement date as if it were made under subsection (1) as read with subsection (3A).</p> <p>(10) An application –</p> <p>(a) for an attachment order in respect of the wages or salary payable to a maintenance payer by the Government;</p> <p>(b) that is pending immediately before the</p>

commencement date of the Amendment Ordinance; and

- (c) in which an attachment order has not been made as at that commencement date,

is to be determined in accordance with this section as amended by the Amendment Ordinance.”.

5(1) By adding before the proposed definition of “income source” –

““Amendment Ordinance” (《修訂條例》) means the Attachment of Income Order (Application to Government and Miscellaneous Amendments) Ordinance 2007 (of 2007);”.

5(6) By deleting the proposed section 9A(9) and (10) and substituting –

“(9) Any attachment order –

- (a) made by the court before the commencement date of the Amendment Ordinance in respect of the wages or salary payable to a maintenance payer by the Government; and

- (b) which has not been discharged or declared invalid by the court as at that commencement date,

has effect from that commencement date as if it were made under subsection (1) as read with subsection (3A).

(10) An application –

- (a) for an attachment order in respect of the wages or salary payable to a maintenance payer by the Government;

- (b) that is pending immediately before the commencement date of the Amendment Ordinance; and

- (c) in which an attachment order has not been

made as at that commencement date,
is to be determined in accordance with this section as amended
by the Amendment Ordinance.”.

7(1) By adding before the proposed definition of “income source” –
““Amendment Ordinance” (《修訂條例》) means the Attachment
of Income Order (Application to Government and
Miscellaneous Amendments) Ordinance 2007 (of
2007);”.

7(6) By deleting the proposed section 28(9) and (10) and substituting –
“(9) Any attachment order –
(a) made by the court before the
commencement date of the Amendment
Ordinance in respect of the wages or salary
payable to a maintenance payer by the
Government; and
(b) which has not been discharged or declared
invalid by the court as at that
commencement date,
has effect from that commencement date as if it were made
under subsection (1) as read with subsection (3A).
(10) An application –
(a) for an attachment order in respect of the
wages or salary payable to a maintenance
payer by the Government;
(b) that is pending immediately before the
commencement date of the Amendment
Ordinance; and
(c) in which an attachment order has not been
made as at that commencement date,
is to be determined in accordance with this section as amended
by the Amendment Ordinance.”.

Appendix I**WRITTEN ANSWER****Written answer by the Secretary for Financial Services and the Treasury to Mr James TIEN's supplementary question to Question 1**

As regards the differences in the required number of licensing procedures and time between building a multi-storey warehouse and the business case of building a two-storey warehouse in the World Bank report (the Report) in Hong Kong, the licensing procedures and time required for a new building including a warehouse could vary with different development parameters, such as the size of the construction site, interference with adjacent public roads or Government land, provisions for parking, loading and unloading, and so on. Assuming that all other assumptions except the number of storeys involved remain unchanged, the Administration will require one additional procedure and one additional day for inspecting the piled foundation works for a multi-storey building, as compared with a two-storey building.

As explained at the meeting, the results in the Report are different from the Administration's own account of the number of procedures and time required, which in practice are much smaller. In fact, the 23 procedures and 155 days quoted in the Report have included the additional procedure and time that are required only for a multi-storey warehouse.

Above all, it is worth noting that the construction sector's direct contribution to the Gross Domestic Product is only about 4% in Hong Kong. The use of a business case of building a warehouse, no matter it is a two-storey or multi-storey warehouse, cannot truly reflect the ease of dealing with licences in Hong Kong.

Appendix II**WRITTEN ANSWER****Written answer by the Secretary for Commerce and Economic Development to Mr Jeffrey LAM's supplementary question to Question 2**

As regards how the police safeguard freedom of creativity when enforcing the law, and how we should educate the public for them to avoid breaking the law while engaging in creative work, the Security Bureau's response is as follows:

As a law-enforcement agency, the police are obliged to take enforcement actions in a fair and impartial manner in accordance with the laws of Hong Kong. It is the responsibility of the police to uphold the rule of law, to maintain social order and to safeguard and protect the life and property of Hong Kong citizens. If there is evidence suggesting that someone may have breached the law, the police will make investigation and collect evidence so as to enable the Department of Justice to consider whether prosecution should be initiated. The Government respects the freedom of creativity, but this should not be achieved in contravention of the law. If members of the public have any uncertainty, they should seek legal advice before carrying out the creative activities concerned in order to avoid breaking the laws of Hong Kong. As regards public education, it is a general practice of the police to select representative cases of crimes which are on a rising trend and to make them known to the community through various appropriate channels (such as press releases or the "Police Report" programme) in order to enhance community awareness about such crimes so that the law will not be infringed, and this would help to achieve the objective of crime prevention.

Appendix III**WRITTEN ANSWER****Written answer by the Secretary for Commerce and Economic Development to Mr Alan LEONG's supplementary question to Question 2**

As regards whether the Government has evaluated the case whereby the police seized some T-shirts and postcards from a store selling household items, and whether the police has abused its power in the case, the Security Bureau's response is as follows:

The police have always enforced the law in a fair and impartial manner in accordance with the laws of Hong Kong. If there is evidence suggesting that a person/company may have breached the law, the police will conduct investigation and collect evidence. Regarding the incident in question, the police carried out arrest and search operation as they suspected that an individual/company had contravened section 20(2) of the Societies Ordinance. In dealing with the case, the police have carried out their duties in accordance with the law and there is no question of abuse.

Appendix IV**WRITTEN ANSWER****Written answer by the Secretary for Security to Miss CHOY So-yuk's supplementary question to Question 6**

The Correctional Services Department provides medical services to inmates in accordance with relevant provisions of the Prisons Ordinance (Cap. 234). In general, basic medical and surgical services are provided to all inmates free of charge. However, in respect of medical items/drugs which should be self-financed by patients, the Department would not pay for them on behalf of inmates (local inmates and illegal entrants inclusive). In cases where the need to use such medical items/drugs is established by clinical diagnosis, they will be referred to the medical social workers in hospitals under the Hospital Authority, who will apply for suitable financial assistance for the needy inmates based on the individual merits of each case.