

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 4 February 2009

The Council met at Eleven o'clock

MEMBERS PRESENT:

THE PRESIDENT

THE HONOURABLE JASPER TSANG YOK-SING, 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

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 MARGARET NG

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

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

THE HONOURABLE LEUNG YIU-CHUNG

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

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

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

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

DR THE HONOURABLE JOSEPH LEE KOK-LONG, 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 LEUNG KWOK-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 KAM NAI-WAI, M.H.

THE HONOURABLE CYD HO SAU-LAN

THE HONOURABLE STARRY LEE WAI-KING

DR THE HONOURABLE LAM TAI-FAI, B.B.S., J.P.

THE HONOURABLE PAUL CHAN MO-PO, M.H., J.P.

THE HONOURABLE CHAN KIN-POR, J.P.

DR THE HONOURABLE PRISCILLA LEUNG MEI-FUN

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE CHEUNG KWOK-CHE

THE HONOURABLE WONG KWOK-KIN, B.B.S.

THE HONOURABLE WONG YUK-MAN

THE HONOURABLE IP WAI-MING, M.H.

THE HONOURABLE IP KWOK-HIM, G.B.S., J.P.

THE HONOURABLE MRS REGINA IP LAU SUK-YEE, G.B.S., J.P.

DR THE HONOURABLE PAN PEY-CHYOU

THE HONOURABLE PAUL TSE WAI-CHUN

DR THE HONOURABLE SAMSON TAM WAI-HO, J.P.

MEMBERS ABSENT:

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

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

THE HONOURABLE CHAN HAK-KAN

THE HONOURABLE TANYA CHAN

THE HONOURABLE WONG SING-CHI

PUBLIC OFFICERS ATTENDING:

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

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

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

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

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

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

PROF THE HONOURABLE K C CHAN, S.B.S., J.P.
SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

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

THE HONOURABLE MRS RITA LAU NG WAI-LAN, J.P.
SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT

CLERKS IN ATTENDANCE:

MS PAULINE NG MAN-WAH, SECRETARY GENERAL

MRS VIVIAN KAM NG LAI-MAN, ASSISTANT SECRETARY GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

PRESIDENT (in Cantonese): Today is the Beginning of Spring, a day on which we will really ring out the Year of the Rat and ring in the Year of the Ox. I wish all of you good health and happiness at work.

TABLING OF PAPERS

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

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
Road Traffic (Public Service Vehicles) (Amendment) Regulation 2009	9/2009
Public Health and Municipal Services (Setting Aside Places for Use as Public Pleasure Grounds) Order 2009	10/2009
Public Health and Municipal Services Ordinance (Amendment of Fourth Schedule) Order 2009	11/2009
Ferry Services (The "Star" Ferry Company, Limited) (Determination of Fares) (Amendment) Order 2009	12/2009
Import and Export (General) Regulations (Amendment of Seventh Schedule) Notice 2009	13/2009
Antibiotics (Amendment) Regulation 2009	14/2009
Dangerous Drugs Ordinance (Amendment of Second Schedule) Order 2009	15/2009
Hong Kong Court of Final Appeal Fees (Amendment) Rules 2009.....	16/2009

District Court Civil Procedure (Fees) (Amendment) Rules 2009	17/2009
Civil Justice (Miscellaneous Amendments) Ordinance 2008 (Commencement) Notice.....	18/2009
Tax Reserve Certificates (Rate of Interest) (No. 2) Notice 2009.....	19/2009

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. Question time normally does not exceed one and a half hours. After a Member has asked a main question and the relevant official has given reply, the Member who asks a question has priority to ask the first supplementary question. Other Members who wish to ask supplementary questions will please indicate their wish by pressing the 'Request to speak' button and wait for their turn.

Members can raise only one question in asking supplementary questions. Supplementary questions should be as concise as possible so that more Members may ask supplementaries. Members should not make arguments when asking supplementaries.

PRESIDENT (in Cantonese): First question.

Salary Adjustment Arrangements for Staff in Subvented NGOs

1. **MR CHEUNG KWOK-CHE** (in Cantonese): *In line with the mechanism stipulated in the Lump Sum Grant Manual, the Social Welfare Department (SWD) allocated, in accordance with the 2008-2009 civil service pay adjustment rates, supplementary subvention to subvented non-governmental organizations (NGOs) in September last year, and informed the NGOs concerned that the allocation aimed to be spent on adjusting the pay of their staff. In this connection, will the Government inform this Council whether:*

- (a) *it knows the respective numbers of NGOs which have not adjusted the pay of their staff in accordance with the relevant rates of pay adjustment for the civil servants of comparable ranks, NGOs which have not applied the pay adjustments retrospectively from 1 April last year, and NGOs which have not offered back pay to former staff who left the service after 1 April last year in respect of the period between 1 April and the end of the employment; and*
- (b) *it will request those NGOs not having adjusted the pay of their staff in accordance with the rates of pay adjustments for the Civil Service to return the balance of the allocation; if it will, of the details; if not, whether there is any measure to penalize such organizations; if there is not, of the reasons for that?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, since the introduction of the Lump Sum Grant (LSG) Subvention System, the salaries of staff in subvented non-governmental organizations (NGOs) have been separated from the civil service pay system. Many NGOs have also devised their own pay policies. While the LSG will be adjusted annually with reference to a number of factors stipulated in the LSG Manual, including the civil service pay adjustment, NGOs have the flexibility to deploy their LSG in accordance with the funding and service agreements.

Although the Administration has informed the NGOs that the supplementary subvention allocated as a result of the 2008-2009 civil service pay adjustment is expected to be spent on adjusting the pay of their staff, as a matter of principle the Government is generally not involved in the determination of the salary adjustment of staff working in subvented organizations. The pay for these staff is a matter between the organizations as employers and their employees. This principle was clearly spelt out in the Administration's submissions to the Finance Committee (ref. FCR(2007-08)27 and FCR(2008-09)37) when members were invited to approve, among other things, additional subvention to NGOs as a result of the 2007-2008 and 2008-2009 civil service pay adjustments.

My reply to the Mr CHEUNG Kwok-che's question is as follows:

- (a) With reference to the 2008-2009 civil service pay adjustment, the Social Welfare Department (SWD) adjusted the LSG of 162 NGOs

in the same year. As the NGOs are not required to provide the details of their staff remuneration to the SWD, the SWD does not have the information requested at part (a) of the question.

- (b) As explained above, the Government is generally not involved in, and will not interfere with, the pay adjustment of staff working in subvented organizations. Pay adjustment for these staff is subject to the organizations' human resource policies as endorsed by their governing boards and the terms and conditions stipulated in the employment agreements/contracts of the staff concerned. The interests of staff in subvented organizations, as those of all employees in Hong Kong, are protected by the relevant legislation. The SWD will ensure that the LSG is only spent on recognized activities.

MR CHEUNG KWOK-CHE (in Cantonese): *President, I asked this question mainly because I was told by the staff of some NGOs that certain NGOs had not provided a full pay rise to their staff and some had not applied the pay adjustments to their former staff retrospectively from 1 April. If this is the case, we should have a reasonable demand because the funding to the SWD approved by us in this Council is for allocation to the NGOs. As we understand it, the funding is to be spent on adjusting the pay of their staff. If the NGOs are given the flexibility to deal with the funding and do not offer back pay to their staff, is this amount to misuse of public money as their staff are actually not benefited? Besides, where has the funding for these organizations gone? If the aim of the funding is to use it as part of the pay adjustments but the organizations have not given a full pay rise or have not given any pay rise at all to their staff, then should the Legislative Council not monitor the use of public money? May I ask the Government how the use of public money should be dealt with?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): *President, I thank Mr CHEUNG for his supplementary question. In fact, we exchanged our views on this issue thoroughly at the meeting of the Panel on Welfare Services on 12 January and the Government also expounded its stance. First of all, let me emphasize that in the two submissions to the Finance Committee for seeking approval over the past two years, it has been clearly stated that the NGOs are given autonomy. The NGOs have formulated their own human resource*

policies. Moreover, this is not limited to social welfare organizations. Other NGOs such as publicly-funded tertiary institutions and the Hospital Authority are also included. They have adopted the same practice in handling the funding, that is, they are given autonomy and flexibility.

The principle which is in line with the LSG Subvention System and the philosophy behind is that the NGOs' management has the flexibility to deal with matters related to human resources and governance, provided that the LSG Manual and terms and conditions of the funding and service agreements are adhered to. Crystal clear standards have been laid down in this regard. Concerning Member's question just now, it was clear that there was consensus on the NGOs' flexibility when approval from the Finance Committee was sought at that time. Upon the SWD's allocation of funding to the NGOs, we have urged the NGOs to spend the funding on the pay of their staff. We have given a very clear explanation in this regard.

MR LEE CHEUK-YAN (in Cantonese): *The Secretary just now mentioned the meeting of the Panel on Welfare Services on 12 January. According to the relevant paper at that time, the social welfare organizations had lined their pockets. That is, although the Government has clearly approved of a pay rise, some organizations do not offer any pay rise to their staff. In the Government's paper, it is said that these organizations had not misused public money. On that day, I asked the Government whether or not it would rescind the paper and the statement that there was no misuse of public money. Now I would like to ask the Secretary a question: As the Government has clearly informed the Legislative Council that the funding will be used for salary adjustment of staff and the social welfare organizations have also been so informed by the Government in writing, but the social welfare organizations have not complied, does this constitute a misuse of public money? Will the Secretary rescind the statement in the paper submitted at the meeting of the Panel on Welfare Services that there is "no misuse of public money"? President, the Secretary's statement that there is no misuse of public money will lead to very serious consequence because the funding will be at the disposal of the NGOs in future. They can skim off or line their pockets with the public money. Secretary, do you allow social welfare organizations to line their pockets?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I thank Mr LEE for his concern. We are equally concerned about the proper use

of public resources. So, there is an established mechanism for imposing clear monitoring on the use of funding by the NGOs. Funding used for other illegal purposes is strictly prohibited and such a situation absolutely does not exist. At present, clear restrictions have been laid down through the funding and service agreements, including clear auditing procedures, financial requirements and certification by an independent auditor. Besides, our staff can also conduct surprise visits and visits for review purpose. So, it is a sound and fully-fledged mechanism and the Member's worry is unfounded. It is very clear that the funding cannot be used for unapproved activities or services.

MR LEE CHEUK-YAN (in Cantonese): *President, he has not answered my supplementary question. If some organizations have lined their pockets, is this a misuse of public money? It was admitted in the relevant paper at that time that some NGOs had lined their pockets and the funding had not been used for salary adjustment purpose. So, the Secretary's remark that monitoring has been imposed is only nonsense because such a situation does exist.*

PRESIDENT (in Cantonese): Please explain what is meant by lining their pockets.

MR LEE CHEUK-YAN (in Cantonese): *President, I am sure all Hong Kong people know the meaning of the saying "lining their pockets" in Cantonese. It means that the funding is obviously meant for salary adjustment but some organizations have put the money into their pockets, that is, putting it into other uses instead of pay rise. This is what I meant by lining the pockets, President.*

(There was a voice of someone who mentioned embezzlement)

President, the part of my supplementary question which remains unanswered is: When some organizations have lined their pockets, is it a misuse of public money? The Secretary has not given a reply. He has repeatedly mentioned monitoring, but the funding has actually been used to line their pockets. He has admitted this and it is also admitted in the relevant paper that some organizations have not used the funding on pay rise. These are all facts. So, he should not mention there is good monitoring.

PRESIDENT (in Cantonese): We are clear now. Secretary, please answer the question.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, let me clarify again that the phrase "lining up their pockets" is a bit misleading as people, on hearing it, may think that something criminal or dishonest is involved. But such a situation has never happened. As I have emphasized, this will not be tolerated. All their funding will be revoked if any evidence on that is found.

Members should understand that a detailed account on the funding has been given in the papers tabled at the meeting on 12 January. The SWD has followed up the complaints against a dozen or so of these NGOs as pointed out by Members. The SWD has also sought information from each of them. If Members have read the paper submitted on that day, they will see that we have clearly explained the number of points which we have followed up. These include: First, the salary adjustment policies of these 10-odd NGOs have been passed by their board of directors in accordance with their regulations, statutes, charters and internal guidelines. In other words, they have acted in accordance with lawful procedures. Second, before the implementation of these policies, some employees' rates of increase may not be the same as those of the civil servants. On other occasions, due to various reasons, the organizations may determine their own rates of increase, which may be higher or lower than those of the civil servants, as they have the flexibility to do so. Moreover, their employees have been properly consulted and fully informed of this. In other words, this is not a measure imposed all of a sudden. Communication has taken place between the organizations and their employees. Third, such a practice is in line with the organizations' longstanding procedures on manpower resources and there is no deviation from them. Fourth, their practice has not breached the terms and conditions stipulated in their employment contracts. As I am responsible for labour issues, I have been very alert to this. If these organizations have not complied with or breached the terms and conditions stipulated in their employment contracts, I will definitely follow up the matter. Owing to the above reasons, it is pointed out in the paper submitted on that day that these organizations have not deviated from the stipulations of the LSG Subvention System. This is what the situation is like.

MR CHEUNG KWOK-CHE (in Cantonese): *President, I believe the original intention of the Legislative Council in approving the funding is for salary adjustment, and we have approved the funding because some employees are working in these subvented organizations. This is our original intention. If under the current situation, the LSG Subvention System has resulted in some staff the Secretary said that the practice in many situations was lawful and no irregularities had been committed. In that case, can we see that loopholes exist and better monitoring is necessary when funding approval by the Legislative Council for salary adjustment is sought next time? This is the first point.*

Secondly, the Secretary, in his official capacity, has written to these organizations to indicate his request that the funding be spent on the staff, but these organizations have not complied. What then is the effect of the Secretary's letter? If the LSG Subvention System operates in such a way that even the Secretary's letter is ineffective, are there flaws in the monitoring of the System? This time, I will not adopt the tactic of bad losers, but what about next time? I would like to ask the Government: How can the Government ensure that funding approved by this Council is genuinely used for specified purposes if similar situation arises next time?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): I share with Mr CHEUNG's concern. I also hope very much that there is another pay rise shortly because this will imply that the economy is doing well. Here I would like to emphasize a few points. Concerning the review of the LSG Subvention System, as Members may also be aware, a report on the System has just been completed and it will be presented and explained to Members in detail at the meeting of the Panel on Welfare Services next Monday and we will hear your views on that.

One of the important parts, which is also a vital development of your concern, is that we will, first of all, reshuffle the existing LSG Steering Committee to make it more target-specific, effective and representative, thus enabling it to give full play to its role as a platform. Hence, the system can be perfected. In this process, we will launch the Best Practice Manual. Having pinned high hope and attached great importance to this Manual, we hope that through this Steering Committee, we can formulate the Best Practice Manual together with the social welfare sector. The purpose is to lay down some practical enforcement criteria for the management of social welfare organizations,

including human resource policies, and encourage them to use the supplementary subvention on staff pay adjustment in order to help these organizations perfect their management. What I am talking about is related to management and governance. Once the Best Practice Manual has been formulated, if a small number of organizations — as the Honourable Member has been worried about — have seriously departed from the principles in management, thereby affecting their services, the Steering Committee can consider publicizing the matter. This is to enhance the transparency of the organizations in governance. I believe this will dispel Members' worries because once such information has been made public, everyone will know which organizations have acted in such a way. However, I have to emphasize that under the LSG Subvention System, NGOs can make appropriate management decisions in accordance with their own manpower policies. It is imperative that a proper balance between flexibility in the management of these organizations and public accountability be struck.

MR CHEUNG KWOK-CHE (in Cantonese): *President, I think the Secretary*

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

MR CHEUNG KWOK-CHE (in Cantonese): *I asked the Secretary whether there was any specific remedial measure available and what would be done next time. The Secretary has mentioned the launch of the Best Practice Manual*

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

MR CHEUNG KWOK-CHE (in Cantonese): *Most importantly, he has not answered*

PRESIDENT (in Cantonese): How the problem will be handled next time should there be a recurrence of the same situation?

MR CHEUNG KWOK-CHE (in Cantonese): *In the next salary adjustment, the staff must be able to get the adjusted pay because the Secretary said that the Best Practice Manual is not binding at all.*

PRESIDENT (in Cantonese): It is clear. Secretary, do you have anything to add?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, as I pointed out clearly just now, we will achieve the purpose through the Best Practice Manual. If NGOs have deviated from the Manual, if their practice is not the best practice which we have encouraged and advised to adopt, and if their non-compliance is not justified and hence affecting their services, we will make the matter public. In doing so, we can both ensure transparency and exert pressure on the NGOs, thus forcing them to follow good practice.

MR CHEUNG KWOK-CHE (in Cantonese): *President, basically, this cannot ensure that the employees can get the adjusted pay.*

PRESIDENT (in Cantonese): Mr CHEUNG Kwok-che, you may feel dissatisfied with the Secretary's reply but I have heard that your supplementary question has been answered by the Secretary.

MR LEUNG YIU-CHUNG (in Cantonese): *President, if remember correctly, when the Government applied for funding, our original intention and principles of granting approval were that the money would be used for pay adjustment. Now that the Government has obtained the funding which has also been allocated to voluntary organizations, but these voluntary organizations can decide on their own how the money is used and it may not necessarily be spent on pay adjustment. Has such a practice run counter to the original intention of the funding approval? If yes, should the Government give us an explanation and conduct a thorough investigation into the matter? President, what must be noted is that the funding is for pay adjustment. If the employees concerned have left the organizations, there will be a surplus in funding. How will the surplus*

be dealt with? Can the voluntary organizations keep the money instead of returning it to the Legislative Council or the Government? If the money is not returned, what will the Government do? It is certainly a good thing if the money is returned. But if it is not, what will the Government do?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Concerning Mr LEUNG's supplementary question just now, let me answer the last part first. Can they keep the money? The answer is in the negative. Because even if the organizations have not spent the money on salaries, they have to spend it on other purposes such as the provision of services. If there is a surplus, the surplus can be put into their reserves which, however, cannot exceed 25% of their annual operating expenditure. The funds allocated to them cannot be used for other purposes and this is very clear. If the reserves have exceeded 25% of their annual operating expenditure, we have the right to call back the surplus in the following year. This is the first point I wish to clarify.

Secondly, Mr LEUNG mentioned the spirit of the Finance Committee behind the funding. That is, as stated in paragraph No. 13 of paper FCR(2008-09)37, the Government is generally not involved in the determination of the pay or pay adjustment of staff working in subvented organizations because pay adjustment for these staff is a matter between these organizations and their staff. Lastly, if the proposal for pay adjustment is approved, we will inform the NGOs concerned that the supplementary subvention is for pay adjustment of their staff, and we will encourage them to use the money for such purpose. At that time, we had given very clear elaboration and Members' approval was based on this paper. Similarly, there is a paragraph (paragraph No. 11) in the paper submitted in 2007-2008 which has also given a clear explanation. So, there has never been a violation of the spirit of the Legislative Council when granting approval for the funding.

PRESIDENT (in Cantonese): Mr LEUNG, which part of your supplementary question has not been answered?

MR LEUNG YIU-CHUNG (in Cantonese): *The Secretary has not answered my question about the original intention. No matter how the Government has*

encouraged or even forced them into compliance, it is the Government's business, not ours. The problem is that the original intention of the grant is for pay adjustment. So, if NGOs have violated the principle, they have also breached the original intention. In that case, should the Government call back the money?

PRESIDENT (in Cantonese): Mr LEUNG, it seems you are in a debate now.

MR LEUNG YIU-CHUNG (in Cantonese): *No, President.*

PRESIDENT (in Cantonese): Your follow-up question is very clear.

MR LEUNG YIU-CHUNG (in Cantonese): *He has not answered my question about the original intention.*

PRESIDENT (in Cantonese): We have spent more than 20 minutes on this question. Let me ask the Secretary whether he has anything to add.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I really do not have anything to add. The issue was discussed in detail at the meeting of the Panel on Welfare Services on 12 January and we had given a very thorough reply. President, I have nothing to add.

PRESIDENT (in Cantonese): As we have spent more than 20 minutes on this question, if Members still wish to exchange their views with the Bureau, I believe they can do so on other occasions.

PRESIDENT (in Cantonese): Second question.

Medical Benefits for Civil Servants

2. **MRS REGINA IP** (in Cantonese): *President, the Civil Service Regulations stipulate that as the employer, the Government will make every endeavour to give civil servants, retired civil servants, and their eligible dependants "the best available medical attendance and treatment" (civil service medical benefits), including services of the Hospital Authority (HA). Yet, a number of civil servant organizations have relayed to me that there is a huge gap between the actual situation and the Government's pledge, and encountering difficulties in seeking medical consultation and obtaining drugs is a common phenomenon. For example, there is an acute shortage of the services provided by families clinics, rendering it very difficult to book consultation slots; the waiting time for specialist out-patient services is too long; potent but expensive drugs with little side effect have to be purchased at the patient's own expenses; and the procedures for claiming reimbursement of medical expenses are complicated. In this connection, will the Government inform this Council:*

- (a) *of the expenditure on civil service medical benefits and the year-on-year percentage changes in each of the past five financial years;*
- (b) *of the amount and percentage of the provision for HA in 2007-2008 allocated for providing civil service medical benefits, and the basis used by the authorities in determining the amount; and*
- (c) *as the health care reform consultation document did not mention civil service medical benefits, when and how the Government plans to commence the relevant consultation, and what specific new measures are in place to improve civil service medical benefits?*

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, before giving a reply to Mrs Regina IP's question, I would like to explain the medical and dental benefits enjoyed by civil service eligible persons.

Under the existing policy, save for the charges applicable to hospital maintenance, dentures and dental appliances as provided for in the Civil Service Regulations, civil service eligible persons (that is, serving/retired civil servants, their eligible dependants and other eligible persons) are entitled to free medical

treatment and medical services, X-ray examinations and medicines, but only when these benefits are provided by the Government's Department of Health (DH) or the medical facilities of the HA. Every endeavour will be made to give civil service eligible persons the best available medical attendance and treatment through these medical facilities, but the medical officer in charge of the case has sole discretion as to the nature and the amount of treatment provided.

Apart from medical treatment, if the attending HA doctor certifies that the prescribed drugs or equipment or other treatment are necessary for the patient on medical grounds, and such items are not available in the HA or are chargeable by the HA, civil service eligible persons may apply to the Government for reimbursement of the concerned expenses. This arrangement enables civil service eligible persons to have access to the necessary drugs for treatment, even though such drugs are classified as self-financed items in the HA's Drug Formulary.

The provision of medical and dental benefits forms part of the employment contract between the Government (as employer) and civil servants (as employees). The Government is committed to honouring its contractual obligation through the facilities of the DH and the HA. Since 1979, the Civil Service Bureau has established the Standing Committee on Medical and Dental Facilities for Civil Servants (SCMDF) which provides a useful forum to discuss with the staff sides matters regarding the provision of medical and dental benefits for civil servants. The SCMDF comprises membership from the official sides and the staff sides. Official members include representatives from the Civil Service Bureau, Food and Health Bureau, HA and DH. Members from the staff sides include representatives from the staff sides of the four Central Consultative Councils. The SCMDF meets regularly. At Members' request, we have already arranged to increase the frequency of the SCMDF meetings from half-yearly to quarterly to facilitate Members to discuss important issues promptly.

We understand the concerns of civil service organizations over the provision of medical and dental services to civil service eligible persons. Given the size of the pool of civil service eligible persons and the ageing population, there will inevitably be a growing demand for medical and dental services. Medical and dental staff of the HA and DH will accord priority to urgent cases having regard to the condition of individual patients. Service is also provided to patients through a booking arrangement.

Regarding part (a) of the main question, the annual cost of civil service medical and dental benefits provided by the Government through the HA and DH and the year-on-year percentage changes in each of the past five financial years are provided at Annex.

Regarding part (b) of the main question, the annual subvention given by the Government to the HA is a lump sum provision, in which the resources required for the provision of medical benefits to civil service eligible persons have been included. The Government does not have a separate annual provision for the HA for civil service medical benefits. The total cost spent by the HA on the civil service medical benefits each year can only be calculated on the basis of the unit cost and attendances by civil service eligible persons using the HA services in that financial year. On this basis, in 2007-2008, the cost of providing civil service medical benefits by the HA accounted for 7.1% of the Government subvention to the HA.

Regarding part (c) of the main question, Food and Health Bureau released the health care reform consultation document in mid-March last year and launched its first stage public consultation exercise, the purpose of which is to reach a consensus in the community on the reform of medical services and the financing arrangements of the existing health care system, so as to ensure the sustainability of the health care system in both the private and public sectors as a whole, cope with the challenges posed by the ageing population, improve the level of medical services, and continue to provide quality medical services to the public. The consultation period ended in mid-June last year. Food and Health Bureau released the report on the first stage public consultation on health care reform at the end of last year, and plans to proceed to the second stage of public consultation in the first half of this year.

At the same time, we note that the health care reform may bring possible changes to the provision of services by medical institutions in the public sector, including those provided by the HA, which may have impact on the medical benefits provided by the Government as an employer to civil service eligible persons. Hence, on the day when the first stage public consultation paper on health care reform was released, we had issued letters to the staff sides of the four Central Consultative Councils and retiree associations and invited them to examine the proposals in the document, in particular how we could leverage the possible changes to the public health care system to improve the provision of medical benefits to civil service eligible persons.

During the first stage of the public consultation exercise, we received views from individual retired civil servants, retiree associations, staff associations and the staff sides of the Central Consultative Councils. Views relating to the health care reform consultation document and the administration of the HA have been put forward to the Food and Health Bureau for consideration. When the Food and Health Bureau commences the second stage public consultation on health care reform, we will consult the staff sides and retiree associations as in the past.

As regards specific measures to improve civil service medical benefits, we have sought additional funding in this financial year to meet the rising expenses of reimbursing civil service eligible persons for medical expenses that are necessary for their medical treatment, to meet the additional costs arising from the participation of civil service eligible persons in the public-private partnership programmes launched by the HA, and to improve the dental service provided by the DH for civil service eligible persons. In the near future, we plan to improve the service capacity of the Families Clinics and dental clinics under the management of the DH, and to extend the direct payment arrangement to cover cancer drugs supplied by the HA. We will continue to discuss with the staff sides on matters relating to civil service medical and dental benefits through the SCMDF.

Annex

Costs of civil service medical benefits
and the year-on-year percentage changes
between 2003-2004 and 2007-2008

	2003-2004 (\$Billion)	2004-2005 (\$Billion)	2005-2006 (\$Billion)	2006-2007 (\$Billion)	2007-2008 (\$Billion)
HA	1.8850	1.8280	1.8590	1.9990	2.1076
DH	0.4699	0.4378	0.4550	0.4844	0.5288
Total costs	2.3549	2.2658 (-3.8%)	2.3140 (+2.1%)	2.4834 (+7.3%)	2.6364 (+6.2%)

() Numbers in brackets denote percentage changes

MRS REGINA IP (in Cantonese): *President, the Secretary, in the Annex of her main reply, has not provided any information about the expenditure on paying the medical expenses of civil servants or purchasing medicines and equipment. I*

hope she could have them provided subsequently. My supplementary question is that given the frequent meetings between the Secretary and civil service organizations, she should be aware of the difficulties of purchasing medicines and queuing for consultation as well as the long waiting time which have affected the morale of many civil servants, especially those who are prone to injuries at work. As pointed out by the discipline services, not everyone can receive prompt treatment like Mr CHU Tsun-kwok whose case got reported by the media. Even if civil servants can obtain immediate treatment, they have to wait for a very long period for follow up or Magnetic Resonance Imaging examination. This severely affects their morale and efficiency.

Given that the number of civil service eligible persons is great, I would like to ask Secretary YUE and Secretary CHOW who is also present whether the Government would consider employing means that are more creative and imaginative in handling issues on the medical benefits of civil servants? That is to say, would the Government discuss with civil service organizations and set aside the fund used on the medical benefits of civil service eligible persons for establishing a voluntary medical insurance scheme? Since the number of persons involved, when added together, amounts to several hundred thousand, this could assist the Government, as part of the reform on medical services, to promote the medical insurance scheme on the basis of voluntary participation.

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, I would like to thank Mrs Regina IP for the supplementary question. The sum of the pre-paid necessary medical fees reimbursed to eligible persons has been included in the Department of Health's (DH's) costs as in the Annex, that is, part of the expenditure on medical benefits provided annually by DH to civil servants. I can inform Mrs Regina IP the figures I have got for the last three years. In 2006-2007, \$86 million was used in reimbursing eligible persons the pre-paid necessary medical fees; in 2007-2008, the expenditure was \$124 million; in the current financial year of 2008-2009, it is anticipated that \$158 million would be required.

Since I am responsible for managing the Civil Service, I shoulder the responsibility of honouring the Government's employment contractual obligations as an employer to the eligible persons, including the medical and dental benefits it provides. Therefore, I would certainly consider any feasible solution that could improve the medical and dental services. We had, around two to three years

ago, made an informal move to gauge the market situation on the amount of premium payable every year if we were to purchase medical insurance equivalent to medical services currently offered to eligible persons who amount to almost 400 000 persons. It was around three years ago at that time and from our understanding through that informal channel, the amount would be far beyond the expenditure on medical and dental services currently offered to the eligible persons through Hospital Authority (HA) and DH each year as listed in the Annex. However, let me repeat, I am willing to sit down and talk with the relevant staff sides and other persons knowledgeable in this area for feasible solutions.

DR LEUNG KA-LAU (in Cantonese): *I can see that medical benefits are provided to civil servants through HA and DH. I received complaints from some civil servants the Secretary has mentioned in paragraph three of her main reply that if the attending HA doctor certifies that the prescribed drugs are necessary for the patient, and such items are not available in HA, civil servants may apply to the Government for reimbursement of the expenses concerned. The complainant sought consultation from a doctor of DH — not a doctor of HA, but a doctor of DH — but could not be provided with the drugs concerned. Therefore, he could not apply for reimbursement from the Government after purchasing the drugs in the market. He was highly dissatisfied, he did not understand why with the HA and DH as service providers, application for reimbursement of the fees for the drugs purchased is feasible when HA could not provide the drugs; but would not be feasible when DH fails to provide the drugs. The main problem is that the waiting period for seeking treatment at HA is often from several months to one year long; while that at DH is much shorter, probably one to two weeks' time. Given that both HA and DH are service providers, why is it that reimbursement of the fees for the drugs purchased could only be made with consultations at HA but not at DH?*

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, I would like to thank Dr LEUNG for the supplementary question.

Under the Government's policy of providing eligible persons with medical benefits, given that the attending doctor, be he a doctor from HA or DH, confirms that the drugs or treatments prescribed are necessary for the patient, and if such items are not available in DH or HA or are chargeable, the medical expenses

concerned would be reimbursed. However, there is a procedure such that most of the time, the eligible persons have to pay first and then apply for reimbursement. I would like to emphasize the word "necessary", that is, treatments have to be confirmed by the attending doctor to be necessary measures. I have personally handled cases in which patients requested the attending doctors to prescribe them with certain drugs because they regarded those drugs to be more suitable for them. Under those circumstances, if the attending doctor cannot confirm that the drugs concerned are necessary, the Government would not approve any reimbursement applications for the fees of drugs purchased. Hence, the prerequisite is not which organization the attending doctor is serving, but whether he regards the drugs or treatments to be necessary for the patients.

In case Dr LEUNG has got other cases different from the ones I have quoted, I am most glad to get further details from him after the meeting for following up the matter.

MR CHAN KIN-POR (in Cantonese): *Currently, there are frequent criticisms about commercial medical insurance concerning the many exempted items such as existing illnesses and psychiatric diseases. Besides, premiums for the old-aged are high and are increasing tremendously. The main reason is that insurance companies have to charge according to the risks involved. One of the discussed solutions in the health care reform consultation document is basically to launch a scheme without exempted items in which elderly people can also be insured and no substantial fees increase would be necessary even with claims. However, there is a prerequisite that the number of participants has to be sufficient, which is around one million. Currently 400 000 civil service eligible persons are insured under the existing medical scheme provided by the Government. I would like to ask the Government whether it would consider including the 400 000 civil servants and their dependents into the future scheme so that the number required can be sufficient the number has to be one million, but if there are already 400 000 participants, the chance of the scheme being materialized would be greater. I would like to learn about the view of the Government.*

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, thank you for the supplementary question. Perhaps I can provide the Council with

more updated data. According to the information we have got, the number of civil service eligible persons who are eligible for Government medical and dental benefits is about 525 000. As for the crux of the problem, this is also why we monitor so closely the consultation papers issued by Food and Health Bureau last year, which we had, on our own initiative, passed to the staff representatives and representatives from the retiree associations for their comments. We would keep a close watch on this and invite the staff sides of serving civil servants and retired civil servant organizations to provide views on the content of the second-phase consultation papers. I do not have any formed views on the issues raised today.

PRESIDENT (in Cantonese): This Council has spent over 19 minutes on this question; however, since the Secretary's main reply has taken up a longer time, I would let one more Member raise his supplementary question.

DR PAN PEY-CHYOU (in Cantonese): *President, just now the Secretary has said that certification for certain medicines has to be issued by the doctor before payment is to be effected by the Government. However, since the drugs or treatments concerned are "necessary", I regard that to be in contradiction to the Government's pledge of providing the best available medical attendance and treatment as stated in Civil Service Regulations (CSR). I would like to ask the Secretary, will this practice be reviewed?*

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, I believe Dr PAN was referring to CSR902. If allowed, I would read out the clause which is only of three lines. It is stated in CSR902 that the treatment provided by the authorities for each case depends solely on the necessity of the case. The authorities would make every endeavour to provide the best available medical attendance and treatment for civil servants and their dependents; as regards the nature and extent of treatment, the attending doctor would have the sole discretion.

President, we regard that the present practice tallies entirely with the Government's contractual obligations as an employer to our employees.

PRESIDENT (in Cantonese): Dr PAN, which part of your supplementary question has not been answered?

DR PAN PEY-CHYOU (in Cantonese): *President, the Secretary has not mentioned the relationship between the so called "necessary" and the doctors' judgment, and because doctors discharge their duties according to guidelines from the Government*

PRESIDENT (in Cantonese): Dr PAN, from what I heard, I believe the Secretary has clearly answered your supplementary question. If you are not satisfied with the Secretary's reply, you could raise it on some other occasions and discuss further with the authority.

PRESIDENT (in Cantonese): The third question.

Services for Mental and Ex-mental Patients

3. **DR PAN PEY-CHYOU** (in Cantonese): *Earlier on, a family tragedy occurred which involved a woman who had just left a psychiatric hospital to convalesce at home. She was suspected to have committed suicide and died after killing her son and daughter. It has been reported that similar tragedies occurred time and again in recent years. In this connection, will the Government inform this Council:*

- (a) *of the number of cases in the past five years of mental and ex-mental patients inflicting harm on themselves and/or other people while such patients were taking leave from hospital to stay at home or at the initial stage of their return to community, as well as the trend of such data;*
- (b) *what support the Government and Hospital Authority (HA) currently provide specifically for mental and ex-mental patients who will soon be discharged and those who have just been discharged, as well as for their families, so as to reduce the pressure they are facing and occurrence of incidents involving casualties; and*

- (c) *as the authorities have indicated that the Working Group on Mental Health Services (the Working Group) chaired by the Secretary for Food and Health will work on the formulation of an appropriate framework for developing mental health services and identify key areas for priority action, of the latest progress of such tasks, and whether the Working Group has, since its establishment, reviewed if the existing support services for the families of mental patients are adequate and able to meet their needs?*

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

- (a) The HA has introduced a new incident reporting system since 1 October 2007 to further strengthen the reporting of medical incidents in public hospitals. During the 12-month period ending 30 September 2008, HA received a total of 12 reports of mental patients having died of suicide during home leave. HA does not have the data on mental patients inflicting harm on other people.
- (b) HA is providing mental patients with medical rehabilitation and community psychiatric services mainly through its eight multi-disciplinary community psychiatric teams (CPT) and it is also providing associated support service for patients' families. At present, all hospital clusters under HA have CPTs comprising psychiatrists, community psychiatric nurses, clinical psychologists, medical social workers, occupational therapists, and so on. Community psychiatric services cover a range of services including risk management, home visit, telephone consultation and follow-up service. CPTs also work closely with other service agencies in the district, providing support for community service groups and rehabilitation organizations and helping mental patients re-integrate into the society. HA also offers psychiatric ambulatory service to those mental patients with more stable conditions by providing them with continuous care and rehabilitation service.

In recent years, HA has enhanced the support for mental patients who are being or newly discharged and for their families through various programmes. Since 2001, HA has launched the "Extending Care Patients Intensive Treatment, Early Diversion and Rehabilitation Stepping Stone" scheme (EXITERS) to provide intensive rehabilitation training for long stay mental patients so as to

facilitate their early discharge and integration into the community. The scheme also provides follow-up and support services to discharged patients.

In 2008-2009, HA has set up community psychiatric support teams in Kowloon West Cluster and New Territories East Cluster to provide support for frequently readmitted psychiatric patients through a case management approach so that effective follow-up care can be provided in a timely manner. To further enhance its community psychiatric service, HA plans to deploy additional community psychiatric nurses and other allied health professionals in various clusters in 2009-2010 with a view to providing appropriate support to discharged patients.

Meanwhile, the Social Welfare Department (SWD) also provides a range of services for ex-mentally ill persons and their families: (i) the psychiatric Medical Social Workers offer counselling service and assist the patients and their families to handle emotional, family, caring, interpersonal relationship problems and make referral for them to apply for rehabilitation service and community resources; (ii) the Community Mental Health Care Programme and Community Rehabilitation Day Services assist ex-mentally ill persons to resolve adjustment problems they have encountered in their daily life and facilitate their integration into the community through outreaching visits and outreaching occupational therapy services respectively; (iii) the Community Mental Health Link service assists ex-mentally ill persons and their families/carers to establish their district support network and provides them with care and support, including counselling service, social/recreational/educational activities and outreaching visits, and so on; (iv) the Resource and Service Centres are set up for families and relatives of ex-mentally ill persons with the purpose of providing them with emotional support and counselling service so as to enhance their acceptance of their dependents with mental illness and to strengthen their ability to take care of the ex-mentally ill persons at home; (v) At present, there are five Training and Activity Centres for ex-mentally ill persons with the aims of helping them develop their social and vocational skills, providing them with suitable leisure activities and preventing the recurrence of mental illness and the need for re-hospitalization.

To enhance mental health services at the district level, SWD will set up an integrated community support centre in Tin Shui Wai on a trial basis in March this year to provide one-stop, comprehensive and in-depth mental health support services for local residents and to reach out to those with mental health problem through intensive outreaching service. It is expected that the centre will serve 450 ex-mentally ill persons, people who are receiving mental health service and those suspected to have mental problem. The centre will also provide support to 1 200 families/carers each year.

SWD has also been providing residential service to ex-mentally ill persons. Types of residential services include: (i) supported hostel (83 places) that provide group home living for ex-mentally ill persons who can live semi-independently with a fair amount of assistance from hostel staff in daily activities; (ii) half-way houses (1 509 places) that provide transitional community rehabilitation service for an average of three years in preparation for ex-mentally ill persons' re-integration into the community; and (iii) long stay care homes (1 407 places) that provide long-term residential care and active maintenance services to discharged chronic mental patients.

- (c) In mid-2006, the Food and Health Bureau set up the Working Group, which is chaired by me and comprises professionals providing medical and rehabilitation services to mental patients, academics and representatives of HA and SWD. The purpose of the Working Group is to assist the Government in reviewing the existing mental health services in Hong Kong and mapping out the long-term development of our services.

Under the Working Group, there is a sub-group which is tasked to study in-depth the demand for mental health services and the relevant policy measures. The subgroup is co-chaired by two members of the Working Group and comprises professionals from the health care and social welfare sectors. The sub-group has drawn up a framework on the objectives and directions of the mental health policy. It is now studying the service needs of three different age groups (adults, adolescents and elders) with a view to making proposals for service improvement in the relevant areas.

Since mental illness is a complex health problem and mental health services cover both health care and rehabilitation services, I will work closely with the Secretary for Labour and Welfare. The long-term development of mental health services will be examined and planned under the overall framework of the health care reform.

In the short and medium term, we will allocate additional resources on prevention, medical treatment and rehabilitation services to further improve our mental health services and enhance the community support for mental patients, so as to facilitate their early recovery and re-integration into the society. From 2001-2002 to 2008-2009, the Government has provided a total of \$250 million additional funding to HA and \$76.1 million to SWD to support a number of new initiatives to improve the treatment and rehabilitation services for mental patients, including various community support services to provide continuous support for ex-mentally ill persons and their families/carers.

DR PAN PEY-CHYOU (in Cantonese): *In fact, something is missing in the Secretary's reply, that is, those mental patients who are taking leave from hospital or who are just discharged from hospital. The findings of studies conducted by various countries indicate that these patients are actually in a highly risky situation. In fact, the repetition of tragic events has proved the inadequacy of the support provided to these patients. Will the authorities examine the corresponding solutions targeting the special needs of these patients and their families, and then review the adequacy of existing services?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, Dr PAN is an expert in this field, I believe that he may have a better understanding in this issue. Each time when these tragic events occur, HA and relevant mental patient carers will convene meetings to discuss the situation. Even if these patients have been discharged, it does not mean that the matter has come to a close, there will be daily calls from the relevant staff to monitor their conditions, such as whether they have taken the medications and whether there are any changes in their emotional status.

As regards the case mentioned by Dr PAN, the patient has undergone a detailed analysis by health care workers before she was discharged. She was

allowed to go home as no suicidal tendencies were detected. Therefore, in this regard, we will continue to monitor the development in this regard, health care workers will also continue to take good care of them, but sometimes these problems cannot be totally eradicated. So, I hope that of course professionals wish to find some common factors in order to understand why there are sudden changes upon their returning home and how these lead to family tragedies.

I wish to thank Dr PAN for bringing up this question, but I believe it is a problem for professionals to solve, I know experts in psychiatry will also pay close attention to the rehabilitation work.

MR WONG KWOK-KIN (in Cantonese): *President, the Secretary mentioned in the main reply that HA did not have the data on mental patients inflicting harm on other people. I consider the Secretary's answer a little bit irresponsible. In fact, the most frightening thing to society and people living with patients is mental patients who have violent tendencies, and that when patients are discharged from hospital, they are just like time bombs, nobody knows when they will explode. I have an indelible memory in my childhood when I was living in Un Chau estate, a mental patient broke into a kindergarten downstairs and injured a lot of children*

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

MR WONG KWOK-KIN (in Cantonese): *May I ask, why even as these tragedies are heard from time to time, HA claims that it does not have any data on mental patients inflicting harm on other people? It is because the statistical data should be gathered before we can draw up measures targeting the mentally ill who have violent tendencies, so that we can prevent the occurrence of tragedies. Now that there are no data available, does this mean that HA considers the mentally ill who have violent tendencies will not pose any threat to society and people living with them?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, I believe HA, psychiatrists and rehabilitation professionals all do not want to see

the occurrence of these incidents, and they will try their best to understand the patients' condition and put them in a stabilized condition and that they will not harm themselves or their family members before they are allowed to return home.

In recent years, according to the principles of psychiatric rehabilitation, it is hoped that patients can reintegrate into their communities as soon as possible and lead a normal life. For that reason, community-based rehabilitation service is a necessary procedure, but it does not necessarily mean that any person suffering from mental illness is a time bomb. I hope Members can understand that we will ensure the safety of these patients as far as possible from a professional angle. However, at the same time, with regard to the community, including families of patients, all of them are obliged to inform carers of the patients if any problem has arisen with the patients. So, I hope we will continue to get the job done in this regard, thereby reducing the recurrence of such incidents.

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

MR WONG KWOK-KIN (in Cantonese): *President, the Secretary has not answered why HA does not have the data on mental patients inflicting harm on other people, why does he not collect the relevant data?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, in this respect, I do not know why they do not do so. However, I think that sometimes, the data of the police may not entirely tally with those of the hospitals, so there will be some difficulties. Injury cases are not necessarily caused by mental patients, therefore I believe that a detailed analysis must be carried out to establish a credible database before effective results can be obtained.

DR JOSEPH LEE (in Cantonese): *President, the Secretary mentioned in the main reply that the Working Group on mental health service was set up in 2006, I reckon that it has almost been three years, but it seems that no specific report has ever been made. In addition, the Secretary mentioned in part (b) of the main reply that SWD had set up half-way houses with more than 1 500 places and long stay care homes with more than 1 400 places for mental patients to be discharged*

in future or those who have already been discharged from hospital. My main question is: A group of mental patients discharged from hospital are in fact not yet suitable to return to their homes and community, but in order to tie in with the existing policy on community mental health or the caring for mental patients, they are discharged and abandoned in some private long stay care homes for the elderly. Besides the uneven quality of health care services there, may I ask the Secretary whether there is any specific work I do not know whether the Working Group is aware of this, and additionally, whether SWD and HA have proceeded with any specific follow-up work, so as to follow up this rather sizable group of mental patients? They are currently staying in some private long stay care homes, they receive no special care, and this group of patients who have been discharged from hospital need some follow-up services.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, as far as I know, HA also has mental health outreach services for the elderly, and at the same time, if care homes are taking care of such patients, they will often be brought back to HA for follow-ups. Therefore, I consider that the patients mentioned by Dr LEE will certainly receive the care needed. However, due to the ageing of the population now, it can be said that elderly mental health problem will deteriorate and will persist, and the relevant figure will increase. We can also see the pressure in this area will continue to mount, and this is one of the issues to be addressed.

PRESIDENT (in Cantonese): Dr LEE, which part of your supplementary question has not been answered?

DR JOSEPH LEE (in Cantonese): *President, the part which the Secretary has not answered is: What specific work will be done to help these people? What I mean is not just the elderly, because there are both young and old mental patients in these private long stay care homes. My question is: Will there be any specific work? If possible, will the Secretary provide the data after this meeting and list the number of people who are currently living in these care homes?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, I will try and get the data for Dr LEE's reference. The number of HA's follow-up

consultation is increasing annually, and basically, there is no loss of mental patients in general, they need to return to out-patient clinics to receive follow-up consultation. (Appendix I)

MS LI FUNG-YING (in Cantonese): *President, in part (b) of Dr PAN's question, he asked what special arrangements were provided specifically for mental and ex-mental patients who would soon be discharged and those who had just been discharged? It seems that the Secretary has given a detailed answer in part (b) of the main reply, that there were eight multi-disciplinary CPTs, telephone consultations, professional treatments and follow-up services. However, I would like to ask about the manpower arrangement, since the eight multi-disciplinary CPTs have been providing meticulous and seamless services, how many staff members do these eight CPTs have, and how many service recipients do they have? In addition, will these eight multi-disciplinary CPTs only responsible for providing follow-up services? Should the hospital continue to follow up the patients' condition as well?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): *President, I do not have a breakdown of the figures, but with regard to the manpower of psychiatric services, in the past 3 years, the number of psychiatrists has increased from 258 in 2005-2006 to 285, and the number of psychiatric nurses is maintained at 1 900. There are some changes over the past few years, for example, with regard to in-patients, the number of long-stay hospitalized patients was significantly reduced, accordingly, many services were transferred to the community level.*

As to various centres I have mentioned just now, many of them have employed full-time staff, thus they can provide services directly in community service centres, thereby taking closer care of discharged patients or those who will soon be discharged. Therefore, we can see that the workload has gradually been eased. However, I also understand that psychiatric health service is an extremely stressful task, psychiatric workers are faced with a certain degree of challenge, thus we will commit more resources in this area.

PRESIDENT (in Cantonese): *Ms LI, which part of your supplementary question has not been answered?*

MS LI FUNG-YING (in Cantonese): *President, just now the Secretary gave a very general answer, he has not given any concrete figures on the question of manpower deployment. Will he provide me with some figures after the meeting?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): *President, I will try my best to provide Members with the figures of each working unit. (Appendix II)*

PRESIDENT (in Cantonese): *Fourth question.*

Holdover of Provisional Taxes

4. **MR JEFFREY LAM** (in Cantonese): *President, regarding the provisional taxes for the current year of assessment, will the Government inform this Council:*

- (a) *of the respective numbers of applications, received by the Inland Revenue Department (IRD) as at the end of last month, for holding over the provisional salaries tax and profits tax for the current year of assessment, and the increase in the numbers of applications as compared with those of the same period last year; the ultimate number of applications to be received, the total amount of provisional tax involved in the approved applications, and the impact on the overall financial situation of the Government, as anticipated by the IRD;*
- (b) *of the respective total amounts of provisional salaries tax and profits tax for the current year of assessment involved in the applications so far received by the IRD for holding over such taxes; and among these applications, the respective largest amounts of provisional salaries tax and profits tax involved, the occupation and trade to which the applicants concerned respectively belong, and according to the IRD's estimations based on the information submitted by them, the respective reductions as compared with those of last year, in*

terms of amounts and percentages, in the annual income and profits earned by them; and

- (c) *what new measures are in place to help relieve the burden of tax on the employees and companies with diminished income and profits, such as whether or not it will allow companies with fewer profits to defer the payment of profits tax for one year or reduce the tax rate concerned, so that they could have more operating capital?*

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

- (a) If a taxpayer estimates that his income for 2008-2009 will drop 10% or more as compared with that of 2007-2008, he may apply to the IRD to hold over the 2008-2009 provisional tax. As at the end of December 2008, the IRD has processed 48 200 and 5 800 holdover applications for provisional salaries tax and provisional profits tax respectively, representing an increase of 87% for both taxes over the same period a year ago. As some of the tax bills and the second instalment of the provisional taxes are not yet due, some taxpayers may apply for holdover at a later stage. We therefore cannot ascertain at this stage the total number of the relevant holdover applications for 2008-2009 and the impact on the overall financial situation of the Government.
- (b) As at the end of December 2008, the amount of held-over provisional profits tax approved by the IRD represents about 19% of the total amount of the 2008-2009 provisional profits tax, and the amount in respect of provisional salaries tax represents about 14% of the total. To avoid public speculations about the identity of individual taxpayers based on the relevant information, we do not consider it appropriate to disclose the largest amount of tax involved in the holdover applications and the occupation or trade to which the applicants concerned belong.
- (c) The Inland Revenue Ordinance has a flexible arrangement to cater for changes in taxpayers' income. If a taxpayer estimates that his

income or profits for the current year will drop more than 10% as compared with those of last year, he may, within 28 days before the due date for tax payment, apply to the IRD to hold over the whole or part of the provisional tax accordingly. If a taxpayer is unable to pay tax on time due to financial difficulties, he may also apply to the IRD for paying tax by instalment. We believe that the existing well-established arrangement can help those taxpayers whose income or profits are expected to decrease.

MR JEFFREY LAM (in Cantonese): *President, the Secretary said in part (b) of the main reply that information on the largest amount of tax involved in the holdover applications will not be provided so as to avoid public speculations about the identity of individual taxpayers. However, I believe that the information concerned will help us understand the present operational environment for enterprises and the actual onslaught of the financial tsunami on them. I wish to ask the Secretary: What is the increase in the respective amounts involved in the approved holdover applications for provisional salaries tax and provisional profits tax as compared with those of last year?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): I mentioned the figures concerned in the main reply just now. The amount involved in the approved holdover applications for provisional profits tax — it is only the figure as at today because it may change and applicants still have time to make a holdover application for the second instalment — represents 18% so far. As for provisional salaries tax, the amount involved takes up 14% of the total amount of the provisional taxes for the current year.

MR JEFFREY LAM (in Cantonese): *I am asking about the amounts, but the Secretary has only given an answer as to the growth rate.*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, I do not think I am in a position to disclose the amounts. Of course, we would want to know the trend, but we can already identify it from the percentages that I mentioned just now.

I do not think I should state the amounts today so as to avoid public speculations about public revenue. I wish to wait until the Financial Secretary has presented the budget before making known to the public the amount of tax estimated to be collected for the current year.

MR CHIM PUI-CHUNG (in Cantonese): *President, the Secretary said in part (a) of the main reply that "If a taxpayer estimates that his income for 2008-2009 will drop 10% or more as compared with that of 2007-2008, he may apply to the IRD to hold over the 2008-2009 provisional tax". According to the forecasts made by the Hong Kong Monetary Authority and the Government, the financial situation will be very bad in the coming year. Does this mean that members of the public who are required to pay salaries tax may apply to the Government for holding over the provisional salaries tax? At present, the Administration is more or less reminding them that if their income is estimated to fall by 10% or more, they can lodge a holdover application for the provisional tax. On these two premises, does it mean that almost all members of the public who are required to pay salaries tax or profits tax can apply for holding over the provisional taxes? Is this what he meant?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): *President, this mechanism has proven effective over the years. Taxpayers are also well aware that they may make use of this mechanism and have the amount of the provisional taxes for that year adjusted. When a taxpayer estimates that his income for that year will drop by 10% or more, he can apply for holding over the provisional salaries tax.*

Our figures reflect the fact that taxpayers have made full use of this mechanism. The IRD will handle matters under this mechanism with flexibility so as to facilitate the processing of applications made by taxpayers.

MR CHIM PUI-CHUNG (in Cantonese): *President, I am thankful to the Secretary for reminding all members of the public that there is such an interim measure.*

MR ANDREW LEUNG (in Cantonese): *President, the Secretary said in part (a) of the main reply that the number of holdover applications for provisional*

salaries tax and provisional profits tax had dramatically increased by 87%. As Mr CHIM Pui-chung said, everyone's income will decrease in this financial tsunami.

In this unprecedented financial tsunami, I would like to ask the Secretary this: Will this measure which has been in place be revised to the extent that applicants are not required to submit a written application? For example, if the profits of a small and medium enterprise is estimated to be less than \$5 million or the amount of salaries tax of a wage earner is anticipated to be less than a certain amount, their payment of the provisional taxes can be deferred for one year, so as to assist members of the public in Hong Kong to tide over the difficult times and respond to the challenges arising from the second and third waves of the financial tsunami.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): In my view, the spirit of this mechanism is that taxpayers may apply for holding over the provisional taxes after estimating the amount of decrease in their income for 2008-2009. Of course, they have to estimate the amount of profits or income that they will make and, based on their estimations, submit an application to the IRD. We are of the view that this mechanism has provided for sufficient flexibility, so that members of the public and enterprises can cope with the impact of decreasing income or profits in times of financial difficulties arising from this financial tsunami.

MR ANDREW LEUNG (in Cantonese): *When the second and third waves arrive*

PRESIDENT (in Cantonese): Mr Andrew LEUNG, it seems that you are not repeating the supplementary that you have raised just now.

MR ANDREW LEUNG (in Cantonese): *The Secretary has not given any answer to my supplementary because I asked him just now whether or not he would adopt any overall measures since taxpayers are required to submit individual applications at present.*

PRESIDENT (in Cantonese): Your follow-up question is very clear.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): In my view, every taxpayer has the responsibility of submitting an application of his own accord because he understands his present financial situation best. The mechanism has provided for flexibility in that his request can be handled summarily.

MR RONNY TONG (in Cantonese): *President, the Government in fact has not given any reply to the question raised in part (c) of the main question at all. President, I do not know whether or not you have paid any tax before, but probably, you have. The tax I paid in recent years only accounted for a very small amount. Under this mechanism, taxpayers have to estimate and be able to prove that their income will drop by 10% or more before making an application. However, making an application does not mean that the Government will certainly grant a 100% waiver of the provisional taxes.*

In my experience, if a taxpayer's income drops by 10%, he will be granted a 10% waiver of the provisional salaries tax he is required to pay. However, how many people can prove that their income will drop by 100%? There is none. I wish to ask the Secretary: First, does he have any figures to show us that among the applicants, how many have been granted a 100% waiver of the provisional salaries tax? Second, since not many people can benefit from this relief measure, in what way is it effective enough in helping members of the public cope with the difficulties arising from the financial tsunami at present?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, I do not have the figures requested by the Member. However, what is the spirit of this mechanism? The spirit is that taxpayers have to estimate their income for the current year, that is, 2008-2009, and make a holdover application to the IRD for the provisional taxes based on their estimations. The spirit is that the amount of tax estimated to be collected by us goes in line with, and can reflect, the actual interest of that taxpayer, that is, his actual capability of paying salaries tax or profits tax.

MR RONNY TONG (in Cantonese): *President, I have not asked about the spirit of the mechanism. Why did the Secretary talk about it in his answer?*

PRESIDENT (in Cantonese): Mr Ronny TONG, please repeat the part that you think the Secretary has not given any reply.

MR RONNY TONG (in Cantonese): *The supplementary that I asked just now is this: Can the Secretary tell us that among the applicants, how many have been granted a 100% waiver of the provisional tax according to the figures he has provided to us?*

PRESIDENT (in Cantonese): From what I heard, the Secretary said he did not have any figures in this regard.

MR RONNY TONG (in Cantonese): *If the figures are small, why does he think this measure in place is already effective enough for members of the public to cope with the financial difficulties arising from the financial tsunami?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, I do not understand why Mr Ronny TONG has to aim at the issue of whether or not a 100% waiver has been granted. If

MR RONNY TONG (in Cantonese): *President, it is I, not the Secretary, who decide what is question to be asked.*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): In relation to the spirit of the mechanism, if a member of the public estimates that his income will drop by 10%, 20% or 30% and he makes a holdover application to the IRD for the provisional tax based on his estimation that his income will drop, I believe that the principle of fairness and justice can be upheld.

MR RONNY TONG (in Cantonese): *President, his answer is still*

PRESIDENT (in Cantonese): Mr TONG, I can hear that you are not satisfied with the reply given by the Secretary.

MR RONNY TONG (in Cantonese): *That is not the case, President. It is he who has not given any answer to my supplementary. I am not dissatisfied. I am only asking him about figures. Everyone understands the spirit of the mechanism.*

PRESIDENT (in Cantonese): Mr TONG, as far as figures are concerned, when the Secretary stood up and gave you an answer for the first time, I heard him say that he did not have any figures in this regard. However, you asked him subsequently why he considered this measure to be effective enough if only a small number of taxpayers had been granted a 100% waiver. Therefore, I am of the view that the Secretary has already given you an answer as to why he considers the measure in place to be effective enough.

MR RONNY TONG (in Cantonese): *President, if the Secretary does not have the figures at hand now, can I ask him to provide the figures in writing afterwards, that is, the number of taxpayers who have been granted with a certain percentage of waiver of the provisional taxes?*

PRESIDENT (in Cantonese): Secretary, can you provide the figures concerned?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): I need to check this up with the IRD because when it comes to tax revenue, certain personal data may be required to be kept confidential.

MR RONNY TONG (in Cantonese): *No. President, how come figures contain any personal data?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Of course, I will check with the IRD to determine what kind of figures can be provided. (Appendix III)

MS MIRIAM LAU (in Cantonese): *President, although there is such an arrangement at present for holding over the provisional taxes, many people have told me that the application procedure is not simple. It is not as simple as what the Secretary has told us that applicants are only required to estimate the percentage of decrease in his income, for example, 10% or a certain percentage, and the IRD will immediately reduce the amount of the provisional taxes to be paid by him. On the contrary, many requirements are attached to it. For example, enterprises are required to submit audited data and so on.*

I would like to ask the Secretary whether or not he can further clarify or explain the application procedure. For example, in relation to the provisional salaries tax, what supporting documents are required for submission by taxpayers? When it comes to the provisional profits tax to be paid by enterprises, if an enterprise wishes to make a holdover application, what information is to be provided so that the IRD will approve the application?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): I am thankful for the supplementary question raised by the Member. This is a good supplementary question.

In relation to the application procedure, taxpayers can download the application form from the website of the IRD. Having completed the form, they should submit the application by fax. As for e-account holders (that is, eTax account holders), they can submit an application by electronic means.

There is no requirement for the submission of supporting documents for provisional salaries tax. In other words, a taxpayer is only required to make an application which contains his estimated amount of reduction in his income as compared with the income for last year. The IRD will then consider his application. Of course, if a taxpayer underestimates his income every year, the IRD will exercise its discretion.

Regarding holdover applications for provisional profits tax, applicants are required to submit the latest business accounts covering not less than eight months in usual circumstances. Nevertheless, accounts covering a shorter period may also be accepted in special circumstances. However, their estimates of the profits or loss for the rest of the year should be stated in their applications.

MR JEFFREY LAM (in Cantonese): *President, if a company or an individual making an application is not satisfied with the result, is there any appeal mechanism available? This is because at present, many people are not certain about the economic outlook and the economic situation at present can be different from that of three months later. Is there any appeal mechanism at present?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): *President, if this happens, the taxpayer should follow this up with the IRD and I believe the IRD will handle this with flexibility.*

MR PAUL CHAN (in Cantonese): *President, I do not agree with what the Secretary said in his reply just now that he was not in a position to disclose the total amount involved in the approved holdover applications for provisional taxes, be it the provisional profits tax or the provisional salaries tax, because I am of the view that all members of the public or businessmen will continuously assess the impact of the financial tsunami on the global environment and make adjustments to themselves or to their companies accordingly.*

My supplementary is this: Although the number of holdover applications for the provisional taxes has increased by 87% as compared with that of last year — both in the provisional salaries tax or the provisional profits tax, what are the respective growth rates of the amounts involved in the approved holdover applications for provisional profits tax and provisional salaries tax as compared with those last year? What is the increase in the respective amounts as compared with that last year?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): *I wish to adopt another approach to explain this.*

The amount involved in the approved holdover applications for provisional profits tax in 2007-2008 (that is, last year) represented 10% of the total amount of the provisional taxes. As for the current year, as I said just now, the percentage concerned is also 18%. However, when compared with the amount last year, the amount involved in the approved applications has increased this year.

With respect to the provisional salaries tax, the percentages for 2007-2008 and the current year are 5% and 14% respectively. Therefore, the percentage has increased. As for the amounts, please forgive me because, as I said just now, I cannot disclose them today. The Financial Secretary will make the government revenue known to the public when he delivers the budget.

PRESIDENT (in Cantonese): Mr Paul CHAN, which part of your supplementary has not been replied to?

MR PAUL CHAN (in Cantonese): *President, I did not ask about the amounts in my supplementary just now. Nevertheless, different denominators and numerators have been adopted. What I mean is this: What is the increase in the amount involved in the approved holdover applications for provisional profits tax as compared with the amount last year? You do not have to tell me the two amounts. Likewise, what is the increase with respect to the provisional salaries tax?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): I am aware that Mr Paul CHAN is very concerned with these figures, please forgive me for not stating them today. The figures I mentioned just now basically have reflected the economic situation. As for the exact figure, I wish to wait until the Financial Secretary has delivered the budget before making them known to the public.

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

Regulation of Advertisements

5. **MR FRED LI** (in Cantonese): *President, it has been reported that the Advertising Standards Authority (ASA) of the United Kingdom adjudicated last month that the claim made in an advertisement for a famous brand of skin product that users would "start to see wrinkles disappear instantly" was unsubstantiated and was likely to mislead. The ASA also adjudicated in January 2007 that the claim made in an advertisement for a brand of toothpaste that "more than 80% of dentists recommend" the toothpaste was misleading. Both sellers were requested to stop making such relevant claims. On the other hand, similar claims are often found in advertisements in Hong Kong. In this connection, will the Government inform this Council:*

- (a) of the existing measures in place to monitor the contents of advertisements to prevent product sellers from making misleading statements or misrepresentations in advertisements;*
- (b) of the number of sellers prosecuted in each of the past three years for making misleading statements or misrepresentations in product advertisements; and*
- (c) as the report on "Fairness in the Marketplace for Consumers and Business", published by the Consumer Council in February last year, recommends the introduction of a comprehensive trade practices statute in Hong Kong to prohibit retailers from using unfair trade practices in selling various types of goods and services, and to impose administrative and civil sanctions on the offenders, whether the Government has plans to introduce a comprehensive trade practices statute as recommended; if it has, of the relevant timetable; if not, the reasons for that?*

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

- (a) Depending on the types of products advertised and the industries in which the services advertised are provided, there are at present a

number of applicable Ordinances and codes of practices regulating the contents of advertisements.

Advertisements on television and radio are regulated by the Generic Code of Practice on Television Advertising Standards and the Radio Code of Practice on Advertising Standards issued under the Broadcasting Ordinance and the Broadcasting Authority Ordinance. The two codes stipulate that advertisements should not contain descriptions, claims or illustrations that depart from truth.

Besides, advertisements of various products and services are also regulated by specific legislation and codes of practice. Examples include the Telecommunications Ordinance, the Public Health and Municipal Services Ordinance, the Estate Agents Ordinance, the Non-local Higher and Professional Education (Regulation) Ordinance, the Education Ordinance, the Securities and Futures Ordinance, and the Banking Ordinance. Such legislation prohibits misrepresentations or false, misleading or deceptive claims in advertisements. Separately, the Trade Descriptions Ordinance prohibits the application of false or misleading trade descriptions to any goods. The Undesirable Medical Advertisements Ordinance prohibits advertisements of medicines, surgical appliances or treatments for the prevention or treatment of certain diseases or conditions that are specified in the Schedules to the Ordinance.

In addition, the Association of Accredited Advertising Agents of Hong Kong has formulated a Code of Practice regulating advertisements produced by its members. The Code stipulates that advertisements must be "legal, decent, honest and truthful", and shall not "contain any descriptions, claims, or illustrations which directly or by implication mislead about the product or service advertised". Any member of the Association who fails to comply with the Code will be subject to sanctions according to the rules of the Association.

The Consumer Council has also published two codes of practice and guidelines that encourage good enterprises to assume social

responsibility and remind them to ensure that their promotional materials and advertisements are truthful, unbiased and sensible, without any misleading elements, and are compliant with requirements stipulated in related legislation or rules. Consumers can then be in a better position to make informed decisions whether to make purchases. Separately, the beauty industry has formulated its own Code of Practice recommending best practices for adoption by its practitioners, with a view to enhancing service quality and consumer confidence. The Code also encourages the use of good promotion practices and transparent pricing, and so on.

Apart from formulating and enforcing relevant legislation and codes of practice, strengthening consumer education and making available more information are equally important. The Consumer Council regularly collects consumer market information and conducts investigations and tests on different products and services, and disseminates its findings through press conferences and its monthly magazine *CHOICE*. These measures provide the public with independent and reliable information, and would in turn help consumers make smart choices.

- (b) The number of complaints relating to misleading statements or misrepresentations in advertisements received by enforcement agencies, as well as the enforcement statistics from 2006 to 2008 are in the Annex.
- (c) The main recommendation in the report published by the Consumer Council is to enact a cross-sector statute to prohibit the use of unfair trade practices by traders. The proposed statute applies to all products, services and industries, and regulates all related practices before, during and after transactions. Its coverage is wide and deep, and affects many pieces of existing legislation and codes of practices relating to consumer protection. We have to examine the issue meticulously, including the impact of the proposed statute on the business sector and consumers. We have not come to any conclusive view on the Consumer Council's recommendation.

Annex

Misleading Statements or Misrepresentations in Advertisements
Number of Complaints and Statistics on Prosecution and other forms of Sanctions

Legislation	Complaint (Number)			Prosecution (Number)			Disciplinary Actions (Number)			Advice (Number)		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Trade Descriptions Ordinance	2	6	0	0	2	0	-			-		
Public Health and Municipal Services Ordinance	0	0	0	0	0	0	-			-		
Broadcasting Ordinance and Broadcasting Authority Ordinance	31	44	52	-			-			1	3	0
Telecommunications Ordinance	9	7	17	1	1	2	-			-		
Estate Agents Ordinance	43	34	26	-			10	9	4	-		
Non-local Higher and Professional Education (Regulation) Ordinance	8	5	5	0	0	0	-			-		
Education Ordinance	4	13	14	0	0	0	-			-		
Securities and Futures Ordinance	20	13	174	0	0	0	-			-		
Banking Ordinance	2	1	3	0	0	0	-			-		

Note: "-" means "not applicable". No criminal sanctions are provided under the Generic Code of Practice on Television Advertising Standards and the Radio Code of Practice on Advertising Standards issued by the Broadcasting Authority (Authority) pursuant to the Broadcasting Ordinance and the Broadcasting Authority Ordinance respectively. The Authority may impose administrative sanction (such as advice or warning) or financial penalty on licensees which fail to comply with the Codes. Estates agents contravening the provision prohibiting misleading or false advertisements under the Estates Agents Ordinance are subject to disciplinary actions by the Estate Agents Authority.

MR FRED LI (in Cantonese): *President, I believe the two Directors of Bureaux here, who happen to be ladies, are very concerned about this issue. President, this is the advertisement cited by me earlier. Although this advertisement, which reads "your wrinkles will disappear instantly", has been banned in the United Kingdom, it is not prohibited in Hong Kong. I may show you other examples as well. For the same product, there is also another claim that "its efficacy has been proved by experiment that remarkable results can be achieved through a continuous use of the product for four consecutive weeks to instantly make skin 10 years younger". This is very appealing to us, including you and me. President, the point is, although the problems of these advertisements have been identified abroad and these advertisements have already been prohibited, we can still see these advertisements published in weeklies and magazines in Hong Kong.*

Actually, the reply given by the Secretary just now is obviously problematic. I want to ask the Government, while all advertisements broadcast on television and radio are regulated, and it is stipulated clearly in legislation that no misleading statements or misrepresentations are allowed, the print media, however, is not regulated. My question today is: Why does the Secretary continue to tolerate the appearance of a growing number of false, misleading, exaggerating advertisements in the print media while the Government looks on with indifference? This is my question.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, I would like to thank Mr Fred LI for reminding us. Consumers must make prudent decisions on all types of advertisements. Depending on their contents, advertisements will definitely be regulated. For instance, advertisements of surgical plastic operations are regulated by the Undesirable Medical Advertisements Ordinance; and advertisements of beauty products are regulated by the Trade Descriptions Ordinance. With respect to product promotion, it is stated clearly in both legislation and definitions that the ingredients and test results of products are regulated. Those who put up false advertisements and contravene the provisions of the Ordinance shall be guilty of an offence. Hence, from the standpoint of consumers, the Government fully supports the provision of more product information and protection for consumers. Nevertheless, I consider that consumers should ultimately exercise their right and must not believe in the contents of advertisements easily. In any case, I consider that a balance must be struck in handling the contents of advertisements because advertisements are to a certain extent creative, and may have exaggerating elements. A balance is therefore needed. In other words, any claims made must be truthful, and no false claims are allowed.

PRESIDENT (in Cantonese): Mr LI, which part of your supplementary question has not been answered?

MR FRED LI (in Cantonese): *The Secretary has not answered my supplementary question because I was referring to print advertisements, President. Regarding the Secretary's reply that the Trade Descriptions Ordinance regulates the package of products, I understand that the Ordinance, which is targeted at package, does not regulate advertisements. Hence,*

President, I think the Secretary has evaded my question completely. Why are false print advertisements not regulated? President, I am referring to advertisements.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): Actually, the Trade Descriptions Ordinance covers trade descriptions made through all types of media. Therefore, print or of course, radio and television are regulated by specific regulations. Therefore, it is not the case that commodities promoted through print advertisements are not regulated.

MR WONG TING-KWONG (in Cantonese): *The trade has all along supported the Government in combating the use of unfair practices by a handful of unscrupulous businessmen to cheat consumers. Hence, we supported the Government's tabling of the Trade Descriptions (Amendment) Bill 2007 in the previous term of the Legislative Council. However, we are also concerned that the Ordinance, after amended, will bring unnecessary regulation, thereby affecting the operation of law-abiding businessmen and also choices available to consumers and the information they receive. President, may I ask how the Secretary can ensure that the operation of law-abiding businessmen is not affected when studying the Consumer Council's recommendation?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, I am very grateful to Mr WONG for reminding us of the importance of ensuring a good and favourable business environment in dealing with consumers' rights and interests. Actually, as stated by Mr Fred LI, this point is already highlighted in the title of the report of the Consumer Council, which reads "Fairness in the Marketplace for Consumers and Business". Therefore, it is necessary to define the scope of fair trade and what it is meant by unfair practices. In considering the Consumer Council's recommendation, we must ensure that the relevant legislation is clear and there are regulations for compliance by the trade and consumers, and that law-enforcement agencies can perform their enforcement duties effectively. Therefore, we must be very careful in defining unfair practices. While we will definitely pay great attention to consumers' requests for fair treatment, we will also pay great attention to the expectation of the trade that our regulation is reasonable and not excessive, because a clear and predictable regulatory legislation is crucial to the business environment.

Besides, I believe the trade, that is, those who operate a business, will definitely support a fair business environment because only in this way can they compete under the fairest circumstances.

DR LEUNG KA-LAU (in Cantonese): *May I ask the Secretary, with reference to the regulation exercised by the Undesirable Medical Advertisements Ordinance as found in part (a) of the main reply, is the broadcaster or the product manufacturer regulated? Besides, if a certain broadcaster is situated on the Mainland, will the dental advertisements broadcast by radio and television stations in Hong Kong be regulated?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, my brief reply to Dr LEUNG's question is that the advertising agent will be regulated.

DR LEUNG KA-LAU (in Cantonese): *Does the advertising agent refer to the broadcaster or the product manufacturer?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, actually, both the advertising agent and broadcaster responsible for publishing the advertisement will be regulated, as both of them are responsible for the relevant advertisement. In other words, the broadcasting licensee has to produce sufficient evidence to show that the contents of its advertisement are legal.

PRESIDENT (in Cantonese): Dr LEUNG, as you have raised a supplementary question, you may not raise another follow-up question.

MR FRED LI (in Cantonese): *President, the Secretary stated in her reply just now that the Trade Descriptions Ordinance covers print advertisements as well. I would like to learn more about the situation. For instance, the Government should have known that the advertisements of certain products, such as Colgate toothpaste and certain Estee Lauder products, are regulated in the United*

Kingdom, and it is very clear that certain wordings are prohibited. But why does the Government not follow up the matter if print advertisements are covered by the Trade Descriptions Ordinance while such advertisements are still in existence? It is hard for the consumers to make a judgment because these advertisements come in large quantities and are simply overwhelming. Does the Trade Descriptions Ordinance cover the regulation of these print advertisements? Will the Government proactively follow up the matter with reference to overseas precedents or will it passively wait for complaints to be lodged?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, we will not act passively. The Government's law enforcement agencies — mainly the Customs and Excise Department (C&ED) and the police — will from time to time conduct investigations in the market and perform tests on products acquired as part of their law enforcement efforts. As regards the cases raised by Mr Fred LI today, I will inform the C&ED and, if follow-up action has not been initiated, request it to follow up the cases.

MS AUDREY EU (in Cantonese): *President, can the Government explain to us why there are different standards for advertisements published through electronic media and the print advertisements? On this issue, why can the same yardstick and legislation not be applied?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): In many ways, the electronic media, which provide broadcasting services by way of airwaves, must meet certain licensing requirements and their business must comply with the code of practice promulgated by the Broadcasting Authority. I believe there are historical reasons behind this. However, it does not mean that this regulatory system and its weight should not be subject to regular review. I agree that, given multimedia developments these days, advertisements can actually be made through many different media. However, both the radio and television, being licensees as well as airwave users, have an exceptionally wide audience of listeners and viewers. This is why the Government considers it necessary to monitor these two remarkably influential media more strictly.

MS EMILY LAU (in Cantonese): *President, the Secretary stated in the main reply that the Association of Accredited Advertising Agents of Hong Kong has formulated a Code of Practice, and its members who fail to comply with the Code will be subject to sanctions. I hope the Secretary can help us learn more about the effectiveness of this system by informing us of the number of members of the Association, the number of advertising agents who are not its members, the number of complaints received, and the number of advertising agents who have been sanctioned.*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, I would like to thank Ms Emily LAU for her concern about the operation of the Code of Practice of the Association. As I do not have such information at hand, please allow me to provide the information to Members in writing after the meeting. (Appendix IV)

PRESIDENT (in Cantonese): Last supplementary question.

DR LEUNG KA-LAU (in Cantonese): *I would like to follow up the regulation of advertisements across the boundary under the Undesirable Medical Advertisements Ordinance. If the advertisements placed by some medical institutions in Shenzhen are found to be false, are there any ways for the Hong Kong Government to tackle this problem or communicate with the law enforcement agencies on the Mainland to examine ways to regulate these false advertisements?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, as Hong Kong is an independent jurisdiction, law enforcement must be carried out within the territory. In spite of this, the C&ED will from time to time liaise with the law-enforcement agencies in Shenzhen and Guangdong Province. We are duty-bound, and very pleased, to maintain communication and exchange intelligence with these law-enforcement agencies to ensure the accuracy of the information received by the public.

PRESIDENT (in Cantonese): Last oral question.

Cross-boundary Passenger Ferry Services

6. **MS MIRIAM LAU** (in Cantonese): *President, the Government is pressing ahead with the expeditious commencement of cross-boundary transport infrastructure projects such as the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the Hong Kong-Zhuhai-Macao Bridge and the Liantang/Heung Yuen Wai Boundary Control Point and, upon their commissioning, cross-boundary passenger and freight transport will be more convenient. Yet, the Review of the Use of Cross-boundary Ferry Terminals (CBFTs) Report, which was released in May last year, had not assessed the impact of the commissioning of these infrastructure facilities on cross-boundary ferry services and only made a forecast of the demand for cross-boundary ferry services up to 2012. In this connection, will the Government inform this Council:*

- (a) *of the number of passengers of each of the cross-boundary ferry routes to and from the ports of Macao and the Mainland in the past five years, as well as the respective routes with the highest percentage of increase and decrease in the numbers of passengers during the period, and whether it has examined the relevant causes for such increase and decrease;*
- (b) *when it will conduct an assessment of the impact of the commissioning of the aforesaid cross-boundary transport infrastructure facilities from 2014 onwards on the demand for cross-boundary ferry services; and*
- (c) *given the increasingly convenient cross-boundary land transport, what long-term plans are in place to assist cross-boundary ferry services in enhancing their competitiveness, so as to enable a balanced development of cross-boundary sea and land transport services, and hence achieve a win-win situation and maintain Hong Kong's position as a transport and maritime hub?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, it is the policy objective of the Government to enhance the connectivity with the Pearl River Delta (PRD) region to maintain Hong Kong's position as a transport and maritime hub. As mentioned in the Review of the Use of CBFTs Report published in May last year, in achieving this policy objective, we have

assessed the demand for cross-boundary ferry services connecting to different destinations within the PRD (that is, Macao and ports on the Mainland), the berthing capacity and passenger processing capacity of existing CBFTs, the operational efficiency of terminal facilities, and so on. In overall terms, the provision of berthing slots at existing CBFTs is able to meet the requirement.

Our reply to the specific questions are as follows:

- (a) At present, there are 13 cross-boundary ferry routes connecting Hong Kong and 14 Macao and Mainland ports. The number of passengers of these routes in the past five years is tabulated in the Annex.

As indicated in the Annex, the number of Hong Kong residents and visitors travelling to and from Macao increased from 11.88 million in 2004 to 18.60 million in 2008, at an average annual growth rate of 11.8%. In contrast, the patronage of cross-boundary ferries to and from the Mainland was on a decreasing trend, reducing from 7.30 million in 2004 to 5.67 million in 2008.

The recent boom of the hospitality and construction industries in Macao led to the increase in the number of visitors to and from Macao. In addition to the visitor traffic, the number of Hong Kong residents working there had also increased. However, as a result of the financial tsunami, the halt to major construction projects in Macao and the tightening measures imposed by the mainland authorities on travellers to Macao via Hong Kong under the Individual Visit Scheme, the growth in the number of passengers to and from Macao slowed down in the second half of 2008.

In recent years, there have been upgrades to the road networks in the east bank of the PRD, land crossing capacities between Hong Kong and the Mainland have been enhanced, choices of routings and coverage of cross-boundary coach have also widened. Cross-boundary ferry services are now more focused on ports in the west bank of the PRD. The number of passengers travelling to and from major ports including Zhuhai, Zhongshan and Shunde has remained steady, and recorded a lower level of decrease.

- (b) We agree that the infrastructural projects mentioned in the question would have certain impact on cross-boundary ferry services. The Marine Department (MD) would closely monitor the patronage level of these routes in the light of the progress of these projects. On the other hand, we will also work with the Planning Department (PD) to regularly conduct Cross-boundary Travel Surveys and related forecasts, taking into consideration economic data affecting passenger and cargo flows, including various infrastructure projects in progress or under planning. Such information will also facilitate our assessing changes in the demand for cross-boundary ferry services, thus ensuring that our CBFT facilities are capable of meeting the demand.
- (c) We will continue to review the use of CBFTs from time to time, with a view to continuously improving terminal operation and facilities, encouraging operators to provide diversified cross-boundary ferry services and providing a more desirable environment for passengers.

On the improvement of CBFTs operation, the daily operating hours of China Ferry Terminal have been extended by two hours to midnight from 27 October 2008 onwards, providing further convenience to passengers. On the other hand, the MD has also enhanced the mechanism for allocating berthing slots to ensure fair and efficient allocation of public resources. The enhanced mechanism becomes more transparent, and would encourage existing or new operators to provide additional services or ferry routes, thus conducive to achieving the objective of enhancing our connectivity with the PRD region.

On facilities, we will continue with upgrading works at CBFTs to ensure that terminal and supporting facilities meet the need of operators and cross-boundary visitors, providing comfortable, safe and efficient services.

The Government will also tie in inter-modal traffic arrangements with the development need of cross-boundary ferry services. For instance, through the promotion of upstream check-in and baggage handling services, the Hong Kong Airport Authority will provide a more comfortable and convenient environment for cross-boundary

ferry passengers from the PRD taking their flights to overseas destinations via SkyPier of the Hong Kong International Airport.

Cross-boundary ferry services are an integral part of our cross-boundary transport network. We will continue to maintain close liaison with the relevant authorities of Macao and the Mainland to ensure that the role of cross-boundary ferry services will not be neglected in the overall transport network so as to meet the needs of different passengers.

Annex

Cross Boundary Ferry Services (2004-2008)

No.	Port	Year		2004		2005		2006		2007		2008	
		Passengers	Passengers	Passengers	Year over Year (YoY) change (%)	Passengers	YoY Change (%)	Passengers	YoY Change (%)	Passengers	YoY Change (%)		
1	Macau	11 884 959	12 649 412	6.43%	14 347 299	13.42%	16 860 525	17.52%	18 595 653	10.29%			
2	Zhuhai	1 567 687	1 626 091	3.73%	1 822 703	12.09%	2 061 482	13.10%	1 801 668	-12.60%			
3	Zhongshan	1 131 068	1 114 710	-1.45%	1 164 510	4.47%	1 240 126	6.49%	1 104 654	-10.92%			
4	Shekou	760 230	699 959	-7.93%	660 911	-5.58%	607 281	-8.11%	369 304	-39.19%			
5	Nansha	756 673	651 085	-13.95%	590 977	-9.23%	574 105	-2.85%	465 489	-18.92%			
6	Shunde	710 404	697 671	-1.79%	774 121	10.96%	888 596	14.79%	757 909	-14.71%			
7	Shenzhen	604 545	566 361	-6.32%	490 470	-13.40%	384 604	-21.58%	110 684	-71.22%			
8	Jiangmen	349 543	328 603	-5.99%	279 450	-14.96%	273 476	-2.14%	209 374	-23.44%			
9	Lianhuashan	299 225	218 823	-26.87%	287 629	31.44%	422 339	46.83%	378 975	-10.27%			
10	Dongguan Humen	168 450	80 486	-52.22%	37 763	-53.08%	39 780	5.34%	8 124	-79.58%			
11	Heshan	115 363	103 246	-10.50%	111 711	8.20%	108 503	-2.87%	74 881	-30.99%			
12	Doumen	106 271	91 355	-14.04%	91 965	0.67%	65 735	-28.52%	28 773	-56.23%			
13	Gaoming	97 336	83 498	-14.22%	87 941	5.32%	50 356	-42.74%	43 007	-14.59%			
14	Xiamen	2 651	2 154	-18.75%	1 681	-21.96%	2 793	66.15%	1 083	-61.22%			
	Open sea	238 615	208 337	-12.69%	298 115	43.09%	318 410	6.81%	313 526	-1.53%			
	Other discontinued routes*	387 714	303 844	N/A	77 422	N/A	23 633	N/A	0	N/A			
	Subtotal (Mainland ports)	7 295 775	6 776 223	-7.12%	6 777 369	0.02%	7 061 219	4.19%	5 667 451	-19.74%			
	Grand total	19 180 734	19 425 635	1.28%	21 124 668	8.75%	23 921 744	13.24%	24 263 104	1.43%			

Note:

* Including routes serving East River Guangzhou, Shantou, Zhaoqing, Pingzhou, Gongyi and Sanbu.

MS MIRIAM LAU (in Cantonese): *President, as evident in the Secretary's main reply, the patronage of cross-boundary ferries to and from the Mainland showed a substantial decrease in the past few years, and the growth in patronage of cross-boundary ferries to and from Macao also slowed down in the second half of 2008. Patronage forecast is not optimistic. One of the major causes of such a*

trend is the continual improvements in cross-boundary land transport links and infrastructure which will be further upgraded in future.

More importantly, the fares of cross-boundary ferries are far higher than those of land transport. A few of the reasons are that cross-boundary ferry operators have to pay expensive fees for using ferry terminals as well as for passenger embarkation. Given such a trend and the question mentioned in part (c) of the main question on how to assist cross-boundary ferry services in enhancing their competitiveness so as to enable a balanced development with cross-boundary land transport, may I ask the Government whether serious consideration will be given to review and reduce the fees paid by cross-boundary ferry operators for using ferry terminals and abolish the fees for passenger embarkation?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, regarding the fees, such as the passenger embarkation fees mentioned by Ms Miriam LAU just now, such fees are not meant to levy tax, but to recover the cost of providing terminal facilities and related services from ferry operators according to the patronage level. If the patronage increases, the cost can be shared and thus the fees can be lowered. There were adjustments of such fees in the past. We do not mean to impose these fees on cross-boundary ferries specifically. We only seek to reasonably recover some service cost.

Ms Miriam LAU mentioned just now her worry of a slow down trend. It is true there is a decline in the patronage of cross-boundary ferries to and from mainland ports. This is understandable in view of the upgrades in land transport facilities and other border crossing points. However, in the case of Macao, despite the slow down, we still see a 6.6% increase at the fourth quarter. Although the patronage has been affected by many policies, it seems that many visitors still travel between Hong Kong and Macao. Thus, we believe that there is still room for improvement and upgrades in this regard.

Besides, there are many new ferry routes in the PRD region. With appropriate supporting facilities, we observe that many economic activities prescribed in the development outline of the PRD will move inland. We think that in the long run, we will step up liaison with mainland institutions to look for opportunities to develop new routes.

MS MIRIAM LAU (in Cantonese): *The Secretary has provided a very detailed reply for me, but she has not answered my supplementary question. My supplementary question is, given the present situation and trend, will the Government give serious consideration to review the requirement that cross-boundary ferries need to pay the fees for using ferry terminals, and abolish the passenger embarkation fees, rather than explaining why passenger embarkation fees are levied? I asked the Government whether it could consider adjusting these two fees.*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, I have explained just now that we maintain the cost-recovery approach which we think is fair, but we will certainly keep a close watch on the situation concerned.

MR CHEUNG HOK-MING (in Cantonese): *President, the Secretary stated in the last paragraph of part (c) of the main reply that the Government "will continue to maintain close liaison with the relevant authorities of Macao and the Mainland to ensure that the role of cross-boundary ferry services will not be neglected in the overall transport network so as to meet the needs of different passengers." President, I am afraid the Secretary's reply is not the fact. For example, the franchise of the ferry route from Tuen Mun to Macao was awarded in 2003 and the contract will expire in 2010. Six years have passed since then, but the ferry route is still not commissioned. May I ask the Secretary, in the light of this example, what role has the Government played in promoting the development of cross-boundary ferries? Is the Hong Kong Government incapacitated if the Macao Government does not award the franchise?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, this perhaps involves two issues. Firstly, it is affirmative that we have liaised with relevant authorities of Macao and the Mainland, particularly on development of the PRD. I have said just now that the outline plan of the development of the PRD has just been put forward. We will closely liaise with the Mainland in the context of this framework develop a transport hub which has a sound and rational transport network.

Mr CHEUNG Hok-ming mentioned the Tuen Mun-Macao ferry route. First of all, we did not grant a ferry route franchise, but a franchise for operating the terminal. The contract will expire in 2010. When an operator applies for the franchise of a ferry route, a set of terms and conditions has to be met, such as a Seaworthiness Certificate which includes requirements on safety and the ferry crew. Another important condition is to obtain the operation permit of the destination port, but this involves issues of the company's operation. Regarding the application of the operation permit of the destination port, we are of the view that the SAR Government cannot apply it on behalf of the ferry operator, or exert pressure on other institutions. This may not be an appropriate approach because the destination port may have its own requirements which are different. On the part of Hong Kong, we have in fact completed the relevant procedures. The responsibility rests on the ferry operator who needs to apply for the permit of the destination port. If everything is ready, the ferry route concerned can commence operation. This will not be a problem.

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

MR CHEUNG HOK-MING (in Cantonese): *President, the question I wished to ask earlier was on the authorities' need of close liaison with Macao and the Mainland. In this connection, the Secretary did not answer whether the Government has a role to play. How will the Government maintain this close liaison?*

PRESIDENT (in Cantonese): I believe the Secretary has already answered this point. Secretary, do you have anything to add?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): No, President.

MR CHAN KAM-LAM (in Cantonese): *President, with road networks of the PRD becoming increasingly comprehensive, the demand for sea transport will continue to drop. This can be said to be inevitable. But may I know As*

seen in the formation in the Annex which the Secretary has provided us, the numbers of passengers of some mainland ports are very small. For instance, the number of passengers going to Xiamen last year was 1 083. The operation of such ferry routes should be very tough, which are probably dominated by freight rather than passenger transport. May I know whether the Government has received any requests for assistance from operators of such ferry routes? Or possibly whether the Government has received any applications from ferry operators for new routes, and what are the relevant application procedures?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, to date, we have not received any new applications, but our present system is, in fact, very user-friendly to the applicants. The application procedures are very simple, which consist of three parts. First, the applicant is required to apply for a Seaworthiness Certificate from the MD. This is mainly for safety concerns and competency of crew members operating and working on the ferry. Second, the applicant is required to apply for an operation permit from the destination port. As I have mentioned just now, if a ferry is bound for a certain destination port, it must complete the application procedures for that place. Third, the applying ferry operator is required to complete a navigation and berthing trial in order to demonstrate to the MD its capacity in operating the ferry route. If berthing slots are available, the ferry route can commence operation. On the whole, the procedures concerned are quick and simple.

MR ALBERT HO (in Cantonese): *President, concerning the use of the ferry terminal in Macao mentioned by Mr CHEUNG Hok-ming earlier, I believe the Secretary also knows that many years ago when the Government franchised the operation of the terminal, it anticipated that the operator could run the Tuen Mun-Macao ferry route after obtaining the franchise. Members may be aware that Tuen Mun is located closest to Zhuhai or Macao. It is thus a very advantageous location for operating this ferry route. Members may also be aware, however, that the application had taken a few years but was ultimately unsuccessful; the terminal was left idle and the operator unable to pay the rent. At the second tender, the Government adopted the same approach, that is, by franchising the operation of the terminal, but it did not lay down any preconditions, such as the requirement of obtaining the operation rights within a certain period of time, including the operation rights of a ferry route to Macao.*

As a result, the terminal is left idle again and people cannot go to Macao from there and many ferry routes cannot commence operation.

I wish to tell the Secretary that many people in the district, including the New Territories residents, think that the approach of franchising the operation of the ferry terminal is, in effect, no different from collusion between business and the Government. They think that the Government intended to award the franchise to an operator who had no real intention to run a business, and that the aim was only to protect the operators now holding the franchise of the Macao ferry route in Central.

May I ask the Secretary, if she disagrees that this is collusion between business and the Government, whether she should at least admit that this is a grave blunder because she has allowed the operator to pay rent for an idle ferry terminal for many years? May I ask the Secretary if there are such frequent blunders, how can these be redeemed in future? How can she ensure that the Tuen Mun ferry terminal can be used appropriately, such that the advantageous geographical location of Tuen Mun in maritime transport links with the Mainland will not be wasted?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese):
President, the operation of that ferry terminal was franchised through a fair and open process which did not involve the slightest favouring of any parties. Admittedly, ferry services between Hong Kong and the Mainland and Macao are now predominantly provided in the Hong Kong-China Ferry Terminal and other terminals on Hong Kong Island. So we have to consider carefully whether public money should be used to support a third terminal. This third terminal was operated by award of tender at that time. I agree that we did not lay down any preconditions when we tendered the operation of the terminal, requiring the operator to obtain a permit from the destination port first, because the ferry route and the operation of the terminal are to be regulated separately. We are now reviewing this approach.

We only conducted one tender exercise in relation to the operation of the terminal. The contract concerned will expire in 2010. As of now, we agree that the usage is low. For the next At the present review, we have also liaised with the District Council. Mr HO, I think you are also well aware that we can consider adding a precondition to the operation of the terminal, requiring

the operator to obtain an operation permit from the destination port first, because we believe that this is conducive to and can increase the usage of the Tuen Mun terminal in future.

PRESIDENT (in Cantonese): Although there are six Members waiting for their turn to ask supplementaries, I can only allow one more Member to do so because we have already spent more than two hours on the oral question session.

DR RAYMOND HO (in Cantonese): *President, the connectivity of two places should be enhanced through sea, land and air, rather than land alone. The demand for our ferry services is, to a great extent, not only determined by local people commuting between the two places on a daily or business basis. The development of tourism in future certainly needs to be considered in the light of these three channels. In this regard, has the Secretary thoroughly examined the future development programme with relevant mainland and Macao authorities, rather than only conducting regular studies, surveys and statistical forecasts with the PD, as mentioned in part (b) of the main reply? Apparently, only partial local forecasts are conducted but not liaison with the Mainland and Macao is made. This may affect the future development of tourism and hinder an integrated development for the benefit of tourism. This may also make accurate forecasts in this regard impossible. Will the Secretary make such preparative efforts?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, I think Dr HO has hit the nail on the head that our liaison is comprehensive, but in terms of transport planning, we mainly work with the PD. For the point on tourism which he mentions, they certainly work closely together. Although I do not belong to the Commerce and Economic Development Bureau, I know that they have embarked on different co-operation programmes with their Guangdong counterpart. Such co-operation includes programmes on transport and tourism. In our overall assessment, the relevant statistics, development of tourist attractions and the increased patronage brought by future development will also be taken into consideration.

PRESIDENT (in Cantonese): Oral questions end here.

WRITTEN ANSWERS TO QUESTIONS**Assistance to Cantonese Opera Sector**

7. **MR TIMOTHY FOK** (in Chinese): *President, as it is learnt that the tenancy renewal for the Sunbeam Theatre in North Point has not yet been settled, it is expected that the project of converting the Yau Ma Tei Theatre into a Xiqu Activity Centre with a small theatre will not be completed until 2011, and the supporting facilities and seating capacity of the Ko Shan Theatre do not exactly meet the requirements of Cantonese opera performances, will the Government inform this Council whether it will take immediate measures to assist the Cantonese opera sector in solving the problem of shortage of performance venues?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President, the Government is thankful to the Sunbeam Theatre's landlord for his continued contribution to the development of Cantonese opera in Hong Kong over the years. We have been proactively supporting the discussion between the operator and the landlord on renewing the tenancy of Sunbeam Theatre. We look forward to reaching a satisfactory arrangement between both parties.

In the development plan for providing venues for Cantonese opera, the Government has decided to develop the following venues of different scales to meet the various development needs of the Cantonese opera sector:

- (i) to convert the Yau Ma Tei Theatre and the Red Brick Building into a Xiqu Activity Centre with a small theatre of about 300 seats. The project which is scheduled for completion in 2011 will provide a venue for small-scale performances and operatic singing activities;
- (ii) to construct an Annex Building to the Ko Shan Theatre comprising a medium-sized theatre of about 600 seats, large-scale rehearsal rooms and audio-recording studios. The Annex Building which is scheduled for completion in 2012, together with the existing theatre of 1 031 seats can be used for various purposes such as performances, rehearsals, and audiovisual production of Cantonese opera; and
- (iii) to build a large-scale theatre of about 1 200 to 1 400 seats, a small-sized theatre of about 400 seats and various practising

facilities in the Xiqu Centre of the West Kowloon Cultural District. Scheduled for completion in 2014-2015, the project will provide permanent performance venues of international standards for staging professional performances of Cantonese opera (The seating capacity of Sunbeam Theatre is 1 033).

Currently, the Leisure and Cultural Services Department (LCSD) has been providing additional time slots for staging Cantonese opera performances by implementing special measures for venue hiring, including:

(i) "Venue Partnership Scheme"

- The LCSD has supported the Cantonese opera sector to take part in the "Venue Partnership Scheme" in the Sha Tin Town Hall and the Tuen Mun Town Hall from 2008-2009 to 2011-2012. The sector will be provided with a total of 118 days of time slots for performances in these two venues in 2009-2010.

(ii) Further development of the Ko Shan Theatre into one of the major performance venues for Cantonese opera

- Since the implementation of LCSD's "priority venue hiring policy for Cantonese opera performances" in the Ko Shan Theatre in 2004, the number of organizations using the theatre for Cantonese opera performances has been increasing year by year. In 2008, 149 Cantonese opera performances and 106 Cantonese operatic concerts were staged in the theatre. The theatre can provide another 100 days or so of time slots for Cantonese opera performances in 2009. The LCSD has been fine-tuning the policy in response to the development needs of the Cantonese opera sector. At present, apart from full-length performances, excerpt performances are also accorded priority.
- The LCSD has also kept improving the supporting facilities of the Ko Shan Theatre to cater for the needs of large-scale Cantonese opera performances. Such measures include additional provision of toilet cubicles, dressing rooms, directional sign boards, parking spaces, and so on. It is also planned that a covered walkway leading to the theatre will be

constructed, illuminated advertisement boxes to promote the performances be installed and current seats be replaced by more comfortable ones.

(iii) Reserving time slots at major performing arts venues in the urban areas and the New Territories

- For 2009-2010, the LCSD is going to make an additional provision of about 44 days of reserved time slots at several major performing arts venues for priority hiring by Cantonese opera troupes. These venues include the Hong Kong Cultural Centre, the Hong Kong City Hall, the Kwai Tsing Theatre, the Sha Tin Town Hall and the Tsuen Wan Town Hall. It also plans to increase the additional provision to about 70 days of times slots for Cantonese opera performances starting from 2010-2011. We are consulting the Cantonese Opera Advisory Committee, the Chinese Artists Association of Hong Kong and the Hong Kong Cantonese Opera Chamber of Commerce on the proposal. Apart from priority hiring of reserved time slots, Cantonese opera troupes can continue to hire the 13 performing arts venues of the LCSD through ordinary booking.

To sum up the above measures, we estimate that about 262 days of time slots for performances will be provided additionally by the LCSD for the Cantonese opera sector in 2009-2010.

Vegetables Imported from the Mainland

8. **MR ABRAHAM SHEK** (in Chinese): *President, regarding vegetables imported from the Mainland, will the Government inform this Council:*

- (a) *whether it has assessed if sufficient quantities of vegetables can be produced by registered mainland farms for supplying vegetables to Hong Kong, so that the vegetable prices in Hong Kong can remain stable in different seasons; if the assessment result is in the affirmative, of the justifications for that; if the assessment result is in the negative, the ways to tackle the problem;*

- (b) *of the measures currently in place to monitor the operations of registered mainland farms for supplying vegetables to Hong Kong which are located in places outside Guangdong Province, such as Beijing and Shanghai; and*
- (c) *given that some members of the public have relayed to me that the retail prices of vegetables do not follow reduction in wholesale prices and drop immediately, resulting in a "quick-in-going-up but slow-in-coming-down" situation, whether it will consider conducting an investigation to examine if any price fixing exists at the wholesale level; if it will not, of the reasons for that?*

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

- (a) According to the Hong Kong Merchandise Trade Statistics published by the Census and Statistics Department, in 2006, 2007 and 2008 (up until October), the volumes of vegetables supplied by the Mainland to Hong Kong were about 486 000 tonnes, 589 000 tonnes and 493 000 tonnes respectively, accounting for more than 90% of Hong Kong's total vegetable import. Such information revealed that most of Hong Kong's imported vegetables were from the Mainland, and the overall supply has remained steady without shortage.

Fresh vegetables supplied by mainland registered vegetable farms can meet the needs of Hong Kong citizens in different seasons both in terms of quantity and product type. Apart from the seasonal factor, the vegetable prices are also directly affected by weather. For instance, in summer which is a low season, the vegetable output will fall abruptly in the event of a typhoon or rainstorm, and the vegetable prices may soar temporarily with demand outstripping supply. Taking 2008 as an example, the average wholesale prices of vegetables handled by the Vegetable Marketing Organization for the year ranged from about \$5,800 per tonne (approximately 1 650 catties) in summer to \$5,300 in winter, representing a seasonal fluctuation of about 10%, which is basically normal.

- (b) At present, there are about 680 registered vegetable farms on the Mainland that supply vegetables to Hong Kong. They are scattered around various provinces and cities, including Guangdong, Beijing, Shanghai, and so on. The list of registered farms that supply

vegetables to Hong Kong are accessible from the website of the State General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ).

According to an agreement between the Hong Kong Government and the AQSIQ, all vegetables supplied to Hong Kong must come from registered vegetable farms. The inspection and quarantine authorities on the Mainland would exercise management at source in respect of farms and collection stations that supply vegetables to Hong Kong, and implement measures including the supervision of the whole loading process, marking of vegetable consignments and sealing of vegetable vehicles. Each consignment of vegetables imported from the Mainland must also be accompanied with a "供港澳蔬菜農藥使用報告單" (certificate of pesticide usage for vegetables supplied to Hong Kong and Macao) and a "供港澳蔬菜檢驗檢疫監管卡" (inspection card of vegetables supplied to Hong Kong and Macao) issued by the relevant mainland authorities.

According to the agreement between Hong Kong and the Mainland, all mainland fresh vegetables entering Hong Kong via land route must be imported via the Man Kam To Control Point (MKTCP), and subject to random inspection by officers of the Food and Environmental Hygiene Department (FEHD) upon arrival. Officers of the FEHD will check the seals of the vegetable vehicles, verify and examine whether the accompanying documents tally with the vegetable consignments. Should any consignment be found not tallying with the accompanying documents, the consignment concerned will be detained for testing and the mainland authorities will be notified to take follow-up actions. In 2007 and 2008, a total of about 57 000 vegetable vehicles were inspected at the MKTCP, and there was no report of cases involving vegetable source not tallying with accompanying documents. FEHD officers will also take vegetable samples for quick tests for pesticide residues and comprehensive chemical analysis. In 2007 and 2008, over 37 000 vegetable samples collected at import, wholesale and retail levels were tested for pesticide residues and the satisfactory rate is 99.9 per cent.

Apart from maintaining close liaison with the Mainland in respect of management at source, the Hong Kong Government also adopts the

strategy of collecting vegetable samples for testing at import, wholesale and retail levels to ensure food safety.

- (c) The policy objective of the Administration is to maintain a stable food supply and ensure food safety. Food price should be determined by market forces. The Administration is committed to improving market transparency and enhancing market efficiency, so as to help consumers make a wise choice.

Vegetable wholesale activities operate under the supply and demand forces of the free market, with keen competition on both the supply and demand sides. In recent years, we have not found any irregularities in the wholesale prices and supply of the vegetables imported into Hong Kong. The retail prices of vegetables, like other fresh food, are adjusted by free market forces in accordance with seasonal changes and demand. For example, the prices of certain fresh food may go up during major festive occasions. The Administration endeavours to maintaining an adequate supply of the major food items, enhancing market transparency for the protection of consumer's right to know and creating a level playing field for the trade.

To enhance market transparency, the Agriculture, Fisheries and Conservation Department publishes daily information on the supply and average wholesale prices of major non-staple food (including vegetables) through its website and the radio for public reference.

Do-not-call Registers

9. **MR WONG TING-KWONG** (in Chinese): *President, the Unsolicited Electronic Messages Ordinance (UEMO) (Cap. 593) came into full operation on 22 December 2007. Members of the public who do not wish to receive unsolicited faxes, short messages or pre-recorded telephone messages can have their fax/telephone numbers registered on the relevant registers set up by the Office of the Telecommunications Authority (OFTA). In this regard, will the Government inform this Council:*

- (a) *of the respective up-to-date numbers of fax and telephone numbers registered on the registers, their respective percentages in the total*

number of such numbers, and the number of relevant enquiries received;

- (b) of the number of complaints received so far from users of numbers which have been registered on the relevant registers that they still received unwanted types of unsolicited electronic messages, with a breakdown by the content of such complaints;*
- (c) whether it will further step up publicity activities so that more members of the public will be aware of the registers; if so, of the details; if not, the reasons for that; and*
- (d) of the monthly average number of complaints presently handled by the team set up under OFTA to handle complaints and carry out investigations, and the existing number of outstanding complaints; whether there is any plan to increase manpower in this regard; if there is, of the details; if not, the reasons for that?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, the UEMO, which regulates the sending of commercial electronic messages, has fully commenced on 22 December 2007. Under the UEMO, three do-not-call registers (DNCs) have been established, covering facsimile messages, short messages and pre-recorded telephone messages. Members of the public can register their telephone and facsimile numbers onto the relevant DNC in order to unsubscribe from unsolicited commercial messages. Protection under the UEMO will commence on the 10th working day from the date on which the number is registered onto the DNC. Under the UEMO, a person should not send commercial electronic message to a number which has been registered onto the DNC for 10 working days or longer, unless consent has been obtained from the registered user of the concerned number. Senders who contravene the prescribed rules of the UEMO may be subject to the enforcement notice issued by the Telecommunications Authority. Failure to comply with the enforcement notice is a criminal offence.

The specific reply to the question is as follows:

- (a) The following table provides the statistics of numbers which have been registered onto the three DNCs as at 29 January 2009.

	<i>Amount of numbers registered</i>	<i>Percentage of total relevant numbers</i>
DNC for facsimile messages	401 257	- ⁽¹⁾
DNC for short messages	393 907	3.5% ⁽²⁾
DNC for pre-recorded telephone messages	747 918	4.9% ⁽³⁾
Total registrations	1 543 082	

Notes:

- (1) In October 2008, there were 326 572 facsimile lines in Hong Kong. As a residential fixed telephone line can be connected to a facsimile machine and thereby receive facsimile messages, OFTA does not have the statistics of numbers which are used for receiving facsimile messages in Hong Kong.
- (2) Currently, the majority of fixed telephony services do not support short messaging service and we therefore believe that the majority of numbers registered onto the DNC for short messages are mobile telephone numbers. As such, in calculating the percentage of numbers registered onto the DNC for short messages over the total relevant numbers, we have adopted the total mobile subscribers as the base. In October 2008, there were 11 389 185 mobile subscribers in Hong Kong.
- (3) Both fixed and mobile subscribers can register their numbers onto the DNC for pre-recorded telephone messages. As such, in calculating the percentage of numbers registered onto the DNC for pre-recorded telephone messages over the total relevant numbers, we have adopted the total fixed and mobile subscribers as the base. In October 2008, there were 15 118 194 fixed and mobile subscribers in Hong Kong.

In the year of 2008, the OFTA has received 12 706 written and verbal enquiries in relation to unsolicited messages, the UEMO, the DNCs and other related matters. However, OFTA does not have the statistics of enquiries specifically related to the DNCs only.

- (b) Since the full commencement of the UEMO to 29 January 2009, OFTA has received 9 309 reports of suspected contravention of the UEMO and dealt with 6 638 reports. Among the reports which have been dealt with, 849 reports of contravention were established and OFTA has issued one enforcement notice and 67 warning letters to the concerned senders.

Among these 849 reports, 707 (involving 57 senders) were related to the sending of unsolicited commercial messages to numbers

registered onto the DNCs. The breakdown of these 707 reports by the type of message is given below.

	<i>Number of established reports of contravention of sending unsolicited messages to numbers registered onto the DNC</i>	<i>Number of enforcement notice issued</i>	<i>Number of warning letter issued</i>
DNC for facsimile messages	684	1	54
DNC for short messages	4	0	1
DNC for pre-recorded telephone messages	19	0	1
Total	707	1	56

For reports that are still being processed, we are not able to ascertain the number of reports that are related to the sending of unsolicited commercial messages to numbers registered onto the DNCs as OFTA has to collect more information from individual complainants and the senders concerned to analyse the information upon receipt of such reports before we can ascertain the contraventions that may be involved.

- (c) The first phase of the publicity programme on the UEMO was launched through various channels (such as television and radio announcements, newspaper advertisements, websites and MTR posters) in late December 2007 to inform the public of the DNCs and to convey to senders of commercial electronic messages the sending rules. Posters and leaflets were also extensively distributed to community centres, secondary schools, universities as well as centres for the elderly.

The second phase of the publicity programme was conducted in May 2008 to advise the public on how to use the DNCs to unsubscribe from unsolicited commercial messages, how to identify commercial electronic messages that may have contravened the UEMO and how to report suspected contraventions to OFTA.

Over the past year, OFTA attended/organized around 30 briefing sessions to educate the public as well as the industry about the UEMO and DNCs. OFTA also published from time to time articles on the subject in newspapers and industry publications.

OFTA will continue these publicity efforts to use various channels to arouse public awareness of the UEMO and DNCs.

- (d) In the second half of 2008, OFTA dealt with an average of 740 reports per month.

As at 29 January 2009, OFTA has dealt with 6 638 reports of suspected contravention of the UEMO and there were 2 671 outstanding reports. In processing the reports, priority is given to the more serious cases, for example, those complained senders who attracted large number of reports. OFTA will continue to process the reports in an expeditious manner.

When the UEMO fully commenced in December 2007, there were eight staff assigned to handle the duties. Since then, the number of staff has increased gradually to the current level of 14. OFTA will review the workload regularly to make sure that adequate resource is made available to provide a satisfactory service to the community.

Assisting Students in Adapting to New Senior Secondary Academic Structure

10. **MR WONG SING-CHI** (in Chinese): *President, given that some students and parents have relayed to me that they have concerns and worries about the New Senior Secondary (NSS) Academic Structure, which will be implemented from the 2009-2010 school year onwards, will the Government inform this Council of the measures in place to assist:*

- (a) *the first cohort of Secondary Three students to be promoted to Secondary Four under the NSS academic structure in handling the various problems they may face, (including changes in the format and requirements of examination, as well as the pressure of school work arising from the new academic structure, having to make the choice between education and career as well as emotional disturbances, and so on), so as to prevent them from developing suicidal thoughts because they cannot adapt to the new academic structure;*
- (b) *Secondary Five students who will be sitting for the Hong Kong Certificate of Education Examination (HKCEE) in 2010 to face the*

pressure that they could only repeat in the last HKCEE in 2011, and to offer assistance to them in facing education and career problems; and

- (c) *parents of the first cohort of students affected by the NSS academic structure in facing the changes in various respects arising from the new academic structure?*

SECRETARY FOR EDUCATION (in Chinese): President, apart from releasing key messages to the public regularly, the Education Bureau has also adopted a comprehensive communication strategy to ensure close contact with different stakeholders including schools, teachers, and parents so that they can receive timely and accurate information. Supporting measures are also provided to address their concerns and needs to facilitate the smooth implementation of the NSS curriculum.

- (a) Education Bureau has provided the following support for the first cohort of NSS students:
- Education Bureau, in collaboration with the Hong Kong Association of Careers Masters and Guidance Masters, has developed a learning tool, namely *"Finding Your Colours of Life: NSS Subject Choices & the Development of Career Aspirations"* for junior secondary students. This tool helps students make informed choices on their NSS elective subjects at the senior secondary level. Related professional development programmes are also provided to familiarize teachers with the tool in helping students choose their preferred elective subjects.
 - The Hong Kong Examinations and Assessment Authority (HKEAA) has developed the assessment frameworks of the 24 NSS subjects (completed in 2007) and the sample papers, level descriptors and exemplars (drafts have already been uploaded on the HKEAA website) to help teachers and students fully understand the key features of assessment and to alleviate their anxiety in this regard.

- A phase-in strategy for the implementation of School-based Assessment (SBA) has been adopted. The 12 subjects implementing SBA in 2012 already have similar SBA arrangements in the current HKCEE and Hong Kong Advanced Level Examination. To further reduce pressure on teachers and students, HKEAA will also co-ordinate the SBA scores submission time across subjects at Secondary Five and Secondary Six.
- Professional development programmes are continuously organized to enhance teachers' understanding of the curriculum. Through sharing of authentic exemplars, teachers are helped to master effective learning and teaching strategies and diversified assessment methods, and incorporate assessments into the learning activities so as to minimize the pressure from tests and examinations.
- Education Bureau has developed a wide range of learning and teaching resources. Parents, students and the public can access the "3-3-4" Web Bulletin for updated information on the curriculum.
- Education Bureau is actively discussing with the Institute of Vocational Education on the provision of other possible pathways to further studies for Secondary Four and Secondary Five students.
- With regard to career development, the NSS curriculum provides students with the opportunities (for example, "Other Learning Experiences" activities, including talks on further studies and work, visits to the workplace) to understand the latest information and development of the job market and make appropriate choices in their future studies and career. Education Bureau has also organized a series of seminars on "the NSS Changing Career World" for parents and teachers so that they understand how the NSS curriculum prepare their children/students to face the fast-changing workplace and cope with the future working environment, and provide them with the appropriate guidance.

- (b) Education Bureau has made the following arrangements for the last cohort of Secondary Five students who will sit for the HKCEE in 2010:
- If students get unsatisfactory results in the HKCEE in 2010, they may re-sit the HKCEE in 2011 or opt to study the NSS curriculum at Secondary Five and Secondary Six level. Since most of the NSS curriculum also covers the relevant contents of HKCEE subjects, there should be little problem for students to pick up the NSS courses.
 - In addition, students may also consider other pathways such as studying courses offered by the Vocational Training Council, taking part in Project Yi Jin, studying abroad or working. Education Bureau is working closely with post-secondary institutions on the provision of places to meet the various needs during the transitional period.
- (c) To help parents understand the NSS curriculum and face the changes brought by the new academic structure, Education Bureau has adopted the following measures:
- Starting from 2007, parent seminars have been organized in various districts (about 20 000 participants have attended so far). These seminars provide parents with the latest information about the development of the NSS academic structure, including an overview of the NSS curriculum and the Hong Kong Diploma of Secondary Education. Parents' enquiries are directly addressed in the seminars.
 - A booklet entitled *Frequently Asked Questions on the New Senior Secondary Academic Structure and Curriculum* and the pamphlet entitled *New Academic Structure — Useful Tips for Parents* have been distributed to parents (five volumes have been issued up to now) to update them on the latest development of NSS. Concrete suggestions were provided to parents on how to help their children face the challenge of the new academic structure, such as making subject choices and handling Independent Enquiry Study of Liberal Studies.

- An NSS Information Kit was provided to all secondary schools to help schools organize school-based seminars for parents and/or students to introduce the NSS academic structure and arrangements for the school-based NSS curriculum.
- The "3-3-4" Web Bulletin allows parents easy access to the latest information such as university entrance requirements and the NSS subjects to be offered by schools.
- Furthermore, Education Bureau is planning to organize thematic seminars for parents in the coming months to enhance their understanding of some important issues such as those related to Liberal Studies so that they can help their children adapt to the NSS curriculum.

Abandoned or Stray Cats and Dogs

11. **MR WONG YUNG-KAN** (in Chinese): *President, will the Government inform this Council of:*

- (a) *the number of abandoned or stray cats and dogs which were caught or received by the Agriculture, Fisheries and Conservation Department (AFCD) in each of the past three years and, among them, the respective numbers of those which have been adopted and euthanized;*
- (b) *the number of prosecutions instituted by AFCD against owners of abandoned dogs under the Rabies Ordinance (Cap. 421) in the past two years; and*
- (c) *the new measures in place to tackle the problem of abandoned or stray cats and dogs?*

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

- (a) Generally speaking, stray animals caught or animals received from owners will stay at the AFCD's Animal Management Centres temporarily. Health conditions permitting, the animals will stay for

four days so their owners may reclaim them. Arrangements will be made for unclaimed dogs and cats to be re-homed through animal welfare organizations if they are found to be healthy and of an acceptable temperament. Animals that could not be re-homed will be euthanized. The number of stray dogs and cats caught or received by AFCD in the past three years is tabulated as follows:

	<i>No. of stray dogs and cats caught</i>	<i>No. of dogs and cats received from owner</i>	<i>No. of dogs and cats reclaimed by owner</i>	<i>No. of dogs and cats arranged for adoption</i>	<i>No. of dogs and cats euthanized</i>
2006	13 660 (8 600 dogs 5 060 cats)	4 870 (3 920 dogs 950 cats)	900 (600 dogs 300 cats)	840 (710 dogs 130 cats)	16 790 (11 210 dogs 5 580 cats)
2007	13 950 9 030 dogs 4 920 cats)	4 810 3 940 dogs 870 cats)	1 340 610 dogs 730 cats)	650 550 dogs 100 cats)	16 770 11 810 dogs 4 960 cats)
2008	13 010 8 370 dogs 4 640 cats)	3 740 3 370 dogs 370 cats)	1 350 670 dogs 680 cats)	900 720 dogs 180 cats)	14 500 10 350 dogs 4 150 cats)

The above figures have been rounded.

- (b) AFCD initiated 155 and 151 prosecutions against persons for abandoning their dogs or allowing their dogs to go astray under the Rabies Ordinance (Cap. 421) in 2007 and 2008 respectively.
- (c) The Rabies Ordinance requires dog keepers to ensure that their dogs aged five months or above must be micro-chipped. Also, according to the licensing conditions stipulated under the Public Health (Animals and Birds) (Animal Traders) Regulations (Cap. 139B), all dogs on sale at pet shops must be implanted with a microchip. This will help AFCD staff to locate owners of stray dogs caught and arrange reclamation.

AFCD will closely follow up the investigation of all animal abandonment cases. The department will consider prosecuting an animal owner if there is sufficient evidence that he/she has abandoned the animal or has allowed his/her dog to go astray. In the past two years, over 300 successful prosecutions against animal owners for abandoning his/her animal or allowing his/her dog to go astray were made, that is to say almost all prosecutions led to a conviction.

In fact, we believe the most effective way to address the problem of abandoned and stray animals is to bring home the message of responsible pet ownership and well-treating the animals. As such, AFCD has been endeavouring to promote responsible pet ownership through various channels and at different levels, including broadcasting Announcements of Public Interest on television and radio, and putting up posters on public transport on safeguarding animal welfare. In addition, AFCD produced promotional leaflets, posters and souvenirs for free distribution to the public. Activities such as slogan competitions were also organized to enhance publicity. The "Love for Life" carnival held in March 2008 and the ongoing animal welfare roving exhibition are some of the examples. AFCD will continue its work in this regard to further promote the message of responsible pet ownership.

Indoor Air Quality Certification Scheme for Offices and Public Places

12. **MR PAUL CHAN** (in Chinese): *President, the Environmental Protection Department (EPD) launched the Indoor Air Quality (IAQ) Certification Scheme for Offices and Public Places (the Certification Scheme) in September 2003 to encourage public and private organizations to pursue the best level of IAQ. Moreover, under the Accreditation Scheme for IAQ Certificate Issuing Body (CIB) implemented by EPD since February last year, all IAQ certificates and reports under the Certification Scheme must be issued by CIBs accredited by the Hong Kong Accreditation Service (HKAS). In this connection, will the Government inform this Council whether:*

- (a) *it knows, since the implementation of the Accreditation Scheme for IAQ CIB, the respective numbers of premises, offices and buildings which have been issued or have applied for the IAQ certificate and report; whether it has reviewed the effectiveness of the Certification Scheme and the Accreditation Scheme for IAQ CIB (including the numbers of premises, offices and buildings participating in the Certification Scheme); if it has, of the results of the review; if not, the reasons for that;*
- (b) *it has ascertained if the number of existing CIBs is sufficient to meet the demand, and of the measures currently in place to encourage*

more organizations to participate in the Certification Scheme, so as to assist more public and private organizations in improving IAQ;

- (c) it will make the Certification Scheme mandatory and require public and private organizations to commission CIBs to assess IAQ in their premises, offices and buildings; if it will, of the details; if not, the reasons for that; and*
- (d) it will consider formulating a set of IAQ standards; if it will, of the details; if not, the reasons for that?*

SECRETARY FOR THE ENVIRONMENT (in Chinese): President,

- (a) As of 30 January 2009, a total of 332 premises have received IAQ certificates and reports under the "Indoor Air Quality Certification Scheme" (Certification Scheme). Among these certificates issued, 68 cover the entire buildings and the rest cover offices or public places such as shopping malls. In addition, there are about 10 other applications under processing.

In recent years, there has been a clear increasing trend in the participation of the Certification Scheme. The number of IAQ certificates issued in 2007 and 2008 exceeded that of the preceding year by 127 and 99 respectively — far higher than the increase of not more than 24 IAQ certificates a year in the preceding years.

We have been monitoring closely the operation of the Certification Scheme and the Accreditation Programme for IAQ CIB. After the introduction of the Accreditation Programme, the number of premises participating in the Certification Scheme has still increased substantially. We thus believe that the Accreditation Programme does not have negative effects on the Certification Scheme. As the performances of CIBs are being checked by the HKAS, the credibility of IAQ certificates will be greatly enhanced. It would help attract more premises to participate in the Certification Scheme.

- (b) At present, eight organizations have been accredited as IAQ CIB. We have not received any complaints that premises have to give up seeking IAQ certification because of shortage of CIBs. We thus

believe that the current number of CIBs can cope with the demand. It is also expected that the number of CIBs will grow in line with the demand for the certification service. As a matter of fact, the HKAS is now processing a CIB application and four other organizations have expressed interests in becoming CIBs.

We will continue to encourage more organizations to become CIBs by various ways, including organizing seminars and other promotional activities, so as to support our promotion of the Certification Scheme for better IAQ.

- (c) Other countries such as the United States, European countries and Japan are all adopting voluntary approach in managing IAQ. We have commissioned a consultancy study to review our IAQ Management Programme. The study will also examine the feasibility of mandatory IAQ control in offices and indoor public places. The review study is expected to be completed in the first half of 2009.
- (d) We have already established a set of two-level IAQ objectives (that is, "Excellent Class" and "Good Class") under the IAQ certification scheme for assessing the IAQ of buildings. The IAQ objectives were set having regard to the IAQ objectives of other advanced countries as well as the recommendation of World Health Organization on certain air pollutants. The consultancy study being undertaking will also examine whether these objectives need to be revised.

Fly-tipping and Illegal Land Filling Activities

13. **MR ALBERT HO** (in Chinese): *President, it has been reported that in recent months, waste and materials have been fly-tipped by people on a piece of government land of conservation value in Nam Sang Wai of Yuen Long, but the government departments concerned did not take immediate actions to stop such activities. Some environmentalists suspected that land-filling activities were conducted to ruin the ecological value of the land concerned, hoping that it would be easier to get approval for the relevant application for changing land use. In this connection, will the Government inform this Council:*

- (a) *of the number of complaints about fly-tipping of waste or materials on government and private land within "conservation area" ("CA") or "village type development" ("V") zones received by the Government in the past two years and, among them, the respective numbers of cases which have been dealt with, have yet to be dealt with, as well as cases in respect of which prosecutions were instituted, and those in which the persons involved were convicted;*
- (b) *of the number of lots within "CA" zones where the environment had been damaged by fly-tipping of waste or illegal land-filling activities in the past five years, the locations of such lots, the numbers of Reinstatement Notices issued by various government departments in respect of each of the lots, as well as the requirements set out in such Notices (including the actions required to be taken by the persons concerned);*
- (c) *of the number of applications for changing land use received by the Town Planning Board (TPB) in the past five years involving sites within "CA" or "V" zones where the environment had been damaged by fly-tipping activities; the number of such applications approved and the reasons for granting the approval; and whether the Government has taken measures to prevent any person from getting approval more easily for an application to change the land use of a piece of land by conducting fly-tipping activities to ruin the ecological value of that land; and*
- (d) *whether it will consider increasing the penalty for fly-tipping activities; if it will, of the details; if not, the reasons for that?*

SECRETARY FOR THE ENVIRONMENT (in Chinese): President, after receiving complaint about illegal dumping at Nam Sang Wai in November 2008, relevant government departments have co-ordinated actions and conducted many inspections at the spot. On 26 November 2008, the District Lands Office (Yuen Long) (DLO(YL)) posted a notice under the Land (Miscellaneous Provisions) Ordinance requiring the relevant person(s) to cease the occupation of the Government land with filled materials and on 31 December 2008 also took joint actions with the Environmental Protection Department (EPD), Hong Kong Police Force and the Drainage Services Department clearing the filled materials (used

for vehicular access) deposited on the natural stream. Both DLO(YL) and EPD is investigating into the case; and if there is sufficient evidence, will initiate prosecution against the relevant person(s) under the Land (Miscellaneous Provisions) Ordinance and the Waste Disposal Ordinance. The DLO(YL) and EPD will continue to follow up on clearing the remaining filled materials and monitor the site.

Reply to the four parts of the Question is as follows:

- (a) The 2007 and 2008 figures regarding the complaints and enforcement action of Planning Department taken under the Town Planning Ordinance against the unauthorized filling of land/pond within the "CA" and "V" zones are as follows:

<i>Year</i>	<i>No. of Complaints on Alleged Unauthorized Land/Pond Filling within "CA" and "V" zones</i>	<i>No. of Confirmed Unauthorized Development with Planning Enforcement Action Taken</i>	<i>No. of Cases Prosecuted (No. of Persons Convicted)</i>
2007	54	10	0 (0)
2008	102	16	1* (0)
Total	156	26	1 (0)

Note:

* Trial hearing has been fixed for the case

Among the 156 complaint cases on alleged unauthorized land/pond filling, 130 are either not unauthorized development under the Town Planning Ordinance or in the process of follow-up and monitoring.

The Lands Department (LandsD) and the EPD also handled complaints against illegal dumping but their record do not provide breakdown statistics on "CA" and "V". The LandsD received 1 935 complaints (including referrals from other departments) during 2007 to 2008 on illegal dumping activities on Government land. All materials illegally dumped on Government land would be cleared regardless of the zoning. The figures regarding the complaints and enforcement action of EPD against deposition of wastes (including

construction and demolition (C&D) waste, household waste and others) are as follows:

<i>Year</i>	<i>Complaints received against illegal deposition of waste ⁽¹⁾</i>	<i>No. of Cases Prosecuted under the Waste Disposal Ordinance ⁽²⁾</i>	<i>Fixed Penalty Tickets relating to illegal deposition of waste issued by EPD</i>
2007	2 703	19	46
2008	3 167	28	57
Total	5 870	47	103

Notes:

(1) All complaints received have been dealt with

(2) All prosecution cases have been convicted

- (b) In the past five years, six cases involving filling of land/pond within the "CA" zone were confirmed as unauthorized development under the Town Planning Ordinance, details of which are summarized below:

	<i>Location</i>	<i>Year</i>	<i>Area (Hectare)</i>
1.	Ting Kok, Tai Po	2006	0.15
2.	Tai Mong Tsai, Sai Kung	2007	0.09
3.	Clear Water Bay North, Sai Kung	2008	2.56
4.	Clear Water Bay North, Sai Kung	2008	0.35
5.	Luk Keng, North District	2008	0.05
6.	Shek Kong, Yuen Long	2008	0.42

Reinstatement Notice had been issued against four cases which mainly required the notice recipients to reinstate the site by grassing the land; removal of filled materials/leftover/debris; or planting of trees. The enforcement/prosecution actions on the other two cases are still ongoing.

- (c) Under normal circumstances, the TPB would not give favourable consideration to applications involving unauthorized land/pond filling. For those unauthorized land/pond filling without planning permission, the Planning Department would take enforcement actions under the Town Planning Ordinance.

In the past five years, the TPB had received a total of 782 planning applications for various uses and development under the

conservation-related zones and "V" zones. Out of these, there were 13 planning applications for land/pond filling within the "CA" or "V" zones, amongst which seven had involved unauthorized land/pond filling undertaken before planning applications were submitted. Amongst these seven applications, four were approved with conditions by the TPB and three were rejected. One approved application was related to land filling for agricultural use and three approved applications were related to land filling for New Territories Exempted House development. These applications were approved by the TPB taking into account that the proposed land uses were always permitted and the fact that the land filling was small in scale;

- (d) For greater deterrent effect, subsequent to the amendment of the Town Planning Ordinance in 1995, the maximum fines for the offence of carrying out unauthorized development had been substantially increased, that is, increasing from \$100,000 to \$500,000 for first conviction and a fine of \$1,000,000 was added for subsequent conviction. The maximum daily fines were also increased from \$10,000 to \$50,000 for first conviction and a daily fine of \$100,000 for subsequent conviction was added. Since 1995, the fines imposed for the convicted cases involving unauthorized land/pond filling had ranged from \$2,000 to \$55,000, with an average fine of about \$29,000 per case. Hence, there is no need to increase the maximum fine for the offence under the Town Planning Ordinance for the time being.

Under the Waste Disposal Ordinance, any person who deposits waste, without the consent of the owner or legal occupier, commits an offence and is liable for the first offence, to a fine of \$200,000 and to imprisonment for six months; and for subsequent offence, to a fine of \$500,000 and imprisonment for six months. EPD's record shows that the average fine imposed by the Court in the past year is about \$7,500. Three of the convictions were against dump truck drivers and each was fined \$10,000.

We consider that there is sufficient deterrent against illegal land filling with the existing penalty. In case the penalty handed down is too lenient or insufficient to reflect the severity of the offence, the EPD will apply via the Secretary of Justice for review or appeal of the verdict.

In addition, the Administration is considering different options to further regulating the deposition of C&D materials on private land, including amending the Waste Disposal Ordinance to require prior permission from the Director of Environmental Protection; and extending the trip ticket system in operation for public works projects to private projects to strengthen the monitoring of the C&D materials at source. We will consult relevant stakeholders on the viable options identified.

Special Loan Guarantee Scheme

14. **DR LAM TAI-FAI** (in Chinese): *President, the Trade and Industry Department (TID) launched the Special Loan Guarantee Scheme (the Scheme) on 15 December last year to help enterprises tide over their cashflow difficulties. In this connection, will the Government inform this Council:*

- (a) *whether it knows, among the loan guarantee applications submitted to TID by participating lending institutions (PLIs) so far, the number of applications relating to enterprises which were new customers of the PLIs concerned and the latter had never granted any loan to them, and the respective numbers of approved and rejected applications as well as the respective total amounts of loans involved;*
- (b) *among the approved loan guarantee applications, the number of applications relating to enterprises which are small and medium in size (that is, any manufacturing enterprises which employ fewer than 100 employees in Hong Kong; or any non-manufacturing enterprises which employ fewer than 50 employees in Hong Kong), and the total amount of loans granted to them; and*
- (c) *as the Government has estimated that about 40 000 companies will benefit from the Scheme during its six-month operation period, whether it has assessed if such estimated figure can be met; if the assessment result is in the negative, whether it will adjust downward the estimated figure and extend the operation period of the Scheme?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, the Government launched the Scheme on 15 December 2008 to provide 70% guarantee for commercial loans granted to eligible enterprises. The total guarantee commitment is \$100 billion. As at 2 February 2009, we have approved 985 applications, involving a total loan amount of \$2.17 billion. On Dr LAM Tai-fai's questions, our replies are as follows:

- (a) We do not have such information. As it will take time for the 37 PLIs to check individual applications one by one, we will provide the relevant statistics to the Legislative Council Panel on Commerce and Industry at a later stage.
- (b) Of the 985 approved loan applications mentioned above, the beneficiaries of 945 applications (about 96%) are small and medium enterprises. They involve a total loan amount of \$2.05 billion.
- (c) When the Scheme was introduced, we mentioned that around 40 000 enterprises could benefit from the Scheme. This estimate was calculated on the basis that the total loan guarantee commitment was \$100 billion and the assumption that the average loan guarantee for each enterprise would be \$2.5 million. It is not a target. The actual number of applications and beneficiaries will depend on factors such as the market demand, the nature and the amount of loan involved in each application, and so on.

As for the six-month application period, we have, when we put forth the proposal, stated clearly that we would conduct a review before the expiry of the application period to decide if the Scheme is extended.

Extending Expiry Dates of Drugs by Public Medical Institutions

15. **DR PRISCILLA LEUNG** (in Chinese): *President, it has been reported that the Department of Health (DH) and Hospital Authority (HA) had extended for two years the expiry dates of about 20 million doses of antiviral drugs for influenza stockpiled by them, and the expiry dates of some of the drugs have been extended for the second time. In the connection, will the Government inform this Council:*

- (a) *among the drugs stockpiled by DH and HA, how many doses have had their expiry dates extended since 2004, together with a breakdown by the type of drugs;*
- (b) *whether the authorities have specified the maximum number of times that the expiry dates of various types of drugs may be extended;*
- (c) *what testing mechanism is presently adopted by the authorities for ensuring that drugs with extended expiry dates are still potent and will not produce unexpected side effects;*
- (d) *whether, over the past five years, there were cases of patients feeling sick or experiencing unexpected side effects after taking drugs with extended expiry dates, and whether the authorities have received complaints from patients about the falsification of the expiry dates of drugs; if there were such cases and complaints, of their respective numbers; and*
- (e) *whether it knows if hospitals in overseas places extend the expiry dates of their drugs?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, the shelf life of a drug is set by its manufacturer. Under specific circumstances, the manufacturer may apply to the DH for extension of the expiry date of the drug. The drug manufacturer must carry out tests on the drug and provide to DH with the relevant test data to prove that its expiry date can be extended. DH will then consider approving the application after detailed examination of the relevant test data. The replies to the various parts of the question are set out below.

- (a) DH has granted approval for the drug manufactories to extend the expiry dates of the Tamiflu capsule and Relenza spray after detailed examination of the test data provided by the drug manufactories. The expiry dates of 17 375 140 doses of Tamiflu capsule and 1 769 990 doses of Relenza spray stockpiled by DH have been extended by three years and two years respectively. As regards the HA, extension of expiry dates as approved by DH upon application by the relevant drug manufacturers has been recorded for 11 types of drugs since April 2006 when it took over the procurement of drugs from the Government Logistics Department. Details of the drugs are provided at Annex.

(b) and (c)

As mentioned above, drug manufacturers are required to make prior application to DH each time when they intend to extend the expiry dates of their drugs. Drug manufacturers are also required to furnish test data on the drugs concerned to prove that their expiry dates can be extended for the purpose of seeking approval of DH. DH regularly reviews the expiry dates of drugs to ensure their potency. HA also puts in place a drug quality surveillance mechanism and monitors the reports on adverse drug reaction and incidents relating to the use of drug for the purpose of quality assurance and risk management.

- (d) Over the past five years, neither DH nor HA has received any complaint about or report of adverse drug reaction caused by a change or extension of the shelf life of drugs.
- (e) Similar mechanism as mentioned above has largely been adopted by drug administration agencies in advanced countries to assess the applications made by drug manufacturers for extension of the expiry date of individual drugs.

Annex

Drugs with expiry dates extended in the HA
(Since April 2006)

	<i>Type of Drug</i>	<i>Name of Drug</i>
1.	5HT ₃ Antagonist	Granisetron Tablet 1 mg
2.	Immunodulator	Peginterferon Alfa-2a prefilled syringe 180 mcg/0.5 ml
3.	Alpha-adrenoceptor blocking drug	Doxazosin Mesylate Controlled Release Tablets 4 mg and 8 mg
4.	Anti-neoplastic drug	Trastuzumab Injection 150 mg
5.	Penicillin type antibiotic	Piperacillin + Tazobactam Injection 4.5 g
6.	Female sex hormone	Oestrogens conjugated IV Injection 25 mg
7.	Anti-viral drug (for influenza)	Oseltamivir (phosphate) Capsule 75 mg
8.	Tetracycline type antibiotic	Tigecycline Infusion 50 mg
9.	Anti-viral drug (for herpes simplex and varicella-zoster)	Acyclovir Tablet 400 mg
10.	Calcium channel blocker	Amlodipine Tablet 5 mg
11.	Corticosterod	Beclomethasone Dipropionate Inhaler

Conserving Old Cinemas in Hong Kong

16. **MS AUDREY EU** (in Chinese): *President, regarding the inclusion of old cinemas with a long history in the Revitalizing Historic Buildings through Partnership Scheme (the Revitalization Scheme), will the Government inform this Council whether:*

- (a) *it has conducted assessments to determine the grading of all old cinemas in Hong Kong (including the Cheung Chau Theatre and the Peng Chau Theatre), apart from the Yau Ma Tei Theatre which has been classified as a Grade II historic building; if so, of the details; if not, whether it will expeditiously conduct assessments to determine the grading of all old cinemas in Hong Kong; if not, of the reasons for that;*
- (b) *it has studied if the revitalizing approach adopted for the Dom Pedro V Theatre in Macao can be applied to the old cinemas in Hong Kong; if it has, of the study results; if not, whether it will conduct such a study expeditiously; and*
- (c) *it will consider including the old cinemas which have been graded as historic buildings into the Revitalization Scheme, so as to conserve and revitalize such historic buildings?*

SECRETARY FOR DEVELOPMENT (in Chinese): *President,*

- (a) According to the records of the Antiquities and Monuments Office (AMO), there are two pre-war cinemas in Hong Kong, namely the government-owned Yau Ma Tei Theatre and the privately-owned Cheung Chau Theatre. The Antiquities Advisory Board (AAB) accorded Grade II status to Yau Ma Tei Theatre in 1998. AMO is carrying out a grading assessment for Cheung Chau Theatre and the result will be submitted to AAB shortly for a decision on the grading of this building. AMO has not planned to carry out an assessment for Peng Chau Theatre since it was only built after 1960s.

- (b) There are many examples of revitalization projects around the world, including the Dom Pedro V Theatre in Macao. We shall make reference to and learn from these examples in taking forward the revitalization of our historic buildings.
- (c) Government will determine the appropriate conservation approach of each historic building based on its conditions. With regard to the only graded historic cinema building now owned by Government, that is, Yau Ma Tei Theatre, we have decided to revitalize it in conjunction with the Red Brick Building (also called The Engineer's Office of the Former Pumping Station, Water Supplies Department) in its vicinity at No. 344 Shanghai Street as a Xiqu Activity Centre, providing performing and practising venue for small-scale Cantonese Opera performance and training of budding artists. The above revitalization project was endorsed by the Public Works Subcommittee of the Finance Committee of the Legislative Council at its meeting on 21 January 2009.

Hong Kong Monetary Authority Awarding Variable Pay to Its Staff

17. **DR JOSEPH LEE** (in Chinese): *President, according to the remuneration policies of the Hong Kong Monetary Authority (HKMA), variable pay will be awarded to staff in accordance with their performance, in addition to fixed pay. In this connection, will the Government inform this Council:*

- (a) *of the total variable pay awarded to staff by HKMA in each of the past five years, together with a breakdown by rank;*
- (b) *of the criteria adopted by the Financial Secretary for reviewing the amount of variable pay to be awarded by HKMA each year; and*
- (c) *whether Financial Secretary will, in considering the variable pay to be awarded by HKMA, take into account its recent performance in the handling of the Lehman Minibonds incident, the rate of return on investments of the Exchange Fund, as well as the supervision of banks; if he will, on the details; if not, the reasons for that?*

FINANCIAL SECRETARY (in Chinese): President,

- (a) Variable Pay, where approved, is paid to HKMA staff in April each year, reflecting the performance of the HKMA in the preceding calendar year. The total Variable Pay awarded to HKMA staff, together with a breakdown by rank, in 2003-2007 is as follows:

<i>Rank</i>	<i>Variable Pay that reflected performance of the HKMA in 2003-2007</i>				
	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>
Chief Executive	\$1.9 mn (22.8%)	\$2.6 mn (27.3%)	\$2.6 mn (27.3%)	\$2.7 mn (27.3%)	\$3.2 mn (28.6%)
Deputy Chief Executives	\$1.6 mn (15.8%)	\$4.1 mn (25.1%)	\$3.8 mn (22.5%)	\$4.6 mn (24.8%)	\$4.2 mn (21.5%)
Executive Directors	\$4.3 mn (12.8%)	\$5.2 mn (15.4%)	\$6.4 mn (16.8%)	\$7.0 mn (17.2%)	\$8.6 mn (17.8%)
Division Heads	\$4.4 mn (7.4%)	\$7.5 mn (12.1%)	\$11.0 mn (15.6%)	\$13.5 mn (17.3%)	\$14.9 mn (18.3%)
Senior Managers	\$5.4 mn (7.4%)	\$11.0 mn (12.8%)	\$14.6 mn (15.9%)	\$19.9 mn (17.9%)	\$23.8 mn (18.9%)
Managers	\$6.6 mn (9.1%)	\$11.6 mn (9.8%)	\$16.4 mn (15.9%)	\$20.4 mn (16.0%)	\$24.2 mn (14.1%)
Assistant Managers	\$2.1 mn (7.8%)	\$3.0 mn (11.3%)	\$3.4 mn (12.9%)	\$4.2 mn (15.1%)	\$4.8 mn (15.3%)
Technical Officers	\$3.5 mn (10.3%)	\$5.1 mn (13.6%)	\$6.1 mn (14.9%)	\$7.5 mn (15.0%)	\$7.5 mn (14.4%)
Secretarial and other support staff	\$1.8 mn (6.1%)	\$3.0 mn (9.8%)	\$3.6 mn (11.5%)	\$3.8 mn (12.7%)	\$4.1 mn (12.7%)
Total	\$31.6 mn (8.9%)	\$53.0 mn (13.7%)	\$67.8 mn (16.0%)	\$83.7 mn (17.4%)	\$95.3 mn (17.7%)

Note:

The percentages in brackets refer to the Variable Pay as a percentage of Total Pay

- (b) The Financial Secretary will consider the recommendations of the Governance Sub-Committee (GSC) of the Exchange Fund Advisory Committee (EFAC), the findings of independent consultants on pay trends and pay levels in the financial sector, the GSC's assessment of the performance of the HKMA during the preceding year, as well as other factors as appropriate, when determining the Variable Pay payable to HKMA staff each year. The performance of individual staff members would also be taken into account in distributing any approved Variable Pay.

- (c) When assessing the performance of the HKMA in 2008, the GSC of the EFAC will take into consideration the effectiveness of the HKMA in carrying out its policy objectives (that is, maintaining monetary stability, promoting the safety and stability of the banking system, and enhancing the efficiency, integrity and development of the financial system), including its performance in the areas set out in the question. The Financial Secretary will take account of the GSC's assessment and make an appropriate decision.

Incidents of Buses Braking Resulting in Passenger Casualties

18. **MS LI FUNG-YING** (in Chinese): *President, it has been reported that several incidents of buses braking resulting in passenger casualties occurred one after another recently. In this connection, will the Government inform this Council:*

- (a) *whether it knows the number of such kind of incidents in the past three years, the reasons for the buses braking, other factors contributing to the casualties of those passengers, as well as a breakdown of the number of those passengers by age and sex;*
- (b) *of the number of bus drivers involved in such kind of incidents who were prosecuted in the past three years, with a breakdown by charge and court verdict; and*
- (c) *whether measures are in place to prevent recurrence of such kind of incidents; if so, of the details; if not, the reasons for that?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, with regard to the three parts of the question, my replies are as follows:

- (a) Our statistics are based on "Non-collision franchised bus accidents involving passengers lost balance and injured inside bus compartments", and not incidents of bus braking resulting in passenger casualties. In the past three years, there were 566, 567 and 496 "Non-collision franchised bus accidents involving passengers lost balance and injured inside bus compartments" respectively, and most of them were slight accidents.

Of the accidents mentioned above, about 30% were caused by factors relating to bus captains, including their attempts to avoid collisions with other vehicles, and their driving behaviour. The remaining 70% were caused by other factors, including the failure of bus passengers to hold handrails, negligence of other motorists, or environmental factors like slippery road surface.

The numbers of casualties due to loss of balance inside franchised bus compartments, with breakdown by age and sex, are set out in the Annex.

- (b) The police may institute prosecution against bus captains for failing to ensure the safety of passengers, such as stopping abruptly or starting the bus negligently under regulations 11(d) and 25(3) of the Public Bus Services Regulations. The number of prosecutions instituted by summons under the above Regulations in the past three years and the fine imposed by the court are as follows:

<i>Year</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
Number of Prosecutions	38	69	60
Fine Imposed by Court	\$600 - \$3,500	\$700 - \$1,800	\$350 - \$2,000

We do not have prosecution figures that limit to bus braking incidents resulting in passenger casualties.

- (c) We are very concerned about the safety of bus passengers. Apart from police enforcement, we also emphasize that bus companies should provide sufficient training to bus captains. We will continue to enhance road safety in a comprehensive manner through education and publicity.

On training, the Transport Department (TD) requires franchised bus companies to provide bus captains with various training courses, including basic training for new drivers and refresher training for serving ones, with a view to improving their safe driving skills, awareness and driving behaviour. The Kowloon Motor Bus Company (1933) Limited and Long Win Bus Company Limited have introduced a training programme using driving simulators to help sharpen bus captains' reaction to different road traffic situations. Citybus Limited and New World First Bus Services Limited issue to

every bus captain a pocket size booklet on safe driving behaviour as a handy reference. To ensure that driving attitude and behaviour are maintained at high standards, franchised bus companies also arrange checks from time to time on the driving behaviour of their bus captains.

In addition, TD, in collaboration with the police, conducts regular Road Safety Seminars for franchised bus captains. In 2008, a total of six seminars were held for 500 bus captains to put across the message of road safety, and to urge strongly the need for them to adopt a proper driving behaviour and transport passengers to their destinations in a safe manner.

On education and publicity, we arrange frequent broadcast of Announcements in the Public Interest (API) on radio to remind motorists to give way to buses, so that abrupt braking of buses and thus the impact on passengers could be reduced to a minimum. Television APIs are also broadcast to remind passengers of safety precautions such as holding handrails tightly, taking care when walking up or down the stairs, and refraining from standing on staircases. In view of the recent incidents of passengers falling inside bus compartments, we have strengthened these publicity efforts. Franchised bus companies also make use of television APIs, light box advertisements, on-board broadcast, bus body advertisements and signs to remind passengers of safety precautions on buses, and to convey the message of giving way to buses to motorists.

Annex

Number of Casualties due to Loss of Balance in Franchised Bus Compartments

Age	2006			2007			2008 (Provisional figures)			
	Male	Female	Total	Male	Female	Total	Male	Female	Sex Unknown	Total
19 and below	27	17	44	25	19	44	24	21	0	45
20 - 59	89	214	303	75	241	316	78	176	1	255
60 and above	84	165	249	67	155	222	74	138	2	214
Age unknown	2	1	3	0	1	1	0	0	0	0
Total	202	397	599	167	416	583	176	335	3	514

Regulation of Health Food

19. **DR RAYMOND HO** (in Chinese): *President, regarding the regulation of the sale and labelling of health food products, will the Government inform this Council:*

- (a) *of the existing measures in place to ensure that the labels on the packaging of health food products truthfully indicate the ingredients of the products concerned;*
- (b) *of the existing regulatory measures prohibiting sellers from making exaggerated statements or misrepresentations in advertisements regarding the efficacy of health food products;*
- (c) *whether it will consider making it mandatory for sellers to place a warning notice of "excessive consumption may lead to undesirable side effects" on a prominent position of the packaging of health food products; if it will not, of the reasons for that; and*
- (d) *whether it will step up the relevant publicity work, by broadcasting "Announcements in the Public Interest" on radio and television as well as through other media (such as the websites of government departments), to provide members of the public with information on health maintenance and things to note when consuming health food products?*

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

- (a) There is no universally accepted definition of "health food" products. Different terms such as dietary supplements, nutraceuticals, designed foods, functional foods and natural health products are used on different occasions to refer to similar products. In Hong Kong, "health food" products generally sold on the market, depending on their ingredients, are regulated by the following ordinances:
 - (i) "Health food" products which contain medicines are regulated under the Pharmacy and Poisons Ordinance (Cap. 138). These medicines must meet the requirements in respect of safety, quality and efficacy before they can be registered.

They should also be labelled with such particulars as ingredients, dosage and method of usage. Inspectors of the Department of Health (DH) inspect pharmacies and medicine shops frequently to see if there are false descriptions or descriptions which are different from those approved when the products were registered. Besides, samples of medicines and "health food" products sold on the market are taken for tests by the DH from time to time. Actions are also taken to investigate and follow up complaints. If the products are found to contain unregistered western medicines after investigation and testing, the DH will take legal actions and require the shops to recall their products immediately.

- (ii) All products which fall within the definition of proprietary Chinese medicines (pCms) under the Chinese Medicine Ordinance (Cap. 549), that is, products which are composed solely of Chinese medicines as active ingredients and for treatment and health promotion purposes, are regulated under the Chinese Medicine Ordinance. Such products must meet the requirements in respect of safety, quality and efficacy before they can be registered. The Chinese Medicine Ordinance requires the labelling of registered pCms to include main ingredients, method of usage, dosage, packing specifications, place of production, and so on. All pCms must comply with the statutory requirements after full implementation of the provisions relating to the registration of pCms.
- (iii) "Health food" products which cannot be classified as Chinese medicine or western medicine are regulated under the Public Health and Municipal Services Ordinance (Cap. 132) as general food products. The Public Health and Municipal Services Ordinance requires the manufacturers and sellers of food to ensure that their products are fit for human consumption and comply with the requirements in respect of food safety, food standards and labelling. According to the Food and Drugs (Composition and Labelling) Regulations (Cap. 132W) under the Ordinance, all prepackaged food should bear labels which correctly list out the ingredients of the food.

- (b) There are different ordinances regulating advertisements in different areas. The Trade Descriptions Ordinance (Cap. 362) prohibits the making of false trade descriptions in respect of the method of manufacture, composition, testing results and fitness for purpose in an advertisement. The "Generic Code of Practice on Television Advertising Standards" and the "Radio Code of Practice on Advertising Standards" issued pursuant to the Broadcasting Ordinance (Cap. 562) and the Broadcasting Authority Ordinance (Cap. 391) stipulate that an advertisement of any product or service must not contain any descriptions, claims or illustrations that depart from truth.

Besides, the Public Health and Municipal Services Ordinance makes it an offence for any person to use or to display a food label which falsely describes the food or is calculated to mislead as to its nature, substance or quality. The Ordinance also makes it an offence for any person to publish, or to be a party to the publication of, an advertisement which falsely describes any food. If any advertisements of food products (including "health food" products) are suspected to have violated the relevant requirements, the Food and Environmental Hygiene Department will make follow-up investigations. Prosecution will be considered for substantiated cases. Non-compliance with the above two provisions is subject to a maximum fine of \$50,000 and six-month imprisonment.

In addition, the Food and Drugs (Composition and Labelling) (Amendment: Requirements for Nutrition Labelling and Nutrition Claim) Regulation 2008 made under the Public Health and Municipal Services Ordinance regulates the nutrition labelling and claims of general food products, including requiring the nutrient function claims on the labels and advertisements of prepackaged food to comply with the statutory requirements. The Amendment Regulation will come into effect on 1 July 2010. The new provisions will enable consumers to make healthy food choices; encourage food manufacturers to provide food products that are conducive to public health and meet sound nutrition principles; and regulate misleading or deceptive nutrition information labels and claims.

- (c) As mentioned in the reply to part (a), the so-called "health food" products are regulated under different ordinances depending on their

ingredients. The current regulatory framework of medicines and pCms requires the trade to clearly state their side effects and display warning notices under specified circumstances.

For medicines, the DH has issued the Guidelines on the Labelling of Pharmaceutical Products (the Guidelines) to explain the statutory requirements on the labelling of registered pharmaceutical products. These requirements include the display of points to note and warning notices (for example, "it is dangerous to exceed the stated dose") on certain pharmaceutical products, as specified in the Guidelines. Any person who intends to apply for registration of a medicine under the Pharmacy and Poisons Ordinance must submit samples of labels and packages in compliance with the Guidelines upon application.

In addition, any person who intends to apply for pCm registration under the Chinese Medicine Ordinance must submit the labels, package inserts and sales packs which have complied with the Chinese Medicines Regulation at the time of application. The package inserts should specify information such as the indications, contra-indications, side-effects and toxic effects of the pCm and the precautions to be taken regarding its use. The application requirements and necessary information to be submitted are detailed in the Application Handbook for Registration of Proprietary Chinese Medicines for reference of the trade.

- (d) Leading a healthy lifestyle is the key to having good health. Medical research indicates that maintenance of good health requires a balanced diet, moderate amount of exercise, and avoidance of smoking and alcohol. The public need not rely on a particular type of "health food" product to stay healthy.

The DH has been providing tips of healthy living and health maintenance to the public through various publicity channels, including announcements of public interest on television, pamphlets, different kinds of health education materials and websites, so as to promote health, prevent diseases and protect public health. Relevant information has been uploaded to the website of the Central Health Education Unit of the DH at <http://www.cheu.gov.hk/> and is also available to the public through the 24-hour Health Education Hotline.

Storage and Display of Works of Art

20. **MR LEE WING-TAT** (in Chinese): *President, regarding the storage and display of works of art, will the Government inform this Council:*

- (a) *of a breakdown, by categories of works of art and the number of times the works of art had been displayed (five times or below, from six times to 19 times and 20 times or above), of the number of works of art currently stored by the Government, the storage locations for works of art and their respective areas, the supporting facilities of the storage locations and their maximum storage capacities; whether it has assessed, based on the number of works of art acquired annually at present, when those locations will be fully occupied; if it has, of the assessment results; whether it has considered other ways of storage for works of art; if it has, of the details; if not, the reasons for that;*
- (b) *whether the works of art currently on display in government buildings were acquired by the relevant departments themselves; if so, whether it will consider displaying in government buildings works of art which are in storage, as well as adopting measures to encourage private institutions to display works of art at their premises, so as to provide more venues for public display of works of art and improve the interior ambience of buildings; if it will, of the details; if not, the reasons for that; and*
- (c) *what policies and measures the Hong Kong Arts Development Council (HKADC) and the Leisure and Cultural Services Department (LCSD) have put in place to assist local young artists in displaying their works; whether it will formulate new policy to assist them in displaying their works (such as displaying works at various public space and public galleries); if it will, of the details; if not, the reasons for that?*

SECRETARY FOR HOME AFFAIRS (in Chinese): *President,*

- (a) *The works of art currently collected by the Government are primarily the art collections of the Hong Kong Museum of Art (HKMA) and the Hong Kong Heritage Museum (HKHM) of the LCSD. As of December 2008, the two museums had a total*

collection of 31 483 pieces/sets of art works, among which 15 309 pieces/sets were kept in the HKMA and 16 174 pieces/sets were kept in the HKHM. These collections include:

Chinese antiquities and tea ware	7 624 pieces/sets
Chinese paintings and calligraphy	7 530 pieces
Historical paintings	1 241 pieces
Contemporary art works	7 833 pieces/sets
Design works	7 255 pieces

The art works kept by the two museums are in large quantities and the number of times these art works have been displayed can neither fully reflect the duration of display nor the degree of their artistic significance. For instance, some important works of art are constantly on display in the permanent exhibitions of the museums but will only be counted as having been displayed once. Therefore, LCSD does not record the number of times that each individual art work has been displayed.

Regarding storage, these works of art are kept in the collection repositories of the two museums. The storage areas of the HKMA and the HKHM amount to 1 240 sq m and 3 175 sq m respectively, offering a total storage area of 4 415 sq m. The repositories are both equipped with security installation, fire alarm system, 24-hour temperature and humidity control system (that is, a special air-conditioning system that can adjust and control the temperature and humidity of the repository to suit different types of collection materials), anti-ultraviolet ray installation, illumination control system, water leakage alarm system, and so on. These installations and systems are managed and inspected weekly by professional conservators of the LCSD to ensure that all art collections are properly preserved.

Since the works of art vary in size and shape, it is difficult to accurately estimate the maximum number of art pieces that the two repositories can hold. On the basis of current rate of increase in art collections of both museums, it is estimated that the existing repositories will reach their maximum capacity in five to 10 years. The Government is now considering various options, such as identifying suitable storage space outside the museums, to provide more space for storing art works.

- (b) The works of art kept by LCSD museums are collected through either acquisition by the museums or public donation. Apart from in-gallery displays, the museum collections are also loaned to other local or overseas museums, government agencies or public bodies like the Hong Kong International Airport for display, so as to make them available for appreciation by more people. At the request of the Administration Wing, the Government Property Agency has also made arrangement to display the art works presented by mainland provinces and cities as handover gifts to Hong Kong in the lobbies of several joint-user government office buildings after obtaining the consent of the management committees of these government buildings.

However, we must take into consideration the protection of art works from natural or human damage before displaying museum collections in public areas. The physical condition of the art works as well as the facilities (such as the provision of an environment with constant temperature and humidity) and security of the exhibition venue will affect the feasibility of the display.

Apart from acquiring and displaying museums' collections of art, the Government also brings art to the community through various channels, such as LCSD's Art Promotion Office (APO), which is a dedicated government agency for the promotion of public art. The APO joins hands with different organizations regularly to present "public art" programmes that display the works of local artists in public areas such as libraries, parks, shopping arcades, hospitals, MTR stations, ferries, piers, buses, bus stops, and so on.

In addition, works of art are permanently displayed in various open spaces managed by the LCSD, including the Kowloon Park, the Hong Kong Cultural Centre Piazza, the Hong Kong Science Museum Piazza, the Urban Council Centenary Garden in Tsim Sha Tsui, the Tsim Sha Tsui East Promenade, the garden of the Hong Kong City Hall, and so on. Currently, more than 40 pieces of art works created by 30 local artists are displayed in these venues where pedestrian flow is high. Recently, the LCSD has also collaborated with a private organization to set up the "City Art Square" in the vicinity of the Sha Tin Town Hall, where 19 pieces of art works are displayed to increase public access to and participation in activities relating to culture and the arts.

- (c) The Government is committed to supporting the creation and display of art works by local young artists. As far as LCSD museums are concerned, the HKMA not only organizes exhibitions that feature the art works of local young artists at its galleries on a regular basis, but also promotes their art works to the Mainland and overseas through staging exhibitions at museums or art galleries in Canada, the United Kingdom, Japan, Beijing, Guangzhou, and so on.

Since 1975, the HKMA has been organizing the Hong Kong Art Biennial Exhibition, which identifies promising local young artists through open competition and exhibition. The Exhibition has now become one of the most important platforms for nurturing local young artists. Last year, the museum launched a new exhibition series "Hong Kong Art: Open Dialogue" to collaborate with guest curators in curating thematic exhibitions that feature art works of a number of young artists.

Since its opening in 2000, the HKHM has staged a total of 27 exhibitions on local culture and arts, including the "Hong Kong Design Series", at both museum premises and outside venues. More than 200 local young artists have been engaged in these exhibitions.

The APO, in active collaboration with different artists and organizations, also exhibits local art works in public areas through programmes like the "Artists in the Neighbourhood Scheme", "Installation of Public Artworks at Yat Tung Estate, Tung Chung", "Public Art Scheme", "Mobile Art Gallery", and so on. Since its establishment in 2001, the APO has organized about 70 solo or joint exhibitions, presenting art works of some 300 local artists. These programmes provide great opportunities for local young artists to showcase their creativity.

The LCSD has from time to time worked together with the HKADC to organize various exhibitions and activities, in which young artists are encouraged to participate. Their recent endeavour is the "2007-2009 Visual Arts Thematic Exhibition" project, which gives an overview of the recent development of visual arts in Hong Kong. Since its inception in 2007, more than 200 artists, including about 60 young artists, have taken part in the project.

Furthermore, the HKADC supports local artists or arts groups in holding exhibitions to display their works through its "Project Grant", "Multi-Project Grant" and "One-Year Grant" schemes. In particular, an "Emerging Artists Grant" is set up under the "Project Grant" to provide support for fresh graduates of arts programmes or formal arts training courses who are having artistic potential and practising the art form with the aspiration to pursue a career as a professional artist. Since 2003, these various schemes have supported over 200 visual arts exhibition projects, over 100 of which feature art works by young artists.

BILLS

First Reading of Bills

PRESIDENT (in Cantonese): Bill: First Reading.

ROAD TRAFFIC (DRIVING-OFFENCE POINTS) (AMENDMENT) BILL 2009

CLERK (in Cantonese): Road Traffic (Driving-Offence Points) (Amendment) Bill 2009.

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

Second Reading of Bills

PRESIDENT (in Cantonese): Bill: Second Reading.

ROAD TRAFFIC (DRIVING-OFFENCE POINTS) (AMENDMENT) BILL 2009

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): I move the Second Reading of the Road Traffic (Driving-Offence Points) (Amendment) Bill 2009.

The Driving-offence Points (DOP) system was established by the Government in 1984 to deter repeat traffic offenders, thereby enhancing road safety. Under the DOP system, a driver may be disqualified from driving if he has accumulated 15 or more DOPs within a period of two years. Under such circumstances, the Transport Department (TD) will apply to Court for the issue of a summons to the driver for appearance in Court, so that the disqualification proceedings can proceed. Over the years since the implementation of the system, most of the summonses had been delivered smoothly. The relevant drivers would also appear in Court as scheduled for the Judge's consideration of suspension of licence by decree.

However, a small fraction of summoned drivers have attempted to circumvent the DOP system by avoiding receiving summonses. For example, they do not answer the door when the summonses are served by hand, or there are claims that the persons named on the summonses are not living thereat. For such cases, as summonses have not been served on the drivers, the Court could not issue an arrest warrant, and in that connection, the police cannot arrest the drivers concerned merely on the grounds that there have been unserved summonses issued by the Court and those drivers have failed to appear in Court.

To address such circumstances, the Bill seeks to improve the existing mechanism for the service of summonses under the DOP system through two major amendments to ensure the appearance of offenders in Court:

First, we propose that a summons is deemed to have been served if it is served on a person by registered post at the person's address shown in the record of driving licences kept by the TD, even if it is returned undelivered to the person, thereby enabling a magistrate to issue an arrest warrant and proceed with the disqualification proceedings against the person in a magistrate.

Second, we propose that the Commissioner for Transport shall not issue or renew a driving licence to a person if the person fails to appear in Court to answer a summons served on him under the DOP system.

President, the proposals put forth by me just now were discussed in the meeting of the Panel of Transport of the Legislative Council on 28 November and supported by the Panel. The proposals raised in the Bill are relatively simple and direct. The objective is to pinpoint a small fraction of drivers who seek to avoid receiving summonses. The vast majority of law-abiding drivers will not

be affected in any way. Besides, for the purpose of safeguarding a person's rights to a fair hearing, the Bill has an express provision that the magistrate cannot order a person to be disqualified from driving in the absence of that person. We believe such an arrangement can achieve balance in enhancing road safety and protecting rights to a fair hearing.

Enhancing road safety has always been our specific policy objective, as well as the aspiration of the public at large. I hope Members will support the passage of the Bill to enable the relevant proposals to be implemented expeditiously.

Thank you, President.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Road Traffic (Driving-Offence Points) (Amendment) Bill 2009 be read the Second time.

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

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. Proposed resolution under the Interpretation and General Clauses Ordinance to extend the period for amending the Independent Police Complaints Council Ordinance (Commencement) Notice.

PRESIDENT (in Cantonese): I now call upon Ms Miriam LAU to speak and move her motion.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MS MIRIAM LAU (in Cantonese): President, in the meeting of the House Committee on 23 January 2009, Members decided that a subcommittee be formed

to study the Independent Police Complaints Council Ordinance (Commencement) Notice.

Members also agreed that I, in my capacity as Chairman of the House Committee, move a motion to extend the period for deliberating the subsidiary legislation to 4 March 2009 to allow the Subcommittee more time for scrutiny.

President, the content of the motion is contained in the Agenda. I urge Members to support the motion.

Ms Miriam LAU moved the following motion:

"RESOLVED that in relation to the Independent Police Complaints Council Ordinance (Commencement) Notice, published in the Gazette as Legal Notice No. 6 of 2009 and laid on the table of the Legislative Council on 14 January 2009, the period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) be extended under section 34(4) of that Ordinance to the meeting of 4 March 2009."

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 and that is: That the motion moved by 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.

(No hands raised)

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

PRESIDENT (in Cantonese): Two motions with no legislative effect. I have accepted the recommendations of the House Committee: that is, the movers of these motions each may speak, including reply, up to 15 minutes, and have another five minutes to speak on the amendments; the movers of amendments each may speak up to 10 minutes; and other Members each may speak up to seven minutes. I am obliged to direct any Member speaking in excess of the specified time to discontinue.

PRESIDENT (in Cantonese): First motion: Assisting grassroots workers in counteracting economic adversities.

Members who wish to speak in the debate on the motion will please press the "Request to speak" button.

I now call upon Mr IP Wai-ming to speak and move his motion.

ASSISTING GRASSROOTS WORKERS IN COUNTERACTING ECONOMIC ADVERSITIES

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

President, the economy began to take a sharp downward turn in the latter part of 2008. The fallout from the collapse of the Lehman Brothers spread around the world. Although leveraging on the Mainland, Hong Kong cannot be spared in the financial tsunami. Under such an economic environment, many

enterprises have closed down as they cannot withstand the force of the financial tsunami. They include U-Right, Meguro, Peace Mark, and so on, and various banks also have massive layoffs. The unemployment rate rose from 3.8% in the fourth quarter of last year to 4.8% early this year. It is estimated that the rate may climb further to 6% by mid-year. We can therefore see how difficult employment and life is for the grassroots.

However, the financial viability of some enterprises has not been much affected. Though they may still be making profits, they seize the opportunity to cut employee benefits drastically. Under such circumstances, employees cannot suffer in silence and accept.

Last December, the Hong Kong Airport Services Ltd staged a warning strike. This is an example of the management acting waywardly and unwilling to enter into discussion with the employees. The management unilaterally thought that amid the financial tsunami, scrapping the performance bonus which was equal to one month's salary wilfully would not invite major repercussions from the employees, especially when pay cuts and layoffs are common, and the community would not point its finger at it. The company was emboldened, and despite repeated efforts by the employees and the trade union in expressing their wish for a meeting with the management to discuss the issue, they were turned down. Given no alternative, the trade union staged a warning strike on 27 December. It was then that the management held a discussion with the trade union. This reflects that as Hong Kong does not have a collective bargaining system in place, even if the trade union and the employees want to discuss with the management, there are no channels available and they have to resort to more drastic action before the management would get close to the negotiation table to discuss with the employees. Such a situation serves the employees, the company and the clients no good.

Actually, if Hong Kong has the right to collective bargaining, we believe a lot of labour disputes or even strikes can be avoided because the right to collective bargaining gives employers and employees a chance and an occasion to co-ordinate systematically and mediate the interests or conflicts of both sides. With the system in place, some excessively drastic words and actions can be averted. In fact, when employers and employees can sit down and negotiate frankly, there can be less misunderstanding between them and their talks will go smoother.

In fact, it can be derived from experiences of various countries that when collective bargaining laws and regulations are enacted, most labour disputes can be resolved at the negotiation table, without having to resort to industrial action. Demonstrations, work-to-rule, strikes, and the like, would seldom occur.

Honestly, Hong Kong does not lack collective bargaining experience. Early in the 1940s and the 1950s, the printing industry already had collective bargaining and collective agreement, prescribing holidays and benefits for workers in the industry. Moreover, in respect of trade unions for trades such as plastering, painting, wood-making, employers and employees also had negotiations on salary adjustment for skilled workers. Nonetheless, unfortunately, such experience has yet to be extended to the whole territory.

In Hong Kong, putting collective bargaining in place sees great difficulty and slow progress, I believe it has to do with the Government which has all along made reference to the self-determination principle of Britain in carrying out the so-called collective bargaining, or has even simply focused on encouraging employers to establish a consultation system for the employers and the employees, but has meanwhile failed to change the apathetic attitude of the employers in recognizing the trade unions and in adopting collective bargaining. Instead, the Government attempts to tackle labour problem by legislation-led means. Through enacting labour legislation, the Government prescribes the duties and responsibilities which must be complied with by both the employers and the employees on employment relationship, and sets the minimum standards for employment contracts to protect the rights of employees. The role of the Government is mainly to enact legislation and monitor its implementation, thus rendering the Government a final adjudicator in the process of handling labour relationship. The Government is attempting to improve labour welfare through labour legislation so as to alleviate labour disputes.

Labour legislation has certain contribution to enhancing labour protection and labour rights but while emphasizing labour law, the Government cannot totally disregard the importance of collective bargaining. This is because in real life, labour relationship is ever-changing, and laws often become rigid and fail to adapt to the changes in times. Through this platform of collective bargaining, employers and employees can respond to changes and come up with a win-win solution through consultation.

For improvements to be made on labour legislation, we now mainly rely on the Labour Advisory Board (LAB). The LAB has representatives from both the employers and the employees, it can make improvements to some overall labour welfare and achieve results by co-ordination. However, territory-wide legislation cannot cover the characteristics of the industries or the unique situation of individual enterprise. Collective bargaining at different levels can however make up for the inadequacies of territory-wide labour legislation.

Therefore, we in the FTU propose the establishment of a three-tier collective bargaining mechanism, that is, conducting collective bargaining at the central, trade and enterprise levels.

At the central level, territory-wide labour issues should be discussed, for example, labour rights with regard to paternity leave, minimum wage, standard working hours, and the like, and should even be extended to cover the discussion of some prospective issues, such as manpower training policy, economic restructuring, retirement protection, creation of job opportunities, and so on. As regards the collective bargaining mechanism at the central level, it can be achieved through enhancing the functions of the LAB.

The FTU considers that the existing LAB is merely a consultative and advisory body of the Labour Department (LD), and the LD is not an organ of the Government for formulating policies. It is only responsible for executing the policies. The level at which the LAB currently stands falls short of qualifying it for conducting centralized collective bargaining. Therefore, while pushing for legislation on the right to collective bargaining, we think that the status and functions of the LAB should be enhanced and it should be given statutory power and status.

Furthermore, at the trade level, we propose the establishment of a "Trade Collective Bargaining Committee" to discuss trade-specific issues such as labour rights, job qualifications, minimum wage for trades, holidays, occupation safety and health, trade development. For instance, whether or not elevator workers should register independently without having to be linked to companies is an issue for the trade itself. We think a solution can be arrived at through trade collective bargaining.

At the enterprise level, the operation of enterprises and salaries can be discussed. It is easier and more organized for big enterprises to implement

collective bargaining, but since small and medium enterprises (SMEs) take up the bulk of companies in Hong Kong, it is more difficult to bring in the right to collective bargaining for individual enterprises. So we consider that the SMEs can refer to the contents of the collective agreements at the trade level as the basic standard for salaries, welfare and working conditions of the SMEs, and make adjustments according to the situation of individual enterprises.

The FTU thinks that in order to tie in with the actual situation in Hong Kong, legislation on the right to collective bargaining must include these three levels before they can complement each other's inadequacies and be comprehensive.

We consider that the implementation of collective bargaining in Hong Kong must be based on experience. I look forward to the active mobilization of workers in promoting collective bargaining by the labour sector so that with its implementation, more experience can be accumulated.

Meanwhile, the Government should expeditiously conduct a thorough study into how to establish a clear and effective bargaining mechanism and draw up collective agreements, and it should embark on enacting legislation. It is only when the public and society have discussions, experience and legislation that the right to collective bargaining, which can really benefit both the employers and the employees, can be implemented.

Apart from promoting collective bargaining, other Members from the FTU will also make proposals on various aspects which can assist the workers in counteracting economic adversities. President, with these remarks, I beg to move.

Mr IP Wai-ming moved the following motion: (Translation)

"That the economic outlook for Hong Kong is not optimistic, employees lose their jobs as a result of economic slowdown and closure of enterprises, some enterprises use the financial tsunami as the pretext to effect pay cuts and layoffs even when they are making profits, resulting in an increase in the unemployment rate, and employees are the first ones to be hard hit, this Council calls on employers to undertake not to effect pay cuts and layoffs and urges the Government to:

- (a) immediately promote collective bargaining between employers and employees, formulate collective agreements, study overseas experience in implementing collective bargaining, as well as legislate on the right to collective bargaining on the central, trade and enterprise levels, so as to strive for employees a bargaining position which is on an equal footing with their employers;
- (b) subsidize the Mandatory Provident Fund contributions of low-income employees to relieve their burden;
- (c) improve the mode of developing social enterprises to allow more bodies and organizations to establish social enterprises;
- (d) promote local community culture economy in various districts, such as morning and night markets, holiday flea markets and art fairs, etc, to bring into play the local community culture and create employment opportunities;
- (e) allocate suitable spaces in various districts to set up commercial and household waste recycling points, so as to promote the transaction of second-hand products and recycling of wastes;
- (f) develop diversified industrial structures to create positions in more trades and at more levels; and
- (g) establish an unemployment assistance system with integrated measures of financial assistance, employment training, employment placement, etc, so as to obviate the need for the unemployed to apply for Comprehensive Social Security Assistance to tackle imminent financial problems."

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

PRESIDENT (in Cantonese): Four Members intend to move amendments to this motion. This Council will now proceed to a joint debate on the motion and the four amendments.

I will call upon Mr Frederick FUNG to speak first, to be followed by Mr Vincent FANG, Mr CHEUNG Kwok-che and Mr Albert HO; but no amendments are to be moved at this stage.

MR FREDERICK FUNG (in Cantonese): President, first of all, I would like to wish your Honour and Members every success in the Year of the Ox. I also hope that the economy of Hong Kong will recover as soon as possible, so that the livelihood of the people can be improved and our political system can develop towards democracy sooner.

President, during the Lunar New Year holidays just past, perhaps a lot of people did not pay attention to international news. Among them, there were as many as 2.5 million people taking part in a major strike in France, paralyzing almost the entire railway system. Railway stations and the airport were affected, even the Louvre Museum was forced to close. The strike was directed at the French Government. The people were in general unhappy that, in the face of the financial tsunami, the Government's stimulus package of as high as 26 billion Euros was mainly directed towards saving the banks, but not the people. It failed to adopt proactive measures to cope with the soaring unemployment rate.

President, we did not have such a serious strike in Hong Kong, but in terms of coping with the financial tsunami, the SAR Government was in fact adopting the same attitude as the French Government, giving us an impression of "rescuing the markets but not the people". Its primary purpose is taking care of the interests of banks and major corporations, paying little attention to small and medium enterprises and the livelihood of grassroots. It is totally at its wits' end in tackling the rising unemployment rate.

Since the outbreak of the financial tsunami, this Council has repeatedly issued warnings, urging the Government to take into account the plights of the grassroots. On 3 December last year, I moved a motion on "Alleviating the disparity between the rich and the poor and assisting the grassroots in facing up to economic adversities", urging the Government to explore timely measures to assist the grassroots in facing up to economic adversities. I want to reiterate that, the economic downturn brought about by the financial tsunami would not only seriously affect the community as a whole, but also deal a severe blow to grassroots by causing unfavourable conditions such as pay cuts, layoffs and the persistently high prices. When the economy was thriving, the grassroots were

unable to share the fruits of our economic prosperity. Now the economy is gradually deteriorating, these people are made to bear the brunt of hardship, causing their livelihood to become more difficult.

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

Later, the Secretary would probably argue: Has the SAR Government not launched a number of measures to cope with the financial tsunami? Apart from the first wave of bailout measures aiming at rescuing and stabilizing the market, such as the initiatives taken by the Hong Kong Monetary Authority to substantially lower the benchmark interest rate of the discount window, provide banks with greater liquidity, launch the 100% deposit protection scheme to make it easier for banks to approve loans for the normal functioning of the economy, the second wave of measures include a Special Loan Guarantee Scheme for SMEs, with the Government providing 70% loan guarantees. Moreover, the Government undertook to create employment by speeding up infrastructure development. Are these not adequate in achieving the objectives of stabilizing enterprises, maintaining employment and creating job opportunities? I believe that you would repeat these points in a moment.

Nevertheless, Deputy President, these are superficial measures without any substantive effect. The most important thing is, whether such measures are effective and can indeed be implemented. As a matter of fact, for the sake of saving their own skin and earn as much as they could in the differential interest rates, banks refuse to reduce the prime rate, making the traditional approach of stimulating the economy by way of reducing interest rate fail to materialize. Besides, notwithstanding the 70% guarantee for the Special Loan Guarantee Scheme provided by the Government, the loan applications are handled by the banks. It is tantamount to the Government paying the cost for the banks to reap the profits. Yet, the banks are so greedy as to peg the interest rate at above P+3 to 5, making it unaffordable to SMEs, thus rendering the interest rate reduction and Loan Guarantee Scheme taken by the Government totally ineffective. It could neither help the SMEs, nor maintain jobs.

Worse still, against the social background of paying no respects to labour rights, the major enterprises, under the pretext of being accountable to shareholders, are totally oblivious of their social responsibilities. They lay off

employees in large numbers one after another even when they are making a lot of profits, setting very bad precedents for business in addressing economic adversities. At the end, those who suffer are grass-roots workers. They are facing a merciless slash while people at the management level continue to enjoy handsome bonuses. It seems that the efforts in bailing out the market and preserving employment are some kind of wishful thinking of the Government, for banks and major enterprises are, on the contrary, saving their own skin at the expense of interests of their employees.

Deputy President, on the approach of speeding up infrastructure development to create job opportunities, it is nothing more than empty words. The commencement dates of these works are yet to be fixed. On a number of occasions when we were having motion debates and raising questions, the Hong Kong Association for Democracy and People's Livelihood (ADPL) has all along been saying that the crux of the problem was the numerous statutory procedures involved in the planning stage before the actual implementation of the construction work. Also, the co-ordination work among various departments and policy bureaux is such that the lead time is prolonged. As such, we have repeatedly asked the Government to set up a steering committee on infrastructure with actual power and headed by the Chief Secretary for Administration, to co-ordinate relevant work among different departments and bureaux.

In addition, at this critical stage, the ADPL also proposes the Government to speed up the launching of more infrastructure projects of a small and medium scale, such as the outstanding projects left by the two former municipal councils, district beautification and rooftop greening projects, as well as small scale district projects aiming at improving and enhancing existing facilities. To tie in with the launching of these minor district projects by the District Councils, the Home Affairs Department (HAD) should enhance their manpower to cope with the demand, so as to avoid the recurrence of delay in projects proposed by District Councils caused by a shortage of manpower in the HAD.

Deputy President, in order to give direct help to grass-roots workers, the ADPL and I have been proposing for years in the budget proposals the provision of short-term unemployment assistance. The objective is to provide flexible and appropriate integrated support measures other than the CSSA, to the unemployed facing economic hardship, such as time-limited financial assistance, tailor-made employment training, jobs referrals and so on. As a matter of fact, as there are certain criteria set down for the CSSA, employees unemployed for a short period

may not be eligible for getting assistance. Besides, the labelling effects of the CSSA make some of the unemployed dare not, unwilling and refrain from applying for the CSSA.

For this reason, it is therefore necessary and of great urgency to have a set of short-term unemployment financial assistance scheme independent of the existing CSSA. This scheme completely fulfills the idea of a second safety net. On top of the fundamental safety net provided by the CSSA, these short-term and targeted support measures can give help to people on the brink of falling into the safety net provided by the CSSA. Short-term unemployment can be turned into opportunities as these people can get employment training and job referrals promptly, preventing them from falling into the safety net.

Deputy President, apart from setting up the abovementioned short-term unemployment financial assistance scheme, my amendment is basically proposed on the same principle as I adopted when moving an amendment to the motion on "Formulating a comprehensive elderly policy", that is, to prevent the motion from becoming tediously long for the public and media to understand. As such, I also point out that the Government — I hope the Secretary, particularly the Secretary for Labour and Welfare — should expeditiously implement the recommendations made by the Legislative Council in its Report on Working Poverty and the recommendations put forward in the Report of the Commission on Poverty.

In fact, the recommendations in the two Reports have encompassed different views and proposals from people of all social strata, various political parties and different Members in the legislature. A number of substantive and feasible measures have been proposed, covering assistance at the community level and protection on employee benefits, and they included short- and long-term initiatives. For instance, the Transport Support Scheme was first proposed in the Report and was then implemented after continuous efforts in fighting for it. I believe that only when the Government is set to implement these recommendations, coupled with other measures formulated to tackle the financial tsunami, can the grass-roots workers face up to the adversity.

Deputy President, for the motion and other amendments, except for Mr Vincent FANG's amendment which proposes to delete the collective bargaining between employees and employers, which is a basic element in protecting employees' right, the ADPL will in general give its support. I so submit.

MR VINCENT FANG (in Cantonese): Deputy President, I received a telephone call from a former employee yesterday. He said that since he left my firm, he went to open a processing plant in Huizhou and Dongguan. However, he lost everything in the aftermath of this wave of the financial tsunami. At present, he is trying to find a job to eke out his living through his previous colleagues.

This example reflects how far-reaching and serious the impact of this wave is. Therefore, the Liberal Party upholds that not only should grass-roots workers be assisted, but Hong Kong at large should be given comprehensive assistance to combat economic adversities. Under such a grim environment, only if various strata of the community, including the business sector, employees, the public, political parties and most importantly the Government, focus their strengths and co-operate, can Hong Kong ride out this economic predicament.

In the wake of the financial tsunami, in fact, it is the business sector, which is the first to bear the brunt. We are willing to counteract the economic adversities together with the employees. First of all, we bear the responsibility for Hong Kong, the community and the public by setting up the Joint Coalition Against Financial Tsunami. We initiate the signing of "conscientious enterprise charter", undertaking that we will not lay off employees unless it is really necessary. Our intention in initiating the signing of this charter lies our hope that the wage earners in Hong Kong, especially the grass-roots workers, can set their hearts at ease, knowing that their jobs are secure, and thus the local consumption market can be stabilized. It is in this way that in various links in the economy can continue to operate, the enterprises can be saved from closing down, and the wage earners can maintain their employment.

From the market situation during Christmas and New Year, we can see that the Hong Kong citizens really love Hong Kong. They stayed in Hong Kong to celebrate the festivals if possible and spent appropriately within their affordability in order to express their support to the Hong Kong economy. The atmosphere of this New Year is thus quite pleasant. On behalf of the wholesale and retail industry, I would like to thank each and every citizen who supported the Hong Kong economy with their action.

Although the global economy has already entered a period of recession, the Greater China region has a better situation than the European and the American regions. In the short term, we cannot cherish any wild wishes that the peripheral

economy and foreign investment will help in our economic revival. The only way is to save ourselves.

Our state leaders saw this situation at the very beginning. In October, Premier WEN Jiabao already said that sustainable development of the economy would be supported through stimulating internal demand. He also announced a RMB 4-trillion mega plan to boost the economy. Measures to spur internal consumption, such as expanding the sales of household electric appliances in the country's vast rural areas, would be expedited, with a view to maintaining the production of factories as well as the employment of workers.

In echoing the country's policy, our Joint Coalition has set the guiding principle of "Maintaining employment by conscientious enterprises, promoting consumption with the entire community". However, if the economy continues to slacken while the Government does not have any measures to boost the economy, even though we have signed the no-layoffs charter, it is still unknown whether we can hold out any longer. Therefore, the Liberal Party thinks that under the existing circumstances, the most pressing task is to boost the economy. Once the economy can revive, many problems can then be solved.

If the economy is not revived, how can the enterprises maintain the employment of their workers? The quickest means is to stimulate consumption. Hence, the Liberal Party suggests that the Government should reconsider distributing consumption vouchers as proposed by us and the Hong Kong Federation of Trade Unions. If the Government thinks that this proposal of consumption vouchers is not good enough, then are there any better measures to boost the economy? It has been more than four months since the outbreak of the financial tsunami. What is regrettable is that the Government merely asks people to do some manual work such as steel-fixing and plastering, and at the same time introduces the so-called \$100 billion Special Loan Guarantee Scheme for small and medium enterprises — these measures can only be seen while the money cannot be borrowed — other than that, we really fail to see any measures for maintaining employment.

Let us look at the response from the Taiwan citizens after consumption vouchers were distributed in Taiwan on 18 January. Although the NT\$86 billion distributed by the Government has not been used up yet, the leverage effect triggered by public consumption merely in the Lunar New Year period is at least four to five times of that amount. The atmosphere was really bustling. Therefore, we are now making an arrangement for a duty visit to

Taiwan, hopefully very soon, to study the details on the distribution of consumption vouchers. We want to see when Taiwan, a place whose population and area are many times more than Hong Kong but the efficiency and cleanliness of its government is lower than that of Hong Kong, can do it, then why can Hong Kong not do it?

Some people criticized that increased consumption from the public would only benefit the businessmen. Nevertheless, please do not forget it is a market employing one million workers which is being driven by internal demand. As long as the domestic market continues to boom, various sectors on the supply chain, including logistics, import and export, as well as service sectors, will also benefit and they will also help take up part of the graduates anyway.

During this session of the Legislative Council when I moved the motion "Supporting small and medium enterprises to tide over the financial tsunami", I already asked the Government to waive the licence fees of grass-roots hawkers for one year, as well as to waive the rentals of food markets and wholesale markets under the Government for one quarter, so as to relieve the burden of grass-roots operators and hence also help maintain jobs. Although the proposal was rejected by the Government, as time has changed, the assessment of the Government on the financial tsunami has already changed from one of being optimistic to one of panicky. Therefore, I earnestly hope that the Government can come up with some timely and appropriate policies. When delivering the Budget speech, it should not forget these tens of thousand hawkers. At the same time, I hope that the Government can retain as far as possible the existing open-air bazaars and suspend temporarily the Voluntary Surrender Scheme for hawker licences. I urge it not to send people to the markets so often to inspect their licences several times a day. This scares the elders so seriously that they would rather surrender their licences and close their business.

The Liberal Party has always been in support of developing a diversified economy and promoting local community culture and creative industries through various kinds of channels. All these years, we have been calling upon the Government to attract foreign investment to develop waste recovery and recycling industry in Hong Kong by offering some incentives. Not only can this solve the local waste problem, but this can also create new job types and employment opportunities. At the present moment, it is not easy to attract foreign investment, but the waste has added pressure to the landfills due to export difficulties. Hence, the Liberal Party supports recovering recyclable waste and second-hand products. However, we hope that the Government can take a

proactive and positive approach in promoting the waste recovery and recycling industry, instead of scaring people off through levying taxes such that they dare not use these products.

With regard to subsidizing the Mandatory Provident Fund contributions of low-income employees, the Liberal Party thinks that in the Budget speech last year, item (b) of the original motion has been responded to. As to the development of social enterprises, this has always got the support of the Liberal Party.

Nonetheless, the Liberal Party opposes the proposal to "immediately promote collective bargaining between employers and employees" as stated in the original motion. We think that this will easily lead to industrial action and will have a serious impact on the enterprises and the economy. This point will be expounded later by Mr Tommy CHEUNG. Thus, the Liberal Party opposes the original motion and other amendments which retain the proposal of item (a).

I always say that the business sector and the public are not taking opposite sides. Without public consumption, we will actually have no business. Similarly, employers and employees are also not against each other. If there are no employees, who will assist these employers in making money? The Liberal Party recognizes that we have to study how to strengthen the labour dispute mediation mechanism in order to minimize, as far as possible, the impact of labour disputes on the enterprises, the economy and even the community.

The industries that the three Members from the Liberal Party represent, namely logistics, catering, wholesale and retail industries, are exactly those which employ the largest number of grass-roots workers. Therefore, we are actually in the same boat with the employees. We very much hope that we can overcome this economic predicament together with the employees. But how can we win this battle? This will have to rely on our concerted efforts and co-operation. I hope that Members will support my amendment.

I so submit. Thank you, Deputy President.

MR CHEUNG KWOK-CHE (in Cantonese): Deputy President, the amendment I propose today calls on the employers not to effect pay cuts and layoffs on the one hand, and hopes that the Government will understand the plight of the low-income group on the other. In the midst of the present financial tsunami,

the Government has implemented a number of measures to help the middle class, but it has not formulated any concessionary policies for the low-income group. While their income has experienced zero growth, they are required to contribute to the Mandatory Provident Fund (MPF) and take care of their families. Has the Government thought about the helpless and isolated low-income group when it rendered support to the middle class? This group of people with monthly earnings between \$5,000 and \$10,000 has to pay rent, they are therefore afraid of being laid off. It can be said that they are afraid of their landlords and also their employers. The MPF contribution may be as little as a few hundred dollars, but it is already a very heavy burden to them. The Government is absolutely obliged to help them. In last year's budget, the Government made an injection of \$6,000 into MPF accounts of persons earning not more than \$10,000 a month. However, it had been criticized that the \$6,000 injection was a faraway source of water which could offer little help to extinguish a fire taking place nearby. It is believed that under the present economic situation, the injection this time would be much less than \$6,000. Not only does it fail to extinguish the fire, I wonder how much will be left when they reach 65. In order to help those low-income earners, it is best to relieve their burden with the most direct method by paying the monthly MPF contributions between \$250 and \$500 for them until the economy has recovered.

Apart from injecting into the MPF accounts, since it is believed that problems of the retail industry will gradually surface after the Chinese New Year when the number of jobless people is expected to increase in the following few months. It is therefore the right time for the Government to announce the introduction of an unemployment assistance fund in the budget to be released at the end of this month, for the provision of a \$2,000 monthly subsidy to the unemployed for a period of six months to help them tide over the difficulties. While this \$2,000 a month is only able to barely sustain the living of a job seeker or a fresh graduate, it is nonetheless a relief to their families for it can alleviate the burden arising from the sudden need to feed one more person, thereby minimizing social problems. Furthermore, wage earners living in remote areas long to have the fare concessions extended. Given that the transport fares are yet to go down, the fare concessions would enable them to save a few hundred dollars every month.

Deputy President, I consider it vital to help the small and medium enterprises (SMEs) because the employees will be immune from the threat of layoffs if the SMEs can tide over the difficulties. However, in times of an

economic downturn, the SMEs still have to face the threat of rising rents. So, I think that it would be difficult for them to secure the jobs for their employees even if they wish to. They may not want to become unscrupulous employers, but as some landlords are planning to increase rent after the Chinese New Year, the heavy burden on those small operators will therefore become even heavier. In that case, if the Government can impose certain rent control, I believe the small business operators can be saved from the threat of crazy rent increases. I hope that when the employers benefit as a result, they will not forget to share the fruits with their employees.

Why do I need to stress the importance of the employers' social responsibilities? Because many employers are still irresponsibly sacking staff when they are making huge profits. Worse still, some unscrupulous employers refuse to pay wage arrears even after their employees succeed in their claims at the Labour Tribunal to recover outstanding wages. This is because the labour disputes currently handled by the Labour Tribunal are civil cases, so the employers can simply ignore the judgment and continue to default on wage payments even if the employees have succeeded in their claims. As a result, employees can only resort to other ways to pursue their claims. Recently, the Government has also noticed the situation and proposed to regard non-compliance of Labour Tribunal judgments as a criminal offence, and this was endorsed by the Labour Advisory Board at the end of last month. The Government should amend the law as soon as possible to impose severe punishments on those unscrupulous employers.

Deputy President, today's motion seeks to assist grass-roots workers in counteracting economic adversities. While collective bargaining can best unite workers' strengths and express their views, it is also the right of negotiation granted to both employees and employers so that they are on an equal footing in the discussion of remuneration packages. It is therefore very important for workers to have the legal right to collective bargaining. I also agree with the proposal made in Mr IP Wai-ming's original motion today, which proposes to legislate on the right to collective bargaining on the central, trade and enterprise levels. By the same logic, I am very disappointed to see that Mr Vincent FANG's amendment has deleted the part concerning the legislation on the right to collective bargaining. This amendment is nothing but a reflection of the narrow mentality of the employers, so I cannot support Mr Vincent FANG's amendment. Deputy President, I so submit.

MR ALBERT HO (in Cantonese): Deputy President, Hong Kong's unemployment rate has risen to 4.1% and the number of unemployed people has now reached a 15-month high of some 141 000 people. The onslaught of the financial tsunami has caused great difficulties in the external economic environment and resulted in a slack job market. Hence, there will still be an upward pressure on the rate of unemployment in the next few months.

What is more unfortunate is that, more and more wage earners are now living under the threat of layoffs. For some people who used to rest assured that they can tide over the economic difficulties are now seized with fear of losing their "rice bowls". In fact, many enterprises still effect pay cuts and layoffs when they are making profits, which is indeed a defiance of their social responsibilities and is much to be regretted. Employees are one of the most precious assets of a company, for their experiences and skills have been accumulated over time. Many employers just see layoffs as a means to cut down on expenditure, which is true on the face of it. But if we go deeper, not only would the precious experiences and talents of the employees be lost, but also more importantly, the much-valued loyalty and efforts that the employees have contributed all through these years to the well-being of the company and in riding out difficulties would also be lost. Therefore, the policy of layoffs does not worth it.

Last month, the Task Force on Economic Challenges led by the Chief Executive announced seven measures to maintain employment. To our regret, most of the measures are short-term rather than long-term concrete proposals to resolve the unemployment problem. The Democratic Party considers that the Government should first restore people's confidence, and maintain and create employment so as to prevent the unemployment rate from further surging. These are the most effective measures and ways to assist workers in counteracting economic adversities.

Deputy President, the Democratic Party supports Mr IP Wai-ming's original motion and Mr Frederick FUNG's amendment, which include improving the mode of developing social enterprises to allow more bodies and organizations to establish social enterprises. We also support the establishment of an unemployment assistance system and subsidizing the MPF contributions of low-income employees. Regarding Mr CHEUNG Kwok-che's amendment, even though the Democratic Party considers that the way of subsidy warrants further

consideration, we support his general direction and will therefore vote in favour of his amendment.

Although social enterprises can provide development and employment opportunities for the disadvantaged groups, they are facing such problems as insufficient seed money. This has made business expansion difficult and make it impossible for them to achieve greater social benefits. For this reason, the Democratic Party suggests that the Government should proactively promote social enterprises by reviewing and amending the Co-operative Societies Ordinance, and providing a \$1 billion funding for the establishment of a social enterprise development loan fund. This fund will attach equal importance to commercial operation and social objectives, and make loans to organizations interested in establishing social enterprises, with a view to assisting social enterprises with social objectives but insufficient capital to start initial operation as early as possible.

Deputy President, in the absence of a comprehensive unemployment protection system, the Democratic Party is very concerned about the livelihood of the unemployed people. We suggest that the Government should establish an unemployment loan scheme so as to provide the unemployed people with short-term transitional loans, thereby relieving the financial pressure they bear during the economic recession while stabilizing the overall economic environment and restoring public confidence.

Deputy President, Mr Vincent FANG's amendment has deleted the legislative objective of promoting collective bargaining between employers and employees, and advocated the distribution of consumption vouchers. As these proposals run counter to the position that we have repeatedly advocated, we will therefore vote against it. Given that the Treasury recorded a \$30.9 billion surplus for the first nine months of this financial year, the Democratic Party thinks that the Government should make use of the surplus to maintain employment and create job opportunities, and pool resources for the implementation of poverty alleviation and unemployment assistance measures. Neither the handing out of sweeteners nor tax rebate is recommended. The findings of a survey conducted by the Democratic Party show that over 50% of the 800 respondents consider that the Government should provide and create jobs through fiscal measures, but only 10% support the handing out of cash (including consumption vouchers). The Democratic Party considers that, the most important thing now is for people to have confidence in the future. To achieve

this, it is necessary to protect employment. If people lose confidence in the future, they will only keep the money handed out to them by the Government and save it for the rainy day, particularly when they are unemployed. We are therefore doubtful if the distribution of consumption vouchers is an appropriate policy for Hong Kong in view of the present situation.

In my amendment, I have proposed two important measures to assist the grass-roots workers.

One of them is the provision of subsidies to employers on the condition that there will be no layoffs, so as to encourage them to employ secondary school students graduating this year as trainees. The Democratic Party welcomes the adoption of our proposal by the Chief Executive as this will enable the young people work as trainees on the Mainland, thereby enhancing their competitiveness. However, the Chief Executive's proposed internship programmes only cater for the needs of graduates of universities and tertiary institutions, while completely neglecting the employment needs of the secondary school graduates. Deputy President, there are about 40 000-odd Secondary Five, Secondary Seven and university graduates entering the labour market each year. Coupled with the associate degree graduates, the number will further increase by more than 10 000. In the face of the continuously increasing rate of unemployment, many university graduates would lower the employment terms and conditions just to secure a job. Among those 60 000-odd graduates, Secondary Five and Secondary Seven graduates are comparatively less competitive with a lack of working experience. Compared with university graduates, it is more difficult for secondary school graduates to get a job. For this reason, the Democratic Party proposes that while considering the implementation of internship programmes for university graduates, the Government should not forget that assistance should also be provided to secondary school graduates, especially during such difficult times. We therefore urge the Government to formulate comprehensive employment and training policies for the young people so as to help them enter the labour market.

Another proposal made in the Democratic Party's amendment aims at enhancing the employability of the graduates of the Employees Retraining Board (ERB) by all means so as to increase the success rate of trainees in securing employment. The Democratic Party welcomes the provision of an additional 20 000-odd training places by the ERB and yet, 32% of the graduated trainees failed to be employed in 2007-2008. It is indeed a very worrying situation. We consider that the employment problem of the young people, particularly

low-skilled workers, warrants our serious concern. We therefore think that the Government should ease the problem of an excessive supply of grass-roots workers and exert its best effort to create new posts with a view to enhancing the employability of the trained workers.

In the long run, to assist grass-roots workers in counteracting economic adversities, training and education must be stepped up and policy goal must be set such that the competitiveness of grass-roots workers can be enhanced. By so doing, their efforts will be rewarded and they can thus earn their own living and live a decent live. Deputy President, I so submit.

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

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Deputy President, I would like to thank Mr IP Wai-ming for proposing this motion today and Mr Frederick FUNG, Mr Vincent FANG, Mr CHEUNG Kwok-che and Mr Albert HO for proposing amendments.

The Government understands very much Members' concern about the economic slowdown under the financial tsunami, which has affected the employees and the labour market. In fact, the Administration is doing its best to formulate measures from different perspectives, with a view to assisting different parties to face the pressure and challenges concerned. I will make a conclusive and concrete response after listening to Members' views. Thank you, Deputy President.

SECRETARY FOR HOME AFFAIRS (in Cantonese): Deputy President, I would like to first listen to Members' views before making any response.

MR IP KWOK-HIM (in Cantonese): Deputy President, after five years of recovery, the local economy is again hard hit by the financial tsunami and has rapidly entered an adjustment period. As more and more companies wound up, banks and financial institutions are also sacking their staff. Unemployment rate has rebounded since the middle of last year, and increased by nearly 1% to 4.1% within six months. It is estimated that the unemployment rate will further increase to 6%. Earlier, the Chief Executive pointed out that Hong Kong has

lost nearly 10 000 jobs since the outbreak of the financial tsunami in the latter half of last year. In fact, government officials have warned that the second wave of the financial tsunami is coming. Since the foundation of the emerging markets has been undermined by the previous wave of the financial tsunami, the impact of the second wave will certainly be more damaging. This implies that Hong Kong's real economy and financial market will face another drastic downturn in the future, which will inevitably worsen the labour market.

(THE PRESIDENT resumed the Chair)

In the face of such difficult economic and employment conditions, the Government has announced the introduction of seven measures to maintain employment in addition to the series of measures taken to expedite the construction of infrastructures and recruit civil servants. The new measures include creating 170 jobs for the removal of abandoned signboards, promoting the launch of internship programmes by chambers of commerce, and while the statutory bodies will recruit 6 000 staff members and create about 2 000 temporary jobs or internship opportunities, the Employees Retraining Board (ERB) will provide an additional 20 000 training places. The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) welcomes these measures.

Nonetheless, I must point out that most of the newly introduced employment measures can only meet the expedient needs. If the second wave of the financial tsunami is imminent, it seems that these measures are too weak. The Government should therefore have foresight and introduce more strategic development measures like the Outline of the Plan for the Reform and Development of the Pearl River Delta (2008-2020) promulgated by the National Development and Reform Commission in January. The most notable thing about this Outline is that it supports the expansion of areas of co-operation that can be decided among Hong Kong, Guangdong and Macao under the guidance of the relevant central authorities. Therefore, the SAR Government should step up efforts in considering how this expanded mechanism can be made use of, and enhance the co-operation between Hong Kong and Guangdong on our own initiative by proposing concrete measures covering finance and corporate support services as well as environment protection, and enter into substantive negotiation with the Guangdong Provincial Government as soon as possible.

President, in order to achieve diversity in our economy and create different job opportunities, the DAB considers that Hong Kong should capitalize on its advantages and develop high value-added and high knowledge-based industries including creative industries, and educational and medical services. Land at the border area should also be made use of to fashion Hong Kong into an "all-year-round capital of international exhibitions and sales".

Regarding the motion's proposal of setting up commercial and household waste recycling points, the DAB has actually proposed the separation of wet and dry wastes six years ago, which is a green initiative that can create a large number of low-skilled jobs. To promote the recycling and recovery of wastes, relevant policies are definitely required. The DAB therefore suggests that the Government should speed up the construction of the EcoPark, establish labelling and certification systems for eco-products, and review the procurement policy of materials so that locally produced recycled products would be procured by all means.

President, the DAB considers that that in the long run, it is desirable for Hong Kong to establish a collective bargaining system because when employers and employees run into a labour problem, it can be resolved through a negotiation mechanism. This can prevent workers from venting their discontent by resorting to such drastic actions of resistance such as strike or demonstration all the time, and thus help stabilize the Hong Kong society. But it is a pity that many employers and their organizations still have great reservations about legislating on the right to collective bargaining. The DAB therefore hopes and urges that the Government would conduct a detailed examination in this regard, and carry out extensive public consultation for the purpose of balancing the interests of all parties. It is only after a consensus is reached in society that a collective bargaining system can gradually be established.

As for Mr Vincent FANG's amendment, since the DAB has reservation about the distribution of consumption vouchers, it is therefore impossible for us to lend our support to his amendment.

President, I so submit.

MR RONNY TONG (in Cantonese): President, I wonder if you have the habit of surfing on the net for information. If you have, you may probably be aware of

the so-called "Yahoo Buzz", which sets out the topics that are most concerned by members of the public on a particular day. During the four months after the onset of the financial tsunami, a webpage made its way into the Yahoo Buzz for 111 days and is now ranked the third. Surprisingly, it is the webpage of a government department. President, it is the webpage of the Labour Department (LD).

How can the LD grab the third place in the Yahoo Buzz for four months in a row? As we all know, LD's webpage can provide employees with a lot of vital information. Firstly, there is certainly information on job vacancies, and secondly, there is information about labour law. President, the major reason why LD's webpage can be the top three of the Yahoo Buzz over the past four months is that, in the midst of the financial tsunami, employment and labour protection have become the topic that net surfers and Hong Kong people cared and concerned most.

However, it is so ironic that over the past period, the SAR Government has merely talked about job creation without mentioning labour protection. And in the course of formulating measures to bail out the economy, we have only heard the provision of support to enterprises but there is no mention of labour interests. Recently, Financial Secretary John TSANG even said that the budget to be released at the end of this month would mention very little about the welfare and interests of the grassroots, for enough was done in respect of the welfare of grass-root workers over the past two years. President, we certainly do not think that this is true. If it is, we will be very, very disappointed with the budget to be released by the Financial Secretary.

In fact, under the battering effect of the financial tsunami, a number of strikes and labour disputes have occurred in Hong Kong. President, we first saw Vitasoy transport workers went on strike, later there was the labour dispute of the airport workers, which was followed by the recent strike of the Nepalese workers. All these truly reflect the inadequacies of the existing system, under which employers and employees fail to negotiate on an equal footing. So, while it is important to maintain and create jobs for the grass-roots workers by all means with the onslaught of the financial tsunami, we cannot neglect the basic labour rights of workers in employment. Such rights can actually be realized through a reform of the relevant statutes, and there is no need for the Government to provide any substantial financial support.

President, the Civic Party considers that the SAR Government should immediately deploy resources to carry out study and reform of the following three areas: Firstly, immediately reform the existing system of mediating labour disputes to implement criminalization of defaulted payment of wages, and consider how legal assistance to workers involving in labour disputes can be strengthened. Secondly, immediately consider enacting a collective bargaining law to enforce workers' right to collective bargaining. And thirdly, speed up the enactment of the minimum wage law.

President, regarding the reform of the system of mediating labour disputes, in view of the failure to effectively enforce court orders in relation to non-payment of wages and after years of lobbying by the labour unions and the Legislative Council, recently the Government finally agreed to the criminalization of defaults on the payment of wages. This is indeed a good start. However, it is apparent that this proposal still fails to address the problem that workers are on an unequal footing with their employers in the Labour Tribunal. As we all know, according to the existing law, both parties to a lawsuit are not represented by any counsel in the Labour Tribunal. But this is just an illusion as we are aware that employers — particularly enterprises — can be represented by their so-called legal advisers, that is in-house lawyers in the Labour Tribunal, who are mostly qualified lawyers and are very familiar with the law. It is therefore extremely unfair for workers to confront them in the Court. For this reason, I think that the Government must consider providing workers with sufficient legal assistance so that they can settle the disputes with their employers in the Court on an equal footing.

Secondly, President, on how to implement collective bargaining. As we can see from the spate of labour disputes over the past six months, many strikes or labour disputes can actually be avoided if a collective bargaining system is available for workers. We also notice that this basic right has actually become an internationally recognized right. President, Article 39 of the Basic Law stipulates that the SAR is obliged to implement the provisions of international labour conventions, and this has become a constitutional obligation of the SAR Government. I therefore think that apart from the reasons stated by many Members from the labour sector earlier, there is another constitutional reason why legislating on the right to collective bargaining is so essential.

President, although there is no mention of minimum wage in today's motion, I still want to say that in the midst of the present financial tsunami, evidence shows that the SAR Government has adopted a stalling attitude towards

every major policy, be it constitutional reform, fair competition law, or the labour law and minimum wage under discussion, or probably the law on domestic violence which cannot be introduced into the Legislative Council as a result. President, I find this extremely unfair. In good times, the Government might say that there is no need to enact a minimum wage law when people are all making money, so this is not important at all. In bad times, however, the Government might again say that legislation is undesirable because it is the workers who suffer in the end. How unfair this is.

President, I hope that the SAR Government would not further delay the enactment of the minimum wage law on the pretext of the poor economic situation.

President, I think that the rights of Hong Kong workers have not received the necessary protection at all. The Civic Party therefore fully supports a comprehensive review of the labour law by the Government.

MR LEUNG YIU-CHUNG (in Cantonese): President, the Year of the Ox has just begun. As we all know, the ox is a very hard-working and admirable animal. In the past, Hong Kong people were also praised for their diligence. However, as a result of the economic downturn, many workers have told us that they are really worried if they can remain in their jobs and do the best that they can. They are getting more and more worried.

In fact, I can see that the situation is becoming more and more difficult. President, when the financial crisis emerged, we saw that the Government had extended its helping hand time and again rather than stood by with folded arms. It is only that assistance was mainly provided to the financial sector for the support of the small and medium enterprises (SMEs).

Certainly, the Government would say that if support is given to the SMEs so that they can survive, the jobs of the wage earners would naturally be kept. President, however, the development in these few months shows that the situation is not so desirable. Why? Because the dismissal of employees, the winding-up of companies and layoffs are becoming more serious. The Chinese New Year has just passed and we are worried that the situation will further deteriorate in this couple of months.

I consider that the situation will become more worrying if measures are not genuinely implemented. In my opinion, the Government should not just focus on one or two areas. Rather, I hope that it would work from different perspectives. Apart from providing such support as employment, just as Members have said, the Government should also step up the protection of labour rights. So, more efforts should be made in these two respects. There are a few things which I wish the Government can do as early as possible.

What is the first thing? President, I believe you should be aware that the Government will inject \$6,000 into the Mandatory Provident Fund (MPF) accounts of employees having a monthly earning less than \$10,000 in March. In this connection, I consider that the Government should think twice even if relevant legislation has been enacted, and it should not insist on injecting that sum of money into the MPF accounts as this will not do much help to the workers. In view of the extremely bad economic situation and financial system, injection into the MPF accounts is tantamount to pouring money down the drains. That sum of money will continuously shrink. The case for employees who are about to retire in a couple of years is even worse because they can only draw the money when they reach 65. This is extremely undesirable. Worse still, they may be in desperate need of financial assistance in the face of unemployment or semi-unemployment. Will the Government pull back before it is too late and consider distributing this \$6,000 to the low-income earners in the form of cash so as to address their plight? I hope that the Government will genuinely do something more in this regard.

Secondly, I hope that the Government will create more jobs. In this connection, President, there have been announcements that many large-scale projects would soon commence and hence create a considerable amount of jobs. However, President, we must understand that these projects, especially the large-scale ones, will not create a large number of jobs in the short run. Rather, they are made available in phases. Hence, these projects may not have any significant effect in the short run. I therefore suggest that the Government should draw reference from the practice adopted during the SARS outbreak and create some jobs for poverty alleviation. At that time, 15 000 jobs for poverty alleviation were created. This was indeed very useful to the community, and not only to the community, but to the health care services sector as well. I recalled that those 15 000 jobs cover health care services, community services and improvement of community environment. Therefore, I hope that the Government will continue to exert more efforts in these respects, with a view to

achieving a win-win situation by providing employment and helping the community.

Thirdly, it is hoped that amidst the present economic turmoil, the Government will provide financial assistance to the SMEs so as to maintain employment. This will not only help secure the jobs currently taken up by workers, but may also enable the SMEs to increase manpower and hence create more jobs. In other words, the SMEs will be able to keep the jobs of the workers with the financial assistance they get. That is very crucial. I hope that the Government will consider this proposal.

The fourth point is also pretty important, and that is the provision of unemployment assistance to the unemployed. This issue has been raised time and again, but it is ignored by the Government. I hope that the proposal of unemployment assistance can be brought up for discussion again and put into practice.

Fifthly, I hope that the budget of this year will provide financial supplements to the grass-roots families to help them counteract the economic adversities. We consider this very important, especially because the low-income earners will encounter great difficulties in counteracting adversities. If the Government can provide supplements to these families, their financial pressure can be relieved. With regard to this point, we hope that corresponding measures will be formulated in the budget.

I also support many of the proposals made by Honourable colleagues in their amendments. Among them is Mr CHEUNG Kwok-che's amendment, which proposes that the Government should pay the MPF contributions for the low-income people. This is good because under the present economic situation, low-income people are known to be hard pressed by the MPF contributions. So, just a slight relief of their pressure would be very helpful to them. I therefore strongly support this proposal, and hope that other Honourable colleagues will also support it so as to safeguard the living of people with a low income.

President, I so submit.

MR TOMMY CHEUNG (in Cantonese): President, as soon as the year 2009 begins, Hong Kong's employment market has sent out a warning. The latest

unemployment rate has soared to 4.1%, with the catering industry being one of the stricken industries.

The local catering industry has succeeded in riding out the difficulties during the Chinese New Year with the adoption of the strategy of earning a small profit with a big sales turnover, and our gratitude should also go to members of the public for spending their money in Hong Kong in response to the call of Mr Vincent FANG and me to boost local consumption. And yet, festivities will be followed by a low season. The weather is getting hot, but the industry has instead entered a cold winter. We worry that hundreds of food premises may close down during the low season lasting from March to August. The catering industry is presently employing about 200 000 permanent staff and 50 000 casual workers, and many of them are grass-roots workers. Once the waves of closures occur, the grass-roots workers will inevitably suffer. The situation is very worrying.

In view of this, the Liberal Party and a number of industries earlier joined hands to organize a movement that urges enterprises to preserve employment with their conscience whereas all members of the public should boost consumption. It aims to stabilize the workers' confidence, and at the same time, encourage the public to support enterprises with conscience so that they can survive through the tsunami. So far, several hundred companies have signed a charter of vowing not to lay off their staff. It is our wish to preserve every single job opportunity by all means.

The enterprises' suicidal price cut strategy, however, would not enable them to survive long as they will be depleted one day. Business closures and layoffs are inevitable in the end. Therefore, the Liberal Party hopes that the Government will take on board Mr Vincent FANG's proposal which stresses the stimulation of internal demand. This will enable the catering and retail industries, which rely heavily on internal demand, to adopt concrete policies to survive the low season, thereby preserving over one million jobs.

In the face of bleak winter of our economy, it is most important for employees to secure their jobs. To achieve this end, the key lies in whether or not the companies will survive. In order to overcome adversities, it is of utmost importance for both the employers and employees to ride on the same boat. Any suggestion of controversial labour policy at this moment, like the proposed right

to collective bargaining in the original motion, may turn out to do a disservice out of good intentions by breaking more "rice-bowls".

The Liberal Party thinks that labour relations in Hong Kong are pretty harmonious on the whole. There may be occasional labour disputes, but generally the two parties are able to reach an agreement by fostering mutual understanding and be accommodating to each other. After all, the recent labour disputes have already demonstrated the strength of Hong Kong's trade unions, and there is no need to fight for labour rights through collective bargaining.

On the contrary, the enactment of mandatory collective bargaining law will inevitably undermine enterprises' ability to react to economic crisis and hence their competitiveness. A recent example is the United Automobile Workers (UAW) of the United States, which has strong wage bargaining power. The labour cost of the three major American automobile manufacturers is therefore much higher than that of their competitor Japan. As a result, the American automobile industry continues to dwindle and jobs are lost to overseas countries. The present financial tsunami has even placed these three major automobile manufacturers in a predicament. Worse still, the refusal of the UAW to accept wage cut and reform at the end of last year has caused the United States Senate to vote down the proposal to rescue the automobile industry. If it is not the United States Government's immediate deployment of the bail out fund to inject capital into the industry, the bankruptcy of the three major automobile manufacturers may throw tens of thousand people into unemployment.

The situation in Europe is no better. Countries having powerful trade unions tend to have higher labour cost. Coupled with the high profits tax as high as 30%, there is a gradual loss of jobs in these countries and thus results in a persistently high unemployment rate. The unemployment rates recently announced by the three major European economies, namely, the United Kingdom, Germany and France, remain to be high, reaching 6.1%, 6.9% and 7.2% respectively. Alitalia, which was on the verge of bankruptcy last September and may go bankrupt at any time, is now financed by the Italian Government. The local trade unions' joint opposition against a buyout plan has forced Air France and CAI to withdraw their buyout plan, and placed Alitalia on the verge of bankruptcy. We can see that while collective bargaining may enhance the rights of union members, it may not necessarily help preserve the workers' "rice bowls". Does it worth it if the workers succeed in getting more benefits but fail to keep their "rice bowls"?

Earlier on, Hong Kong has been named the freest economy for 15 years in a row. The rating agency, however, pointed out that our labour freedom scores have dropped from last year's 93.3 to 86.3. Given that Hong Kong is an open economy which depends heavily on overseas investment, the more restrictive the labour market is, the less attractive Hong Kong will become. This is only detrimental to the creation of job opportunities.

President, I have also invested in overseas countries. There are actually two major considerations in deciding whether investment should be made in a certain country, and let me briefly explain them. First of all, it is the labour law, and secondly, it is the tax system. If a country is found to have too many labour laws, our incentive to invest there will therefore be reduced. We certainly do not wish to see that foreign companies are discouraged from investing in Hong Kong. I really think that this will do us no good but harm.

In the recent wave of layoffs, the majority of those affected are middle class people who may probably need some urgent assistance. But if a second safety net is established, as proposed by Mr Frederick FUNG, to allow people who are not eligible for the CSSA to apply, members of the public may ask: How big should this net be to convince them public money is properly spent? The Liberal Party does not consider it appropriate to require middle class having personal properties to sell them before receiving any unemployment CSSA, but we do notice that the median duration of stay of unemployment CSSA recipients has increased significantly from 2.9 years at the end of 2005 to 4.2 years at the end of 2007. This situation does warrant our concern because even overseas countries will not give out unemployment CSSA indefinitely. Furthermore, as Mr CHEUNG Kwok-che's proposal to pay the Mandatory Provident Fund contributions for employees with monthly earnings less than \$10,000 involves substantial and long-term financial commitment, the Liberal Party has reservation about this. We nonetheless agree with the proposals of assisting secondary school graduates to enter the labour market and improving retraining.

President, I so submit.

MS LI FUNG-YING (in Cantonese): President, the latest unemployment rate of Hong Kong, which was recorded before the Chinese New Year, has further risen from 3.8% to 4.1%. Now that the Chinese New Year has passed, just as Mr Tommy CHEUNG said earlier, a low season will follow. We are all very

concerned that closure of restaurants and other food premises will gradually reach its peak. Coupled with the imminent onset of the second wave of the financial tsunami, unemployment rate will definitely be pushed further up. Faced with the existing economic predicament, I support the motion's appeal that employers should be asked to undertake not to effect pay cuts and layoffs. After all, this is just an appeal. We all know that, in reality, the unemployment rate will not fall as a result. In that case, how can we assist grass-roots workers in counteracting economic adversities?

Today's motion makes me feel very confused. Many proposals in the motion are indeed the aspirations of the labour sector for decades, for example, the establishment of a collective bargaining system, which has yet to win the recognition of the Government and employers. I wonder if the Government and employers' representatives will be convinced, given the current economic turmoil, to adopt this system as a measure to assist grass-roots workers in counteracting economic adversities. Here, I nonetheless wish to advise the employers' representatives that the collective bargaining system is not a scourge. Rather, it often helps minimize labour disputes and prevent social or industrial action from taking place when timely communication does not take place. Furthermore, I wish to point out that the Government has undertaken to legislate for a minimum wage this year, which the labour sector has also been fighting for more than a decade. However, in the face of an economic downturn, there have been requests in the community that the legislative work for a minimum wage should be postponed. I strongly oppose to these views, and consider that regardless of the changes in the economic environment, the legislative work for a minimum wage should not be postponed. In times of economic downturn, pay cuts and layoffs are the predicament faced by many grass-roots employees. Speeding up the legislative work on a minimum wage can ensure that grass-roots workers receive reasonable treatment in times of economic adversities, hence the Government should avoid causing any delay to it.

In times of economic adversities, just as Members have said, unemployment is of the gravest concern to the grassroots. I have all along requested the Government to establish an unemployment loan fund, and have made my stance very clear. The proposed unemployment loan fund seeks to achieve a balance between the provision of assistance to the unemployed workers and the commitment of public money. In the debates of this legislative term, I have reiterated the relevant justifications time and again, so I am not going to

repeat here. What I wish to say is that the Government to date still refuses to take up the responsibility of assisting the unemployed workers to ride out their difficulties. What the Government has done so far is only to obfuscate those concrete and often pathetic cases of unemployment and made them abstract, and it has walked away from this most pressing problem of the employees by introducing such overall policy principles as creating employment opportunities and advocating economic development. Certainly, I support the creation of more employment opportunities to relieve the unemployment pressure of the labour market. But I oppose the use of overall policies as the shield to turn down unemployed workers' requests for help.

Another issue that warrants a review by the Government is the development of social enterprises. In the midst of the financial tsunami, it is more difficult for social enterprises to operate and develop in a commercial way. In the 2007 policy address, the Chief Executive laid down the development direction of social enterprises, stating that he would motivate collaboration between business and society with a view to tapping on the experiences of the business sector to help the disadvantaged groups survive in the market. However, under the existing economic environment, it is rather difficult to motivate the business sector to boost the development of social enterprises. Provision of seed money alone is insufficient in sustaining the operation of social enterprises. In fact, being the largest employer of Hong Kong, the Government can play a more active role in supporting social enterprises. When the social enterprise issue was discussed in the past, I urged the Government time and again to change its policy of contracting out services, which aimed at saving public money by means of the market operation. Despite changes in the outsourcing of government services in recent years to enable some social enterprises to be awarded government service contracts, further changes are required. I hope that the Government would comprehensively review its procurement policy by emphasizing more on the assistance provided to the disadvantaged groups and grass-roots workers.

President, when I relayed my views on next year's budget to the Financial Secretary earlier, I suggested that an inter-departmental co-ordination group for the financial tsunami be set up to provide one-stop services to assist members of the public in resolving such problems as unemployment, training and support. If the Government considers it essential to establish a high-level body like the Task Force on Economic Challenges to feel the pulse of the Hong Kong economy and

look for future challenges, the setting up of the co-ordination group for the financial tsunami is likewise essential in extending a helping hand to the needy public and helping them ride out the economic difficulties.

President, I so submit.

MR LEE CHEUK-YAN (in Cantonese): I hope to clarify one very important stance of the Hong Kong Confederation of Trade Unions through today's debate. Very often, we would request the Government to launch certain measures regarding job opportunities or to assist the grass-roots workers amid the current economic downturn. Sometimes we would request the Government to do so. However, I would like to point out that if, in the end, the Government still deprives the working class of their right to collective bargaining, all measures in assisting the grass-roots working class would indeed be insincere irrespective of the assistance granted. These measures are merely a means of the Government to provide some jobs for the unemployed for the sake of lessening their dissatisfaction and upholding its own popularity. However, what we desire is more than just a job; what the wage earners desire is a decent job. Now the whole world is talking about the so-called "decent work," which means work of respect or decency. President, what we desire is not just a job, but also a decent job. What does that mean? It has to include the most fundamental labour rights, that is, the right to go on strike and the right to collective bargaining.

Therefore, I reckon that the most important thing in today's debate is not to discuss what measures should be adopted to assist the grass-roots working class in employment opportunities, but to request the Government to return the Hong Kong wage earners their most fundamental right, that is, the right of collective bargaining. Unfortunately, though the Government often states that it would assist the working class and it is very concerned about them, and the Secretary often expresses with dramatic expressions on the face that he is very concerned about the working class, it would be indeed insincere and unscrupulous of the Government if the most fundamental right of collective bargaining is not granted to the working class.

We could take a review of what happened in the last decade. Just now Mr Tommy CHEUNG said that it would not be desirable to do so many things amid the current economic downturn and that collective bargaining would only bring

about undesirable effect in spite of the good intention. Honestly speaking, Mr Tommy CHEUNG should know very well that he would oppose the idea when the economy is good; and would do the same when the economy is bad. Indeed all that he has said is false, so is what is stated by the Government.

President, I raise the issue about the right of collective bargaining in 1997 when the law relating to the right of collective bargaining was passed. The economic condition at that time was good, but the Government still opposed it, so did the Liberal Party. However, the law was later repealed. What happened after it was repealed? There came the financial turmoil and the SARS incident. The economy naturally became bad under those circumstances. What happened next? It can well be seen that the wages and benefits of the grass-roots workers were cut and reduced, and there were layoffs as well. After all these had been done, the slogan of "going through the hard times together" was raised. President, perhaps you will remember that the Government cut and reduced the wages and benefits of the employees in the name of "going through the hard times together." Unfortunately, after going through the so called hard times, has the Government returned the original wages and benefits to the working class? In the past, many companies issued double pay to Hong Kong wage earners; but now these are all gone, those bonuses were cut and reduced at that time. In the past, certain companies had the so-called annual increments, which are now cut and reduced. The same applies to other benefits.

Secretary, President, the said wages, and benefits have never been returned to our workers. All along, the Government has been exploiting the workers during times of economic hardship; and has been telling them about the uncertain future during times of economic boom, rendering an excuse for not returning the cut or reduced wages and benefits all along. During the past few years of economic boom, how many of the workers got a salary increase? How many were issued with double pay? The answer is none. Under the present system, the benefits of the workers are still being cut and reduced. The original system has not been restored yet. Therefore, in times of economic hardship, the workers could not negotiate; and in times of economic boom, there is no law to protect their right of bargaining.

The Government has stated that Hong Kong allows the freedom of forming trade unions. Though we have freedom in organizing trade unions, employers also have the freedom of not recognizing them. They can even freely and

absurdly sack those workers who go on strike. President, there is no protection whatsoever for Hong Kong workers, hence it can be said that there is actually no right of collective bargaining in Hong Kong. However, the Government has signed No. 98 and No. 87 of the International Labour Conventions which stipulate clearly that governments have the responsibility of promoting the right of collective bargaining. Later, the Secretary would certainly say that the current situation already matches with the regulations in the Conventions, for they have assisted in promoting the system of voluntary consultation, and that though there is no enactment in law, they have requested employers to consult employees on a voluntary basis. However, nothing is voluntary in this world in the first place; secondly, the expert panel of the Committee on Freedom of Association under the International Labour Organization has clearly informed the Government of Hong Kong that it has the responsibility of enacting law in accordance with the signed Convention and request employers to recognize trade unions which have a representative nature. This has been clearly put down in records. After our complaint, this has clearly been recorded and mentioned in the report of the Committee on Freedom of Association under the International Labour Organization. Therefore, the Secretary deprives us of these rights.

Mr Tommy CHEUNG just said that as the current economy was not good, we should not engage ourselves in so many events. However, what would happen when the economy is not good? High-handedness in the form of forced layoffs and pay cuts will occur again. Certainly, some people may say that employers are indeed facing tremendous difficulties; but we can see that employers have never respected the employees, they have never told them the difficulties they face or what they intend to do. They have never consulted the employees; but have instead been adopting a high-handed attitude all along. Even with a profit of over \$200 million for the holding group to which the Apple Daily belongs, there was a salary reduction of 3.5%. Had the employees been consulted prior to this? The answer is no. The employees have no right of being consulted whatsoever.

We are not stopping the employers from layoffs or pay cuts in times of difficulties, we are only asking for a fair right of bargaining and a mechanism that allows both parties to sit down and discuss. There is no mechanism now. All we have at present are high-handed moves. What will the situation be like when there is a mechanism? We as employees will be willing to listen if employers are truly in difficulties. Would it be really necessary for employers to request a pay cut from the employees, or could the pay cut be dispensed with? Even if

there is a pay cut, could the reduction be implemented for only a short period, say for half a year and then get back to the original level? Besides, could no pay leave be adopted in lieu of a layoff? Many issues could indeed be discussed, it is only that employers never discuss them. Therefore, President, we hope that there can be an indication from the Government today as to when the right of collective bargaining, which is the most fundamental right, would be returned to the workers in Hong Kong. Thank you, President.

DR PAN PEY-CHYOU (in Cantonese): Recently, the unemployment rate in Hong Kong has kept soaring. During the period from October to December, the unemployment rate of young people saw a staggering rise to nearly 20%. After the outbreak of the financial tsunami, we have learned a lesson that we must not put all eggs in one basket. Instead of relying solely on financial industries, we should diversify our industries.

Earlier on, Mr IP Wai-ming, my colleague, has proposed a number of directions with respect to his motion. Today, I will focus on the development of social enterprises and the recycling industry. Before I speak, I would like to declare my interest as I am a vice-chairman of a voluntary agency — The Mental Health Association of Hong Kong. As the agency also engages in work relating to social enterprises, I would like to declare my interest here first.

According to the Commission on Poverty, social enterprises can be defined as enterprises taking into consideration both commercial and social objectives. In general, social enterprises will put their profits back into their operation. In this regard, good development has been enjoyed by many countries. Take the United Kingdom as an example. In 2004, there were nearly 55 000 social enterprises in the country, with a turnover of up to £2.78 billion, an annual Gross National Product of as high as £8 billion, and a workforce of 775 000. These figures are impressive as compared to the overall economy.

Looking back at Hong Kong, the developments in this regard are really not too adequate. In 2007, the Hong Kong Federation of Trade Unions (FTU) proposed a motion debate on "promoting social enterprises" in this Council, whereas the Government provided subsidies, through the "Enhancing Self-Reliance Through District Partnership Programme", to voluntary agencies for the setting up of social enterprises. As far as we know, as of November 2008, a total of HK\$76 million was approved to benefit more than 80 social

enterprise programmes. Compared with the figures of the United Kingdom, we can see that developments in this regard are quite weak.

In our opinion, the development of social enterprises in Hong Kong is faced with five major difficulties: First, the Government's commitment to social enterprises, whether in terms of policy or funding, is inadequate. Second, there is a lack of understanding of social enterprises among the public in Hong Kong. Third, one of the problems encountered in developing social enterprises in Hong Kong is a lack of experts in this regard, such as entrepreneurs with experience in engaging in social enterprises or accounting or legal professionals with relevant knowledge in social enterprises. Fourth, there is a lack of suitable, complementary legal and regulatory framework. Finally, social enterprises encounter a certain degree of difficulty in financing and pooling capital because of the limited capital injected by the Government.

In our opinion, the fact that the development of social enterprises in Hong Kong remains at such a low level precisely reflects that there is still much room for development. Actually, among the 21 recommendations made by the Subcommittee to Study the Subject of Combating Poverty set up by the Legislative Council of the previous term for the eradication of poverty, the development of social enterprises is an important component. In retrospect, although we have experienced the financial tsunami, we still consider that our situation remains unchanged, and the need for developing social enterprises is still enormous. Over the years, the FTU has all along supported the diversification of the economy. In our opinion, Hong Kong cannot rely solely on the financial and real estate sectors, and there must be a diversified economy. We also support the long-term development of the local community economy and small businesses. These ideas are actually very much consistent with the mode of social enterprises. For instance, the Dragon Market set up in the territory when it was in great financial hardship is a case in point. I hope the Government can play a more proactive role in policy and funding terms with respect to social enterprises in order that more job opportunities can be provided.

Second, I would like to say a few words about the recycling industry. With respect to this industry, Hong Kong is still lagging far behind. Let us refer to some statistics. So far, only 980 housing estates have joined the source separation of waste programme, covering only 51%, or a little bit more than half, of the population in Hong Kong. The recovery rate of municipal solid waste, which stood at 30% in 2002, had been slightly improved and reached 45% in

2007. In 2007, the recovery rate of commercial and industrial waste was less than 30%. As for the recovery rate of household food waste in the territory, we feel really ashamed that it stands at a mere 14%, whereas the recovery rate of such waste reaches 35% in our neighbouring Taipei City. It is thus evident that there is still enormous room for development in recycling materials on various fronts.

Hong Kong is lagging even farther behind when it comes to processing after recycling. Every year, most of the materials recovered in Hong Kong are sent to the Mainland, and the output may reach \$6 billion in value. Given the substantial impact of the financial tsunami on the recycling industry, the prices of many wastes have plummeted. However, we believe it is just a short-term phenomenon. In the long run, the values of both industrial and domestic wastes are expected to rise. This is why we believe the room for development would be enormous. We also consider that the Government should come up with a comprehensive policy on the recycling industry with the approach of developing a production chain, such that more job opportunities can be provided.

I so submit.

DR LAM TAI-FAI (in Cantonese): It is an indisputable fact that the economy of Europe and the United States is slowing down in the wake of the financial tsunami. As for Hong Kong, our economy is greatly affected, particularly the SMEs operating export business.

During the past few months, Members must have heard about news of the closure of a number of enterprises or business slumps, as well as soaring unemployment rates. Should Joseph YAM's prediction of a second wave of the financial tsunami prove to be accurate, I believe there will only be more company closures and higher unemployment rates. The situation might worsen, or become even worse than that during the outbreak of SARS.

The Government has time and again appealed to employees and employers to tide over the hard times together with slogans calling for "propping up" enterprises and protecting employment. The Government understands very well that the employment of the grassroots can only be protected through "propping up" the SMEs.

Under the current adverse economic environment, what initiatives and "tricks" will be adopted by the Government to "prop up" enterprises, including SMEs? I think such initiatives and "tricks" will be small in number. The most widely known are two loan schemes with not entirely satisfactory results. According to the Government's original intention, it is hoped that 40 000 enterprises will be benefited from the two schemes. However, because of the contents and restrictions of the schemes, banks are simply unwilling to "turn on the tap" and offer loans to enterprises. I examined the situation before the New Year and found that, up to end January, only 1 000-odd companies had benefited from the two schemes. Quite a number of enterprises faced with cash flow problems complained of hardship and were hardly able to save even themselves. Under such circumstances, how can SMEs be asked to tide over the hard times together with their grass-roots employees and give their employees assurances that they will not resort to pay cuts or slashing manpower?

President, the motion today is "Assisting grassroots workers in counteracting economic adversities". I think the most effective method — I have actually raised this proposal many times before — is for the Government to take immediate action to improve the two loan schemes or introduce some vigorous "new tricks" or initiatives. In view of the current effectiveness of the two loan schemes, should the Government consider taking decisive action to enhance its vigour in playing the role as a guarantor or waive private guarantor requirements, and even consider offering loans to SMEs direct? Only in this way can SMEs survive and continue their operations without slashing manpower so that grass-roots employees can continue to work, receive salary, and have money to spend. As regards certain government charges and taxes, I think the Government should implement some initiatives to either suspend, reduce or waive these charges and taxes when the budget is delivered at the end of the month. Only in this way can the Government demonstrate its determination, sincerity and spirit to tide over the hard times together with enterprises and the public.

President, as most of the grass-roots people are public housing residents, I hope the Government can reconsider remission of public rental housing rents and examine whether the tax-deduction period for home mortgages can be extended to, for instance, 15 or 20 years.

President, I believe you have visited the Hong Kong Brands and Products Expo organized by The Chinese Manufacturers' Association of Hong Kong. I hope the Government can make reference to those cases which have gained

unprecedented success in the Hong Kong Brands and Products Expo this year in launching more platforms and exhibitions and sales venues and providing effective support policies, so that the grass-roots people can visit these places for quality shopping at low prices in order to relieve their family and financial burden and reduce their expenditure. Meanwhile, they can be told that more employment opportunities can be created through the Hong Kong Brands and Products Expo and other exhibitions and sales venues. Moreover, platforms can be provided to provide social enterprises with good opportunities for development. I think this is even more effective than the issuance of consumption vouchers by the Government.

President, in the light of the rising unemployment rate, I believe that the number of labour disputes this year will certainly rise. I hope employees and employers can really treat each other with tolerance and understanding. Actually, in Hong Kong, there are not many unscrupulous employers, and insatiably greedy employees are also rare. So long as the Government can perform its intermediary and co-ordination role properly and handle labour dispute cases impartially and satisfactorily, I believe we can definitely tide over the hard times together. During these difficult times, every one of us is faced with the same predicament. I think rational and tolerant negotiations are always better than introducing some sorts of bargaining agreements or mechanisms.

President, I do not support the motion and all the amendments proposed today. President, I so submit.

MR CHIM PUI-CHUNG (in Cantonese): President, the topic of the motion debate today is "Assisting grassroots workers in counteracting economic adversities". When I listened to the speeches delivered by a number of representatives of the labour sector, I thought that the topic had been changed from assisting grass-roots workers in "counteracting economic adversities" to "counteracting their bosses". Of course, they have their own points of view, and I have no intention to counteract their comments.

President, the territory has recently been hit by a global financial tsunami. From what we can see, who have suffered the greatest losses? I can tell Members that it is the big bosses of major companies who have suffered the greatest losses. We can tell from the Government's statistics that the number of cases involved is more than 40 000, but yet only close to 20 000 cases have filed complaints to the relevant department of the Hong Kong Monetary Authority

(HKMA). In other words, half of the cases involved have not filed any complaints. Who exactly have suffered losses? They are mostly big bosses and major companies because they consider it necessary to bear the responsibility themselves or they think that it is useless to lodge complaints under the current circumstances.

The second category of people who have suffered considerable losses is those who have bank deposits. Since the savings or financial departments of banks intended to earn more for clients considered not being treated fairly because they were just earning an interest rate of only 1% or 2%, as with the interest rate of pension schemes, and as the banks also wished to expand their business, these clients were persuaded to make more investments. President, these losses do not involve grass-roots workers direct because not only are these workers unable to support their own living, but they also have to rely on relief provided by various quarters too. So, how can they have bank savings and be misled by banks into making investments? Therefore, grass-roots workers should suffer the least impact from this financial tsunami because they have got practically nothing. Actually, they should be grateful that the Government has been able to create an even better environment for them to enable them to enjoy better protection and income from work in the future. What is more, they should be grateful that they have not been unfairly treated and hit by the financial tsunami.

Having said that, President, how can the rights and interests of workers be protected on all fronts? We understand that there is a close relationship between the labour sector and bosses, because in order to have work to do, workers have to hope that their bosses can do business under a good environment before the workers can get a pay rise, or expect protection for or an increase in their income. But unfortunately, many factory operators and small and medium enterprises (SMEs) in the Pearl River Delta have been hit by the revision and amendment of labour legislation on the Mainland while the bosses are devastated by the financial tsunami. Since they had deposited the money they earned over the past few of years with the banks, they were identified by the banks as wealthy clients and become the targets of persuasion for making investments in other areas, such as accumulators. They suffer heavy losses, but to whom can they complain? Under the pressure from both sides, many of them cannot help but wind up their business. In such circumstances, both workers and grass-roots workers are subject to enormous pressure and impact. They have no idea of their job prospects and how their work will change. All these make them feel worried.

President, we have heard Mr Joseph YAM's comments on the second wave of the financial tsunami. We understand that there is freedom of speech in Hong Kong, and everyone is entitled to make predictions and comments. However, if anyone has an interest or any dubious intention in making certain comments or predictions, his or her comments deserve to be criticized. I am not targeting Mr Joseph YAM. However, as the highest person in charge of the HKMA, he must understand that his comments will have a serious impact on Hong Kong. His "crying wolf" comment is tantamount to telling the Central Authorities (or "Grandpa") that Hong Kong will face a crisis, and therefore, his contract should preferably be extended for two more years because he is irreplaceable. Of course, this mentality of his is purely out of my speculation. If he is having dubious intention, my intention will be even more dubious than his. This is what he should ponder over.

How can he make such a pessimistic remark when no one knows what the future will hold? Confidence is what this world needs desperately. If people do not believe in each other and when there is no confidence in everyone, how can Hong Kong become a financial hub? Therefore, government departments, Directors of Bureaux, as well as Secretaries of Departments must demonstrate their faith and encourage Hong Kong people to face and overcome hardships and not to step back when confronted with hardships. Can Mr YAM predict the future? Does he not have a duty to be responsible? There is something he should monitor but he fails to do so. Therefore, both the Chief Executive and the Secretary of Department should oversee such behaviour and comments.

President, we understand that the Government has to make solid moves to assist SMEs. Despite the Government's current offer of a 70% guarantee, banks are still reluctant to provide the remaining 30% in loans. So, what is the point of doing so? Hence, the Government should consider ways to enable SMEs to receive a higher guarantee from the Government direct if the banks are reluctant to help, or ways to step up efforts in offering a guarantee to SMEs, or even setting up a central industrial bank to assist SMEs, thereby offering protection to both SMEs and workers.

I would like to make one more point about provident funds. Where have the provident funds gone? Many workers have no idea about it. Therefore, protecting their hard-earned money is most crucial. The Government must take action to protect the workers.

MR CHAN KIN-POR (in Cantonese): As the once-in-a-century financial tsunami is sweeping through the entire world, Hong Kong can hardly avoid being affected. The latest unemployment rate has risen by 0.3% to 4.1%. It was during the outbreak of SARS in 2003 that the unemployment rate also recorded the same rate of increase of 0.3%.

With the unemployment rate rising all the time, the priority task for the Government is to maintain employment. Before discussing the employment issue, I would like to say a few words on the right to collective bargaining.

Hong Kong has all along been an externally-oriented economy. Under economic globalization, all trades and industries must compete with enterprises from all parts of the world. In order to maintain our competitive edge and continue to create employment, Hong Kong must strike a reasonable balance between protecting the rights and interests of employees and maintaining the competitive edge of enterprises.

As a lot of enterprises in Hong Kong are currently faced with a critical operating environment, bosses and workers must make concerted efforts in overcoming the current economic predicament. Collective bargaining, if implemented through legislation, may affect the confidence of global investors, thereby undermining the territory's competitive edge and job opportunities.

Hong Kong society is still divided on the issue of the right to collective bargaining. Before a consensus is reached in society, to enact legislation to mandate collective bargaining may even intensify the deadlock between employers and employees. Even if legislation is enacted to mandate negotiations between employers and employees, there is still no guarantee that an agreement acceptable to both parties can be reached.

In the past, labour relations in Hong Kong were generally harmonious. Despite the occasional occurrence of demonstrations and strikes, problems were peacefully resolved in the end, thanks to the ability of employers and employees to engage in discussions and negotiations on the basis of mutual understanding. Actually, many of the proposals raised by a number of Members today in their motion and amendments are of practical use and capable of assisting grass-roots workers in counteracting economic adversities.

Now I would like to focus on ways to assist the employment of young people, especially those secondary school, associate degree and university graduates.

As I have said just now, the latest unemployment figure published by the Government has risen to 4.1%, with more than 4 000 people joining the ranks of the unemployed. The unemployment rate of young people aged between 15 and 29 rises, instead of falls, after the summer holidays for the first time in seven years. Information reveals that the unemployment rate of the young people has not improved with some of them pursuing further studies after the summer holidays. While the unemployment rate of young people aged between 15 and 19 has risen from 18.1% during the summer holidays to 19.3% afterwards, the unemployment rate of those aged between 20 and 29 has also risen from 5% during the summer holidays to 5.4% after the holidays. This situation has never happened since 2001.

As a large number of university students will enter the employment market after June and July, the market will face new pressure again. Under the financial tsunami, university students graduating this year will very likely face unemployment immediately upon graduation.

More administrative and research posts can be created with the Government's provision of subsidies to various tertiary institutions to expedite the commencement of construction works and expand research work within the institutions. The Government can actually consider collaborating with various trades and industries to further expand youth employment programmes and, with the subsidies provided by the Government, it can work with statutory bodies, the private sector and mainland institutions to provide internship opportunities for university, associate degree and secondary school graduates.

Meanwhile, the Government should also subsidize fresh graduates to take up part-time jobs or pursue full-time studies, for doing so can reduce the unemployment rate and, at the same time, provide the market with high-quality young people when the market improves.

Both Hong Kong and the rest of the world are now heading towards knowledge-based economic development. Only knowledge can help the grassroots to rise to the middle class and rid themselves of poverty. Our

grass-roots people need to have employment opportunities and learning opportunities. Actually, amid the financial tsunami, many grass-roots people and fresh graduates will very likely face unemployment. The Government must, besides exerting its utmost to maintain employment, provide them with more internship and learning opportunities and subsidies.

Today, a number of Members have put forward many useful proposals. I also subscribe to the importance of labour rights. However, society must hold discussions and reach a consensus before collective bargaining can be enforced by legislation. I think the priority task for the Government at present is to focus on studying ways to protect employment and retain the rice bowls of the people so that everyone can have a job.

President, I so submit.

MS EMILY LAU (in Cantonese): President, the financial tsunami is dogging the entire world, including many people in Hong Kong. Many people, including I myself, also believe that a second or third wave will probably strike. President, when you read international economic news, especially the news of the United States, I believe you will share the headache of Barack OBAMA. If the economy of the United States, Western Europe and Japan worsens, other places will feel the pain too. Under such a difficult situation, we hope very much that the authorities can exert every effort to help the Hong Kong people. In particular, Mr IP's motion on "Assisting grassroots workers in counteracting economic adversities" should be capable of giving them a brief respite.

Today I would like to express my views particularly on the problems faced by women. President, according to the *Women and Men in Hong Kong — Key Statistics* published by the Census and Statistics Department (C&SD), the female working population increased by more than 400 000 from some 1.2 million in 1996 to some 1.6 million in 2007. During the same period, the male working population saw an increase of 30 000 or so only. President, this means that the male working population is around 1.9 million or so at present. It is evident that more and more women are competing for work in the market to help support their families. However, owing to educational levels, working experience and other reasons, the income of women is lower than that of men. According to the statistics provided by the Government, in 2007, the monthly median income of

working women was \$8,000, only two-thirds of that of men, which stood at \$12,000. President, such a situation is extremely unfair.

It has been pointed out by many civilian groups, including some women's groups, that despite the rising number of women who opt for going out to work, the hardships they face are numerous, and that applies to housewives in particular. As they wish to help meet household expenses, they are forced to go out to work, and even perform some duties of extreme difficulty or an obnoxious nature. Their heavy workload and extremely low pay has also led to extreme unfairness. President, given the present economic adversities, I believe the problems will only aggravate. Therefore, I hope the authorities can offer assistance to women.

The Democratic Party supports the recommendations put forward in the Report of the Commission on Poverty and urges the authorities to strive to assist people experiencing difficulty in seeking employment to enhance their employability in order to meet the changing needs of the labour market. Hence, President, we call on the authorities to strive to step up efforts in promoting continuing education to cater for the needs of women, especially housewives. As they are compelled to go out to work to help support their families, more community education and resources centres should be set up to provide them with a wide range of education programmes and information. I hope the authorities can also act as a co-ordinator in identifying suitable programmes for women with dual roles and housewives with a view to enhancing their further education opportunities.

President, paragraph 4.7 of the Report on Working Poverty, which is also mentioned in Mr Frederick FUNG's amendment, points out that "at certain stages of a family cycle, there are special needs that a family has to attend to. For example, some women have to stay at home because their children are young. This has led to a lower labour participation rate in certain households at certain stages; hence a lower household income." Although the responsibility of taking care of children does not necessarily fall entirely on women according to concepts found in a modern society, the information published by the C&SD reveals that in 2007, the number of female home-makers in the economically inactive population was around 650 000, whereas the number of male home-makers was around 12 000. Therefore, President, the burden is still extremely heavy. I hope the authorities can make more efforts in caring for women. We support the Report in proposing to the Government to encourage the development of local economy,

organize unemployed workers and housewives, and help them provide affordable household cleaning and maintenance services to those in need. To address the problems faced by women, we hope the authorities can provide a wide range of services, such as services provided by local domestic helpers, post-natal carers, practitioners of health care massage/foot reflexology and home carers for the elderly.

The Report on Working Poverty has pinpointed that "some unemployed women have even left the labour market for a long period of time, and so tailored-made support is required". President, we hope the Government can address the needs of these women in improving the retraining programmes to enable them to join the employment market again when necessary.

President, I understand that there is a so-called gender mainstreaming policy. In replying to questions relating to this policy, the Secretary has been very candid. He said many senior officials (probably including the Secretary himself) had no idea what this policy was all about. I hope he can know more and more about it starting from today. Furthermore, his colleagues and the two Secretaries should also know about it and put it into actual practice. In implementing the gender mainstreaming policy, the Government should review whether both sexes are treated with the same degree of fairness by its policies, legislation, funding, and so on. In assisting employment, I hope gender mainstreaming can bring its function into full play to enable some of the unfair phenomena which I have just pointed out to be rectified.

I so submit.

MR PAUL CHAN (in Cantonese): President, after the outbreak of the financial tsunami, there has been endless news about layoffs and wage reductions. Being an employer, I undertook to my colleagues as early as November last year that no layoff would be effected in the company. I also reiterated that point during the meal served on the second day of this Lunar New Year in an appeal to my employees to make concerted efforts to tide over the hard times together with the company. When I approached major accountancy firms to learn more about the situation, I was told that they had no layoff plans for the first half of this year, but for the second half of the year, they could not say with certainty because that would depend on the economic environment.

I believe Members here understand that no one can predict with certainty the economic conditions of the second half of this year, the seriousness of the impact of the second wave of the financial tsunami and whether a third wave will strike.

Actually, I agree with most of the contents of Mr IP Wai-ming's motion. However, I have reservations about the proposal of immediately — I emphasize, immediately — promoting collective bargaining between employers and employees, formulating collective agreements, as well as legislating on the right to collective bargaining on the central, trade and enterprise levels.

Before implementing any policy or enacting legislation, comprehensive consultations and discussions should be conducted in society to allow the views expressed by different stakeholders to be given thorough consideration. Therefore, I agree with Mr IP's proposal in the motion that the Government should study overseas experience in implementing collective bargaining.

It has been more than a decade since the right to collective bargaining was discussed in society prior to 1997. From the days when the Employee's Rights to Representation, Consultation and Collective Bargaining Ordinance was passed by the Legislative Council during the British Hong Kong era and the passage by the Provisional Legislative Council of the repeal of the Ordinance following the reunification in 1997 till now, the Government's attitude towards the right to collective bargaining has all along emphasized on striving to promote collective consultation on a voluntary basis. However, have we conducted any serious studies to allow our society to conduct sensible discussions instead of allowing the contentions to go on with the labour sector repeating its call to strive for and enact legislation and the Government saying all the time that enacting on the implementation of collective bargaining may affect investors' confidence or even undermine the territory's competitive edge, job opportunities, and so on?

Although it was made clear by the Chief Executive Mr Donald TSANG in his reply to a question raised by Dr PAN Pey-chyou during the Question and Answer Session in this Council in the middle of last month that it would be quite difficult for a consensus to be achieved on collective bargaining, he indicated that he would be more than pleased to continue with the discussion with us. Therefore, I hope to see a serious study in which we can bring out facts and reason things out. The findings of the study can also be submitted to the Labour Advisory Board for discussion. In the end, we might need to make a decision

instead of continuing to argue endlessly and bring the matter up for debate every now and then.

Meanwhile, I also hope that the Government can review the effectiveness of the current practice having regard to the actual situation in Hong Kong. I still recall that in July last year, four strikes that caught the attention of the whole society had occurred one after another in the territory in a matter of a month, in which employees staged strikes after failing to negotiate successfully with employers on rates of pay increase and commission levels. Early this year, a strike took place at the Hong Kong International Airport and it was the largest in scale in recent years. It had consequently paralysed the baggage conveyance services provided in the Airport and tens of thousands of travellers experienced great inconvenience.

It can be seen from the above-mentioned strikes that employers and employees have failed to communicate effectively to resolve their differences on the enterprise level. Even if a tripartite committee is set up by the Labour Department on the trade level, only nine trades will benefit. Whether the labour disputes that may erupt in different trades can be handled effectively is indeed doubtful.

On the other hand, it can also be seen from the four strikes occurred in the middle of last year and the strike occurred at the Airport early this year that even though the employees did not enjoy the right to collective bargaining, they could still manage to bargain with their employers through their solidarity. This explains why I have reservations about the need to immediately promote collective bargaining between employers and employees and legislate on the right to collective bargaining.

As regards the amendments proposed by other Members, although Mr Vincent FANG's amendment proposes to delete the section on the right to collective bargaining, I still have reservations about his amendment because I am not in favour of distributing consumption vouchers.

President, I so submit.

MR LEUNG KWOK-HUNG (in Cantonese): President, on behalf of the League of Social Democrats, I asked John TSANG yesterday if he was willing to save people without spending money. The granting of \$6,000 is actually not a new

idea. We have taken this cheque out for a look many times before. We have merely suggested some slight amendments. What I am talking about is that \$6,000 should be distributed immediately to each low-income worker in the territory. The money should not be handed to fund managers such that it will continue to depreciate. I have told John TSANG about this. He might have received the call by Mr LEE Cheuk-yan for amending the Government's legislation. I hope he can accede to Mr LEE's request and refer it to the Government, because not a cent will be required. The \$9 billion should not be handed to fund managers to cause trouble. Even President HU has warned against trouble-making. But now, we are in deep trouble. You two have to watch out. The \$9 billion should be given out promptly without hesitation. What is the point of hesitating? This is what should be done.

Let me now get down to business. This was what I was told by people around me when I visited the Lunar New Year Fair — it was all about the Mandatory Provident Fund. In my opinion, the money has been spent by the Government. However, because of its stupidity and ignorance and its failure to give adequate consideration to the capitalist market, workers have to walk on three legs (that is, with a crutch), instead of two, before the \$9 billion can be granted to them. This is absolutely unjust of the Government to act in this manner. Listen, Secretary for Home Affairs, you just need to tell the Chief Executive. The same goes for Secretary Matthew CHEUNG. Please stop constantly praising the Government for its kindness. Why do you refuse to give? The money of the Hong Kong people should be returned to the Hong Kong people. But now it is handed to foreign funds to toy with and allowed to depreciate. Why does the Government not distribute the money to workers immediately? If it is distributed now, people can be saved immediately. Furthermore, the \$9 billion is supposed to be handed out anyway. If the Government is unwilling to act in this manner, how can it talk about saving people? Donald TSANG has said that the market must be saved even if the last bullet has to be used. Consequently, only \$4 billion out of \$100 billion has been used. Why does the Government not use the worthless or remaining bullets to rescue the poor? This is where the problem lies.

President, I hope that when Mr LEE Cheuk-yan makes a request to the Government for revising legislation, you would allow the Government to consider the request and not stand in the way because the request has no charging effect, that is, it does not affect public spending. I hope you would do it.

Speaking of collective bargaining, I would flame up whenever I hear this expression. Do you not know history? In July 1997, I was arrested during my first demonstration over there. In October, I was arrested again during another demonstration against the abolition by the Provisional Legislative Council (the President was those who took part at that time) of the right to collective bargaining. Buddy, this thing was once in existence. Now, we are still being criticized for bringing this up from time to time. Actually, they would repeal such things from time to time. Am I right? President, the memory of this incident should still be very fresh in your mind. I saw you smiling when I was standing over there that day. "Uncle TUNG" acted against the wishes of the people in treating the 3 million-odd wage earners in such an exploitative manner, depriving them of the rights bestowed on them by law. Now, we are being told by Honourable colleagues against bringing this matter up when we are free now I happen to be free to bring this matter up again to remind Members how he had the law repealed or put into a fridge. Do Members not feel ashamed for mentioning the right to collective bargaining here and even suggesting workers to campaign through the force of strikes should they have no right to collective bargaining? Do Members have any common sense? The right to collective bargaining is a means to prevent strikes because of the frequent occurrence of wild cat strikes in the United Kingdom, where major trade unions resort to strikes frequently. The British people have no right to collective bargaining. And so, Members again criticize their Labour Party and trade unions for being incompetent. Buddy, do you have any common sense? If you have no common sense, you had better go home and sleep. Minor improvements should have been made in this matter. However, because of the ignorance of "Uncle TUNG", the excessive greed of the capitalists, the pressure exerted on "Uncle TUNG" by those ugly and nasty capitalists, and the pressure exerted by the majority of the 800 rich and powerful people on him over the interests of the 3 million-odd people, so the bid to amend this piece of legislation as well as this matter have to be dropped. This tragedy is caused by the election of the Chief Executive by 400 people. The matter being discussed now does not involve the spending of any money, and yet it has to be withdrawn. We can even see from things involving no spending of money that both this Government and the business sector in Hong Kong are ugly to the extreme.

Is there anything else which involves no spending of money? The answer is unfair dismissal law. Now, a worker laid off by a company has to leave with all his belongings within the same day. Even a middle-class employee has to leave his company with his bag once he is dismissed. What is more, he would be followed by a security guard and might be told to leave in an hour. What sort

of situation is this? Should there be an unfair dismissal law proving that the dismissal is unfair, and the employer has to compensate 10 years' salary to the employee, the former would definitely not act in this manner. This is particular so for small capitalists. Is there anything else which involves no spending of money? I can tell you that I have received a red packet. President, there are some gold coins in it, but they are all fake. Let me throw them to you, all right? You may take a look. Shall I throw them to you? I throw one to you. You can see that it is not real, and it will not hurt

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung

MR LEUNG KWOK-HUNG (in Cantonese): President, this gold coin is made of paper. It will not hurt you even if I throw it at you. The Hong Kong Government is using these gold coins made of paper to cheat people. Buddy, if I really hurl some genuine gold coins at you, you will definitely not run away. You will not be scared, and neither will he. He might be smiling still. On what grounds can he cheat Hong Kong people with fake gold coins? We have asked him to distribute \$5,000 to each citizen. But then he says no, he wants to think it over. He had better use the \$30 billion, enough to cover the distribution of \$5,000 to each person, to create employment. Or the money can be used for planting flowers and grasses, building solar energy facilities, treating overflowing water, repairing drains, and constructing public housing blocks, hospitals and community centres. Anyway, such facilities are in short supply. Why does the Government not hand the money out to encourage people to take up a job? Now, it is said that will not be done. What about the travelling allowances? What else can he say? He is unwilling to do anything, whether or not money has to be spent. What sort of gold coins are these? I will not be scared even if they are thrown at me.

President, I am not fighting for anything today; I am only trying to get back some dignity for the working class. During the economic downturn over the past decade, workers were made the first to bear the brunt. During the economy recovery, however, none of the promises made to them were fulfilled. Is it fair that workers are made the first to bear the brunt now that the economy has slid into recession again? The gavel should really be pounded in this Chamber to silence everyone and stop them from rubbing salt into the wound. These people are already in abject poverty.

MR WONG YUK-MAN (in Cantonese): President, on 16 July 1997, Mr CHENG Yiu-tong of the Hong Kong Federation of Trade Unions (FTU) spoke in support of the temporary suspension of the operation of the Employees Rights to Representation, Consultation and Collective Bargaining Ordinance in the then Provisional Legislative Council that "Long Hair" referred to a while ago. About the right to collective bargaining, Mr CHENG Yiu-tong said, "as regards the latter Ordinance which deals with employees' rights to representation, consultation and collective bargaining, it is not only a matter of immediate concern to all trade unions in Hong Kong, but also has far-reaching impact on the development of the local community as a whole and on labour relations. Members from the FTU — a trade union with a sense of responsibility — opine that extensive consultation with trade unions as well as members of the public in respect of the Ordinance is warranted in addition to rigorous scrutiny of the same. The Ordinance, if implemented, will give rise to polarization or even disintegration within trade unions, while labour relations will develop towards confrontation — the last things unionists would like to see. For these reasons, Members from the FTU in the former Legislative Council voted against the passage of this Ordinance. Today, we will support the suspension of operation of the above two Ordinances to enable the same to be dealt with prudently."

That happened 12 years ago — it is now 2009 A.D., and IP Wai-ming, a Member of this Council from the FTU has proposed this motion on assisting grassroots workers in counteracting economic adversities, which urges the Government to promote collective bargaining between employers and employees, formulate collective agreements, and study overseas experience in implementing collective bargaining. Honourable colleagues, after the passage of 12 years, IP Wai-ming has proposed this motion; we will definitely support it, right? It has been 12 years, what was the FTU's attitude 12 years ago? Twelve years ago, what was the attitude of the FTU towards the right to collective bargaining in the Legislative Council? They objected to it. Nevertheless, it does not matter; they may now do something right though they were wrong before, and we will support this motion proposed by the FTU.

However, it is unbearable and I can hardly imagine that people like Paul CHAN could have such belated awareness and do injustice in such a heartless manner and negate the right to collective bargaining. I would like to ask him to read history. Buddy, please read Chinese and foreign history and the history of political development in Hong Kong, the remarks made by Mr CHENG Yiu-tong

years ago that I read out just now, and the remark made by IP Wai-ming today. I found that he is an out-and-out royalist indeed.

Honourable colleagues, please identify clearly the true colours of these Members. Even the Government does not dare brazenly trample on the rights of workers but some functional constituency deadwoods in this Council have brazenly trampled on workers' rights. There are hundreds of thousand workers in the FTU, and the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) is a stand-in of the FTU; let me see how they are going to vote today.

Honourable colleagues, as regards Mr Vincent FANG's amendment, we will oppose it of course, right? Paul CHAN and I are poles apart. He has said that he would not support it even if Vincent FANG has deleted the right to collective bargaining from the motion, which means that he will not support any part of it at all, right? Thus, he is plainly telling us that he is the mouthpiece of the capitalists, and the most unscrupulous and unbearable capitalists as well. I have to strongly reprimand him.

As to the seven points raised in IP Wai-ming's motion, we accept them all. It is true that we have not proposed an amendment but our demands are clear enough. Yesterday, three Members of the League of Social Democrats including me had a chance to meet the Financial Secretary. It did not come by easily and we were the last group to meet him. It was originally arranged for us to meet him late last year but the Financial Secretary wanted to meet the "big brothers" and big parties first to be sure. We are the most radical group in the opposition camp and it would be best for the work to be declared finished and efforts not to be made to meet us. The budget will be released on 15 February, in other words, we only met him a week or so in advance; how could he accept our suggestions? Though he has said that he would collect views extensively, how could he have time to do so, right?

Our demands are very clear, as "Long Hair" has said a short while ago, and LEUNG Yiu-chung and other Members have also mentioned, the \$6,000 should be paid swiftly without any hesitation. I would like to tell Secretary Matthew CHEUNG that the budget released by the Financial Secretary last year made no sense. He proposed the injection of \$6,000 into the MPF accounts of certain low-income employees and the money could only be withdrawn when these

people reach 65. Buddy, how old are you this year? If you start making MPF contributions when you are 25, you can only withdraw the money 40 years later. But, you are going to hang yourself now and you only lack a rope. When the injection was proposed, the financial tsunami had not yet emerged; even though the Government was just doing a small favour, all of us considered it ridiculous, right?

Our MPF system is the worst system of all, withdrawals cannot be made at any time, and we just have the fund staff call the tune; low-risk products have now become high-risk products, and there is even nothing left. Some have shown me the relevant calculations, and a person I met on the street yesterday told me that, based on his calculation, there was more than \$140,000 in his account last time but there is just over \$110,000 now, and his MPF balance keeps shrinking. That is why we have told the Financial Secretary that there is no need to say so much since the amount of \$6,000 has been earmarked, and preparation is made to inject \$6,000 into the MPF accounts concerned. He is asked to pay cash without delay, right? Doing so will not affect the budget expenditure this year because the amount of \$6,000 has been earmarked. I ask him to make the \$6,000 injection immediately to help solve the pressing needs of the wage earners. This will at least improve the social climate; and the level of popular support of the Government would not be so low at least. I am doing something to your benefit.

If he is not willing to pay out the \$6,000, we will certainly call upon people to take to the street on 1 July. I can assure him that the number of people taking part in the 1 July procession this year will surely be the largest since 2005. I am telling him that I dare assure him that we will also call upon people to take to the street by shouting myself hoarse at schools and my online radio station day after day. I am telling him that I will play it hard. He will not cry until he sees the coffin! He only lets out a deep breath, Ah! Why does he let out a deep breath? President, do you think it would work after you have suspended the meeting twice? The resistance must go on; I am telling you that, even if you suspend the meeting for 100 times, it would not work.

President, we ask for the \$6,000 to be paid out at once. Also, now that the Financial Secretary is prepared to give a \$5,000 tax refund, he should act like Edmund HO and let everybody enjoy the benefit, so each of us should be given \$5,000.

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

MRS REGINA IP (in Cantonese): President, first of all, I would like to thank Mr IP Wai-ming for proposing this motion. A few Honourable colleagues have proposed amendments and made interesting remarks, from which I have learned a lot. It is a pity that the two Secretaries regard silence as golden and are not willing to show hand or let us know beforehand how they intend to act. Hong Kong has always been world-renowned for being a free economy, so I would like to see whether the Secretary would talk about maintaining a free market in a moment.

Owing to time constraints, I will only make four points. First, I think the Government can adopt measures to assist the public in counteracting economic adversities. One very important point is, as Mr CHIM Pui-chung has said, whether the finance and monetary officials need to make such disheartening remarks. Is the second wave approaching? Is it said that the syndicate loans of foreign funded banks worth hundreds of billion dollars may collapse? Is it essential for them to make such remarks? In fact, Mr Joseph YAM referred to the second wave for the second time on Monday. He mentioned it for the first time just before the Chinese New Year, and I remember that, after he had made the remark, a group of people having assets asked me if Mr Joseph YAM ought to make such a disheartening remark. Having listened to Mr Joseph YAM's remark, they dare not spend money, buy shares or buy goods even when they are cheap, and they are also worried about layoffs. Actually, governments all over the world know that, apart from launching a lot of measures, be they measures to create employment, jobs or refund taxes, it is very important to set people's mind at rest so as to save the economy. The fact that these disheartening remarks have continuously been made by a finance and monetary official really arouses our concern.

On the other hand, the world-famous economist Prof Lawrence LAU has told us that, after the RMB 4,000 billion yuan stimulus package of our country have yielded results, China would achieve recovery first; it would start achieving recovery in the middle of the year, which would also benefit Hong Kong. We are not sure whom we should believe. Should we believe in Mr YAM or Prof LAU? However, we should not be afraid, even though geomancers might cheat you for around 10 years, we would know at the end of the year whether there would really be the second wave and the third wave, or whether there would be

gradual recovery as Prof LAU told us. Nevertheless, I think it is unnecessary for the finance and monetary officials to make such disheartening remarks.

Second, having listened to Honourable colleagues' speeches, I also think that the Government should really consider providing short-term unemployment financial assistance. Actually, it is now an appropriate time for the Government to conduct a thorough review of our Comprehensive Social Security Assistance (CSSA) system. I believe many Honourable colleagues have heard and quite a few people have mentioned that there are a lot of men in their 30s in public housing estates who are not really aged and have the ability to work, but as a family of several members can receive a CSSA payment of more than \$10,000, they would rather stay home to take care of their children, and go to Shenzhen every now and then. Should we review the system and consider how these people who have the ability to work can rejoin society and get a job? For those who have really lost the ability to work, or lost their jobs due to economic adversities, I think the Government should really consider giving them short-term unemployment financial assistance. In my opinion, so long as the unemployment financial assistance is provided on a short term basis, we do not need to worry about supporting lazy people. A similar measure is also taken in the United States where unemployment benefits are only given for a six-month period. There was one time that the benefits were extended to nine months when the economy was at its worst. Nonetheless, besides providing unemployment benefits, there are matching measures to encourage people to take up employment. The Government should also consider doing so.

Third, about immediately legislating on the right to collective bargaining and implementing collective bargaining at the central, trade and enterprise levels, I really have reservations. I agree that, as Mr Tommy CHEUNG has stated, taking the United States as an example, the industries in the United States with the weakest competitiveness and profitability are under the control of trade unions having the strongest collective bargaining abilities, including the automobile industry and the aviation industry. Taking the example of the three major automobile manufacturers in the United States, their management should certainly take up considerable responsibilities. The vehicles they produced wasted petrol and disappeared from the market rapidly. That being the case, after going through collective bargaining for years, the labour costs have been too high and these companies have been extremely fossilized; even though these companies are split up into small parts and foreign automobile companies are requested to buy them, there are no willing buyers because the costs are really too

high and the rights to collective bargaining are too strong, which made the buyers hesitate.

Of course, there are exceptional cases in the United States. There is an industry in which the employees have strong rights to collective bargaining and there is a writers' guild in Hollywood comprising script writers, actors and various professional personnel, and the trade union concerned has once caused the breakdown of the movie industry. Why has it not affected the profitability of the movie industry? We should consider the fact that the movie industry in the United States has a global market, and innovations have constantly been made throughout the years, be they the use of technologies or creative productions. Hence its market share is always enlarged and the profits of the whole industry keep increasing. Under these circumstances, I trust that the trade unions should make efforts to fight for the workers' interests; they should not just let the large companies reap huge profits or let mega movie stars appear in a movie for a staggering US\$20 million. There is a need for these trade unions to come out and fight for workers' rights.

Yet, the situation is different in Hong Kong because there are many small and medium enterprises and very narrow markets for the products of the service industry or the rare surviving manufacturing industry. Regarding our service industry, be it the movie industry or tourism industry, the market only comprises mainland audiences or tourists. In that case, if we rashly implement collective bargaining without extensive consultations, I think there will be serious impacts on the competitiveness of enterprises, which would victimize the workers in the end.

Thus, I cannot support the motion or amendments proposed by Members, including Mr Vincent FANG's amendment. I have much reservation about his proposal on consumption vouchers because we have noticed from the latest figures on the catering industry or retail industry that the business sector has been very innovative and managed to push up the turnover even without consumption vouchers.

President, with these remarks, I will not support the motion or any amendment.

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

MR ALBERT CHAN (in Cantonese): President, Mr WONG Yuk-man and Mr LEUNG Kwok-hung of the League of Social Democrats (LSD) have stated their positions and views on the right to collective bargaining. In particular, they have strongly criticized and condemned functional constituency Members. I believe I am a bit milder and I would only sincerely advise Honourable colleagues against being the hatchet men of hatchet men or the servile followers of servile followers.

The right to collective bargaining is a basic human right and a basic workers' interest. A representative of a profession should respect the status of the workers in all trades, and the interests of the employees in all industries because that is the cornerstone for long-term economic development. If the right to collective bargaining is suppressed for the sake of transient interests and the interests of a small group of people, the economic foundation of the whole society will basically be shaken, which is not beneficial at all to his own profession.

Many of my university classmates are in your professions but their mindset is very different from yours, and many of them think that it does not matter. So, please do not think that all members of your professions oppose the right to collective bargaining, and I hope that Honourable colleagues would repent and backtrack.

The Hong Kong Federation of Trade Unions (FTU) made a very serious mistake 12 years ago. Political pressure might have overridden everything; those from the FTU violated their class interests because of Sino-British relations, which was no longer surprising to us. But, in this Chamber today, professional bodies and professional interests should not be overriding others, in particular, they should not be at odds with the class interests as this really runs counter to social harmony as repeatedly emphasized by the Central Government.

Your position is completely contrary to the keynotes of various policies recently implemented on the Mainland by the Central Government to protect workers, and is entirely antagonistic to the HU-WEN Administration. You should consider clearly if what you are now doing is meant to flatter the capitalist class and big bosses, resist the Central Government or to do something on your own? What do you really want to do? I hope you would consider it clearly.

President, I am not going to repeat the remarks just made by the two Members of the LSD and I am just going to make a few points. We have proposed to the Government some suggestions about assisting the grassroots. President, we have actually made these proposals again and again; we made some of these proposals for three years and some others for six years already.

One of the proposals is to give each person \$5,000, which is the most direct method. We oppose any form of tax reduction, tax refund and rates concession because those having greater interests, more power and influence, and more capital are going to get more, and those having a larger number of properties will have more tax refund. Yet, giving each person \$5,000 would be based upon the actual and basic needs of the public. A trillionaire thinks that it does not matter whether \$5,000 is given to him or not, however, for an ordinary person or a CSSA recipient or a person on the verge of unemployment, \$5,000 can serve as a lifesaving rope or a lifebuoy that would prevent him from sinking in flood water. That is very important.

Macao has been giving out money for two years, right? Hong Kong outshines Macao in terms of the Government's fiscal soundness and capability. While the Chief Executive of Macao has the political wisdom, the Chief Executive of Hong Kong keeps talking about "getting the job done", yet, I wonder who he is working for. Is he working for the consortia or Hong Kong people? If he is really working for Hong Kong people, and he really wants to "get the job done", he should learn from Edmund HO as quickly as possible.

President, a very important principle is to care about people's welfare. The Financial Secretary told us yesterday that as the ossified views of technocrats very often dominated everything, and public policies were not made on the basis of the needs of ordinary people, there was a mess and things were in complete chaos. Taking the example of drawing fortune sticks, the criticisms made by CHE Kung are even more severe than those made by the LSD. President, the LSD has only called them losers or eunuchs, at least we regard them as human beings; even if they are not human beings, they are half-human and half-ghost. However, CHE Kung called these losers demons rather than human beings. Thus, the LSD is already milder as compared with CHE Kung, President. The LSD may have to intensify our resistance indeed.

President, about assisting the grassroots, Yuk-man and "Long Hair" have just proposed one of the measures, that is, the injection of \$6,000 into the MPF

accounts. And, giving each person \$5,000 is the most direct method. In addition, we have been proposing over the years the establishment of a \$20 billion fund for improving the livelihood of the grassroots. Withdrawals should be made from the fund to help CSSA recipients whose children are unable to take part in certain activities, and those CSSA recipients who cannot afford to buy computers or fail to meet such basic living expenses as medicine charges. They may apply for the fund to help them ride out the hard times.

In addition, a few Members have mentioned unemployment financial assistance, and we have already formally proposed the measure to the Financial Secretary. Indeed, Hong Kong is in sore straits; even though we describe Hong Kong as an advanced society, and boast about our revenues, GDP and reserves, even an ordinary place — leaving more advanced places aside — even many developing places offer unemployment financial assistance. Yet, in Hong Kong, many benefits are pegged with CSSA payments, and receiving livelihood assistance is the same as receiving CSSA payments. As a result, conflicts and problems have emerged in many families.

If the Government really cares about the plight of the grassroots arising from the financial tsunami, it should adopt a simple and direct method, and refrain from adopting the ossified attitudes of technocrats towards the problem. The policy that helps the public directly is the best. I hope that the Government would not be perverse or make mistakes again. In my opinion, it is an unprecedented incident in the world's history for giving the public \$100 billion would create an uproar and invite condemnation, right? That precisely happened to the Government last year.

Hence, if the Government really wants to help the public this year, and if various political parties support it, the proposals just made by the LSD are actually the most direct, simple and effective. If the Government accepts the LSD's proposals, I can assure it that the level of its popular support would become higher. Thank you, President.

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

MR WONG KWOK-KIN (in Cantonese): President, the motion proposed by IP Wai-ming today is on "Assisting grassroots workers in counteracting economic adversities". We can see and expect that workers will have to face tremendous

difficulties this year. We raise the issue of promoting collective bargaining which is a cause of great concern for Members because we think that as the economic conditions are not good this year, a great deal of labour disputes are bound to happen and there are even chances of some strong resistance. We want to set up a mechanism so that employees and employers can discuss matters in a calm and peaceful manner to see if any solution can be found to remove the difficulties between them.

President, today it is likely that another trade union will be holding a press conference. That is about a telecommunications company which plans to lay off some of its staff. Very often these kinds of layoffs and pay cuts are done without any prior attempt to forge a dialogue with the staff and things which cause great damage to them are done directly. Hence strong resistance will very likely result. If there is a mechanism whereby the employers can sit down and talk with the workers before anything is done to damage the workers' interest so that a win-win proposal or one that will result in the least damage is identified, then I am sure this is beneficial to the community as a whole. At least strikes and other more radical moves will not occur as a result.

As a part of the trade unions, of course we would think that the right to collective bargaining is a very important basic right. We often say that trade unions have three rights of paramount importance. First, the right to strike. Second, the right to form associations. And third, the right to collective bargaining. Therefore, many years ago, including the time when the Basic Law was being drafted, we had conveyed our views to members of the Drafting Committee of the Basic Law. We hoped that the right to collective bargaining could be written down in the Basic Law. Unfortunately, we did not succeed in doing so.

In the speeches made today, we can see that many Members representing the employers are very afraid of the right to collective bargaining. But if we look around at other places in the world, we can see that a mechanism for collective bargaining is set up even in many countries and places which are highly competitive. In many of our neighbours such as Taiwan, Singapore and South Korea, they have this mechanism for collective bargaining. But the existence of this mechanism is in no way affecting their competitiveness. Hence there is no need for us to view this right to collective bargaining as a devil or a monster.

I am grateful to many Honourable colleagues who support this motion. These include Yuk-man of the League of Social Democrats, though he has some misunderstanding about that part of history. He cited earlier on a passage from the speech made by our chairman CHENG Yiu-tong, but he did not read out the following paragraph of that speech. Now I would like to read out that paragraph from the speech made by CHENG Yiu-tong on 29 October 1997 in the Legislative Council. It goes like this: "Therefore, as members of trade unions, we strongly demand the establishment of a collective bargaining mechanism. However, we do not agree to details of the collective bargaining ordinance passed at an earlier stage because they are bad for the unity of our trade unions. I strongly demand that the Government should review the necessity to establish a collective bargaining mechanism in Hong Kong through legislation, no matter what today's result is. Therefore, regarding the collective bargaining ordinance, we support the abolition of some of its contents, but I wish to emphasize once again that we need the setting up of a collective bargaining mechanism through legislation." (End of quote) This is taken from the speech made by CHENG Yiu-tong in the then Legislative Council in 1997. This shows that we from the Federation of Trade Unions (FTU) have always been in support of collective bargaining activities and we always strive for collective bargaining.

Therefore, the motion from IP Wai-ming is evidence that the FTU is always pursuing such a goal. We hope that Members can understand and that the SAR Government can reconsider it. This is because considerable time is often taken to draw up a new law and formulate a new mechanism. In the case of minimum wage, it has almost been 10 years since we began to strive for it until the present moment when the Government undertakes to legislate for it. I would think that it would take a very long time from now if the Government begins to conduct a consultation exercise on legislating on collective bargaining. This is because we cannot put up an excuse by saying that economic conditions are bad now and so studies into the legislating of collective bargaining should not be carried out. I am sure no matter when, other Members representing the employers will not be convinced that this issue should be legislated. I hope the Government can be far-sighted and broad-minded enough to find out if this is really beneficial to Hong Kong and to our overall environment. Thank you, President.

MR ANDREW LEUNG (in Cantonese): President, the year 2009 is a year far from being ordinary. As the year begins and as people go to visit friends and relatives, the topic of the conversation they have is always on economic matters.

They stop wishing people to have a great fortune or to do a roaring trade. This is because during the year past, Hong Kong was like the rest of the world, hard hit by the financial tsunami. Some companies are unable to keep themselves afloat and those who manage to do so have to look for ways to economize. No one can predict or dare to tell when the economy will rebound. In the face of adversity and in this Year of the Ox we can only wish each other to have the stamina and resilience of an ox and together we can tide over this financial tsunami.

President, I do not know if you have noticed like me that ever since this January, the newspapers and the electronic media have been reporting non-stop that there are some employers who insist that they will effect no pay cuts and layoffs. Some of these employers even slash a big chunk of their own bonuses and still insist that their staff will be given bonuses instead. There is a shop which specializes in bird's nests and after the onset of the financial tsunami, it has to cut the prices to aim at a greater sales turnover. Though the accounts of this company are in the red, the boss still pays out the year-end double pay and bonus to his staff. He even says that this is made in the hope that the staff will support the company and have a greater sense of belonging to it. There are bosses of some Hong Kong style cafes and restaurants who in the face of economic adversity and rising costs still insist that there will be no pay cuts. As a result, the staff think of a way to save operating costs by using fewer stoves. This is really a showcase of how the staff contribute to saving the costs of their companies by each and every dollar.

As an employer, I have the following impression.

First, the staff and the boss are riding on the same boat and they must be like-minded before they can hope to ride out this economic slump.

Second, the staff are the greatest asset of a company and whenever possible, the company will keep the jobs intact in return for a greater sense of belonging from the staff.

Third, at this time of adversity, every person in Hong Kong is racking his brains to save and economize, if the employers can find ways of making the staff stay, they will in turn work as one and think of ways to help the employers.

However, this does not mean that every employer is so lucky as being able to weather the rough times. President, I think you and other Honourable colleagues will recall that towards the end of the Chief Executive Question and

Answer Session last month, there was a gentleman from the public gallery who threw some slips of paper down. He also sent some e-mails to Members later. He said that his company was about to fold because he only had a credit line of less than \$100,000 from the banks and he was having a liquidity problem. At the end of last year, my office got numerous phone calls from the SMEs asking for help. They wanted us to tell the Government about the difficulties which the SME manufacturers were having. There was one boss of a company in the recycling trade who said to my personal assistant that he hoped to keep the company because it was the child of his painstaking efforts. A more compelling reason was that he wanted to keep the jobs of the some 10 workers in his company so that they could have a job and get paid.

I understand perfectly well how a boss would feel when company after company closes down. This is because I also run a factory. The fact that many companies and factories can have grown to such a scale as they are is because of the hard work done not just by people of this generation but also that of three generations. On top of that, there are staff members who have put in their best for us over the years. It follows that unless and until there is no other alternative, no boss will resort to layoffs and pay cuts. I am well aware of their mentality that as the helmsmen of companies, they will never want to let the child of their hard work of a lifetime go down the drains.

Ever since the outbreak of the financial tsunami up to this present moment, as many Honourable colleagues have said, at this time of dire distress, the food and catering trade and the retail trade are the hardest hit. This is because wages of employees in these service trades take up a high proportion of the operating costs. If at this trying time a labour issue of such controversy is added, it will only serve to produce more rows between the employers and employees and in turn slow down the pace of economic recovery.

President, I do not agree that the setting up of a collective bargaining mechanism will really be of help to grass-roots workers in their fight against economic adversities. What we should do is like in the days of the SARS epidemic that we can give play to the spirit of mutual understanding, support and assistance. The success which Hong Kong has achieved in the past is based on the hard work of the Hong Kong people. Whenever hardship comes along, we will all unite as one and together we will ride out the storm, undaunted by adversities. This is the true spirit of Hong Kong and this should be seen as our weapon to fight this battle of a financial tsunami.

If grass-roots workers are really to be helped, efforts should not just be made on the part of the employers and employees alone but also by the Government. It should increase the existing training programmes and employment support and it should use a longer period of time, say nine months or even one year, in carrying out employees retraining seriously. The aim is to upgrade the skills of the grass-roots workers significantly so that they may get to know new trades and learn new skills. These will enable them to readjust their attitude to work and the related mentality, thus truly make them more competitive and be of help to their restructuring. By restructuring, it does not simply mean a shift from being a female garment worker behind a sewing machine to being a domestic helper, but a change in occupation. This means that they will then be able to work in trades requiring more technical skills, such as being a helper to the mother of a newborn baby or a housekeeping worker in a hotel. They should be helped by employment follow-up schemes and the qualifications framework so that they can move up the social ladder. They can then become high value-added technicians. They should also be encouraged to equip themselves against adversity through a platform of self-enhancement. They can then become part of the talents needed by Hong Kong in its march to a high value-added economy.

Looking back at the developed economies of the world, Hong Kong can be said to be very lucky in this financial tsunami. The value of our currency has not plummeted and the jobless rate has not multiplied. But the SMEs are still having a bad time running their business. I appeal to companies of various sizes that before they make any decision, they should consider the situation of the employees first and strive to maintain the existing positions. The companies should never resort to layoffs as a convenient solution to their problems. They should join hands with the employees and together they can weather the adversities.

President, I so submit.

MR LEE WING-TAT (in Cantonese): President, as we all know, seen from the angle of workers, minimum wage and the right to collective bargaining are very important workers' interests.

Of course, with respect to this issue, lots of arguments are bound to be made in our debates throughout the whole legislative process. Having listened

to the remarks just made by Mr WONG Kwok-kin on behalf of the FTU, I know that the FTU also supports it.

After looking up the records of the Legislative Council, I trust that we should do history justice. In the year 1996-1997, Mr LEE Cheuk-yan proposed a private bill on the right to collective bargaining. The FTU opposed the bill at the time, which I would like to highlight. At that time, they opposed Mr LEE Cheuk-yan's bill on collective bargaining on the ground that Mr LEE Cheuk-yan's bill was not well drafted, so, it was not a desirable arrangement for the right to collective bargaining.

In our view, this reason was a bit farfetched. If a trade union thinks that a bill is not well drafted, it should try its best to make amendments to perfect the entire legislation for the sake of protecting the workers.

In 1998, we saw the scrapping of certain laws. Mr TAM Yiu-chung who was the Vice Secretary-General of the FTU then supported scrapping those laws. Mr WONG Kwok-kin has just cited the remarks made by Mr CHENG Yiu-tong on a certain occasion. People have an impression that many Honourable colleagues from the FTU had actually taken part in the scrapping of the bill on the right to collective bargaining or that they had not supported the bill. This part of history cannot be changed.

Let us turn back to the protection that workers should have under the financial tsunami, and how the work in various areas should be handled. Certainly, it is expected that all of us would try our best to work together to strive for a favourable working environment for workers. But I think a more important point is that, if the bill was not objected to in 1997, and if some members of the FTU had not supported scrapping the laws in 1998, we would most likely have the relevant laws now, and the workers' interests would be offered greater protection.

President, we have had prolonged discussions over this issue in the Legislative Council both before and after 1997, but why am I raising this issue again? It is because I hope the facts can be clearly stated in our records. The facts about the things that we have done cannot be distorted. Thank you, President.

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

MR WONG KWOK-HING (in Cantonese): President, Mr IP Wai-ming proposes this motion on behalf of the FTU. This shows that the FTU is committed to fighting for this right to collective bargaining at three levels. What we advocate has always been at the central and enterprise levels. In this 60th anniversary commemorative pictorial we published last year, it depicts clearly how the FTU has been fighting all through these decades for the working class, the rights of the workers and the rights of trade unions. Our stand has never wavered. Our fight for the right to collective bargaining at three levels has never changed. We have never considered our past actions wrong and so there has never been any need to correct and readjust, for these actions embody the ideas we uphold from the very beginning.

I have been involved in trade union activities for 43 years and I can testify that the goals which the trade unions have all along been fighting for have never changed. There are some political parties which have talked about some historical facts earlier. Mr WONG Kwok-kin, the chairman of our Standing Executive Committee has made a clarification on that earlier and so I do not want to repeat what he has said. The points which Mr LEE Wing-tat has just accused us are part and not the whole of the story. The reason why the FTU did not agree with the proposal made by Mr LEE Cheuk-yan at that time was that there were some problems with the proposal. It could not be hoped to function effectively and would only lead to division in the workers in the trade unions. Apart from that, there is also a reason which Mr LEE Wing-tat has not mentioned and that is, no bills committee was formed at that time for the bill in question. As Members will know, all bills will have to undergo this required procedure and this is to have the bills committee conduct a detailed consultation of the views from all sectors across the community as well as the trade unions. This is to be done before any deliberation of the bill is to proceed. How could we give our support to this bill so rashly without these required procedures and period of time? So what Mr LEE Wing-tat has talked about is just a part and not the whole story. It is unfair and his accusation of the FTU is not justified.

President, today many Members from the business sector agree with six out of the seven suggestions made by Mr IP Wai-ming in this motion. The only suggestion which they do not agree with is collective bargaining. In my

opinion, the reason for not agreeing to collective bargaining is a phobia for it. It is feared that industrial action will happen and so people talk about the likelihood of this suggestion in adding the costs, affecting the economy and they even say that they will not invest in Hong Kong once this becomes the law. There are some more shocking comments about the possibility that workers will soon lose their jobs as a result. This is outright phobia. I think this happens because of this inherent interest in the employers. But why do Members not representing the employers also get so scared? They are infected by this phobia — in much the same way as people get contracted by the avian flu. They have never studied the issue seriously before allowing themselves to be swayed by what other people say. But actually, what do they have to fear?

Let us talk about bargaining first. This means that people can talk things over — and that is all. Why get scared? As for being collective, this is because there is more than one worker involved. Even in a SME, there are some 10 to 20 workers. And for big enterprises, there may be hundreds or thousands of workers. Then it is only natural that someone will become the representative. And the representatives from both parties will sit down and talk. For us, there is no reason why we would not prefer dialogue to confrontation and there is no reason why we should not talk things over than not doing so. Does it have to be fighting all the time? Does it have to be a battle? Do people have to be opponents all the time? If people can talk things over, should we not work out something that is acceptable to both parties or can people not give in or compromise and so arrive at a better understanding of each other? Can they not know more about their problems, difficulties and positions and so reach some consensus and thereby forging a win-win situation? Can this not be done? Why do employers have to be scared? The fact that workers demand a right to collective bargaining is not because they are for their own interest. Workers hope that both employers and employees can help each other out and cope with the difficulties.

Members can flip thorough this pictorial to see that the position of the FTU has always been having the employers and employees consulting each other and helping each other. This is not something that suddenly dawns on us today. Also, I wish to talk about a recent case and that is the strike staged by the ground crew in the airport. President, I wish to talk about the true story to everyone here. The truth is that the workers were forced to take action because the employer side did not want to engage in any talks. This is why we had to find

them and ask them to come to talk with the staff. And if things can be talked over, there would be no need for a strike.

Let me cite another example. Last year the iron fixing workers union under the FTU succeeded in solving the problem of a pay rise with the employers. After that, the iron fixing workers had not staged any other industrial action last year. This is good proof of the advantages of collective bargaining. However, since there are no stipulations in law, and it is not part of the system and workers are not vested with such a power which is only right for them, therefore, we ask the Government to consider, promote and study the issue. Some Members say that now we are in a financial crisis and many companies are cutting back on their staff, why should collective bargaining be promoted? There is indeed some reason to promote it now because if both parties can talk about their positions, better co-operation can be expected and they can join hands to cope with the financial tsunami. So there is precisely a reason for doing that now and we cannot afford to wait any more.

President, I hope very much that after this appeal, more Members can support the motion from Mr IP Wai-ming.

PRESIDENT (in Cantonese): Mr WONG Kwok-hing, speaking time is up.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Mr IP Wai-ming, you may now speak on the four amendments. You may speak up to five minutes.

MR IP WAI-MING (in Cantonese): President, I am thankful to the four Members who have proposed amendments to my motion. First, I wish to speak on the amendment proposed by Mr Vincent FANG. I am grateful to him because he has put forth measures relating to the distribution of consumption vouchers and the provision of assistance to hawkers. In fact, when the

representatives from the FTU met with the Financial Secretary in November last year, they had already suggested that the Government should distribute \$2,000 worth of consumption vouchers to every member of the public in Hong Kong in two phases so as to stimulate public consumption, thereby boosting the economy.

Measures relating to the provision of assistance to hawkers, including waiving the licence fees of hawkers, suspending the Voluntary Surrender Scheme for hawkers and so on, are also matters of concern to the FTU. Not only have they been mentioned in the budget proposal, but our colleague, Mr WONG Kwok-hing, has also mentioned them for a number of times in various meetings.

However, the FTU finds it unacceptable that the suggestion relating to collective bargaining raised in the original motion is deleted by Mr Vincent FANG. As many Honourable colleagues have said just now, we are of the view that to legislate on the right to collective bargaining can facilitate dialogue between employees and employers on an equal footing. Moreover, the dialogue is carried out in a friendly atmosphere, which is beneficial to promoting labour relations, maintaining social stability and reducing the number of labour disputes. This is advantageous to the Government, enterprises, employees and even to the overall economic development.

Nevertheless, some people from the business sector are unwilling to study or consider accepting collective bargaining. They are of the view that collective bargaining is as dreadful as a terrible scourge. In our opinion, this view may be too conservative, thus allowing no room for rational discussion. Therefore, the FTU opposes the amendment proposed by Mr Vincent FANG. I also urge Members who are present here to vote against his amendment and vote for my original motion. In our view, letting the public begin to have some knowledge on the right to collective bargaining is important to the promotion of labour relations. We also ask the Government to undertake legislative work in this regard as soon as possible.

The FTU also favours the addition made by Mr CHEUNG Kwok-che to my original motion, which relates to subsidizing Mandatory Provident Fund (MPF) contributions of low-income employees by the Government. In fact, it had been suggested in the comprehensive retirement protection scheme proposed by the FTU in the 1990s that contributions be made by three parties, namely, the Government, employees and employers, and that the contributions of low-income employees be subsidized by the Government. However, the Government has

not assumed any participating role in the MPF Scheme, which was introduced in 2000. Therefore, since the implementation of the MPF Scheme, we have received complaints from many low-income employees that \$250 or several hundred dollars has to be deducted from their income for the purpose of making MPF contributions, despite the fact that their income is not high. This imposes a heavy financial burden on them. Therefore, the FTU hopes that the Government can make contributions for low-income employees, especially in such difficult times, so as to relieve their burden.

The FTU also agrees with the additions made by Mr Frederick FUNG and Mr Albert HO to my motion. Thank you, President.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, let me thank Mr IP Wai-ming once again for proposing this motion today and Mr Frederick FUNG, Mr Vincent FANG, Mr CHEUNG Kwok-che and Mr Albert HO for proposing amendments respectively on this motion and 20 other Members for giving their valuable and constructive views and suggestions on assisting grass-roots workers in counteracting economic adversities. Now I would like to respond to the highlights of Members' speeches.

With the sustaining effects of the financial tsunami, the global credit crunch and the slowdown in major economies over the world, the United States, the European Union and Japan are now experiencing a recession. And for those emerging nations which rely heavily on exports, their economies are also having a drastic slowdown. Under such adverse external circumstances, as a small and highly external-oriented economy, Hong Kong is seriously impacted. This is all but inevitable. We would expect that negative growth would appear this year after the previous occasion in 1998 and employment and salary would also be pressured and take on a downward course.

I am well aware of Members' concern about the negative impact of layoffs and pay cuts made by enterprises on the grassroots. We will keep a close watch on the developments in the job market and will continue to offer holistic and enhanced training and employment services to assist job seekers. As I have repeated emphasized, employment is the essence of people's livelihood and the foundation of harmony. It follows that with the adverse economic conditions we find ourselves in, the first and foremost target of our work is to stabilize the economy and create employment. We have rolled out a number of new

initiatives aiming at stabilizing the financial market, giving support to the enterprises and maintaining employment. Apart from these strategies, we also try to improve the business environment of the SMEs and create jobs in various trades and industries. I wish to take this opportunity and call upon employers to try their best and adopt other measures to tide over the difficulties with the employees. They should never resort to laying off their staff for convenience's sake, for loyal staff are an invaluable asset to the company and once lost, they will be hard to replace.

With respect to the various measures and amendments proposed for the motion, both the Secretary for Home Affairs and I will respond to these separately. First, with respect to promoting collective bargaining between employers and employees, I would like to point out that there is yet to be a consensus in society on imposing mandatory consultation and collective bargaining between employers and employees. Furthermore, views on that are diversified.

The SAR Government has been committed to promoting voluntary collective consultation all along. If employers and employees are unable to solve their disputes by way of consultation, the Labour Department (LD) will offer assistance in mediation and facilitate a peaceful solution among the parties. We are convinced that it is entirely due to the discussions and consultations made between employers and employees on the basis of voluntary participation and mutual understanding that the labour relations in Hong Kong can remain cordial and harmonious.

The LD encourages and promotes the development of a voluntary consultation mechanism between employers and employees at three levels, namely, the central, trade and enterprise levels. At the central level, the Labour Advisory Board (LAB) gives advice to the Government on labour policy and law. Members of the LAB include representatives from the Government, employers and employees. With respect to the trade level, the LD is working hard on setting up tripartite groups in specific trades with members from trade unions, employer associations and representatives from LD. These tripartite groups will discuss labour relations in the trade and matters of common concern. With respect to the enterprise level, we encourage enterprises to practise good human resources management measures and maintain an effective dialogue with employees and staff unions on employment matters. The LD organizes promotional activities on a regular basis for employers, employees and human

resources practitioners to promote voluntary and direct consultation in the workplace.

We agree with Mr Vincent FANG on his remarks about mitigating labour conflicts. It is true that in the face of the crisis of a worldwide recession, we should work hard to reduce labour disputes and conflicts because maintaining harmonious labour relations is essential to making Hong Kong stay competitive.

All through the years the LD has been maintaining close ties with the enterprises and labour groups and it offers assistance in forging a dialogue between employers and employees in a pragmatic manner, resolving their differences and replacing conflicts with mutual understanding. Under the law, the LD can offer mediation service in a labour dispute with the consent of both parties concerned. In 2008, the LD handled a total of 20 743 cases of labour disputes and claims. The successful mediation rate is as high as 72.7% and it is the highest ever recorded since 1994.

Fluctuations in the financial market worldwide since last September have led to waves of company liquidation, closures and layoffs in Hong Kong. The LD is working through various channels to monitor the labour relations in various trades closely and offers timely assistance to employers and employees. When the LD is aware of cases of wage default, short payment of wages or possible bankruptcy and liquidation, it will intervene at the earliest and will offer mediation service and help employees in need apply for ex-gratia payments from the Protection of Wages on Insolvency Fund.

In the face of the present economic hardship, and in the area of employment, the Government makes maintaining employment its vital policy objective. We encourage employers to forge closer dialogues with the employees and tide over the difficult times in a spirit of mutual understanding, support and unity. We will work through various channels and maintain close ties with the business organizations and labour groups with the aim of promoting greater harmony in labour relations.

I understand the aspirations in the labour sector for collective bargaining, but I would like to raise a few points for its consideration. First, legislate for collective bargaining may undermine the effect of market forces in the process of drawing up terms and conditions in employment by both parties. It may impose greater restrictions on the labour market. I wish to point out also that collective

bargaining should be undertaken on a voluntary basis before it can be meaningful and successful. Even if laws are enacted to compel employers and employees to engage in collective bargaining, there is no guarantee that an agreement that is acceptable to both parties can be reached. Besides, another point to note is that there are certain unique characteristics about Hong Kong and they are: 98% of the enterprises, that is, 260 000 enterprises, are SMEs, of which 94% hire less than 20 employees. Would the effect of collective bargaining be achieved under these circumstances? This is something we should consider. At this time when there is no consensus reached in society, we think that legislating to mandate collective bargaining may lead to confrontation and inflexibility in labour relations.

On the suggestion to develop diversified industrial structures, I wish to point out that apart from economic performance, the mode of economic development is also crucial to growth in employment. Since different demands on manpower exist in different trades, the degree of impact produced by the financial tsunami on them also varies.

We understand that if job opportunities are to be created for workers from different social classes, especially those low-skilled workers, there should be a balanced and diversified development in our economy. In fact, we have been promoting economic diversification all along. In the long run, under diversified development, as the momentum for economic growth is not confined to one or two specific trades or links, there is greater flexibility in economic activities and industrial structures. This will in turn increase the ability of the economy in fending off attacks from outside and help keep the economy grow and maintain our competitiveness in the face of the prevailing trend of globalization.

However, while new trades are to be opened up, we should not forgo the existing industries which are still competitive and which are the results of past hard work, neither should we abandon the edges that we have built over the years. In these new circumstances, we should endeavour to preserve and strengthen the existing pillar industries. In the Legislative Council Question and Answer Session on 15 January and after holding the third meeting of the Task Force on Economic Challenges on 22 January, the Chief Executive pointed out expressly that the Government would uphold the strategy of stabilizing finance, supporting the enterprises and maintaining employment.

On the finance services industry, it is a high value-added industry and it is closely related to other professional services. A highly efficient financial

industry can bring in sources of financing for various trades and industries, enhance competitiveness and indirectly create many jobs. So in the financial tsunami, we will do our best to seize opportunities of development on the Mainland and in other places of Asia to promote diversified economic development and encourage the service industries and manufacturing industries to move in the direction of new value-added development. We will also strengthen our position as an international financial, trade and shipping centre and our strategic position in the Pearl River Delta.

As for contributions to the Mandatory Provident Fund (MPF) schemes by low-income employees, the aim of the MPF system is to achieve retirement protection through contributions made by employer and employee concerned. The existing Mandatory Provident Fund Schemes Ordinance has provisions which exempt employees earning a salary below \$5,000 from making mandatory contributions and there are also express provisions which stipulate that employers are required to make contributions on behalf of these employees. The arrangement was set up at that time after a long period of consultation and discussion made between various parties, including employers and employees, and that had also taken into account the needs of the low-income employees.

Ever since the MPF system has come into force in 2000, it has offered an important source of accumulating retirement savings for a vast majority of the workforce in Hong Kong. With respect to the suggestion made by Mr CHEUNG Kwok-che to pay the MPF contributions for employees with monthly earnings between \$5,000 and \$10,000, I hope to make it clear that the aim of the MPF system is to achieve a commitment on retirement protection of the employees through mandatory contributions made by the employers and employees. As for people unable to afford the basic living expenses after retirement, we have the social security safety net. The Government has suggested injecting a one-off amount of \$6,000 to the accounts of eligible members of MPF schemes with monthly earnings of not more than \$10,000 and members of occupational retirement schemes exempted under the MPF law. This is to increase the retirement protection of low-income members.

Apart from the injection of funds proposal, the Government has also proposed many measures in the budget of this financial year to alleviate the hardship faced by the disadvantaged groups and the low-income class. These include a subsidy for the electricity tariff, payment of one month's rent for

low-income families living in rental units of the Hong Kong Housing Society and the Hong Kong Housing Authority, and extra payments of the CSSA, Disability Allowance and Old Age Allowance and so on. It is believed that these moves can benefit people of various needs in society.

On integrated measures of financial assistance, employment training, employment placement and so on, we have a sound social security safety net already in place. It enables people with financial difficulties to apply for CSSA to meet their living expenses. Eligible persons whose income is not able to cover their household expenses may apply for the low income supplement. Now there are some 16 000 households receiving such a supplement. In order to maintain the purchasing power of the CSSA payments, we have a mechanism of adjusting the CSSA standard rates according to the Social Security Price Index. We have revised the CSSA standard rates upwards by 4.7% since the first day of this month. Government expenditure in CSSA is some \$18 billion each year. This means a sum of \$50 million is put in the CSSA each and every day. It can be seen that our commitment to those with financial difficulties is very substantial indeed.

On the establishment of a short-term unemployment financial assistance scheme which Mr Frederick FUNG talks about, the CSSA scheme is able to provide a reliable safety net to people with financial or other difficulties in life.

We will continue to offer all-rounded employment training and support. This will on one hand make workers more competitive while on the other hand enables the unhampered flow of information on jobs. This will lead to greater efficiency in the job market.

On employment training, the Employees Retraining Board (ERB) provides training and retraining programmes for both the unemployed as well as the rest of the workforce. These will help those who enrol in these programmes obtain the relevant job skills and recognized qualifications under the qualifications framework, thus raising their employability and competitiveness. With the devastating impact of the financial tsunami, demand for training and retraining is bound to increase. The ERB plans to provide at least 143 000 places in its quota of trainees for the year 2009-2010, which is an increase by 20 000 compared to that for this financial year or an increase of more than 16%. This will provide more training opportunities to those seeking employment or are unemployed.

Participants to the ERB programmes can hope to undergo a value-added experience which will be of great help to them in future.

With respect to Mr Albert HO's suggestion to enhance employment counselling service in the ERB, the courses run by the ERB are always market-oriented and well-suited to the needs of the trainees. That is why the ERB attaches great importance to job-related courses and offers one-stop service in training and employment to the unemployed. The ERB will offer employment counselling and job referral service for a period of three months or more for graduates of job-related courses. Job matching for the trainees is offered by the training institutions in accordance with the working experience, skills, personality and job preferences of the trainees. The aim is to match trainees looking for jobs with suitable jobs available in the market.

The ERB works through the Integrated Scheme for Domestic Helpers and Healthcare Massage Integrated Service and provides one-stop placement service for graduates of the relevant courses. This will open up employment opportunities for these graduates. The ERB is also studying how employment services content in the job-related courses can be strengthened and standardized. The training institutions are required to provide personalized employment and job follow-up services which meet the background and conditions of the trainees. This is aimed at meeting their practical needs.

For the year 2008-2009, the ERB will launch a pilot scheme to turn a training resources centre into a one-stop training and employment resource centre. This is to offer prompt, specific and diversified training and employment services to persons with training and employment needs. The centre offers personalized services by professional social workers to those who have undergone assessment and are confirmed to have training and employment needs. The assessment is conducted by a set of systematic assessment tools especially designed for local persons. It is meant to gauge and analyse the personal background and service needs of the job seekers. Then through professional intervention and career planning, it is able to identify their career inclination, set their career goals and plan for future career and further studies. The centre makes continuous assessment of the situation of the clients and offers them employment counselling.

In addition, the LD will adopt diversified measures to promote efficiency in the job market and the dissemination of information on job vacancies. This is

meant to help job seekers enter or re-enter the job market. So our website as mentioned by Mr Ronny TONG earlier is the one with the third largest number of users and it is because of this reason that information is very important. The LD addresses the problems faced by job seekers which various backgrounds by promoting many employment enhancement schemes. These schemes include the following which are most familiar to all of us: the Youth Pre-employment Training Programme, the Youth Work Experience and Training Scheme, the Job Matching Programme, the Re-employment Training Programme for the Middle-aged, the Work Trial Scheme and the Work Orientation and Placement Scheme. All these schemes are meant to enhance the employability of the job seekers of various ages and also that of the disabled. They are our service targets and we hope we can assist them in finding a suitable job.

In order to enhance the dissemination of information on job vacancies and employment and assist job seekers to find jobs in a quicker and more convenient manner, the LD holds job fairs in shopping malls, community halls and the LD's own employment centres from time to time. Job seekers are able to attend on-site job interviews.

On the other hand, the LD will take active steps to help staff affected by company closures and layoffs. This is a problem which all of us are concerned about. Whenever massive layoffs happen, the LD will set up special counters in the employment centres and offer preferred job placement and matching services to those affected. The LD will also appeal to employers who need to recruit staff to provide suitable jobs to the staff affected. The LD will also take the initiative to notify these employees of any information about job vacancies. This will help them find a suitable job as early as possible.

With respect to the amendment proposed by Mr Albert HO which calls the Government to offer subsidies to employers to encourage them to employ secondary and university graduates this year as trainees so as to help them enter the labour market, the Chief Executive had on 22 January after chairing the third meeting of the Task Force on Economic Challenges announced a number of measures. These include offering assistance to graduates entering the labour market in the middle of this year. We have discussed with the Hong Kong Chamber of Commerce and other local and international chambers of commerce the issue of easing the employment problems of the graduates. Their response was positive and some chambers of commerce even agreed to launch trainees programmes and they also appealed to their members to give them the number of

trainees they could accommodate. We will continue to keep in close touch with various chambers of commerce and universities so as to take forward the scheme.

On the other hand, the Government and the Hong Kong Chinese Enterprises Association

PRESIDENT (in Cantonese): Secretary, please hold on. Mr HO, is this a point of order?

MR ALBERT HO (in Cantonese): About that point and sentence. He said that the trainees scheme was about university students. But secondary school students are also included in my amendment

PRESIDENT (in Cantonese): Please sit down first.

MR ALBERT HO (in Cantonese): Can the Secretary make a clarification on that?

PRESIDENT (in Cantonese): Secretary, please respond.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): All right, I will respond to that later. But please let me continue first, for this will make sure that the flow of my reply is not disrupted.

The Government has explored with the Hong Kong Chinese Enterprises Association to arrange interested local university graduates to go to the Mainland for internship and training. The scheme will serve to broaden their horizon and enrich their life experience. We will talk with the agencies and universities concerned and draw up the details so that university graduates for this year can benefit.

Mr Albert HO mentions Secondary Five and Secondary Seven students. What is the case with them? Should they be given an opportunity to work as

trainees as well? We understand this perfectly. We have had Youth Work Experience and Training Schemes for these few years. These schemes are meant to offer some training experience for young people aged from 15 to 20 and with academic qualifications below post-secondary level or those young people with academic qualifications below those of associate degree or higher diploma. These are actually job opportunities. We will continue to launch this Youth Work Experience and Training Scheme in the hope of attracting more young people with qualifications below the university level and help them in finding a job and getting some training. The contents of the scheme include on-the-job training for six to 12 months, thereby increasing their working skills and employability. A monthly allowance of \$2,000 is given. The scheme has been in force for a number of years and there are a total of 40 000 young people who are hired as trainees.

The LD will continue to perfect this Youth Work Experience and Training Scheme and it will try hard to help the young people enter the job market as soon as possible.

With respect to Mr Frederick FUNG's proposal to implement the poverty assistance recommendations concerning the unemployed and the working poor, the Government is well aware of public concern for the unemployed and the working poor. There have been detailed discussions made by members of the public and the Legislative Council on this issue and a lot of valuable advice has been put forward on that. As Mr Frederick FUNG has said earlier, in the report made by the Legislative Council Subcommittee to Study the Subject of Combating Poverty released in February 2006 and the report published by the former Poverty Commission in June 2007, many recommendations were made on areas like offering training and employment support services to these people. The relevant policy bureaux and departments have made reference to views given by the Legislative Council and all sectors across the community, and relevant measures have been launched to take better care of their needs and improve their life.

The disregarded earnings arrangement under the CSSA has been relaxed and that is one of the recommendations made by the Poverty Commission. The new training and employment support centres of the ERB were in full operation since last October and these centres can provide one-stop training and employment support to those in need.

As for the distribution of consumption vouchers suggested by Mr Vincent FANG, I wish to point out that if the citizens are unable to have a job and a steady source of income, even if they are given a sum of money in the form of consumption vouchers, they will only save the money and it is not known whether this can achieve a sustainable effect of stimulating and reviving the market. Overseas experience shows that the administrative expenses of launching consumption vouchers are high.

Now the Financial Secretary is preparing for the 2009-2010 budget and extensive consultation is being made. I believe when the Financial Secretary is to compile the budget for next year, he will take full consideration of the suggestions made and will strive to roll out a financial policy which is pragmatic and effective, and which will contribute to the sustainable development of Hong Kong. This is meant to cope with the economic conditions for the coming year.

I would also like to respond to the issue of minimum wage as raised by Ms LI Fung-ying and Mr Ronny TONG. I would like to point out that these two Members should feel assured that as I clarified previously and reiterated today that we have not changed with respect to the timetable and roadmap. We will not change our legislative timetable because of the present economic circumstances. We would still hope that a bill will be introduced by July of the current session and that a committee on minimum wage can be set up at the end of February. And starting from the third quarter of this year, the Census and Statistics Department will collect the statistical data for the second quarter. We will also undertake some in-depth surveys to collect sample data from many companies, including data on wages, working hours, different work types and so on. This is because what we are talking about is a full-scale legislation on minimum wage. When data for the second quarter are collected in the third quarter, and when all the data required are collected at the beginning of next year, the committee will be able to determine a wage level at the initial stage. The timetable and the entire workflow are clear enough. We have not changed whatsoever.

All in all, President, we understand that the issue which the public concerns most is on maintaining employment and stabilizing income. The first and foremost task of the Government is to do its best to support the enterprises and maintain employment. It is also by supporting the enterprises that employment can be maintained. Hence the impact on the job market is eased. We will continue to work hard on training and enhance the competitiveness of grassroots

workers in the job market. We will also offer all-rounded employment information and support services in order that job matching can be made better.

The LD will open a brand new Recruitment Centre for Catering Industry tomorrow. The Centre offers recruitment and employment services to employers and job seekers in the industry. The setting up of this Centre shows that we are determined to help the job seekers. The Centre will list out the job openings in the industry for reference by job seekers. The aim is to centralize the handling of job vacancies in the catering industry and arrange for on-the-spot job interviews. This will reduce the time spent in recruitment and job seeking.

Because of the financial tsunami, the job market in the Year of the Ox will be one full of challenges and pressure from all quarters. But the Government will work through multi-pronged policies to create the most enabling environment possible. The most important thing is that the Government, the business sector and the public can help each other and join hands to overcome the challenges.

The Secretary for Home Affairs will give a response to other views presented by Members.

President, I so submit. Thank you.

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, I wish to thank Members for their views on the original motion and the amendments. I shall give a reply of several points to those issues relating to the Home Affairs Bureau, the Food and Health Bureau and the Environment Bureau.

Mr IP Wai-ming's motion proposes to improve the mode of developing social enterprises, so that a greater number of organizations and institutions can establish social enterprises. Some Members have also said that the Government should step up its support for the operation of social enterprises. To begin with, I must point out that social enterprises are enterprises operated by non-government bodies, and in that sense, they are commercial organizations. The 80 or so social enterprises supported by the Enhancing Self-Reliance Through District Partnership Programme are not the only social enterprises in Hong Kong. Several successful social enterprises in Hong Kong are self-sufficient and not in receipt of any government funding or any policy support. However, since the development of social enterprises is still a

relatively new concept in Hong Kong, the Government has decided to implement active measures to promote their establishment and sustainable development.

Following all the previous efforts we have made, more and more people in society are now willing to support the development of social enterprises. The Home Affairs Department launched the Social Enterprises Partnership Scheme last year, and so far, there have been 10 successful cases of cross-sector partnership between business organizations and social service agencies and 10 cases of matching between social enterprise operators and professionals. In this way, people with knowledge and experience of business operation can provide advice to social enterprises. Several large enterprises are currently providing professional assistance to social enterprises, covering the areas of commercial consultancy service, on-the-job training and orders and sales channels. Rent concessions and price discounts are also provided for the purpose of supporting the start-up operation of social enterprises. The Government will continue to serve as the middle-man to assist in improving the operation of social enterprises.

With the impacts of the financial tsunami, like ordinary enterprises, social enterprises are faced with a very difficult business environment. We will closely monitor the operating environment of social enterprises and continue to provide seed funds to support the initial operation of newly-established social enterprises under the Enhancing Self-Reliance Through District Partnership Programme. In the case of those social enterprises already in receipt of our financial assistance, the Home Affairs Department may consider the provision of additional funding to assist them in strengthening their sustainability if their original approved income and expenditure plans cannot work due to the deterioration of the business environment.

We will continue to conduct promotional activities, such as district publicity functions, so as to enhance people's understanding of social enterprises and create an environment conducive to their development.

As for Ms LI Fung-ying's proposal that the Government should make use of its procurement policy as a means of supporting social enterprises, I wish to inform her that we have actually tried out this approach in some cases. We will conduct further exploration on the basis of the experience we have amassed. One major problem is that existing social enterprises are mostly very small in scale, and if we are to help them overcome the difficulties in bidding for

government procurement contracts, we must at the same time ensure that ordinary small enterprises can still compete with them on a fair basis.

Dr LAM Tai-fai mentioned the Hong Kong Brands and Products Expo Fair as an example, saying that more platforms must be built for centralized sales activities in the districts. In recent years, many attempts have been made with the support of District Offices and District Councils. Some experience has been gained. For example, the Sheung Wan Promenade, the Wan Chai Book Festival, the Sham Shui Po Computer Fair and the Flea Market and the Youth Cultural Square at Victoria Park have all achieved varying degrees of success. All these activities have developed into regular and well-known functions with district characteristics, and they are well-received by both local people and tourists.

Our experience tells us that the success of all such bazaars and fairs must depend on the promotional efforts of non-government organizations, community support and appropriate and effective management. We encourage the public to give expression to their creativity and boost local community economies.

As for the proposal on setting up commercial and household waste recycling points, so as to promote the transaction of second-hand products and recycling of wastes; I must say that at present, the public can already pitch in by making use of the more than 28 000 three-coloured waste recovery bins placed on pavements and in recreational facilities, country parks and schools. The Government has also been leasing land on short-term leases and at extremely low rental to recycling operators. At present, there are 35 such sites. Ten more new sites will also be released as soon as possible. The Government will continue to liaise closely with the industry, with a view to providing appropriate assistance.

Mr Vincent FANG proposes to waive the hawker licence fee for one year. The hawker licence fee is set on a "user pays" basis, meaning that the aim is to recover the cost of licence issuance. Since 1998, the hawker licence fee has never been adjusted. At present, the Government is unable to recover the full cost of licence issuance. The Government will continue to monitor the business environments of all trades. When necessary, the fee will be reviewed.

As for the voluntary surrender scheme for hawkers, it must be pointed out that in 2002, the authorities introduced a five-year voluntary licence surrender scheme to encourage licence holders of "Dai Pai Dong" (formally known as Fixed-Pitch (Cooked Food or Light Refreshment)) and itinerant hawkers to

surrender their licences on a voluntary basis in exchange for a one-off *ex gratia* payment, rental of a vacant stall in public markets/cooked food centres under concessionary terms, or become a fixed pitch (non-cooked food) hawker. This policy took into consideration that "Dai Pai Dong" and itinerant hawkers were more likely to cause environmental hygiene problems, noise nuisance as well as obstruction to public passageways. The voluntary surrender scheme applicable to "Dai Pai Dong" ended on 30 November 2007. The scheme applicable to itinerant hawkers has been extended to 31 December 2009.

President, the Government will continue to listen to all views, take stock of past experience and perfect its measures, with a view to supporting the development of social enterprises and revitalizing local community economies.

President, I so submit.

PRESIDENT (in Cantonese): I now call upon Mr Frederick FUNG to move his amendment to the motion.

MR FREDERICK FUNG (in Cantonese): President, I move that Mr IP Wai-ming's motion be amended.

Mr Frederick FUNG moved the following amendment: (Translation)

"To add "the latest unemployment rate has risen to 4.1%," after "That"; to delete "and" after "create positions in more trades and at more levels;"; to delete "an unemployment assistance system" after "(g) establish" and substitute with "a short-term unemployment financial assistance scheme"; to delete ", so as to obviate the need for the unemployed" after "employment placement, etc" and substitute with "to serve as a second safety net, so that unemployed persons who are not eligible"; to delete "to tackle" after "Comprehensive Social Security Assistance" and substitute with "can still tackle their"; and to add "; and (h) expeditiously implement the recommendations made by the Legislative Council Subcommittee to Study the Subject of Combating Poverty in its Report on Working Poverty and the recommendations on issues concerning the unemployed and the working poor put forward in the Report of the Commission on Poverty" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Frederick FUNG to Mr IP Wai-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 Jeffrey LAM rose to claim a division.

PRESIDENT (in Cantonese): Mr Jeffrey LAM has claimed a division. The division bell will ring for three minutes.

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 Margaret NG, Mr CHEUNG Man-kwong, Ms LI Fung-ying, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che, Mr IP Wai-ming and Dr PAN Pey-chyou voted for the amendment.

Dr Philip WONG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Timothy FOK, Mr Abraham SHEK, Mr Tommy CHEUNG, Mr Vincent FANG, Mr Jeffrey LAM,

Mr Andrew LEUNG, Dr LAM Tai-fai, Mr Paul CHAN, Mr CHAN Kin-por and Dr Samson TAM voted against the amendment.

Dr Raymond HO, Mr WONG Yung-kan, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Prof Patrick LAU and Mr IP Kwok-him abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr Andrew CHENG, Mr Albert CHAN, Mr Frederick FUNG, Ms Audrey EU, Mr WONG Kwok-hing, Mr LEUNG Kwok-hung, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO and Mr WONG Yuk-man voted for the amendment.

Mr CHAN Kam-lam, Mr LAU Kong-wah, Mr CHEUNG Hok-ming, Ms Starry LEE and Mrs Regina IP abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 26 were present, seven were in favour of the amendment, 13 against it and six abstained; while among the Members returned by geographical constituencies through direct elections, 22 were present, 16 were in favour of the amendment and five abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

MS MIRIAM LAU (in Cantonese): President, I move that in the event of further divisions being claimed in respect of the motion on "Assisting grassroots workers in counteracting economic adversities" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

I order that in the event of further divisions being claimed in respect of the motion on "Assisting grassroots workers in counteracting economic adversities" 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 Vincent FANG, you may move your amendment.

MR VINCENT FANG (in Cantonese): President, I move that Mr IP Wai-ming's motion be amended.

Mr Vincent FANG moved the following amendment: (Translation)

"To add ", as the impact of the financial tsunami on the economy will gradually surface," after "That"; to add ", increasing difficulties in operating businesses" after "economic slowdown"; to add "even" before "closure of enterprises"; to add "at the present stage" after "making profits"; to add "to make every effort" after "employers to undertake"; to add "so long as the business environment does not further deteriorate significantly" after "not to effect pay cuts and layoffs"; to delete "promote collective bargaining between employers and employees, formulate collective agreements, study overseas experience in implementing collective bargaining, as well as legislate on the right to collective bargaining on the central, trade and enterprise levels, so as to strive for employees a bargaining position which is on an equal footing with their employers" after "(a) immediately" and substitute with "make reference to the practice of our country in boosting the economy and stimulating internal demand and, in accordance with this principle, distribute consumption vouchers to each Hong Kong citizen, so as to stimulate the local economy through promoting consumption, so that enterprises can continue their operations, thereby achieving the effects of protecting employment and assisting the grassroots; (b) study how to strengthen the existing mechanism for mediating labour disputes to reduce conflicts between employers and employees, thereby enabling both parties to focus their strengths on counteracting the financial tsunami together"; to delete the original "(b)" and substitute with "(c)"; to delete the original "(c)" and substitute with "(d)"; to add "(e) waive the licence fees of grassroots hawkers for one year to relieve their burden under the current economic predicament;" after "establish social enterprises;"; to delete "(d)" before "promote local community culture economy" and substitute with "(f) retain as far as possible all hawkers so that they can continue to earn a living and, according to market demand,;"; to delete the original "(e)" and substitute with "(g)"; to delete the original "(f)" and substitute with "(h)"; and to delete the original "(g)" and substitute with "(i)"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Vincent FANG to Mr IP Wai-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)

Ms Miriam LAU rose to claim a division.

PRESIDENT (in Cantonese): Mr Miriam LAU has claimed a division. The division bell will ring for one minute.

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 Miriam LAU, Mr Abraham SHEK, Mr Tommy CHEUNG and Mr Vincent FANG voted for the amendment.

Dr Margaret NG, Mr CHEUNG Man-kwong, Dr Philip WONG, Mr LAU Wong-fat, Mr Timothy FOK, Ms LI Fung-ying, Mr Jeffrey LAM, Mr Andrew LEUNG, Dr LAM Tai-fai, Mr Paul CHAN, Mr CHAN Kin-por, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che, Mr IP Wai-ming, Dr PAN Pey-chyou and Dr Samson TAM voted against the amendment.

Dr Raymond HO, Mr WONG Yung-kan, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Prof Patrick LAU and Mr IP Kwok-him abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr Andrew CHENG, Mr Albert CHAN, Mr Frederick FUNG, Ms Audrey EU, Mr WONG Kwok-hing, Mr LEUNG Kwok-hung, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO and Mr WONG Yuk-man voted against the amendment.

Mr CHAN Kam-lam, Mr LAU Kong-wah, Mr CHEUNG Hok-ming, Ms Starry LEE and Mrs Regina IP abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 26 were present, four were in favour of the amendment, 16 against it and six abstained; while among the Members returned by geographical constituencies through direct elections, 22 were present, 16 were against the amendment and five abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr CHEUNG Kwok-che, you may now move your amendment.

MR CHEUNG KWOK-CHE (in Cantonese): President, I move that Mr IP Wai-ming's motion be amended.

Mr CHEUNG Kwok-che moved the following amendment: (Translation)

"To add "as the unemployment rate has reached 4.1% and" after "That"; to delete "resulting in an increase in the unemployment rate," after "making profits,"; and to add "; pay the Mandatory Provident Fund contributions for employees with monthly earnings between \$5,000 and \$10,000 until the economy has recovered" after "low-income employees to relieve their burden"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr CHEUNG Kwok-che to Mr IP Wai-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 Tommy CHEUNG rose to claim a division.

PRESIDENT (in Cantonese): Mr Tommy CHEUNG has claimed a division. The division bell will be rung for one minute.

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 Margaret NG, Mr CHEUNG Man-kwong, Ms LI Fung-ying, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che, Mr IP Wai-ming and Dr PAN Pey-chyou voted for the amendment.

Dr Philip WONG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Timothy FOK, Mr Abraham SHEK, Mr Tommy CHEUNG, Mr Vincent FANG, Mr Jeffrey LAM,

Mr Andrew LEUNG, Dr LAM Tai-fai, Mr Paul CHAN, Mr CHAN Kin-por and Dr Samson TAM voted against the amendment.

Dr Raymond HO, Mr WONG Yung-kan, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Prof Patrick LAU and Mr IP Kwok-him abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr Andrew CHENG, Mr Albert CHAN, Mr Frederick FUNG, Ms Audrey EU, Mr WONG Kwok-hing, Mr LEUNG Kwok-hung, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO and Mr WONG Yuk-man voted for the amendment.

Mr CHAN Kam-lam, Mr LAU Kong-wah, Mr CHEUNG Hok-ming, Ms Starry LEE and Mrs Regina IP abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 26 were present, seven were in favour of the amendment, 13 against it and six abstained; while among the Members returned by geographical constituencies through direct elections, 22 were present, 16 were in favour of the amendment and five abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negated.

PRESIDENT (in Cantonese): Mr Albert HO, you may now move your amendment.

MR ALBERT HO (in Cantonese): President, I move that Mr IP Wai-ming's motion be amended.

Mr Albert HO moved the following amendment: (Translation)

"To delete "and" after "create positions in more trades and at more levels;"; and to add "; (h) provide subsidies to employers to encourage them to employ secondary school students graduating this year as trainees, so as to help the graduates enter the labour market; and (i) study the employment situation of graduates of the Employees Retraining Board and enhance the employment counselling service, so as to increase the success rate of trainees in securing employment and help those with low skills and low educational attainment to re-enter the employment market" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Albert HO to Mr IP Wai-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 Albert HO rose to claim a division.

PRESIDENT (in Cantonese): Mr Albert HO has claimed a division. The division bell will be rung for one minute.

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 Margaret NG, Mr CHEUNG Man-kwong, Ms LI Fung-ying, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che, Mr IP Wai-ming and Dr PAN Pey-chyou voted for the amendment.

Dr Philip WONG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Timothy FOK, Mr Abraham SHEK, Mr Tommy CHEUNG, Mr Vincent FANG, Mr Jeffrey LAM, Mr Andrew LEUNG, Dr LAM Tai-fai, Mr Paul CHAN, Mr CHAN Kin-por and Dr Samson TAM voted against the amendment.

Dr Raymond HO, Mr WONG Yung-kan, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Prof Patrick LAU and Mr IP Kwok-him abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr Andrew CHENG, Mr Albert CHAN, Mr Frederick FUNG, Ms Audrey EU, Mr WONG Kwok-hing, Mr LEUNG Kwok-hung, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO and Mr WONG Yuk-man voted for the amendment.

Mr CHAN Kam-lam, Mr LAU Kong-wah, Mr CHEUNG Hok-ming, Ms Starry LEE and Mrs Regina IP abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 26 were present, seven were in favour of the amendment, 13 against it and six abstained; while among the Members returned by geographical constituencies through direct elections, 22 were present, 16 were in favour of the amendment and five abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr IP Wai-ming, you may now reply and you have five minutes and 32 seconds. This debate will come to a close after Mr IP Wai-ming has replied.

MR IP WAI-MING (in Cantonese): President, I wish to thank Honourable colleagues for supporting the amendments proposed by Mr Albert HO, Mr Frederick FUNG and Mr CHEUNG Kwok-che respectively, I would also like to take this opportunity to thank Honourable colleagues for supporting the motion I move.

I would like to respond to a few points, please do not stop my speech by making the circular gesture so early. *(Laughter)*

In fact, with regard to the demand for the right to collective bargaining, the labour sector has been making the proposal for some years, the FTU has also put forward that demand a long time ago. With regard to some of the issues discussed earlier, my colleagues have already clarified them, therefore I do not want to make any further explanation. The only thing I want to say is about the response made by Secretary CHEUNG. He pointed out that the legislation on collective bargaining might undermine market forces and pose additional impediment to the labour market. In fact, this argument has been put forward for a long time, and very often, this is the excuse the Government uses to stall us off. However, just as I have pointed out in my speech on the motion, we consider that it will not undermine market forces or pose additional impediment to the market, and we consider that the Government's attempt to deal with labour relations by way of labour legislation is completely mistimed. We have found that very often, labour legislation may not necessarily be able to deal with many problems in labour relations. To a certain extent, we have to acknowledge that the existing legislation lags behind actual situations in the entire labour market. Therefore, we consider that the establishment of a permanent and effective negotiation mechanism will allow both employers and employees to conduct friendly negotiations on an equal footing in accordance with the mechanism and do what is appropriate according to the circumstances in dealing with the problems between the two sides. This will be more beneficial to the labour market as well as our overall economy. I hope Secretary CHEUNG will really exert more efforts in this regard and listen to our views on that seriously.

Some people have pointed out that since there are too many small and medium enterprises (SMEs), therefore it is difficult to implement collective

bargaining, and that is exactly why we propose to implement a three-tier collective bargaining system at the central, trade and enterprise levels. We have taken this issue into consideration and recommended that the problem of SMEs should be dealt with by the trades concerned. Although the Secretary has said that tripartite committees have already been set up for the trades, we all know that the tripartite committees have no binding effect, members will simply do the "chit-chat", and after doing the "chit-chat", everybody will just shrug and leave, nothing has been done. Therefore, in this regard, we hope the Government will seriously listen to our views.

Lastly, as a unionist, I wish to talk to fellow unionists and our fellow Members of this Council about my personal views. No matter if we can legislate on collective bargaining in future, regardless of whether or not we have such a piece of legislation, and when we have such legislation in future, I hope Honourable colleagues will understand clearly that the rights and interests of workers do not rely on the enactment of legislation, the most important thing is the unity of workers, and this unity of workers cannot be strengthened by any piece of legislation alone. To strengthen the unity of workers, trade unions have to rely on long-term, in-depth and detailed organizational work. This is a very difficult task. I hope my fellow unionists will continue to exert their efforts to recruit more union members, so as to strengthen the power of the trade unions. I would think that harmonious labour relation, as far as workers are concerned, is built on the basis of a strong and highly organized labour organization.

I hope Honourable colleagues will support my motion. Thank you.

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

PRESIDENT (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Dr Philip WONG rose to claim a division.

PRESIDENT (in Cantonese): Dr Philip WONG has claimed a division. The division bell will be rung for one minute.

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 Margaret NG, Mr CHEUNG Man-kwong, Ms LI Fung-ying, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che, Mr IP Wai-ming and Dr PAN Pey-chyou voted for the amendment.

Dr Philip WONG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Timothy FOK, Mr Abraham SHEK, Mr Tommy CHEUNG, Mr Vincent FANG, Mr Jeffrey LAM, Mr Andrew LEUNG, Dr LAM Tai-fai, Mr Paul CHAN and Dr Samson TAM voted against the amendment.

Dr Raymond HO, Mr WONG Yung-kan, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Prof Patrick LAU and Mr IP Kwok-him abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr Andrew CHENG, Mr Albert CHAN, Mr Frederick FUNG, Ms Audrey EU, Mr WONG Kwok-hing, Mr LEE Wing-tat, Mr LEUNG Kwok-hung, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO and Mr WONG Yuk-man voted for the amendment.

Mr CHAN Kam-lam, Mr LAU Kong-wah, Mr CHEUNG Hok-ming, Ms Starry LEE and Mrs Regina IP abstained.

THE PRESIDENT, Mr Jasper TSANG, 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 motion, 12 against it and six abstained; while among the Members returned by geographical constituencies through direct elections, 23 were present, 17 were in favour of the motion and five abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the motion was negatived.

PRESIDENT (in Cantonese): Second motion: Promoting the development of local creative industries.

Members who wish to speak in the debate on the motion will please press the "Request to speak" button.

I now call upon Dr Samson TAM to speak and move his motion.

PROMOTING THE DEVELOPMENT OF LOCAL CREATIVE INDUSTRIES

DR SAMSON TAM (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed.

President, the Legislative Council has recently been discussing whether the Government should be forced to create posts, ensure employment and rescue small and medium enterprises (SMEs). I entirely agree to and approve of this idea. However, if the Government does nothing but hand out money, it will only be able to treat the symptoms, rather than eradicating the root causes and delivering Hong Kong from any economic impasse in the long run. I therefore think that in order to enable Hong Kong to restructure itself into a new economy

and acquire new competitiveness, we must count on innovation and creativity. This is the reason for my moving this motion today.

Why is it so pressing for Hong Kong to develop creative industries? The reason is simple and many people have actually expressed such a worry. At this very time when conventional industries are gradually withering, only the development of creative industries can create more employment opportunities for Hong Kong people, especially youngsters. The Chief Executive, in particular, often talks about the need for creating high-value added employment opportunities.

Owing to industrial restructuring and also the effects of the financial tsunami, many factories in the Pearl River Delta (PRD) have closed down, resulting in the disappearance of large numbers of conventional jobs. The shrinking of manufacturing industries has also directly impacted a pillar of the Hong Kong economy, the logistics industry. The jobs in the professional services sector have also been affected as a result.

As for the financial services sector, it used to take on a large number of university graduates every year. But now, with the onslaught of the financial tsunami, the sector has become the hardest-hit area of layoffs and down-sizing.

Can the Government realize how serious the unemployment problem in Hong Kong may become? The Government must not forget that every year in Hong Kong, roughly 18 000 young people graduating from full-time undergraduate and graduate programmes must also look for jobs in the employment market. It has thus turned increasingly impossible to always count on the four existing pillars of the economy.

As for the stagnancy and poor development of local creative industries, should the Government be held responsible in terms of strategy and leadership? In 2003, the Central Policy Unit published a report entitled *Baseline Study on Hong Kong's Creative Industries*. In this report, local creative industries are divided into three categories, namely, culture and the arts, media and design. And, these three categories are further divided into 11 sectors: advertising, architecture, antiques and craft, design, digital entertainment, film and video, music, performing arts, publishing and printing, software and computing and television and radio. These sectors provide roughly 170 000 jobs in total. We may as well refer to these sectors as the "Creative Eleven".

Five years soon passed after the publication of the report, and it was not until very recently that the Chief Executive finally mentioned the establishment of a Creative Industry Office in his latest policy address to promote the development of creative industries. In the past, the Government only concentrated on conducting research without implementing any specific and effective measures. Very often, it just paid lip-service. This explains why we have not seen any concrete achievements so far. The Government's weak promotional efforts are the main cause. It has not put in place any effective policy, nor has it been able to help the sector open up the mainland market. Furthermore, there is also the absence of any integrated co-ordination, so Hong Kong has missed many opportunities. As a result, Hong Kong has been unable to establish any brand-name creative industries or image. The "Creative Eleven" have failed to make any progress, and the local film and music industries have gradually lost their competitive edges. The Government must be held responsible for all this.

In contrast, although Britain already succeeded in becoming a financial centre of Europe many years ago, the British Government has been far-sighted enough to prepare for the difficult times. Since 1997, the British Government has been implementing a policy to assist the development of creative industries. As a result, the creative industries in Britain have been growing at a considerable rate annually. In 2006, these industries already accounted for 8% of the country's GDP, employing totally 2 million people. Creative industries and financial industries are by now two major pillars of the British economy.

In Asia, Korea has been vigorously promoting the development of creative industries over the years. With the strong support of the Korean Government, Korean television serials and Internet games have succeeded in gaining a foothold in various Asian markets, thus giving young Koreans many employment and development opportunities.

President, may I ask the Secretary whether the Government is aware of the amounts of resources and the strong efforts devoted to the development of creative industries in other countries and places? Last month, some people from the sector and I visited Shanghai to inspect its efforts in promoting the digitization of the conventional publishing industry in recent years. We observed that the Shanghai municipal government had invested huge amounts of resources in trying to turn the city into the first "national digital publishing base".

Plans have been formulated to develop the city into the leader of the most significant digital publishing bases on the Mainland.

On the 15th of this month, some people from the sector and I also visited Taiwan. Taiwan has been investing heavily in the development of information technology, and their achievements are well-known. Currently, they are also making active efforts to develop digital entertainment. For all these reasons, many people from the sector want to know what measures the Taiwanese government has formulated to promote and assist the development of creative industries.

President, people in the creative industries are very anxious to find a way out. But the Government of the Special Administrative Region (SAR) has not assumed its responsibility of playing an active role. People in the industries are therefore extremely perplexed and disappointed.

How can Hong Kong give full play to its existing competitive edges and extricate itself from the present impasse? Hong Kong is a free and open city marked by freedom of creativity. Hong Kong people are shrewd. Added to this are a pluralistic cultural background, the free dissemination of information, freedom of speech and the protection of intellectual property rights. All these conditions are certainly conducive to the development of creative industries, and they are also the most valuable assets that the people of Hong Kong all want to protect.

However, owing to a number of constraints, local creative industries have failed to develop soundly all along. For example, the local market is so small that there is an inadequate supply chain. Industries all develop separately without any synergy effect produced. Financing is difficult. And, the most deplorable thing is that the Government has never formulated a clear positioning and policy for creative industries.

Actually, as a world city of China, Hong Kong should be capable of playing a more important role as a bridge, especially by re-positioning itself in the Pearl River Delta (PRD). The State has recently published the Outline of the Plan for the Reform and Development of the Pearl River Delta (2008-2020). In this outline plan, the establishment of a "digital PRD" is mentioned as a means of fostering the sharing of network resources and inter-connection. Actually, the greatest difficulty faced by Hong Kong creative industries is precisely the lack of inter-connection with the Mainland. Many outstanding figures in the local

music, publishing, television and entertainment industries have told me that the small size of the local market is the biggest difficulty they faced. They all hope that the SAR Government can assist local creative industries in opening up the Guangdong market on an early and pilot basis under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), so as to really position Hong Kong as a centre of creative industries in the PRD.

Does the SAR Government know what should be the impetus for the development of local creative industries in the future? President, in order to develop any new industries, we must be able to know the trends in the future. Although creative industries are no new industries, people in these industries have repeatedly told me of their worry that the Government may not know or understand the importance of information technology to the overall development of creative industries. I wish to tell the Government that information technology, especially digitization and information network development, is the impetus for developing creative industries under the strategies of many countries. The precise reason for this is that the development and advances in information technology will offer more room for the incessant development of creativity.

According to the International Federation of Phonographic Industry, with the prevalence of technologies like broadband Internet services, mobile telephones, Wi-Fi, and so on, the sales volume of digital music products already came to account for 15%, or US\$2.9 billion, of the music product market in 2007. And, the sales volume has been increasing drastically year after year. By developing creative industries based on digitization and information networks, we will be able to expand our market beyond the present boundaries and overcome the constraints of the local market. At the same time, we may also foster the equal participation of all in the Web 2.0 era, joining manufacturers and users in one integrated chain. In other words, conventional creative industries plus information technology will not be as simple as one plus one equals two. Rather, they will mean unlimited potentials.

One example that can illustrate this point is the Shenda Group of Shanghai, one of the largest online game companies China. Its founder, Mr CHEN Tianqiao, was once the richest man in China. He has recently invested in the establishment of www.qidian.com, which has attracted hundreds and thousands of web-novelists in Shanghai to contribute their works and the website is able to take part in their creative endeavours through online simulation. Now the website has collected nearly 200 000 volumes of original novels, with a total registered readership of more than 20 million. There is by now quite a

well-established and integrated electronic publishing mechanism comprising works creation, nurturing of writers and sales. Some novels have even been adapted for the production of online games, films and animation serials, thus forming an industry of original and creative web literature.

This shows that information technology is fully capable of leading to the explosive development of creative industries.

By putting forward the motion today, I aim precisely at urging the Government to take concrete steps as soon as possible. However, when it comes to concrete steps, we must invariably talk about money. Money is not almighty, but without money, nothing can be done. Actually, we can observe whether the Government is paying mere lip-service simply by checking the adequacy of the resources it has invested. Therefore, I hereby advise the Government to set up a \$3 billion Creative Industry Fund for encouraging the establishment of creative businesses, providing funding to universities and training institutions, inducing famous overseas creative enterprises to establish their presence in Hong Kong and promoting cross-sector co-operation.

I hope that the motion can bring forth progress in the "Creative Eleven" of Hong Kong, thus creating more jobs for Hong Kong people, especially youngsters. I even hope that creative industries can be developed into the fifth pillar of Hong Kong's economy.

The Government is set to establish the Creative Industry Office on 1 April, and I would like to express my support and approval here. However, many people have still expressed to me the worry that the official in charge of the Office may not have the ability and powers required for promoting creative industries. I therefore advise the Government to create a D6 post for the leadership of the Creative Industry Office, so as to ensure high-level planning and co-ordination and inter-departmental co-ordination. It is especially important that the head of the Office must be able to represent Hong Kong and can act as a leader of the relevant sectors in fighting for a positioning for Hong Kong in the discussions with officials of other cities, especially those on the Mainland.

Lastly, I must say that rather than asking for salvation and protection, Hong Kong should look for new directions. But in order to go in the direction of innovation, there must first be a new mindset. We must also be courageous enough to make commitments. This is what I expect of the Government.

I hereby call upon Members to support my motion, so as to make the Government implement the various proposals as early as possible. President, I so submit.

Dr Samson TAM moved the following motion: (Translation)

"That, under the impact of the financial tsunami, Hong Kong's economic development is at a crossroads where there is a pressing need to develop a new economy and the creation of jobs has become a social consensus; this Council urges the Government to make reference to the experience of successful countries or regions to formulate expeditiously the long-term policies, objectives and implementation timetables for creative industries in coping with the development of a new economy, as well as to:

- (a) secure Hong Kong as the locomotive for developing creative industries in the region, with a view to assisting the industries in expanding their markets, in particular the highly promising Mainland market, and strengthening its cooperation with the industries in the Pearl River Delta region;
- (b) facilitate cross-sector collaboration among creative industries, take proactive measures, such as building a one-stop platform and using the internet and technologies of new media, to enhance the competitiveness of local creative industries and assist the conventional industries in transforming their business successfully;
- (c) offer various incentives, including tax concession, to ensure that adequate resources are available for implementing the policies and realizing the objectives;
- (d) nurture and engage talents needed by creative industries;
- (e) promote intellectual property rights economy and open up room for developing creative industries; and
- (f) foster a social culture which is conducive to promoting the development of creative industries and encourage the general public to have the values of exploration and innovation."

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

PRESIDENT (in Cantonese): Three Members will move amendments to this motion. This Council will now proceed to a joint debate on the motion and the three amendments.

I will call upon Ms Cyd HO to speak first, to be followed by Ms Audrey EU and Mr Paul CHAN; but no amendments are to be moved at this stage.

MS CYD HO (in Cantonese): Today, I propose to make three changes to the motion of developing local creative industries. First, I propose to safeguard the free flow of information and the freedom of thoughts and speech. Second, I propose to build up a local cultural identity. And, third, I propose to promote creative commons. These three proposed changes are marked by one common feature — the removal of constraints and obstacles and the venturing into taboo areas. The original motion and the amendments put forward by other Members all aim to increase economic benefits. Their proposals are mainly on regional co-operation, the establishment of a platform for information technology sharing, tax concessions, the protection of intellectual property rights and the attraction of talents. However, all these policies and measures will only help the existing creativity in the market to transform itself more effectively into something that can generate wealth. They cannot stimulate creativity because tax concessions cannot possibly result in creativity, in very much the same way as the holding of an annual book exhibition does not mean that there is already a book in Hong Kong that can sell more than 100 000 copies.

In that case, President, how should we stimulate creativity and encourage people to seek innovation? The answer can be found in my amendment, which proposes to safeguard the free flow of information and the freedom of thoughts and speech. If society is full of taboo areas, and if complaints are thus lightly lodged, creativity in society will gradually wither. At this juncture, I wish to provide some background information to creative industries.

According to a survey paper of the British Department for Culture, Media and Sports, creative industries are those industries that are based on individual creativity, skill and talent. They are also those that have the potential to create

wealth and jobs through developing intellectual property. Creative industries have indeed brought great wealth to Britain. As at the end of the second quarter of 2007, creative industries provided 1.1 million jobs in Britain. On top of this, there were 800 000 other jobs providing support to creative industries. All this means a total of 1.9 million jobs. As for the export of creative services, the total value stood at £16 billion. Calculated on the basis of the exchange rate today, this should be around HK\$190 billion. And, this does not include the value of local consumption demand. The growth rate of the creative industries in Britain over the past 10 years has been higher than the growth rate of the country's overall economy. And, it has also been higher than the growth rate of the financial industries.

Actually, creative industries are very suitable for Hong Kong because they do not require any large land areas, any production plants and any huge capital investments. What they need most is the creativity of the human mind. Many creative enterprises are in fact small and medium enterprises (SMEs). They do not need to operate any offices in the prime sites of city centres. In Britain, for example, while London is a creative centre, there is also Manchester, where many workers of new creative industries start their businesses. Therefore, creative industries are very suitable for Hong Kong, which is marked by intrinsic limitations.

The greatest demands of creative industries are the avoidance of imitation and incessant innovation. Speaking of the financial market, I must say that we have been very concerned about its development. But the financial industries in Hong Kong are all the time under the influence of the global market climate. When the United States and China "sneeze", we will "catch cold". When others "catch cold", we will "contract pneumonia". We are at the mercy of others. In contrast, creative industries can bring us one benefit, that of not having to respond passively to market conditions. The reason is that innovation will lead us to a new consumption mode, whereby we can lead and expand the market. Creative industries are therefore very suitable for Hong Kong, which is marked by the intrinsic limitations imposed by land shortage and a small market.

Sadly, the authorities have never set down any policy for the development of creative industries. Even the earliest reference was made as recently as 1999, when the Arts Development Council mentioned the concept of creative industries for the first time. In 2002, the Trade Development Council published a report on creative industries. In 2003, the Central Policy Unit conducted a baseline

study on this issue. And, also in 2003, the Cultural Commission stressed the significance of this concept again. All through these years, there have just been some sporadic efforts, such as the setting up of the Film Development Fund and the streamlining of the procedures governing applications for filming sites. All these are the only efforts made by the Government for creative industries. On 9 February, we will discuss the establishment of a dedicated Creative Industry Office for the promotion of creative industries.

But it is indeed ironic that before 1997, the development of Hong Kong's creative industries was actually quite sound. Without any policy support (or intervention), the basis of our creative industries was quite sound at that time. What I mean is that at that time, we were the leader in South East Asia in respect of films, television serials and pop music. As early as the 1950s and 1960s, the Union Film Enterprise produced many films reflecting the social realities at that time. We could see the pornographic films produced by Shaw Brothers. We could also see other kinds of films like "Bai Mao Nu" (White-haired Girl), "Liu San Jie" (Third Sister Liu) and even "Tai Tai Wan Sui" (Long Live My Wife) based on a script by Eileen CHANG. Of course, there were all those fantasy martial arts films produced hastily within a short span of seven days. We lagged behind Japan only in terms of artistic value. We produced more than 200 films a year, and we were the leader in South East Asia. However, President, in 2007, how many films did we produce a year? The answer is 51. In 2007, the total box office revenue in Hong Kong stood at \$1 billion, with locally-produced films accounting for \$200 million. And, "Lust, Caution" alone already accounted for half of this sum, meaning that all other locally-produced films yielded just \$100 million. The situation of television productions is just the same. Before 1997, we exported our television serials. But now, we love to watch "Emperor Yong Zheng", and we are forced to co-operate with the Mainland. As for pop music, even Theresa TENG and LUO Da-you once also sang canto-pop songs. But now, Hong Kong singers must also sing Putonghua songs.

Actually, has it ever occurred to us why the revenue of the industries has still declined even why we try to suit the demands in the mainland and overseas markets? I have talked to people in the industries, and they are all very sad, lamenting that in a bid to suit the demands in the mainland market, Hong Kong has completely abandoned its local cultural identity. Little do we realize that our local cultural characteristics are actually the greatest attraction in the eyes of mainland people. During the 154 years of colonial rule, we were indeed detached from the mainland culture. This is a fact, and we must not deny it.

People on the Mainland can feel the pulse of history, so they can produce "Emperor Yong Zheng", which is so gripping. But we also have our "woolly-headed culture", so our comedy films are also very appealing.

Before 1997, many of our comedy films satirized the various aspects of life on the Mainland. People no longer dare to do so now for fear of offending "Grandpa". But it has turned out that mainland people actually love to see films with such themes. Therefore, since Hong Kong people no longer produce such films, they now do so themselves. They have produced "Crazy Stone", a blockbuster. This is the result of our "self-restraint".

A recent example is John WOO's "Red Cliff". This film is a completely new interpretation of the novel "Romance of the Three Kingdoms". There are extensive adaptations, and the historical novel is practically adapted beyond recognition. SUN Shangxiang is even portrayed as a feminist. President, you should have read "Romance of the Three Kingdoms" many times before. There is basically no role for any woman in this novel. All the characters are war-belligerent and scheming males who vie for control over the country on horseback. But "Red Cliff" is a film with an anti-war message. John WOO has actually re-interpreted the original novel on the basis of the information received from all over the world. He has given an unorthodox interpretation of the warring era of the Three Kingdoms, thus arousing a new "Three Kingdoms" craze in South Korea and Japan. When the film was shown in Beijing, it was observed that the Hong Kong-style humour in the lines of ZHOU Yu acted by Tony LEUNG was more welcomed by the audience than the very formal and polite tone of ZHANG Fengyi. As a result, even ZHANG Fengyi had to change his style of acting in "Red Cliff II". Therefore, I must say to film workers that they must have confidence in themselves and the Hong Kong culture. We should go back to our traditional strengths, reposition ourselves and embark on new development.

Many people in the film industry have also pointed out that before 1997, many satirical approaches were adopted in films to voice the ordinary Hong Kong people's views on current affairs. But all such bitterly satirical approaches have disappeared. In the end, because of "self-restraint" once again, there has been incessant repetition within the framework, boring not only the audience but also film-makers themselves. There is also a film called "Mr Cinema" produced by a former Member, MA Fung-kuok. The artistic achievement of this film is precisely limited by the attempt to avoid mentioning many historical facts about

the 1967 Riot. On the other hand, there are many positive examples of the removal of inhibitions. In the case of Iran, for instance, a film called "Persepolis" about a girl growing up in Iran was produced following the liberalization of the country, and it won an award in the Cannes International Film Festival. Another example is "Harry Potter", which is regarded in Britain as a fantasy novel irreverent to Christianity. Seven volumes of the novel have been published so far, and totally 4 billion copies have been sold. The revenue from film production and related products amounts to US\$4 billion. However, in the United States, due to George W BUSH's Neo-conservatism, the novel is banned from the shelves of public libraries.

President, not much time is left for me to speak because I have cited too many examples. I must tell the Government that in order to develop creative industries, it is most important to review a number of existing ordinances, including those relating to municipal services. At present, there are just too many restrictions on the use of public areas, on singing and painting in public places. There are too many security guards who are all too ready to restrict our creativity. Besides, the Control of Obscene and Indecent Articles Ordinance due to come into effect will also impose many moral limitations. This will not be conducive to our development. The female lead of "Lust, Caution", TANG Wei, has recently applied for immigration to Hong Kong because she is under heavy political and cultural pressure on the Mainland. I hope that after her immigration to Hong Kong, she will not be subject to another kind of pressure. I hope that such an outstanding actress will not be rendered homeless in such a vast country like China. Thank you, President.

MS AUDREY EU (in Cantonese): President, our Chief Executive, Donald TSANG, once remarked that the financial industries can support the 7 million people in Hong Kong. This explains why the Government has depended so excessively on the financial industries as one of our economic pillars, and why the industries have come to account for an increasing proportion in our economy.

However, following the Asian financial turmoil and the recent financial tsunami, the development of the financial industries has been faced with unprecedented difficulties. The economy of Hong Kong has thus come under severe and far-reaching impacts. Therefore, as pointed out earlier by the Civic Party, Hong Kong can no longer count on what it has accumulated, that is, it can no longer depend solely on the existing four economic pillars. We must explore

how we can create a fifth, or even sixth, economic pillar. As pointed out by Ms Cyd HO in her speech, Hong Kong is certainly endowed with huge potentials for the development of creative industries.

In the motion debate today, Dr Samson TAM's original motion expresses concern about the development of creative industries. But the Civic Party is of the view that the adjective "cultural" should be added to the motion. For this reason, it has put forward an amendment, in the belief that cultural industries are full of unlimited vigour and vitality, able to contribute to the local economy. In the policy debate in 2005, it was already pointed that the adjective "cultural" should be added before the term "creative industries" mentioned so very frequently mentioned by the Government. This also explains why we have put forward this amendment, which proposes to add the word "cultural" before the term "creative industries".

Ordinary businesses and cultural industries are different in nature. In the case of ordinary businesses, the sole purpose of creativity is to make profit, or, in the words of Cyd HO, to create wealth. However, cultural and creative industries are much more than wealth creation. They also involve art, history and culture, so their value cannot be quantified solely from the financial perspective.

Comics, novels, the trading of works of art and performing arts all have market potentials in Hong Kong, and they are well-received by Hong Kong people. We can therefore observe that there is huge room for their development. As to whether these industries can become an economic pillar of Hong Kong, much will have to depend on the Government's provision of satisfactory or appropriate policy support. Naturally, such policy support must also include financial assistance as mentioned by Samson TAM. This is also an important factor.

In Britain, for example, after the implementation of the government's policy on promoting creative industries, these industries managed to grow at an average annual rate of 8% between 1997 and 2001, a rate which was far higher than the country's overall economic growth rate of 5%. During the same period, the total number of employees in creative industries also increased by 3% a year on average, and this rate was also higher than the 1% growth rate of the country's overall number of employees.

President, I can remember that when the Legislative Council held a debate on ways of promoting the film industry, you cited Korea as an example. The policy of Korea has indeed played a very significant role in promoting the development of the country's film industry. We therefore hope that the Government will not regard cultural activities as recreational and leisurely activities. Rather, it should treat them as activities belonging to a higher level, so that they can be turned into cultural and creative industries and one of our economic pillars.

The Centre for Cultural Policy Research at the University of Hong Kong has also published a report on this topic. On the basis of foreign experience and feasibility in the local context, this report explores how cultural and creative industries can promote the economic development of Hong Kong. According to the report, the overall culture of Hong Kong and the Pearl River Delta (PRD) originated from the Lingnan (South China) culture, so there is close a relationship in terms of thoughts, education, literature, art, architecture, handicraft, vernaculars, customs and cuisines.

The report therefore points out that the Government should take actions in several respects. First, it should capitalize on the geographical advantage of Hong Kong and the PRD. Besides, it must consider how to capitalize on Hong Kong's rule of law and internationalized environment, so that creative industries can be developed through acquisitions and mergers. Therefore, the Civic Party suggests that the Government should consider the following: first, capitalizing on our geographical advantage in the region, as I have already mentioned; second, establishing an ad hoc committee; third, capitalizing on the resources of the West Kowloon Cultural District (WKCD); and, fourth, counting on our rule of law. I hope that the Government can explore the promotion of cultural and creative industries on the basis of these four strategic principles mentioned above.

Let me first discuss the first principle, that is, the geographical advantage of the PRD region. The report makes special mentioning of the possibility of capitalizing on the development of the "Nine Plus Two" economic co-operation zone in the Pan-Pearl River Delta (PPRD) region as a means of speeding up expansion into the Chinese hinterland. It is mentioned in particular that radiating from central and southern China and south-western China and taking advantage of the establishment of the China-ASEAN free trade zone, Hong Kong's cultural and creative industries may have access to much richer resources, manpower and business opportunities and thus expand their market.

Second, President, I must say that the Government's role is very important to the successful development of cultural and creative industries. In his speech, Dr Samson TAM also mentioned that the 2008 policy address proposes the establishment of dedicated Creative Industry Office. But the Government's proposal seems to focus largely on technology, industry, commerce and trade. As I have mentioned, culture is very broad in scope, covering music, antiques, animation and even furniture design.

Therefore, this inter-departmental dedicated committee or office is very important.

In addition, as also pointed out by Samson TAM, problems will surely arise if the work of approval is solely undertaken by government officials. The reason is that government officials' work generally does not involve any creativity. If the Creativity Industry Office is led by government officials and if it is the only organization responsible for giving approval, many problems will emerge. We therefore hope that this dedicated committee or office can co-operate with the people. We also hope that it is an inter-departmental and interactive committee.

Third, President, since the Government announced the development of the WKCD, the Civic Party, especially Alan LEONG — because he and several other Civic Party members are now in Britain, he cannot speak on the WKCD today, and I must speak on his behalf — since the Government announced the development of the WKCD, the Civic Party has been championing the concept of "discussing with the people" advocated frequently by Alan LEONG, in the hope that the civil society can build a humanistic WKCD in a bottom-up approach.

Discussions on the WKCD have so far focused largely on hardware support. But I hope that it can drive the development of cultural industries in the future, serving as a catalyst and bringing forth the pluralistic development of the cultural and creative industries. But there is a very important point here. Government officials must discard their elitist mentality, allowing the people to give expression to their wisdom, so that the WKCD can become a cultural district of the people.

Lastly, I wish to discuss the fourth point, that is, the rule of law, which I have mentioned just now. The protection of intellectual property rights is actually a pre-condition for the development of cultural and creative industries.

Hong Kong's rule of law, its people's proper awareness of intellectual property rights and their protection of intellectual property rights are all very important. Therefore, we hope that the Government can capitalize on our existing advantage in this regard, so that cultural and creative industries can use Hong Kong as a base for expanding into the mainland and international markets.

As for the other amendments, President, the Civic Party naturally supports Cyd HO's amendment. The direction she proposes is a very important one. There must be freedom of thoughts before creativity can emerge. As for Paul CHAN's amendment, President, our long-standing position is that we will not oppose any suggestions not involving fundamental principles (*The buzzer sounded*) But this will depart from Hong Kong's simple tax regime.

Thank you, President.

MR PAUL CHAN (in Cantonese): President, in the past few years, the Government repeatedly expressed the need to promote the development of creative and cultural industries. The Chief Executive announced in the 2008 policy address that a dedicated office with integrated and realigned resources from various departments would be set up to promote the development of creative industries. Finally, the Government is aware that efforts to promote the creative and cultural industries in Hong Kong are inadequate, and as competition from neighbouring cities is indeed very intense, if Hong Kong does not catch up with them, a new trail for our future economy can hardly be blazed.

Next week, the Legislative Council Panel on Information Technology and Broadcasting will discuss the details relating to setting up the dedicated office. After going through the authorities' paper in detail, I notice that one of the areas of work of the dedicated office is "facilitating start-ups and the development of creative establishments". According to the paper, this area covers two specific aspects: first, to help local talents set up their businesses amidst the high operation costs in Hong Kong; and secondly, to provide them with financial incentives and business know-how to enable sustainable development.

Effective complementary measures have to be introduced in Hong Kong in order to implement the policy objective of promoting creative industries. While reiterating the vision of developing creative industries, we have to take concrete actions to implement the policy in order to map out a vision and realize it.

The measures set out in my amendment are precisely proposed in the light of the financial incentives needed by creative enterprises. Tax concessions, which are means to provide incentives, are not provided under the current taxation policy of Hong Kong although they are offered by countries all over the world in which their importance is much recognized.

Why do I say so? Under the existing taxation system of Hong Kong, deduction is not allowable in respect of an establishment's capital expenditure on intangible assets in the calculation of assessable profits for profits tax purposes. Only when such expenditure is incurred in the purchase of patent rights or the rights to any know-how of the relevant industry will tax concession be provided. This practice is in stark contrast to the generous tax concession provided in respect of expenditure incurred by enterprises on tangible assets such as machinery and plant, vehicles and renovation.

Not only is this dissimilarity a disregard of the objective situation that Hong Kong has restructured from manufacturing industries to services industries since the 1980s, but it is also a great hindrance to the operation and development of creative industries, which often requires the use of intangible assets. Besides patent rights, copyrights, trade marks, franchises and licenses may also be involved.

Let me cite two examples. For example, a music distributor has purchased copyrighted audiovisual libraries for producing DVDs and CDs for sale. The value of these audiovisual libraries will drop with time. On the one hand, the distributor has to make tax payments for the income derived from the sale of these DVDs and CDs, and on the other hand, he is not entitled to any tax deduction for the expenditure on the purchase of the copyrights of these audiovisual libraries. Is this reasonable? Another example is that a software company in Hong Kong has purchased patented software and other copyrighted products and intends to issue licences to other users in the Asian Pacific Region in order to obtain royalties or copyright income. The software company is required to make tax payments for the relevant income but is not entitled to any tax deduction for the expenditure on the purchase of the patent right and copyrights. This is very unreasonable.

As can be seen from the above two examples, since tax-paying enterprises are not entitled to tax deduction for expenditure on intangible assets, on which they rely to make profits, their rate of assessable profits will thus be relatively

high. As the operation costs in Hong Kong are already on the high side, they are at a disadvantage compared with enterprises engaged in manufacturing.

Many of these intangible assets have a limited shelf life. Creative enterprises would indeed have to pay the costs incurred in respect of these assets, be they purchased or self-developed. This is actually the same as the purchase of machinery and plant by enterprises engaged in manufacturing to generate profits. I cannot help but ask: Why is machinery and plant involved in industrial production but not intangible assets entitled to tax deduction or concession? From this perspective, is it in conflict with encouraging the business sector to invest in innovative technology and to develop its own brands and high value-added industries?

The taxation law of Hong Kong was introduced more than 60 years ago. At that time, the major economic activities were trading and industrial production, which relied on tangible assets such as machinery and plant. However, times are different now. We should not penalize creative enterprises just because our taxation law is unable to keep pace with the times — to put it more directly, just because it is outdated.

Besides, if Hong Kong does not provide tax deduction for expenditure on intangible assets, its attractiveness as a "capital for creative and cultural industries" will be greatly diminished. Not only will local enterprises be hardly able to develop creative products or services, but many foreign companies will also not choose to operate these businesses in Hong Kong as these concessions are offered in many places in neighbouring areas. In countries in the Asian Pacific Region, such as mainland China, Australia and Singapore, tax deduction is allowed for expenditure on intangible assets, though with different degrees and in different ways. In any case, support is provided to enterprises interested in developing in the direction of creative and cultural industries.

One can imagine the consequences if Hong Kong does not act promptly in this respect. This is the justification for the first point of my amendment.

Now, I would like to talk about the second part of the amendment, that is, tax deduction for "expenditure on research and development (R&D)". In order to achieve creativity, creative industries must constantly improve the quality of their products and enhance their services and continuously put in resources on R&D. As the market is shared among players all over the world, there is

competition from all over the world. The Government should provide more tax concessions to support and encourage enterprises to engage in R&D activities.

In mainland China, the concession of a 150% tax deduction is granted for R&D costs incurred by tax-paying enterprises. As for Singapore, the deduction rate is more than 150%. As long as the R&D activities are conducted in Singapore, whether or not the subject of the R&D is related to the existing business of the relevant enterprise, deduction is allowed. This measure seeks to encourage enterprises to conduct more "upstream" R&D projects which are creative but may not generate financial return within a short time.

Although deduction is allowed under the existing legislation of Hong Kong, the amount of deduction is 100% of the actual expenditure. I think in order to compete with neighbouring countries such as Singapore, it is necessary for us to increase the amount of deduction. Based on the existing profits tax rate of 16.5%, the implication of my proposal to the public coffers is only that for every \$1,000 spent by enterprises on R&D, an indirect government subsidy of \$165 will be made.

President, I urge Honourable colleagues to support my amendment to urge the Government to introduce concrete complementary policies on developing creative and cultural industries in Hong Kong and expeditiously implement these simple and easily achievable tax concessionary measures. I so submit.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, ever since the onset of the financial tsunami, the global economic situation has been rapidly deteriorating. Since the external economic conditions are so severe, Hong Kong naturally cannot remain unaffected as a small, externally-oriented economy and an international financial centre. To cope with the problems and impacts arising from this global financial turmoil, the Government has already taken swift and decisive actions to stabilize the economy, support enterprises and maintain employment. While facing up to the challenges of the financial crisis, we must not ignore the significance of identifying opportunities that can promote the long-term and sustainable development of our economy.

Precisely for this reason, apart from strengthening the advantages enjoyed by our four economic pillars, we must also explore how we can develop other

areas in our economy, so as to upgrade our competitiveness, achieve economic diversification and meet future challenges. We believe that the promotion of creative industries will help enhance the overall creativity of our economy and bring forth a fresh and strong impetus for our economic growth. At present, the Government is in the process of forming a dedicated office for developing and supporting creative industries. The motion entitled "Promoting the development of local creative industries" put forward by Dr Samson TAM has come just at the right time, giving us an opportunity to collect different views and listen to Members' advice on this topic. I must also thank Ms Cyd HO, Ms Audrey EU and Mr Paul CHAN for putting forward their amendments.

Creative industries are an important element of Hong Kong overall economy, with a total annual production value of more than \$53 billion. In terms of percentage, local creative industries account for 4% of our GDP. The proportion is not very large, but these industries are full of potentials and can serve as an additional impetus for Hong Kong's economic development. At present, there are more than 300 000 creative industries-related organizations in Hong Kong, employing more than 170 000 people. Quite a number of Hong Kong creative industries are ahead of others. The film, television, design, architectural, animation and digital entertainment industries have nurtured many outstanding talents and achieved excellent results.

On the basis of our existing advantages, the Government aims to speed up the development of creative industries in Hong Kong. While seeking to maintain the overall competitiveness of Hong Kong, the Government will also make stronger efforts to identify and nurture talents, so that local creative industries can contribute to Hong Kong's economic development.

President, I will give a consolidated reply after listening to Members' speeches.

MR ANDREW LEUNG (in Cantonese): President, we have been discussing "creative industries" for years. Next week, the Panel on Information Technology and Broadcasting chaired by me will discuss the promotion of the development of creative industries and the setting up of a dedicated office for creative industries. Then, what exactly is creativity? I talked about this during the discussion on the budget last year, but as I believe not many people paid any

attention to it, I will repeat it today. "Creativity" embodies originality, new ideas and new perspectives; and new ways to tackle problems, seek opportunities, develop new technologies, change the market, run enterprises and do businesses; creativity cannot exist on its own but can only achieve its effect in concert with "design" because design is a tool for putting originality into reality to enable the practical application of concepts. Therefore, creative industries can be said to cover a very broad scope, that is, they can be products as well as services.

I believe every Honourable colleague in this Council today agrees that creative industries can be, and should be, developed into one of our future economic pillars. The manufacturing industries, with creativity and design, driven by innovative concepts and technologies, and with the support of the production base comprising a few tens of thousand factories operated by Hong Kong businessmen in the Pearl River Delta Region, can bring sustainable and significant economic benefits and employment opportunities to Hong Kong. Therefore, I support the motion moved by Dr Samson TAM on building a platform for creative industries and securing Hong Kong as the locomotive for developing creative industries in the region to propel the economy.

At present, creativity is a very hot topic all over the world. The mainland authorities encourage independent innovation, active development of new products and overcoming the difficulties encountered in the restructuring and upgrading of industries. The United Kingdom has already broken away from the conventional framework of creative industries and turned to promoting the marriage of design and creativity and traditional industries to bring added-value to products and services. Products without added value will be discarded, while those flavoured with creativity will rocket in value and be embraced by the whole world. When Steve JOBS, the "clever linchpin" of Apple Inc., took sick leave and stepped down, the stock price of the company dropped by as much as 10%. This proves that creative human capital is worth great riches.

"It takes 10 years to grow trees, but a hundred to nurture people". Nurturing talents is a long road and it has to start with their childhood. We should start with primary and secondary education and enable students to appreciate and understand art and the arts by enhancing their exposure to them. In tertiary education, we should focus on students who are interested and have potential in art and the arts and strengthen their training and opportunities for practice.

Take the Vocational Training Council (VTC), of which I am the Chairman, as an example. Home-based studios have been established to provide students with more space resources needed in creative design education. Besides ordinary classrooms and workshops, home-based studios can also provide them with the opportunities for practice and production after class. The studios are open to students at all time throughout the year so that students do not have to move their unfinished works during the production process. The studios can also foster an atmosphere of design and enable exchanges of creative ideas for the mutual benefit of students. Unfortunately, with the mode of calculating the use of space currently adopted by design schools, Hong Kong is unable to provide students with these studios, which are supposed to be regular facilities of design schools. The 4 764 students of the Hong Kong Design Institute (HKDI) can only share these 35 home-based studios. I think it is necessary for the Government to put in more resources to meet the students' needs.

Cultural excursion is one of the teaching approaches employed by the VTC. Immersion in culture is indispensable in design and creativity and is acknowledged by world renowned design schools. However, it is not popular in Hong Kong. The HKDI will integrate in its new curriculum cultural contents as the basis of design education. Besides enhancing the cultural elements and include them as part of the core studies, the new curriculum will also include cultural excursions to strengthen students' learning experience in order to equip them with the ability to appreciate the living culture so that they can integrate culture with their design and industrial products. We hope that government subsidies in this respect can be obtained to benefit more students.

Providing a rich learning experience is a vital element in design education. The HKDI needs adequate resources to organize for its teachers and students academic exchanges with academic institutions on the Mainland and overseas so that they can get to know people of different nationalities and creative works of different cultures and better nurture creative ideas through broadened horizon, enhanced capability and level of creativity and accumulated cultural contact and experience. The development of these cross-cultural and cross-boundary exchanges is an indispensable element in design education in order to nurture future design talents of Hong Kong and put them on a par with those around the world. With the above few points, I would like to stress that it requires new thinking to nurture creative talents, and conventional methods will simply not work. Therefore, we have to provide resources and employ creative methods. I hope the Government will support this.

Finally, I would like to specifically talk about the point on "increasing the amount of tax deduction for expenditure on research and development" proposed in Mr Paul CHAN's amendment. Mr CHAN is a professional and his explanation is very clear, and I also agree with him. Nevertheless, I believe the Secretary must have found it familiar because this has been proposed by me and the Federation of Hong Kong Industries for many years. However, we advocate increasing the deduction for the expenditure on not only research and development but also on design because design is an important element. Besides, the amount of tax deduction should be more aggressively increased to 300% of the actual expenditure so as to encourage enterprises to provide funding for design and invest in research and development on their own initiative without requiring the Government to pay a single cent, and enjoy tax deduction when profits are obtained.

President, with these remarks, I support the motion.

MR JEFFREY LAM (in Cantonese): President, as Hong Kong is in the grip of the financial tsunami, the financial industry, which is one of its four major economic pillars, has suffered a severe blow. Various trades and industries are being affected, with the problem of unemployment and company closures getting more and more serious. The economic outlook of Hong Kong is indeed a cause of concern. At this critical time, we can no longer solely rely on the financial industry. Rather, we should formulate measures to assist the development of enterprises and creative industries, so as to create new development opportunities, enhance the competitiveness of Hong Kong and promote a sustainable economy.

Actually, regarding promoting creative industries, the Government has been talking about it for years but it is nothing more than a gesture. No major plan or policy has been introduced and a broad direction is lacking in many of the so-called measures. In many countries, creative industries have become the locomotive for driving the economy and a vital economic pillar. Back in 1997, the British Government established the Creative Industries Task Force in a bid to redefine the structure of their industries, solve the unemployment problem and help enterprises create wealth and employment opportunities through creativity and skills of individuals. Creative industries are accounting for over 10% of the Gross National Product of the United Kingdom, and design, film, cultural tourism and creative manufacturing have become red-hot industries. As a result of the introduction of the strategic "Design Korea" in 1998 to boost creative industries,

Korea was able to rebound quickly from the trough of the Asian financial turmoil; Singapore also introduced a visionary policy document on "Renaissance City 2.0" in 2000 and proposed concrete policies and directions for nurturing creative talents.

On the contrary, the creative industries of Hong Kong have not made any progress or have even been lagged behind over the past years. Does Hong Kong not have its own brands or creativity? Of course it does. Many international talents have blossomed in Hong Kong. Just in the film industry alone, there are international celebrities such as Bruce LEE, Jackie CHAN, CHOW Yun-fat and Stephen CHOW, whose names can generate quite a number of industries and trade. With its lively and versatile culture, Hong Kong can attract many visitors. For example, the novels of Louis CHA, one of the most influential martial arts novelists, are celebrated by Chinese around the world. However, what has the Government done to promote these brands? For instance, while the development of the former residence of Bruce LEE into a museum has remained a subject of debate to date, the Bruce LEE memorial hall at Shunde, the hometown of Bruce LEE's father, was completed at the end of last year. Examples of such "sluggish moves" abound. For example, the topical library on Louis CHA is even established in Macao instead of Hong Kong. Being converted from an old pawnshop with an aura of antiquity and decorated like the "Dragon Inn" inside, the library is able to inspire in visitors' the infinite association of CHA's martial arts novels.

President, I think the Government should make expeditious efforts in developing creative industries in order to avoid local brands from being compared unfavourably. At present, besides the lack of talents, the costs and promotion related to starting up a business are also problems faced by creative industries. The Chief Executive proposed in the policy address that a dedicated Creative Industry Office with integrated and realigned resources from various departments would be set up to support and promote creative industries. I hope the Government can take this opportunity to provide more help to capable persons, for example, facilitate the co-operation between industrial and commercial organizations and young people in order to develop creative endeavours and new products, offer tax concessions and financing guarantees for starting up businesses and provide human capital training programmes in order to nurture people with creativity and enable them to understand how to operate a business, including protecting intellectual property rights, writing up investment plans, promoting their industries and exploring sources of funding.

Besides, the Government should also provide more support in venues. Actually, I have all along been suggesting that the Government should expeditiously streamline the procedures and approval processes for using factory buildings for other purposes and encourage the development of creative industries through town planning, including using old factory buildings as entrepreneur cities to provide assistance to entrepreneurs; using vacant land in new towns to develop creative commercial projects, including flea markets, bazaars, local gourmet streets and "dai pai dongs" in the communities.

Earlier, the Government provided a site for the Hong Kong Jockey Club to transform, through its Charities Trust, a vacant factory building in Shek Kip Mei into the "Jockey Club Creative Arts Centre" for rent at low rates to artists or art organizations. I hope the Government can revamp industrial districts over the territory, such as San Po Kong, Kwun Tong, Chai Wan and To Kwa Wan, and speed up the zoning of vacant buildings and land in the districts to develop modern creative industries districts.

Besides, the Government should make good use of the geographical edge of Hong Kong and the Mainland to enhance the development of creative industries. Hong Kong designers can complement the productivity of the manufacturing industry on the Mainland in product designs and brand development and develop high value-added and creative products, so that both parties can open up the international market for creative industries and achieve a win-win situation.

President, I so submit.

MR TIMOTHY FOK (in Cantonese): President, in recent years, cultural and creative industries have become a priority "soft power" developed with dedication by various countries. In particular, ever since the establishment of the Creative Industries Task Force in 1998 by the former British Prime Minister Tony BLAIR, cultural and creative industries have, following technological innovation, become the new realm of development actively pursued by various countries and regarded as the new locomotive for economic development. Among others, the "Korean trend" has fully displayed South Korea's power of creativity in popular film and television culture.

Ever since the 2004 policy address of former Chief Executive TUNG Chee-hwa, the policy address and budget each year have highlighted the importance of developing creative industries. Even in the policy address published at the end of last year, Chief Executive Donald TSANG also indicated that a cross-departmental dedicated Creative Industry Office would be set up, and consideration would be given to integrate and realign resources to better promote and support the development of creative industries. Therefore, cultural and creative industries are supposed to be new pillar industries with a bright prospect and a strong momentum of development.

However, the development of Hong Kong's cultural and creative industries in the local market has all along been sluggish and stagnant. Over the past decade, the proportion of the cultural and creative industries in the local Gross Domestic Product (GDP) was stationary within the range of 3.8% to 4.1% and the number of people engaged in these industries was about 170 000. Such a great difference compared with other cities such as London, New York or even Singapore, which attach great importance to creative industries and in which the proportion of the relevant industries in the GDP ranges from 8% to 10%, coupled with the lack of a unique highlight, have caused the concern that within a short time, these industries are unable to develop rapidly in the local economy. Their prospect for development hinges on the successful expansion of their share in the mainland or even overseas market.

Actually, among the cultural and creative enterprises and personnel of Hong Kong relocated northward or even turned to pursue their development overseas, many have made their presence felt and soared to fame and success. This proves that Hong Kong has adequate outstanding talents in culture and creativity, only that the policy and support required in developing cultural and creative industries are lacking.

Of course, over the past few years, the Government has indeed introduced a host of measures in support of the development of cultural and creative industries, including setting up a \$250 million CreateSmart Initiative, establishing a Film Development Council and planning to set up a dedicated Creative Industry Office, injecting into the Arts and Sport Development Fund and delegating the Financial Secretary to oversee our creative industries development plan. However, as can be seen from economic data and views expressed by members of the industries, it seems that the Government's promotion efforts on creative industries are only confined to the guiding concepts and just building castle in the

air. As the measures fail to cater for the real needs and solid policies are lacking, such efforts are inadequate in boosting the development of creative industries. What is more disappointing is that the government policy on supporting the Cantonese opera, which is the symbol of local performing arts, has remained passive and the attitude adopted is one of offering small favour by "granting small subsidies whenever criticisms are voiced", while other traditional cultural industries of performing arts are left with destiny as far as support is concerned. In this way, how can outstanding Hong Kong talents not pursue their development outside Hong Kong? How can the cultural and creative industries of Hong Kong be developed and expanded? Our heritage may not even be preserved in the end.

To put it more directly, there is a lack of a clear focus of development in the policy on the cultural and creative industries of Hong Kong. It is necessary for the Hong Kong Government to consider establishing the priority areas of development selectively, and give more consideration from the perspective of industries operating on commercial principles, that is, besides assisting in exploring and enhancing the development potential of individual industries, it should also endeavour to help Hong Kong enterprises tie in with the policy on promotion and transformation of the relevant industries adopted by municipalities on the Mainland, having regard to the development strategy for cultural and creative industries adopted by different provinces and municipalities. After all, opening up the mainland market is not simply a development of economic and trade relations, and technological co-operation, professional education, exchanges in the area of culture and even non-profit-making activities are also involved in the process. At the same time, besides the mainland market, how to provide concrete help to the industries in opening up overseas market is also a goal requiring the collaborative efforts of the Government and the industries.

Developing creative industries is totally in line with the development direction of the knowledge-based economy of Hong Kong. Assisting the creative economy will not only help members of the industries but will also promote the overall development of the economy and enhance employment, which will have far-reaching implications. The Government must propose a host of policies on areas such as education, human capital training, tax concessions and funding subsidies and improve various complementary support initiatives and give priority to promoting the development of creative industries in order to achieve concrete results.

President, with the impact of the present financial tsunami, China will transform from being the workshop of the world into the world's market. At the same time, an Asian Pacific common market with China as the centre will gradually emerge. Before this happens, a Chinese common market founded on a shared cultural system will expand with closer cross-straits links. For Hong Kong, this is both an opportunity and a challenge. Hong Kong has not only preserved the essence of the Chinese culture but has also accommodated many new external cultures, together with the opening up of the society (*The buzzer sounded*)

PRESIDENT (in Cantonese): Mr FOK, the speaking time is up.

MR TIMOTHY FOK (in Cantonese): President, I would like to speak a couple of lines more

PRESIDENT (in Cantonese): Mr FOK, your speaking time is up.

MR TIMOTHY FOK (in Cantonese): In that case, with these remarks, I support the motion. (*Laughter*)

DR RAYMOND HO (in Cantonese): President, shortly after the onslaught of the Asian financial turmoil at the end of the last century, I have begun to plead with the Government to formulate policies to promote the development of innovative technology or creative industries in Hong Kong. I also organized seminars on the industrialization of innovative technologies in Beijing and Hong Kong in 1998 and 2000 in collaboration with professional and research and development (R&D) organizations in Hong Kong and on the Mainland. I also submitted the relevant discussion results to the Hong Kong Government for reference and pointed out that ultimately, Hong Kong must develop innovative technologies to explore a new direction instead of solely relying on the development of the financial and services industries. No one would have thought that Hong Kong would be subject to an even more severe financial tsunami in 10 years' time, and being still reliant on the financial and real estate industries, Hong Kong is

suffering a serious blow again and creative industries have become the focus of discussion of this Chamber once more.

As can be seen from the experience of some developed countries, creative industries are the engine to economic growth. Therefore, Hong Kong must expeditiously develop a creative economy in order to materialize a sustainable economy in Hong Kong. Hong Kong has a certain edge with regard to opening up the horizon of creative industries. First of all, regarding R&D, tertiary education institutions in Hong Kong have already made considerable achievements in various fields. Besides, Hong Kong can also capitalize on the advantages of the Mainland on R&D and leverage on its own shrewd sense of market conditions and marketing network to achieve division of duties and co-operation and consolidate each other's strength. Actually, Hong Kong is doing very well in project financing, market expansion and the protection of intellectual property rights, and can thus take up a very important role.

Undeniably, Hong Kong has achieved remarkable results in some individual creative projects. Take animation as an example, the earlier multinational production of a movie called "Teenage Mutant Ninja Turtles", with its computer-generated animation entirely done by a Hong Kong animation company, achieved excellent box office results around the world. Regarding digital visual effects, the movie "The Secret of the Magic Gourd" with its computer animation and digital effects produced in Hong Kong, has won the Best Children's Film in the 16th Golden Rooster Awards. It is the first movie that Disney has co-produced with companies in China.

These examples of success can precisely illustrate the potential of the creative industries in Hong Kong. Although there are plenty of talents in this field and also lots of chances and edges for development in Hong Kong, there is still the lack of an overall co-ordination and capability to give full play to such potential at the economic level. This has rendered creative industries unable to become the main driving force of economic development with their achievements being confined to individual projects. It is also because of this restraint that quite a number of talents in this respect cannot but turn to develop in areas with better conditions, which has made it difficult for Hong Kong to retain talents and has thus undermined the competitiveness of Hong Kong.

Therefore, it is necessary for the Government to introduce complementary policies and elevate creative industries to a higher pedestal of the overall

economy of Hong Kong so that they will become the major impetus to Hong Kong's economic growth. These policies should be implemented in various aspects, including promoting co-operation between Hong Kong and the Mainland, providing training for creative talents of Hong Kong, providing sites for development and strengthening the enforcement of legislation in the protection of intellectual property rights and related areas.

Last year, the Chief Executive also mentioned some concrete proposals in his policy address, including exploring the feasibility of, *inter alia*, conducting R&D projects on high-new technologies and developing cultural and creative industries in the Loop area. Besides, the Government will also set up a dedicated Creative Industry Office to undertake inter-departmental co-ordination. These are correct policy directions which deserve our support.

President, I hope the Government can seriously promote the creative industries of Hong Kong to explore a new direction for Hong Kong's economic development. I so submit. Thank you, President.

PROF PATRICK LAU (in Cantonese): President, the original motion proposed to secure Hong Kong as the locomotive for developing creative industries in the region. Actually, the locomotive for creativity should be architectural design. You may have heard that "Architecture is the master of all arts". A good architectural design requires ample creativity. The construction of creative "green intelligent buildings" can facilitate the development of related creative industries, such as intelligent solar panels, automatic irrigation systems for green rooftops, rain collection and recycling systems, intelligent security devices, energy-saving household appliances, high-technology communication networks and even supercomputers and software used in producing computer graphics and construction. Therefore, the construction industry is actually a very important leading industry among creative industries.

Green creative industries are equally important and places all over the world have been stressing the need to cope with the risks of climate change. Studies have revealed that over 70% of the greenhouse gas is generated by buildings and "green buildings" should not be overlooked at all. Therefore, members of the industry and I have founded the Professional Green Building Council and have been making great efforts over the years to promote creative

green buildings, especially in studying the use of wastes as construction materials and the application of renewable energies.

Actually, in order to encourage extensive public participation in green living, a suitable living environment is needed for the public to put this idea into practice. Therefore, in designing buildings, the primary consideration should be to achieve harmony with the environment so as to reduce energy consumption and to use renewable energy. There should be adequate space in the flats to facilitate ventilation and space to tie in with proper recycling processes so as to promote the development of green creative industries.

President, what exactly is creativity? Let me elucidate it by quoting some old writers: creativity is to change our stagnant mode of thinking; creativity is to break away from our unchanging habits of living; and creativity is to alter our stifled attitude in dealing with the world.

It is most creative to make something out of nothing. Outdated legislation should be reviewed in a timely manner instead of being allowed to limit the space for creativity. However, it is precisely the legislation of Hong Kong, including the Buildings Ordinance, which is the culprit in stifling creativity. Because of harsh regulations on areas such as building height and site coverage, architects are almost completely deprived of any creative space. That is why buildings of irregular shapes can hardly be found in Hong Kong, and our situation is different from that of European and American countries where people can admire buildings with unique designs and architects are much respected and admired as celebrities.

President, besides encouraging a creative living environment through legislation, education is also very important. The experience of Finland is a very good case in point. The reason why Nokia can produce so many creative mobile phones is that Finland attaches great importance to the creative education for children and allow them to express themselves freely and so talents with immense creativity can be nurtured.

On the contrary, the spoon-feeding education of Hong Kong — President, you should be very familiar with this subject — has totally stemmed creative potential in children. Primary students, being occupied round the clock just by homework, revision, dictations, tests and examinations, and after-school classes on this and that, have no time to sit down and think at all. Therefore, children

nowadays are really "smart", as can be seen from the television programme "Are You Smarter Than A Fifth Grader" in which children can correctly answer all the questions which are even too hard for adults. However, is there creativity? When I was teaching at university, I found that the biggest problem with university students was that they did not know how to ask the right question, which is very disappointing.

To nurture creativity, one needs to keep pondering on issues. When I was teaching architecture, I always encouraged students to engage in "analysis and synthesis" because only by doing so can concepts be created. When it comes to the so-called "concept", it is actually most important to come up with a concept to enhance the training of creative talents. Therefore, R&D is vitally important. In the face of the risks of climate change, it is very important to conduct researches on creative "green intelligent buildings". However, the Government has even made the construction sector ineligible for applying the Innovation and Technology Fund on the ground that the construction industry is not a creative industry. It does not even understand that construction is in itself creativity. The Government's inflexible mode of administration is the biggest hindrance to the development of creative industries. As a matter of fact, Hong Kong is a very liberal society most suitable for the development of creative industries.

Another example is that although the Government has provided venues for creativity, such as the Hong Kong Science and Technology Parks, the InnoCentre and arts buildings, given the numerous constraints, people prefer identifying their own venues in old factory buildings in Sha Tin. Therefore, in order to develop creative industries, the primary task is to eliminate the inflexible attitude and the redundant regulations and organize more open design competitions in order to encourage creativity.

Besides education and R&D, practice is also very important. Therefore, a "Creative Industries Park" should be developed to pool talents together. The sound legal foundation of Hong Kong, which can guard against infringement of intellectual property rights, is adequate to boost investors' confidence. At the same time, Hong Kong, being adjacent to the huge market on the Mainland, has a vantage geographical position and is very suitable for developing into a "creative park" similar to the Silicon Valley.

President, the number of projects has been decreasing over the past decade after the reunification. The financial tsunami serves as a reminder that we

cannot rely solely on the financial industry. The "Creative Industries Park" can not only absorb the unemployed from different trades and industries but can also attract overseas investment to promote economic development. Most importantly, it is a sound foundation for practising creative industries and a diversified economy.

I so submit. Thank you, President.

DR LAM TAI-FAI (in Cantonese): President, Secretary, the scope of creative industries is indeed very broad and may cover various trades and industries. As a Member representing the manufacturers' associations, I would like to analyse from the industrial perspective the role the Government should play in promoting the development of local creative industries.

As we all know, at present, Hong Kong has developed into an economy mainly based on the financial and real estate industries. President, Secretary, I believe both of you may agree that the contribution of the manufacturing industry to the stable and prosperous development of Hong Kong over the past few decades cannot be denied. The greatest contribution of the manufacturing industry is that it can provide ample employment opportunities and jobs for the society to support the living of many families, which is very important in protecting people's livelihood. Actually, many billionaires and tycoons in the financial and real estate sectors in town owe their success to and made their first bucket of gold from the manufacturing industry.

President, the present financial tsunami precisely reflects that over-development of the financial and real estate industries will easily give rise to a bubble economy which will burst at any time and ruin the economic foundation of the entire society. Although many financial products are very creative, such creativity has now proved to be toxic. Comparatively speaking, the manufacturing industry has a more solid foundation. On the one hand, as I said just now, it can create ample employment opportunities for the society, and on the other, it can also ensure a steady economic growth at different times.

President, with the reform and opening up of the Mainland, the land price in Hong Kong is higher than that on the Mainland, and the employee costs and labour cost are also higher, together with the long absence of a sustainable and sound government policy on industry, the glorious days of the conventional

industries of Hong Kong have ended. The operation of the manufacturing industry of Hong Kong — particularly small and medium enterprises (SMEs) — is becoming more and more difficult. As we all know, under the existing policy, conventional industries such as the electronics industry, the textile industry and the plastics industry have very little room for development in Hong Kong. However, I believe if we can put in some creative elements and develop related creative industries, achievements and breakthrough are in fact possible. Nevertheless, in developing creative industries, enterprises will face a host of problems which they cannot resolve alone, and the Government must create a favourable business environment and formulate beneficial policies to help the industry resolve these problems.

Creativity cannot be attained by will, nor does it come about simply when it is wished for. It has to be developed and studied, and time is also required. It involves R&D and incurring a very high cost, though it is very short-lived. Therefore, I propose that the Government should provide a greater amount of tax deduction for enterprises for expenditure on R&D in order to encourage them to engage in it. In this connection, I support the idea expressed by Mr Paul CHAN just now.

At the same time, the Government should also enhance the existing funds for the development of creative industries and step up its efforts to reduce the burden of such costs on the industries, as in the case of countries such as Korea, Singapore and Taiwan. In this regard, as Dr Samson TAM has made an analysis just now, I do not intend to repeat my ideas.

I propose integrating the support for the development of creative industries with the plan to revitalize industrial areas, and formally and flexibly allow the use of flats of old factory buildings for other purposes in order to encourage and facilitate young people and SMEs to engage in developing creative industries and to reduce costs.

Last year, the Government converted a factory building in Shek Kip Mei under the Hong Kong Housing Authority into the Jockey Club Creative Arts Centre. This was the first time the Government transformed a vacant factory building into a production venue for creative industries. Although there are complaints that the Centre is unable to achieve the expected results due to the numerous restrictions imposed and the low patronage, I think the overall direction

is correct. As long as the Government can introduce further effective improvement measures, this practice should be implemented soon. I think the best idea is to expand the integration of the plan to revitalize industrial areas and the development of creative industries to cover private factory buildings.

Besides, the essence of creative industries is creative ideas. Therefore, creative talents and management personnel for creative industries are crucial. The Government must put in more resources to improve the policies on education and human capital training in Hong Kong to nurture the talents required by creative industries. For example, it should modify the secondary, tertiary and university curricula and strengthen teacher training in order to nurture creative talents in the long run.

The Government should also assist SMEs to open up markets for creative products. With the slowdown in the European and American economies, it is more evident that there is room for expansion in the mainland market. However, it is easier said than done for SMEs of Hong Kong to achieve success in opening up the mainland market on their own. They must establish good brands in order to tie in with market expansion. However, as SMEs often lack resources and channels, I very much hope that the Government can allocate additional resources, introduce more concessionary policies and conduct more liaisons with the mainland authorities in order to assist SMEs of Hong Kong to promote their brands and enter the mainland market.

Finally, I would like to express my support for Dr Samson TAM's motion, which requested the Government to formulate systematic and long-term development policies, objectives and implementation timetables for creative industries and step up the work of the dedicated Creative Industry Office.

President, I so submit.

MR CHEUNG MAN-KWONG (in Cantonese): President, the motion debate today is on how to promote creative industries. Ms Audrey EU's amendment added "cultural" before "creative industries", which explains that the creativity of a place is closely related to its culture.

What is Hong Kong culture? Or what is the official Hong Kong culture? According to the recommendation made by the Culture and Heritage Commission

in 2003, the area of culture in which the Government may intervene by way of policies should mainly be the high arts. Therefore, only high arts can be elevated to the official level. High arts are a part but not the whole of culture. The cultural incidents happened in Hong Kong in recent years, from the issue of heritage conservation triggered by the Star Ferry Pier to the controversy of the future West Kowloon Cultural District (WKCD), have reflected that the so-called culture does not only include fine arts such as drama, dance and music but also includes popular culture which is broader in scope, integrated with the community and participated by all sectors in society.

Artists are beginning to make use of more public space as venues for art performances and exhibitions. Besides ordinary exhibition space, they also turn to the community, such as old factory buildings or shopping malls, to organize more cultural events, which has given rise to more art studios in various communities and facilitated the formation of art communities with different nature and backgrounds. Therefore, art exhibitions have changed from the previous annual exhibitions to co-organized short-term activities or even shopping mall events. This reflects that more art has integrated into the community.

Actually, many artists, especially those novice, not-so-famous and travelling artists and students, they cannot afford the high rentals of government venues. Besides, ordinary exhibition venues may not be able to cater for the needs of the new media art. Therefore, these artists may not rent government exhibition and arts venues. On the contrary, using studios in factory buildings and the atrium of shopping malls for short-term exhibitions, artists can enjoy more flexibility provided by the design of the actual environment and get closer to public viewers, such as the use of some display windows by the Langham Place shopping mall to display the works of various artists in the "Boxing Devil" exhibition and the "arttube" of MTR Central Station, and a roving art programme with cylindrical exhibition boxes placed at various stations. These practices are desirable and can be developed. The Government can make use of some government buildings, schools, universities or public places to give more chances for local artists to display their works and encourage private organizations to display different art works at their premises to provide local artists with more opportunities to display their works. To my knowledge, it is decided that displaying local art works is an important direction of the future new Legislative Council Complex. When more and more government and subsidized organizations and more shopping malls and plazas move towards the promotion

of local arts, the WKCD will be present and felt everywhere and the arts will not be too high sounding to be well received.

In recent years, some street arts performances have begun to emerge in the pedestrian precincts of Hong Kong. Although the Government has not expressly prohibited such performances, it may prohibit performances at public places which cause traffic disruption and noise nuisances under the Summary Offences Ordinance, and many on-street performances have been interrupted as a result. For example, some elderly people who organized concerts in Tin Shui Wai to entertain themselves and the others came into conflict with the police because of the noise problem. Some artists explicitly indicated that the consent of the police is required for organizing on-street events. Very often, the police have become a hindrance to on-street events. I understand that street arts performances have to take up some road space and the noise level may sometimes be a bit high, but which metropolitan city does not have on-street performances? The number of on-street performances in Hong Kong is already far less than those in many metropolitan cities. Therefore, they should not be denied and outlawed lightly. On the contrary, the Government should examine ways to allow artists to organize exhibitions and conduct performances at public places through simple administrative procedures, so that culture, arts and creativity can be integrated into the community and get closer to the general public. On-street performances can provide free entertainment and arts to the public and can also enrich the culture of Hong Kong and enhance the characteristics of communities, and they can even be the highlight of the tourist industry. The Government can, without waiting for the WKCD, provide more street space to recognize and encourage the direction of on-street arts.

The definition of culture has always been pluralistic. In order to become a cultural metropolis, Hong Kong cannot rely on the WKCD alone. Providing nutrients to nurture culture in the society of Hong Kong is like allowing the roots of a large tree to extend infinitely so that they can hold on to the soil to blossom and flourish. Similarly, nurturing culture and the arts on the streets of communities is also part of popular culture and creativity. As artists are already willing to enter the community and organize arts events or community theatres with schools and community organizations, should we not provide them with suitable space and assistance and street space with heavier flow of people to support and encourage the pluralistic development of the arts?

President, I so submit.

MR ALBERT CHAN (in Cantonese): President, when it comes to local creative industries, adequate space and legal protection must be provided under the social system, especially with regard to protecting the freedom of speech. In the absence of the freedom of creativity, any discussion of creative industries will only be futile.

The League of Social Democrats has been fighting for years for the freedom of access to information, in particular the freedom of broadcasting, which is one of the vital elements. At present, the entire broadcasting policy and the broadcasting media are under the control of the Government and large consortia. If freedom is absent even in broadcasting, many creative ideas and concepts can hardly be put into practice. In Hong Kong, the thinking of many people and the information available are actually controlled by the Government, with the Internet, which allows for a certain degree of freedom, being the only exception. The control in broadcasting has stifled the creativity of Hong Kong.

President, I am very glad that there is a chance today for the respective Members to move the original motion and various amendments. Creativity is actually infinite, which will give rise to abundant business opportunities; as there are abundant business opportunities, enormous wealth will be created. Many of us mentioned Bruce LEE, animation, films, the Internet and a number of large enterprises in the United States engaged in creative industries. Be it Bill GATES or the founders of Yahoo and YouTube, all of these people are youngsters without much funds. Yet, some of the largest enterprises in the world were founded by a couple of people working on their endeavour in the garage for a certain period of time. This is creativity. The space needed is available in the American society, and encouragement is also provided by their government. Their culture, especially with regard to fostering the development of young people, encourages creativity, and their education system plays a role in this regard.

The education of Hong Kong does not encourage creativity. Very often, only memory, conformity and indiscriminate compliance are encouraged, and recording machines are produced. Government officials, who are like human recording machines, are a case in point. When government officials lack creativity, how can they assist in promoting creativity? When even government officials who earn an annual income of \$4 million to \$5 million and only know how to perform the role of human recording machines are not dismissed, the Government certainly will not encourage creativity. Therefore, in order to

promote creativity, President, the Government must provide the space required to facilitate such an initiative.

When it comes to the cultural district, we can see how successful the design of Bilbao is, right? It is because adequate efforts have been made to promote creativity. I do not know what the cultural district in Hong Kong will turn out to be under this domineering and ossified bureaucratic administration. It may become something like the traditional Peking operas of "The Tale of the Red Lantern" and "The White-haired Girl", or the 21st century version of "The White-haired Girl" or their likes. Let us wait and see what kind of creative industry the development of this cultural district will become.

President, if we really want to implement creative projects, complementary policies are quite important. President, ever since 2003, I have been putting forward the proposal of "implementing creative projects, creating prosperity" whenever I met with the Chief Executive and the Financial Secretary. However, my proposal was simply dismissed and nothing was changed over the past six years.

Today, I am very glad that many Members made similar proposals. However, my proposal is not just on technology. As I have pointed out earlier, creativity is infinite, it can be a building, as Prof Patrick LAU said, or it can be technology, martial arts and enterprises. I have cited plenty of examples in this Chamber in the past. The Bao Mo Garden of Panyu has been developed for two decades now. It is just a very simple concept and has attracted countless tourists to Panyu since the beginning of its economic development.

The Hong Kong Government has always been exploited as far as creativity is concerned. One of the examples is the case of the cyberport, in which the Government has been exploited to the utmost. It has turned out to be a real estate project. Although the Government was able to make some profits, this is the case in which the Government was most exploited in history, or ever since the inception of Hong Kong. It can be said that the Government is a great fool.

The second example is the Disneyland, whose concept was borrowed and introduced into Hong Kong. The loss incurred was so huge that it caused piercing cries of pain, so to speak. It not only cost us a few tens of billion dollars but also brought disgrace to Hong Kong.

If the Government had any creativity, it should have allowed the people of Hong Kong to start their own business and promoted concepts originated from the people of Hong Kong. I have pointed out for years that the Cheung Po Tsai Cave is a good concept. If it were on the Mainland, the Cheung Po Tsai Cave must have been developed into a large-scale theme park for a long time. The Chimelong Wildlife Park is a very simple concept, and the entire region of southern China has developed into a tourist spot which can attract many visitors.

Twenty years ago, I put forward to the Government the proposal of developing a zoo in Hong Kong, and the motion was passed by the former Regional Council in 1988, right? Nothing was done about it in the end. Therefore, promotion is definitely impossible under an inflexible bureaucratic administration. The Government must allow the public to take up this initiative so as to give full play to their potential instead of allowing the technocrats, those domineering technocrats, to stifle and strangle creativity.

I assisted the Global Art Centre with their licence application. They invested a few tens of million dollars but it took them as long a time as 24 months to obtain the licence, during which they have already suffered a loss of over \$20 million. They intended to start a business in tourism but were unable to do so because of the unnecessary restrictions imposed as a result of the bureaucratic administration of the Government. Therefore, I hope the Secretary can really take a look at my proposals on creative projects submitted to the Government over the past six years. This year, I have a chance to meet with the Financial Secretary, and I submitted the proposal to him yesterday. I also submitted my proposal to the Chief Executive when I met with him a few months ago.

In essence, the Government has to establish an independent committee instead of allowing itself to be led by officials and give approval to whatever proposals received. Once the proposals are approved, land should be provided to give full play to its potential. More support on the financial aspect, taxation and human resources should be given, and co-operation with universities and professional organizations should be sought. However, manipulation and control by officials must not be allowed, and neither should officials be delegated with gate-keeping. Or else, these creative projects will become another cyberport and a tool of deception and monopolization for the large consortia, and will ultimately become a real estate project. Creative projects should never be real estate projects, and this is a point which should be strictly adhered to.

MRS REGINA IP (in Cantonese): President, the motion moved by Dr Samson TAM and the amendments proposed and the speeches made by various Members today have shown that a consensus has been reached by this Council, that is, we cannot rely solely on the conventional mode of economy, namely the so-called "four major pillars". As we all know, the competitiveness of these four major pillars is weakening, and we also know the pitfalls of solely relying on the financial industry as the locomotive for development.

Regarding data on the financial industry, just from these data alone, we know that in the period between 2005 and the onslaught of the financial tsunami, although the gross domestic product (GDP) generated by the financial industry was high, accounting for 12.7% of the GDP in 2005, the number of people engaged in the industry was very small, accounting for 5.4% of the overall working population. As the vast majority of the labour force was able to benefit from the financial industry, I strongly support Dr Samson TAM's motion, which urges the Government to take proactive measures to promote creative and cultural industries.

In this connection, I would like to bring up a few points. First of all, the Government is indeed too late in taking action. Just by conducting some researches, the Government would have realized that Australia already published a report in 1994 and named itself a "Creative Nation". The United Kingdom even set up the Creative Industries Task Force in 1997 through the Department of Culture, Media and Sport and published a report. Therefore, I notice that although the Chief Executive mentioned the need to promote creative industries in 2006, the Hong Kong Special Administrative Region (SAR) Government is indeed very late in taking action compared with other countries.

Secondly, although the Chief Executive have been mentioning creative industries in his policy addresses for three years, it is really disappointing that no definition of creative and cultural industries has been provided, as if he does not understand this concept at all. I do not know whether officials of the SAR Government are so busy that they do not have any time to read or even browse the relevant websites, or whether they have conducted further studies and so are unable to include them in the Chief Executive's policy address.

However, I think if the Government really wants to seriously promote creative and cultural industries, it has to make some efforts in defining them. If the Government had conducted some studies, it would have found that there are at least four models in the definition of creative industries. One is the British

model — although Prof Patrick LAU has just left the Chamber, he must be very glad that architecture is given a very high precedence in the British model. Another one is the Symbolic Text Model, in which there are the so-called core cultural industries and borderline cultural industries. There is also the Concentric Circles Model, in which there are also core creative industries and creative arts and other relatively peripheral cultural industries. This is something like what has been mentioned by Mr CHEUNG Man-kwong just now, that is, there are some relatively high-brow, serious and expensive cultural industries while there are also some relatively peripheral creative industries which have been passed on from the older generations, like a concentric circle, with a small circle and larger ones, representing creative cultural industries of different levels.

Of course, there is also a WIPO Copyright Model, that is, the World Intellectual Property Organization Copyright Model, in which intellectual property right is regarded as the basis of creative industries. In other words, it is inadequate to define creative industries only with respect to trades and industries.

According to the definition proposed by the United Nations, the value added to creative industries — their added value — comes from their creativity or cultural substance. As they have unique creativity and cultural substance, their added value is particularly high.

I like citing examples when delivering my speeches. As we all know, we may buy some very expensive luggage, such as luggage by Louis Vuitton (LV). There are many types of luggage, why is luggage bought from Tung Choi Street so different from that by LV? It is because the latter introduces a concept. As we can see from the advertisements of LV, it is almost an encounter, a journey and an experience. Why is high fashion so expensive? Because it is not just a piece of clothing but also a fashion statement with substance. Therefore, if the Government really wants to promote creative and cultural industries, it should make efforts in defining them.

Besides, efforts have to be made in the establishment. I am very glad that the Government has indicated that a Creative Industry Office will be set up, yet it will fall under the purview of Secretary Rita LAU. Secretary Rita LAU, how can you manage to oversee this Office? Secretary, you may also agree with this point. I am not trying to belittle you, I know that you are very capable, and everyone knows that you are overseeing the Commerce and Economic Development Bureau, which is formed by merging the former Commerce and

Industry Bureau and the former Economic Services Bureau before the third term of the SAR Government. Though the words "industry" and "technology" are absent, you also have to oversee matters relating to technology and industries, and also broadcasting, right? I do not know whether you are all strong and mighty, if not, how can you possibly take care of so many areas of work? How is it possible?

The Government has been saying for years that this task will be undertaken by the Secretary for Commerce and Economic Development under the leadership of the Financial Secretary. However, nothing concrete has been done despite all the gestures, and even officials at the rank of D6 are incapable of taking up this task, Secretary. As our civil servants are so busy and are so used to the bureaucratic style of administration, how should they know how to develop creative and cultural industries? The way to do it should be to set up a cultural and creativity department or delegate a minister for culture and creativity from members of the business sector or the industries, as in the case of the United Kingdom or other countries. Actually, we do have Administrative Officers joining other professions after leaving the Civil Service, everyone should know who I am referring to, and he is now working as a consultant, a consultant of the creative industries.

Secretary Rita LAU, I think this arrangement is impossible. If the Government sets up an additional department under your purview while you already have to handle matters relating to legislation on fair competition — you keep nodding your head. You are also the one to undertake matters relating to small and medium enterprises (SMEs). Just in the past few months alone, there were a few applications for provision, and you were already — I am not saying that you were at a loss as to what to do but you were already unable to cope with them, right? Therefore, I think if the Government really wants to develop creative and cultural industries, it should not set up an office under your purview. How can you oversee it?

Unfortunately, as I suffered from influenza during the New Year and was on leave, I forgot to propose an amendment to this motion before the debate. I would like to take this opportunity to urge the Government to formally set up a department/bureau of creativity and culture, and identify another Secretary for it so as to alleviate your burden and engage some professionals to forge closer liaison with the industries and seriously promote the creative industries. Thank you, President.

DR PAN PEY-CHYOU (in Cantonese): President, regarding creative industries, Hong Kong had a glorious past. When we talk about the 1970s and 1980s we know about, we can recall that Hong Kong did have a lot of creative products. Nowadays, we have the feeling that the creative industries are perhaps like a beauty in her declining years. Many Honourable colleagues have just mentioned that we lagged far behind comparing with the rest of the advanced places in the world. We are like the hare in the story about the hare and the turtle running a race — really lagging behind. We must do our utmost to catch up. Here I would like to take this opportunity to review our strengths and weaknesses in the development of creative industries in Hong Kong as well as to make some suggestions.

First of all, our strength lies in the flow of information. Hong Kong is a place where information flows unimpeded by means of the media and the Internet. We enjoy a free flow of information and it is unhampered. Secondly, we have freedom of speech, which is also an advantage to the development of creative industries. Freedom of speech provides an environment where people will not be blamed for what they say. With this environment, people's minds are unfettered and creativity emanates as a result. Thirdly, Hong Kong has a sound legal system. Hong Kong's independent judicial system together with an efficient law enforcement system protects our intellectual property rights. Therefore, I would like to mention that, in this 12-year period after Hong Kong's reunification with the Mainland, we see an actual and continual progress in the protection of intellectual property rights.

On the other hand, Hong Kong's advantage is a huge market. Placed at the centre of the cultural circle of Greater China, we have the Mainland with us, Taiwan on the other side and South East Asian regions in the south. This huge cultural circle of Greater China is a huge market wherein people speak the same language. The current CEPA arrangement and the various plans in the Pearl River Delta have further fused the Hong Kong and China markets. It has also created a huge market. Another point worth mentioning is the charisma in the culture of Hong Kong. What is Hong Kong culture? It means full of vigour, profuse satisfaction and great fun. And that makes our cultural products very attractive.

However, we also have our weaknesses. A lack of policy is the greatest problem. Hong Kong has been pursuing the policy of positive non-intervention since the colonial times. Today, however, it has turned into an obstacle. The

second weakness is that our cultural foundation is too scanty. The problem is that our urban development has rapidly eliminated our traditional culture. Some things may disappear in a year or two. What about the new culture? Although new types of culture keep flowing into Hong Kong, most often they splash just like water off a duck's back. Instead of permeating into the soil, they just vanish after a short while.

Another cause of a scanty cultural foundation is the exclusion of the mainstream culture against the subcultures. Hong Kong is highly creative and subcultures are most often created among the minorities. However, as our young generation needs to be recognized, they are afraid of being stereotyped as old-fashioned or ostracized. As a result, the mainstream culture becomes too dominant for subcultures to survive.

Competitors being too many and too strong are another weakness in the development of our creative industries. South Korea, among other things, has an annual growth of more than 20% in its creative industries. It is a very strong competitor for us. Singapore and other regions that have just been mentioned are also very competitive.

However, the people of Hong Kong are not afraid of competition. Facing with such an environment, we have strengths and weaknesses. What actually can we do? What we should do is to sustain and utilize our strengths on one hand while eliminating our pessimism and weaknesses on the other. I think the most important thing is that the Government has to get rid of the myth of positive non-intervention. The so-called classical Taoist political concept of governing by non-interference can only bring us to a limited stage of development. If we wish to develop further, the Government should take the lead and act positively by making policy and financial commitments.

Some Honourable colleagues have mentioned that the Government should set up a department responsible for development in this aspect. In fact, the Government has already set up a dedicated Creative Industry Office, but I think it is still not enough. We have to truly accomplish the goal of "laymen to be led by professionals". Why? In the field of creative industries, the Government is a layman, which means the Government needs comment or advice from the professionals. The Government is an expert in administration. Hence, it is the responsibility of the Government to administer and formulate policies in line with professional advice from the creative industries. I propose the setting up of a consultative body with a sufficient number of members from professionals

engaged in creative industries for the purpose of enlightening the Government before development projects are formulated. I think this consultative body and the Creative Industry Office I have just mentioned can complement each other.

I believe that with this consultative body and the Creative Industry Office, we can develop a comprehensive plan. We do not have to worry too much. With the promotion of the subjects like humanities and liberal studies, we can foster traditional culture and subcultures. At the same time, we can also make the soil of creativity in Hong Kong more profound and fertile. I am therefore of the view that creative industries in Hong Kong are full of bright prospects. I also believe that the implementation of the West Kowloon Cultural District project can further help promote creative and cultural industries. I so submit.

MR LEE WING-TAT (in Cantonese): President, creative industries are regarded as rapidly growing industries in the global economy. Before such new industries develop on the right track, the SAR Government appears to be incapable to do anything despite its willingness.

Today, I am grateful to Dr Samson TAM for moving this motion. Given that he is a representative of the Information Technology sector, his motion tends to focus more on technologies, the media and intellectual property rights. In the promotion of creative industries in the past, the Government has also placed its focus on these aspects while neglecting the importance of art and cultural development to creative industries.

The cultural development of a society is one of the key factors to creative industries. According to The University of Hong Kong's Baseline Study on Hong Kong's Creative Industries commissioned by the Central Policy Unit in 2003, culture has been rediscovered to be a core resource that could help foster economic development.

Although the Government's annual recurrent expenditure on culture and the arts is around \$2.5 billion, which is no small amount of money, a large portion of it are expenses incurred by the Leisure and Cultural Services Department (LCSD) and only about \$700 million is spent on subsidizing art companies and organizing cultural activities. Meanwhile, about one-third of this \$700 million is allocated to nine major performing arts groups, each one of them receiving a subsidy on administrative expenses ranging from \$4.6 million to \$56 million.

Regarding small and medium art companies and budding artists, they have to apply to the Hong Kong Arts Development Council for subsidy which is only a slice of the Council's annual government funding of \$70 million, thus reflecting how limited their subsidies are. There is a lack of vision in the Government's subsidy policy in respect of nurturing budding artists. Nor does it provide an avenue to boost the development of small and medium art companies and enable major art companies which are in their prime to further flourish without support.

President, government funding is mainly provided to performing art companies and rarely granted to other art forms. So, at this very time when the Government is reviewing its current subsidy policy, the Democratic Party would like to suggest that the Government's future subsidy policy should aim at nurturing the performing art companies, in addition to expanding various forms of art other than the performing arts, such as literature and installation arts, so as to facilitate the diversity of arts development in Hong Kong.

One of the major hindrances to the independent operation of art companies is the limited performance venues or limited opportunities for the display of exhibits. The written question I raised today is about the Hong Kong Arts Centre's and relevant organizations' abundant collections which are rarely exhibited and they are stored in repositories. Most of people's donations to the Government have been stored in warehouses for most of the time. Exhibition may not even be held for every five or 10 years. However, the main reply to my written question has not answered quite a number of points I have raised. President, the Secretary does not have the courage to provide the relevant data relating to the number of articles which have never been displayed or have been displayed only once or twice so far. The Secretary does not have the courage to list such data, just saying that the situation is very complicated and calculation is too difficult to make. Perhaps I should ask the Secretary a follow-up question later.

Take performing arts as an example. Although there are almost 40 performance or exhibition venues under the LCSD, most of them are integrated performance venues and may not be able to meet the performing needs of different art forms. Moreover, as art companies can only stage performances in these venues for a short period of time, their dependence on the availability of government venues deters a stable source of income for the artists.

In fact, we can see that relevant studies have been conducted in Hong Kong. According to the Baseline Study on Hong Kong's Creative Industries,

40% of the creative workers are earning less than \$10,000 a month. In a chat with some young artists, I was told that to be an artist in Hong Kong, you would most likely be leading a hard life. You have to face the ups and downs of the industry and your belly has to be tough enough to stand hunger. The Hong Kong Arts Development Council's tracking survey recently conducted has also found that the performing companies' employees have received a meager increase of salaries over the past eight years. As we can see, many artists are not working full-time and work in the arts is only part of their career. For instance, in the Jockey Club Creative Arts Centre at Shek Kip Mei, the Fo Tan art district and so on, most of the artists there are having full-time jobs in the day and only engage in creative work at night.

While the display venues for other types of artwork in Hong Kong are even less, the mode of operation and level of rentals may not cater for the needs either. The "Fotanian — Fotan Artists Open Studios", an annual event organized by artists on their initiatives, was held just two weeks ago. I have paid a visit twice. I am also thankful to Mrs Carrie YAU, who has also paid a visit on my encouragement and she deserves my praise. Given the development of other venues such as the Cattle Depot Artists Village at To Kwa Wan and the Jockey Club Creative Arts Centre at Shek Kip Mei, we agree that the Government has the resolve to develop these arts industries in a progressive manner. But the pace is too slow and there is a lack of publicity. Very often, even good exhibitions are poorly patronized. In fact, the exhibition at Fo Tan is excellent. But for the centre at Shek Kip Mei, the number of visitors is too few.

In fact, I think the Government should enhance the opportunity for local artists to display their artworks as much as possible. Let us take a look around us. We have so much public space. The harbour-front area outside the Hong Kong Cultural Centre alone is an example. In fact, opportunities need not be too many. A performance or exhibition once or twice in a year will certainly make young artists much happier than funding for Fo Tan or the Cattle Depot because their works can be shown to the public. If the LCSD and the Bureau are willing to provide support, these young artists would be very happy. The young artists at Fo Tan said that what they wanted was not government funding but an opportunity to allow their immature works to be shown to the public. So, I hope the Secretary can follow up on this. In fact, it is not costly in this aspect. If a scheme is launched, I believe they will benefit from it.

On the other hand, President, we can see that another category of creative industries is certainly media broadcasting. But owing to time constraint, I will not speak at length. However, Secretary, we have mentioned this problem previously. In my opinion, the Secretary owes the Radio Television Hong Kong (RTHK) and Hong Kong people an explanation. Now the RTHK is like something dangling in the air, not knowing what to do. Should public service broadcasting undergo reform in accordance with the former manner or continue to operate according to its *status quo* without any revamp? There is no answer. If such a situation continues, I believe it is unfair to the staff of the RTHK. It will also deal a heavy blow to their morale in respect of their determination to stick to their professional integrity and work hard for Hong Kong in broadcasting, which is a creative industry. I hope the Secretary can listen to me carefully, take follow-up action and give an explanation to the RTHK and the people at the earliest opportunity.

Thank you, President.

MS MIRIAM LAU (in Cantonese): President, when talking about creativity, I would like to tell you a story of a refrigerator. More than two decades ago, refrigerators produced on the Mainland were installed with protruding handles, thus causing a certain degree of inconvenience to families living in a small flat. In 1988 when the Mainland economy was in the doldrums, a mainland manufacturer of household appliances put on its thinking cap and came up with a new idea, that is, a built-in trough was fitted to the door edge to replace a handle. As a result of this little innovative idea, the sales volume of such refrigerators was highly boosted and such design was also widely adopted by other brands. This manufacturer is the now famous Kelong Group.

This has shown that an industry can excel itself and turn the tide if it has creative ideas. Especially when the economy of Hong Kong is facing a severe winter, it is more important to make a way out with one's unlimited creativity.

In fact, Hong Kong is well positioned to develop creative industries, which, however, have not been attached importance to or promoted by the SAR Government. For example, there is a galaxy of creative talents in Hong Kong. The local product designer, Alan YIP, has achieved international fame by his small product, sushicomputer, which has become a permanent collection item of

the Design Museum of London, the Tsubame Research Center of Japan, South Korea's National Design Center and the Hong Kong Heritage Museum. In Germany, an industrial powerhouse, this product has also been made reference to in an industrial design textbook printed in Berlin. Alan CHAN, a well-renowned designer, specializes in a wide range of fields from advertising design to graphic design; from trademark design to brand promotion; from corporate image to marketing strategies; or even from two-dimensional creation to three-dimensional creation. He is equally world-famous.

In respect of performing arts and cultural creation, the film director Andrew LAU, veteran cartoonists LAU Wan-kit and LEE Chi-ching, as well as Raman HUI, the Father of Shrek, are no stranger to us. Hong Kong also has advanced technology. The stunning special effects of films such as "Kung Fu" and "Shaolin Soccer" were developed in Hong Kong. Recently, the film industry of Hong Kong is moving towards 3D movies.

Unfortunately, the pace of development is sluggish although the development of creative industries was proposed by the Government as early as 2003. The contribution of creative industries to GDP has been maintained at a snail's pace, or merely 4%, over several years. We are significantly lagging behind when comparing with our counterparts in the European countries and the United States, which account for 7% to 10% of their GDP, and that in South Korea, which account for more than 5%.

However, the Liberal Party thinks that our creative industries will still have a promising future as long as we have the determination to catch up fast. In particular, given Hong Kong's advantage of leverage on the hinterland of our Motherland, the National Development and Reform Commission (NDRC) under the State Council has recently put forward the Framework for Pearl River Delta Region's Development and Reform Planning and proposed to consolidate Hong Kong's status as a high value-added service hub. Meanwhile, the NDRC has also supported enhancing active creativity of the region. Hong Kong should seize the opportunity and exploit its advantages, in particular on the basis of CEPA, to develop strategic partnership relations with its neighbouring regions so as to forge new horizons in creativity.

In fact, after the financial crisis in 1998, the South Korean government launched the Korean Design Policy while the Singaporean Government

formulated the Renaissance City 2.0 policy paper. These are tantamount to tactics enabling their governments to draw up comprehensive development strategies. This warrants careful consideration by the Hong Kong Government.

In respect of fostering a social environment conducive to the creative industries, the Government should beef up its efforts. For instance, the joint renovation of a factory at Shek Kip Mei by the Hong Kong Jockey Club and the Hong Kong Baptist University in order to convert it into a creative arts centre should be commended for its ideal location and excellent concept. But it is a pity that the utilization rate remains low and visitors are few.

Hence, a review of the strategy by the Government is called for. Apart from attracting more visitors to these venues, it is more important to cultivate in the people an appreciation of creative arts through various channels and enhance their appreciation ability so that the creative industries can flourish and bear fruits everywhere in the community.

Meanwhile, intellectual property rights are also indispensable for the development of creative industries. If a highly innovative product is soon pirated, who would take the trouble to innovate? However, I hope that apart from advocating copyright protection, we should also keep a close eye on the reasonable level of royalties.

For instance, the Composers and Authors Society of Hong Kong in the middle of last year suddenly claimed broadcasting royalties amounting to several thousand dollars to tens of thousand dollars from the radio stations of several tertiary institutions. Eventually, due to financial constraints, the radio stations in the academic sector have stopped broadcasting pop songs. This does not only give people an impression of a high-handed approach, but also significantly hinders the room of creativity in the academic sector.

In addition, the Liberal Party agrees that the Government should provide more tax concessions. For instance, a tax concession equivalent to at least two or three times of the capital invested should be provided in order to attract Hong Kong businessmen to invest more on scientific and technological research. As for Mr Paul CHAN's proposal that expenditure on the acquisition of trademarks and copyrights be tax deductible, the Liberal Party is also very supportive of it.

Finally, I would like to reiterate that room for creativity should be very broad. We should do our utmost to encourage creativity, whether it touches on culture, design, architecture, and so on.

President, I so submit.

MR CHAN KIN-POR (in Cantonese): President, today Dr Samson TAM's motion on "Promoting the development of local creative industries" is timely because under the impact of the financial tsunami, Hong Kong has to face stormy days once again. Facts have repeatedly proved that Hong Kong cannot rely on the financial services industry alone to support the whole economy. Hong Kong does need to develop creative industries so as to help us face the new challenges in the new century.

There used to be a time when Hong Kong was a breeding ground of creative talents. But creative industries were not able to grow and flourish. Some people have blamed the Government for failing to provide support actively while some have even pointed out that Hong Kong is occupied with political bickering while other regions in Asia are looking into creative industries with an all-out effort.

Mainland China, Japan, South Korea and Singapore have made tremendous efforts in the development of creative industries in recent years. They can undertake hundreds of studies and hold seminars on various aspects with only one purpose, that is, the development of creative industries. In recent years, the Chinese Academy of Social Sciences and other mainland research institutions have been exploring the theory and practice of creative industries from different perspectives. Over the past few years, there have been voices urging for the development of creative industries in Hong Kong, but very little has been done so far. Although studies on creative industries have been conducted in Hong Kong in recent years, it is negligible when compared with those in other places.

Fortunately, the Government has decided to set up the Creative Industry Office this year in the hope that creative industries will be designated as a specific measure to stimulate employment in the upcoming budget. I hope that the Government will sincerely co-operate with the private sector in the development of creative industries in Hong Kong.

In his original motion, Dr Samson TAM proposes to secure Hong Kong as the locomotive for developing creative industries in the region, with a view to assisting the industries in expanding their markets, in particular the highly promising mainland market, and strengthening its co-operation with the industries in the Pearl River Delta region. In fact, a lot of creative talents are looking towards the north in recent years. To become the locomotive for developing creative industries in the region, Hong Kong should provide a good environment to attract more talents to stay and develop their career here. This includes giving them a platform for development, support in resources and the cultivation of a culture which stresses creativity, thereby attracting talents to settle here and make contribution to Hong Kong.

I so submit.

MR WONG TING-KWONG (in Cantonese): President, given that the governments of various places have been attaching increasing greater importance to creative industries in recent years, they have also launched various policies and measures to promote their own creative industries.

We still do not have a commonly-acceptable definition for creative industries so far. The United Kingdom is the first country giving creative industries a definition: The creative industries are those industries that are based on individual creativity, skill and talent. They are also those that have the potential to create wealth and jobs through the development and use of intellectual property. From this definition, we can see that the core nature of creative industries is to turn innovative ideas and new skills into new products, new services and new production methods, thereby creating wealth and jobs. Broadly speaking, creativity can be applied to all economic spheres. However, some industries such as design, advertising, film, computer software and so on are more frequently classified as creative industries because creativity is a vital element of value-addedness.

Why is it necessary to promote creative industries? First, with the improvement in the quality of human life, there is an increasing demand for innovative products and services in the world. Second, the commercial and industrial sector can only flourish and progress if it can make innovation continuously. And design and scientific research are the keys to innovation. To promote the development of creative industries in Hong Kong will help

enterprises upgrade and transform themselves, thus conducive to elevating the creativity and value-addedness of the whole economy which will move towards diversity. Consequently, this will boost the development of a "creative economy", thus enhancing Hong Kong's competitiveness in the world. Third, the mainland government has placed emphasis on economic restructuring and the growth of high value-added industries. Only creative and technology-intensive industries will have more added value. The recently released "Framework for Pearl River Delta Region's Development and Reform Planning" has also proposed the building of a regional innovative circle. If Hong Kong wishes to seize this opportunity, making a higher-level of complementarity with the Pearl River Delta and further integration possible, we should encourage creative and high value-added industries, and regard such industries as Hong Kong economy's major direction of development in the future.

How can creative industries be developed? The DAB considers that the Government should start with improving its organization structure, attracting and nurturing more talents, and providing support in respect of financing and publicity so as to create a favorable environment for the development of local creative industries.

In respect of improving the Government's organization structure, given that the creative industries include a wide spectrum of areas, no single department can be responsible for launching such policies on its own. In many countries, such as the United Kingdom, the development of creative industries is promoted through inter-departmental collaboration. We propose that a Creative Economy Development Council be set up to push the interaction and co-operation of departments responsible for economic, cultural and home affairs, as well as education, and then map out the development objectives, strategies and implementation details for creative industries. Meanwhile, a non-official Creative Industries Promotion Association should be established which will comprise members from the business, science and technology, education and cultural sectors and representatives of the Government so as to provide a platform for sharing of resources and experience.

In respect of attracting and nurturing talents, we propose that a human resources policy for the creative industries be formulated. The Government should work with the industries in drawing up details of courses with a view to enhancing the students' opportunities of on-the-job training and involvement in creation with the industries. Only in doing so can talents who dovetail the needs

of the industries be nurtured. In addition, the Government should follow the example of the United Kingdom by providing information on the career prospects of creative industries and training courses available in order to attract more young people into the industries. At the same time, restrictions on the admission of talents or investors of creative industries to Hong Kong should be relaxed in order to attract more such people.

In respect of assisting the creative industries to raise capital, the small creative enterprises, despite their having a better prospect, are rather difficult to get loans due to insufficient tangible assets at the early stage of business. Could the Government consider providing credit guarantee, low-interest loans and the establishment of dedicated funds for creative industries with potential? The Government can also provide tax rebate on R&D activities or increase the tax allowance on R&D expenditure for creative enterprises so as to encourage them to engage in restructuring and innovation. In respect of promotion support, the provision of longer-term exhibition venues for creative products and services, such as the setting up of an all-year-round capital of international exhibitions and sales at the border as we proposed earlier, are an effective way to promote Hong Kong's creative industries to overseas clients.

While creativity is the essence of promoting creative industries, I hope that the Administration can, with a new vision and through the provision of more incentives and support, join hands with the industries to undertake more design and scientific research activities so that Hong Kong can be developed into an international hub of creativity. President, I so submit.

MR RONNY TONG (in Cantonese): I very much hope that Honourable colleagues will pardon me saying that although this is a very appropriate topic, I really think that a lot of arguments, wordings or amendments are not to the point. President, if you ask someone who has engaged in or intends to engage in creative activities, he will tell you that to promote creation, there are two vital elements which are, first, an environment and culture which can nurture creativity; and second, prospects. President, it is not costly to achieve these two.

First of all, let me talk about prospects. The quality of creative products will greatly affect the prospects. If an innovative product is of high quality, the prospects will certainly be good in today's society. President, the prospects will be equally good even if no tax concession is offered. On the contrary, President,

a product of mediocre or even poor quality will not attract any customers even if more tax concessions are granted because businessmen will only be cheated once. They will not be deceived for the second time. Even though tax concessions are granted, they will not buy a product again if it cannot be sold well. So, President, in the final analysis, the most important factors are the environment and culture.

President, we can foster culture but we cannot buy it. There is no culture in Hong Kong, but it is not too late for us to make a start now. However, the environment is something that we can change. President, if you ask people who have engaged in creative activities, they will tell you that creative activities always depend on healthy competition among each other, and exchanges of inspiration and views. All these will drive creativity to a higher level. We have to consider the environmental factor. We have to consider how to help and facilitate people who are engaged in the same type of creative industry to have such an environment. President, we have recently paid a visit to the Training Centre of the Cyberport. It is a good direction. All those who are engaged in digital work, digital animation, special advertisements or short films are working together under the same roof, in addition to the availability of good computer equipment. They can discuss and exchange views every day. Whenever they have come up with a new idea, they can share it with each other, thus stimulating inspiration and fostering healthy competition because they are compelled to make innovative ideas. This is the right direction. Our Science Park is also a right direction. We do not wish to see that an environment which should be conducive to creativity turn into a property development project. President, the SAR Government should stay alert to this. If the Government does want to nurture the creative industries, they should not be mixed with property development projects. The West Kowloon Cultural District project has just been saved from the brink of being turned into a property development project.

President, culture can certainly be fostered. But if we wish to develop creative industries which are considered to be able to elevate to a higher level, we should know what kinds of industries or which sectors warrant more resources. So, President, we are not good at everything. I can tell you, classical music is certainly not our strength and it is not the right time yet. However, we are still able to name a few creative industries which we have achieved success. For instance, animation and film, and also pop music are quite successful. On the other hand, Hong Kong's jewelry design, which plays a very important role, has

also achieved a great success. Besides, our fashion industry has made a lot of achievements too. We need to plough in more resources so that these industries can flourish.

President, another budding industry which warrants our attention is acoustic products. Regarding acoustic products, we can take a look at the Mainland. Recently (two years ago), there was a most exciting example of success. A very small design company has manufactured a post-amplifier, the price of which is very cheap, just HK\$10,000 or so, as far as upper-end products are concerned. After the launch, it was rated as the first in the world by *The Absolute Sound*, a world-renowned and authoritative hi-fi magazine. As a result, this product is certainly on hot sales. So, we do not have to plough in a profusion of resources and provide a lot of space. Achievements can be made if there is proper cultivation. In Hong Kong, there are lots of hi-fi enthusiasts. President, perhaps you are not aware of this. If you tour around Apliu Street in Sham Shui Po, you will see that a lot of people are buying vacuum tube amplifiers to replace their old ones or looking for vacuum tube amplifiers to assemble their own one which will be of very good quality.

Back to the subject, President, we should first of all identify these industries. What I have just mentioned are the most outstanding and most spectacular examples. But there may still be other examples which may be made reference to by the Government. Once these industries have been identified, we should provide a good prospect to them. If we wish to provide them with a good prospect, I do not agree with Mr Paul CHAN that the provision of double tax concessions is the answer. President, this is not the answer. Rather, we should give the industries an exposure opportunity. What they need are, in fact, some touring performances and exhibitions. Regarding music, more concerts should be held in order to increase the exposure opportunity. The same problem may arise in relation to copyright protection which has been mentioned just now. Over-protection of copyrights is actually unfavourable to the industry's exposure opportunity. We should give due consideration in this aspect. For example, we cannot sing karaoke in a Chinese restaurant. We cannot do so in all such restaurants. Do you think that this is a good thing or a bad thing? This is actually a bad thing because if we can sing karaoke there, more people will buy the relevant products. If people are not allowed to sing karaoke there, they will not know there are such products. Thus, this prevents a continuous development of the industry.

So, President, we should understand that the most important factors for the creative industries are the two elements I have just mentioned, namely, the environment and culture, as well as the prospects. Regarding prospects, it is not necessary to plough in too many resources. I hope the Government will carefully consider these points.

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

MR WONG KWOK-HING (in Cantonese): President, I speak in support of the original motion. I think it is very meaningful to propose this motion. President, I beg your pardon because I have to tell the Secretary some history. A decade ago, the two Municipal Councils were still there. Subsequently, the Government decided to scrap them. In their twilight years, the two Municipal Councils set up a cultural committee for formulating a five-year plan so that representatives from the cultural sector in Hong Kong, including the creative artists, could participate in the formulation of a comprehensive five-year plan and a mechanism was set up through which public participation was made possible, thus enabling the expression of both official views and public views. But unfortunately, after the abolition of the two Municipal Councils — although we had proposed that the two Municipal Councils be merged, the Government still refused that. Under such circumstances, a mechanism and a channel for public participation that we used to have in the past are lost for a decade.

Given that the Secretary was the then Director of Urban Services, I have to mention this piece of history, which the Secretary should be very familiar with. After a decade has passed, we do not see any further development and history just stops there. This is very disappointing and regrettable. That is why the original motion proposes that creative industries should be developed. Although amendments have also been made to the motion, what eventuate after our speeches? It is merely a talk shop and no mechanism will be set up. So, I agree to Dr PAN Pey-chyou's remark that if the Government has the resolve, it should set up a relevant committee to serve as a channel and platform for the participation of all stakeholders of the cultural and creative industries. In doing so, the creative industries can hope to flourish. Otherwise, our effort would be in vain.

The second point I wish to make is that months ago, at the meeting of a relevant committee of the Legislative Council — it seems to be the Finance

Committee — I noted the question as to whether creative industries could create more jobs. Under the Bureau's arrangements, we paid a visit to the Cyberport. After the visit, I think it is a good job, worth commendation and support. However, I have also raised a point: We should not adopt a piecemeal approach and leave everything to be picked and chosen by the officials.

It is very difficult to start a business there. Honorable Members, during our visit on that day, we found that they have to face fierce competition and those who can survive have been fighting very hard. In fact, they have lots of creative ideas which warrant our strong promotion by means of social resources. In music, for example, they can point out that some tune is a sad tune and that some other tune is a happy one. This is a very valuable contribution to creative artists, the trade and the music sector. Given that they have made such an innovation, in what way it should be promoted? If the Government can provide a mechanism so that they can participate and give full play to their talents on top of our strong support, I believe the future of creative industries should be unlimited and the prospects of their development will also be boundless. So I think it is very meaningful to propose the original motion.

However, what follow-up actions should be taken? The Government should consider setting up a committee or a platform, for the participation of representatives of the relevant sectors. I believe this will ensure that we can get twice the result with half the effort.

Finally, let me turn to an example which I have recently heard of. On the one hand, we encourage creativity and innovation in order to find a new driving force for Hong Kong. Yet on the other hand, we are doing something which will stifle our local creative cultural economy. For example, the local paper handicraft trade used to be very popular in the past. During the Mid-Autumn Festival and the Chinese Valentine's Day, which is approaching now, people would make lots of paper lanterns. In Hong Kong, there were many people in this trade before. However, in a lack of government policy, how many of the Government's claims of promoting the local culture are true? At present, the Leisure and Cultural Services Department has contracted out all lantern activities held on its venues to advertising companies. Such outsourcing companies will then invite offers by public tender in order to procure services at a low price. As a result, these lanterns are made by mainland companies, such as those located at Foshan, thus depriving local handicraft workers the job opportunities. This has led to the gradual withering of the trade, and a small group of veteran elderly

workers will also disappear in a short period of time. I am very surprised that these industries, which should be our local creative industries, are forced into a gradual decline. The crux of the problem lies in the need of a platform by the Government to study the whole policy instead of adopting a piecemeal approach. Thank you, President.

MR LEUNG KWOK-HUNG (in Cantonese): President, WONG Yuk-man asked me if I would give a speech. I told him that I would.

Ever since the converging of large amounts of capital on the money-desperate dot-com shares, competition became very fierce. Many monopolistic conglomerates also took part in these businesses. I do not know where the concept of creative industry came from because industry hardly carries any creativity. Industry means mass production.

I tried to straighten up my thinking but I failed. How can an industry be creative? Of course, you may say it is innovation, like fashion shows that held in Milan. Hong Kong may organize a creative fashion show. These so-called creative activities have all along been in existence. The only difference is that these activities have become more frequent nowadays, especially when the Internet has fully developed. Therefore, I am bewildered at what I have heard.

Frankly speaking, do we judge the creativity of a place by associating it with its industry? It is actually hard to say. Take Indonesia as an example. I learned from a documentary film that some people there only earn one or two US dollars a day carving stones or wood. Do you think they are creative? Judging from the Indonesian products I have seen, the products are very creative. I have seen a very beautiful batik painting. On a worldwide socialist event, I have also seen a painting produced by a poor Indonesian artist depicting the exploitation by capitalism in the transition from workshop to factory manufacturing. I was very touched by the painting. That artist was not engaged in industry because he said no when I had asked him if I could have a similar painting. He told me that he had to go back and find that dye cast out. Otherwise, he could not make that painting again.

What are we trying to say? Actually, under the influence of global capitalism, we only measure things up by deciding whether or not they are

profitable. We only care if the economy and the stock market have recovered. We only care whether property prices have gone up or not. We never care if the wages of workers have increased. Am I right? The Mainland says that it can handle the economic situation. Of course, it can handle that. Buddy, a lot of workers in the private sector have lost their jobs and gone back home standing on their own feet while the state-owned enterprises have begun cutting wages.

What are we trying to say? The Government intends to sponsor some organizations to develop creative industries in order to make money for Hong Kong. The Government is short-sighted. To achieve profits, we can actually plagiarize from other people's works. We can simply save all the troubles by buying them from South Korea. The creative industries of South Korea are like the morning dew whose appearance is rare and brief because people are now tired of watching.

I wish to talk about creativity in Hong Kong. The freedom of speech in Hong Kong has come under increasingly tighter control, running counter to society's demands. Take myself as an example. I am engaging in the operation of an illegal radio station. Buddy, how come operating a radio station can be an offence subject to arrest? How do you know that I am not creative? The only difference is that it is not an industry, buddy. The Government does not want it if it is not an industry because it cannot make money for Hong Kong. Why does the Government not sponsor my creative undertaking although it is not an industry?

I think that this Council's performance on this issue is really quite vulgar and in bad taste. In our education system (as we were all brought up under this system), we are not taught to be creative right from the start of our kindergarten days. Knowledge is not made interesting. Instead of creating curiosity in the course of study, all are learning by rote. Under a spoon-feeding education, we have to memorize a lot of things. Our education system, with elimination as the ends and rote learning the means, is the reason why creativity is stifled.

How can we expect creativity from people like these? We all know that philosophy originates from curiosity. If a curious question is raised while we are talking about creativity like, "Buddy, can we make money out of this? Is this an industry?", it is impossible to talk about creativity in this way.

As for JIN Yong, frankly speaking, I do not like him at all. However, was he writing novels for money to begin with? He was certainly not writing for money at the beginning, but he could be writing for money later. He kept on writing novels one after another. Buddy, it is because he had turned it into an industrialized process.

Therefore, whether it is an industry or not an industry, whether it is a trade or a career, the social environment must first of all be creative without any political restriction or any constraint from capitalistic enterprises. In fact, other people are doing the same. In terms of movies, the largest creative industry in the world is located in Hollywood. John WOO, a famous film director, is not only able to sell his creativity to markets in the Orient but also successful in selling oriental style "cops and robbers" movies to the whole world. This is a process of levelling off creativity in a global sense. These are not the kind of cultural and arts activities of the 18th or 19th century which were aimed at breaking through autocracy and mammonism as we perceive. It is not like the Renaissance era when people were trying to throw off their religious shackles.

I think creativity itself stems from culture, which begins with our education. It is important that students are given full play to their personality during the process of education so that they can build up the power of expression according to their own disposition and interests. If they have learned the art of communication, they can make themselves even more creative in the course of communicating. I do not know whether I have wandered off the point, but I think that creative industry is by itself a wrong proposition.

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

MR CHAN KAM-LAM (in Cantonese): President, creative industries are an important element to the economic development of Hong Kong. More than \$53 billion of the annual gross domestic product is contributed by creative industries which are a boost to our economic development. At present, there are more than 30 000 organizations related to creative industries with more than 170 000 employees. Of course, Hong Kong has advantages in different creative and cultural areas, including film, television, design, architecture, urban planning, animation, arts and culture and digital entertainment. In order to develop and explore a new way out for our economy, creative industries have great potentials

to develop into the fifth major economic pillar of Hong Kong economy. We certainly hope that the SAR Government and the industries can attach great weight to this.

Creative industries originate from people's creativity which is boundless. This also implies that business opportunities can be unlimited as long as our social environment is conducive to creation, that development is facilitated and the right kind of soil is provided. Creativity is not subject to geographical, time and space constraints. Of course, concerning government support in this regard, it need not consider too much about spending a lot of money. As long as adequate support can be provided in society to facilitate the free flow of creativity among the people, thereby turning creativity into business opportunities, we believe it is ample to boost Hong Kong economy through the wisdom of the people.

At present, the Central Government has always placed an emphasis on the stimulation of domestic demand. But we can see that under normal circumstances, some enterprises will stimulate domestic demand, which is an economic means, through price reduction and sales promotion. However, if creative elements can be added to some products, as Mrs Miriam LAU said earlier that demand could be boosted by simply a slight modification of the handle of the door to a refrigerator. Of course, people's creativity has to be added.

However, there is still some concern about whether or not our innovation is marketable during this period. This will certainly need a wide range of support from society.

Hong Kong people have always been regarded as flexible, versatile and innovative. A profusion of innovative ideas are displayed in toy fairs, fashion shows, exhibitions of cosmetic or even other products held in Hong Kong every year. Hence, a large number of international buyers are attracted to come and buy our products every year and this is also the reason of our success.

In Hong Kong, as an international metropolis, trendy information from all directions is also a great stimulus to Hong Kong people's creative ideas in respect of scientific inventions and cultural works. However, can our community take advantage of such creative ideas so that they will not be neglected and even bring further development to self-employed businessmen or small enterprises through

such ideas? This will depend on whether or not our society can foster such creative industries or a creative atmosphere.

With the onslaught of the financial tsunami, the importance of creative industries has become all the more prominent. However, the Hong Kong Government has made a slow start on the study of creative industries comparing with other countries. We can see that in some countries, the study and strong promotion of creative industries commenced in as early as the 1990s. The Hong Kong Government, through the Central Policy Unit (CPU), commissioned the University of Hong Kong to carry out the Baseline Study of Hong Kong's Creative Industries as late as in 2002. Afterwards, the CPU undertook another study, the Study on the Relationship between Hong Kong's Cultural & Creative Industries and the Pearl River Delta, in 2004. Although the Innovation and Technology Fund, the Hong Kong Applied Science and Technology Research Institute, the Hong Kong Science Park and the Hong Kong Productivity Council and so on have done a lot of work in promoting the development of new technologies, we can see that resources for promoting these fields are in fact very fragmented and can be described as lacking cohesiveness in respect of promoting creative industries. The lack of such cohesiveness in Hong Kong, coupled with the absence of a relatively large organization responsible for publicity, has led to a lack of systematic moves to deal with work ranging from research and promotion in the upstream to production and sales, as well as marketing in the downstream. Hence, regarding the nurturing of cultural and creative industries and other industries in Hong Kong, there is a lack of a spirit for it and so little has been achieved, thus resulting in the current passive situation we are in. I hope that friends of the industrial sector, the manufacturing sector or other sectors can strengthen their concept of creativity.

A frequently asked question is: Does creativity equate to industry? In fact, it does not. It is also very important for the service sector or the general markets to enhance their creativity. In our opinion, the creative industries in other countries are worth learning from. So, regarding the fostering of a creative atmosphere in the market and nurturing talents in Hong Kong, I hope the SAR Government can plough in more resources in all aspects so as to help the growth of creative industries in various sectors.

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

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Dr Samson TAM, you may now speak on the three amendments. You may speak up to five minutes.

DR SAMSON TAM (in Cantonese): President, first of all, I would like to thank Ms Cyd HO, Ms Audrey EU and Mr Paul CHAN for their amendments which have enriched the contents of my motion. At the same time, these amendments can reflect their concern about promoting the development of local creative industries.

In her amendment, Ms Cyd HO has mainly added two points on the basis of my motion. The first one is about safeguarding the free flow of information and freedom of thoughts and speech to stimulate creativity and imagination. I agree to this point because a free flow of information is absolutely one of the important factors to the development of creative industries. Each segment, from creation to production and sales of products in the market, depends on the transmission of information. If creativity is stifled in each segment, the entire production chain or the value chain would be broken. As regards the second point referring to creative commons and striking a balance between retaining of copyrights and the right of reasonable utilization, it is also a very good concept. But Ms HO did not have enough time to elaborate on this point earlier.

The concept of creative commons has in fact been launched in many foreign countries, but Hong Kong is just a beginner. Apparently, creative commons and copyright protection are in conflict, but they can fully complement each other. The original intention of creative commons is to share one's copyright with the others, allowing free utilization by the others. At present, there is a grey area in respect of the copyrights of many products on the Internet in Hong Kong. Very often, it is not known whether these products have any copyright, or whether copyright is allowed for sharing. Thus, many re-creation attempts are deterred. For example, in terms of songs, a remix is common but this may constitute an infringement of other's copyright. I therefore agree that the SAR Government should promote creative commons while promoting a respect for copyrights so that creative commons and copyrights can be compatible in Hong Kong.

As for Ms Audrey EU's amendment, in which culture and the West Kowloon Cultural District (WKCD) are included, I cannot agree with it more as far as the addition of culture is concerned because culture is an indispensable part of creativity. Of course, adding culture into creativity is also very suitable for Hong Kong as we have a local culture and, more importantly, Hong Kong is a melting pot of different cultures. Not only local culture — I think we have to attract people of the cultural sector around the world to Hong Kong in the future so that they can participate in the promotion of our creative industries, enabling Hong Kong to genuinely become a melting pot of the Chinese and Western cultures. As to Ms EU's second point concerning the WKCD, in which she advocates facilitating professionals and the civil society to join hands in building a WKCD in a bottom-up approach, I have some reservations about that. Although the Government's participation may be bureaucratic, the effective implementation of the whole WKCD may not be possible if the Government does not participate and does not play an active role. So, if the Government withdraws from participation on this pretext and as a result the WKCD becomes abortive, I think this may not be what we wish to see.

Finally, the amendment proposed by Mr Paul CHAN is mainly on tax concessions. Of course, the Government would put up many excuses on hearing tax concessions, for instance, Hong Kong is implementing a simple tax regime, and so on. However, I believe if we really want to attract overseas enterprises and talents to Hong Kong, there is a need to introduce certain tax concessions. This is also crucial.

President, apart from Ms Audrey EU's amendment, I support the amendments by Ms Cyd HO and Paul CHAN. President, I so submit.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, I am very grateful to Members for putting forward so much precious advice on the development of creative industries in Hong Kong. I very much hope that I can join hands with Members and the sector to promote the development of local creative industries.

Under the leadership of the Financial Secretary, the Commerce and Economic Development Bureau will assume responsibility for co-ordinating the development of creative economic activities in Hong Kong and also formulating an integrated set of policy and support measures for the purpose. In order to ensure that the Government and the sector can proceed in the same direction

when trying to promote the development local creative industries, my Bureau has held various meetings and seminars to listen to the views of representatives from different creative industries over the past few months. We have also studied the experience of other places which emphasizes the development of creative industries. On the basis of the views of the sector and our research findings, we have come up with a tentative development strategy on the development of creative industries. This strategy is in many ways similar to the advice given by Members. It is my wish to share what we think with Members.

In terms of development strategy, our vision is to develop Hong Kong into a creative capital in the region. We aim to promote the development of creative industries through a multi-pronged approach. I think the Government can join hands with Members and the sector to achieve the task in respect of the following areas.

First, it is the nurturing of talents. As mentioned by Members, the promotion of creative industries must depend on the nurturing of local creative talents to form the backbone of the creative economy. Earlier, through the Film Development Fund, we provided funding for incorporating animation into the senior secondary school visual arts curriculum. The programme aims to cultivate secondary students' appreciation of animation and film technologies and to stimulate their creativity, in the hope of encouraging them to start a career in creative industries. In addition, we also encourage mainland and overseas creative talents to come to Hong Kong to have exchanges and co-operation with local talents, so that local creative industries can develop with greater diversity.

Second, in respect of establishing and developing creative enterprises, I believe that we should also formulate a strategy. We will seek to foster the sound development of local creative industries by providing local creative talents with various support and training services necessary for starting their businesses. I wish to take this opportunity to thank Members for endorsing the appropriation of \$25 million for sustaining the Cyberport IncuTrain Programme at a recent Finance Committee meeting. The funding will be spent on providing offices, training opportunities, international networks and promotional assistance to newly-established small and medium digital entertainment companies. We will step up our efforts in this respect, in the hope of benefiting a greater number of creative enterprises. Besides, organizations devoted to assisting creative industries, such as the Cyberport and the Hong Kong Productivity Council, will draw on new technologies like the Internet and new media as a means of

upgrading the competitiveness of local creative industries and assisting traditional industries in adopting advanced technologies for the purpose of restructuring, so that they can keep abreast of the times.

Third, I believe that we should strive to enlarge the size of the local market for creative industries. We propose to do so by increasing demand, so that local creative industries can develop and operate on a sustainable basis. The proposed measure will encourage government departments and private-sector organizations to hire the services of creative industries on a much broader basis, in the hope of increasing the market demand for creativity. The Financial Secretary has recently made an innovative attempt to market the budget in the form of comics. While making it easier for the public to understand the Government's various financial policies, this approach also signifies the Government's determination to support Hong Kong's creative industries and set an example of promoting the wider use of services from the local creative industries.

With regard to sales and marketing, several Members have mentioned the need for marketing the achievements of Hong Kong's creative industries on the Mainland and overseas, so as to assist local creative industries in opening up the mainland and overseas markets. The holding of publicity functions for local creative industries on the Mainland, particularly the Pearl River Delta (PRD) region, is precisely part of such efforts. I wish to cite some actual examples here. In May last year, we and the sector participated in the Fourth China (Shenzhen) International Cultural Industry Fair held in Shenzhen, and a "Hong Kong Day" was organized to market the achievements of Hong Kong creative industries on the Mainland. Furthermore, delegations from different creative industries are also assisted in launching publicity activities on the Mainland and overseas. For instance, last year, the Hong Kong Design Centre was given support to hold a roving exhibition in four European and American cities on Image 9707, which was designed to commemorate the 10th anniversary of Hong Kong's reunification with the Mainland. In addition, we will also hold various international publicity functions in Hong Kong to consolidate its status as a creative capital in the region and to step the co-operation between Hong Kong creative industries and their counterparts on the Mainland and overseas. We will also join hands with local creative industries, non-government organizations, various bodies and private enterprises to make preparations for participating in World Expo 2010 to be held in Shanghai. This great event will give us a good opportunity to promote Hong Kong as a city of quality living and creativity.

On the formation of creative industrial communities, Mr Ronny TONG pointed out that the development of creative industries will require a suitable environment. In this connection, I must say that the Science Park and the Cyberport can aptly illustrate the significance of creative communities. As a matter of fact, there are many places in Hong Kong which are noted for their ongoing creative activities. We may seek further development and form communities of creative industries on the existing basis, with the aim of enabling them to develop into the centres of Hong Kong's creative economy.

Another point is about the fostering of a creative atmosphere. Many Members have pointed out that this is an important factor influencing the development of creative industries. We should seek to build up and promote a more creative environment, so as to pool creative talents together and foster a creative atmosphere. This is precisely the same as Dr Samson HO's proposal on fostering a social culture which is conducive to promoting the development of creative industries and encouraging the general public to have the values of exploration and innovation. It is also in line with Ms Audrey EU's proposal to improve the business environment for creative industries. Starting from this financial year, the Government will earmark \$10 million every year for the purpose of promoting a creative culture among local communities and young people, with a view to assisting in fostering an atmosphere more conducive to the development of creativity at the community level. We aim to position Hong Kong as a creative city in the region and promote Hong Kong as a creative hub in Asia. This is perfectly in keeping with Dr TAM's proposal on securing Hong Kong as the locomotive for developing creative industries in the region.

Such are the tentative development strategy and direction we have come up with after discussing with the sector. Based on the views of the sector and Members, we will make further adjustments and conduct an in-depth study on the long-term development of creative industries, with the aim of formulating long-term policy objectives.

Many Members have mentioned the need for establishing a one-stop platform for co-ordinating the efforts of different government departments on the one hand and promoting cross-industry co-operation of the creative sector on the other. In the policy address last year, the Chief Executive announced the establishment of a Creative Industry Office for working with the sector in promoting the development of creative industries. I am very grateful to Mrs Regina IP for her concern about the portfolio of my Bureau. Actually, the

Government has already decided to set up a dedicated office under the Commerce and Economic Development Bureau. My staff and I will definitely do our utmost to co-operate closely with the sector in the provision of better one-stop services for the sector and to conduct long-term planning and strategic studies on the development creative industries. Next week, we will brief the Legislative Council Panel on Information Technology and Broadcasting on the personnel arrangements and set-up of the dedicated office. From our meetings with representatives from creative industries, I understand that the sector is generally in support of the proposed establishment of the dedicated office and hopes that the office can join hands with it to promote the development of local creative industries. I hope that the personnel arrangements required for the establishment of the office can receive Members' support. At a later time, I will submit the proposal to the Establishment Subcommittee and the Finance Committee to seek their endorsement and approval.

In connection with resources, Dr Samson TAM raised the point that we must ensure the availability of sufficient resources for implementing the policy and realizing its objectives. The Government has actually carried out several measures in this regard, including an injection of \$300 million into the Film Development Fund and the establishment of the \$250 million DesignSmart Initiative, which can provide support to the film industry and the design sector respectively. And, \$100 million has also been allocated to support the operation of the Hong Kong Design Centre. As pointed out by the Chief Executive in the policy address, we will seek to more effective support for creative industries through integration and realignment of resources. At the same time, we are considering other measures which are more proactive in nature. Once the outcomes are available, we will report to Members. The use of public money for supporting creative industries can directly boost their development. The departments concerned know only too well that they must make proper use of our public money, which is why they will certainly be very prudent when deciding whether to approve any funding requests. However, creative industries are unique industries, and they are different from other industries in nature. They emphasize innovation, require flexibility and may not be able to yield any results in the short run. For this reason, ordinary value-for-money approaches and provisions on funding control may not be entirely suitable for them. I hope that in view of the unique features of creative industries, Members can give the sector a suitable degree of freedom and flexibility when vetting funding requests and setting the required funding mechanisms and requirements.

Dr Samson TAM, Mr Paul CHAN and several other Members who spoke all think that the Government should provide various incentives such as tax concessions, so as to assist Hong Kong enterprises in transforming themselves into high-value added enterprises. Honestly speaking, the low, simple and clear tax regime of Hong Kong is itself an incentive inducing people to operate businesses here. Given Hong Kong's low tax rates, doubling the amount of tax deduction for certain business expenses will only yield very limited tax savings. Another point is that Hong Kong has all along been striving to maintain the neutrality of its tax regime, so as to provide a level playing field for enterprises engaged in different types of businesses. Doubling the amount of tax deduction for certain business expenses is tantamount to the provision of a hidden subsidy, which is in violation of the neutrality of our tax regime. And, it must also be said that such a measure will easily lead to abuses. If tax provisions are introduced to prevent abuses, the tax regime will become very complicated. For this reason, we do not support the proposal concerned. However, the existing \$5 billion Innovation and Technology Fund can already offer the funding necessary for enabling manufacturing and services industries to seek innovation, upgrade their technologies and develop high-value added businesses. As at the end of last year, some \$3.2 billion was already allocated under the Innovation and Technology Fund, providing funding support for nearly 1 100 projects undertaken by research institutions and various industries.

To promote the sustainable development of local creative industries, a comprehensive mechanism for the protection of intellectual property rights is indispensable. In Hong Kong, there is a sound legal system for the protection of patents, trade marks, copyrights and registered outward designs, and so on. We will regularly review the relevant ordinances, so as to ensure that our laws on protecting intellectual property rights can meet current needs. At the same time, the Customs and Excise Department will continue to take stern enforcement actions against offences relating to intellectual property rights, with a view to protecting the rights of intellectual property owners. What is more, we will also organize different publicity activities to enhance people's awareness of and respect for intellectual property rights. We will continue to step up our efforts to protect intellectual rights, with a view to developing a creative environment conducive to the further development of creative industries in Hong Kong.

With regard to Members' views on intellectual property rights, I would like to reply as follows. First, Ms HO has proposed and Dr TAM has explained that it is necessary to strike a balance between retaining copyright and the right of

reasonable use. In this connection, I wish to point out that the existing Copyright Ordinance already contains a number of provisions on permitted acts and fair dealing. The aim is to ensure that while serving to protect creative products, the ordinance can also allow the reasonable use of copyright works. We understand that it is necessary to strike a balance between copyright protection and the reasonable use of copyright products, and adjustments must be made in response to social changes. We will review the relevant legislation from time to time and make reference to international practices, with a view to ensuring that the permitted acts under the ordinance can keep abreast of the times.

As for Ms HO's proposal that the authorities should promote creative commons, I must point out that creative commons are actually a flexible means of authorizing the use of copyright products. The aim is to make it easier for a copyright owner to allow others to use his products through a simple process of authorization. This does not contravene any copyright laws. On condition that there is respect for copyright and no contravention of the relevant legislation, the authorities welcome copyright owners to let others share their creative products through any form of authorization (including creative commons). Creative commons licences were recently introduced in Hong Kong in October last year. The Intellectual Property Department has compiled a set of reference materials to enable the public to understand Hong Kong's copyright system and the points to note when using creative commons licences.

Ms Audrey EU and Ms Cyd HO both mentioned the need for formulating a policy on cultural and creative industries and building up a local cultural identity. The Home Affairs Bureau has already formulated very a clear objective for its cultural policy — to create an environment which is conducive to the freedom of artistic expression and creation, and wider participation in cultural activities. Guided by this objective, the Government provides major performing arts companies with annual funding, and the Hong Kong Arts Development Council provides funding for the development of various forms of arts and organizes educational and promotional activities. Besides, the Leisure and Cultural Services Department also provides venues and organizes or finances various arts programmes. And, the Hong Kong Academy for Performing Art also runs programmes on the training of arts talents. All this can help create an environment conducive to the development of local cultural and creative industries, an environment that can help establish Hong Kong's cultural positioning of "diversity with identity", so that it can build on its unique

foundation of Chinese culture and at the same time assimilate international cultural characteristics. On the issue of improving the business environment of performing arts such as Cantonese operas and musical plays, the consultancy study to be soon commissioned by the Home Affairs Bureau on formulating a new mechanism and assessment criteria for providing funding to major arts companies will also explore and recommend whether any support measures outside the funding policy should be adopted to help improve the business environment of arts companies not in receipt of any funding.

Regarding Ms Cyd HO's proposal to safeguard the free flow of information and freedom of thoughts and speech to stimulate creativity and imagination, I wish to express my strong agreement. I also wish to reiterate that freedom of speech and the free flow of information are the core values of Hong Kong, which are protected under the Basic Law and the Hong Kong Bill of Rights Ordinance. In the course of formulating different policies, we will uphold all these principles and safeguard the freedom of thoughts and speech. We will not allow anything that may impede creativity.

"Creative industries" is quite a novel concept. It is defined differently in different countries, with different scopes of coverage. The present approach of the Government is to define the scope of creative industries on the basis of the definitions adopted by countries at the forefront of the development of such industries, such as Britain. But I must say that all sectors in society must be equipped with creativity and innovative thinking and ideas for the purpose of fostering development in this aspect. I have heard Prof Patrick LAU's eloquent discussion on architecture as the origin of all creativity. We will review the scope of creative industries from time to time, so as to ensure that the Government can provide local creative industries with appropriate assistance.

President, Members have put forward plenty of specific proposals on promoting the development of creative industries, and we have responded positively. We will carefully consider Members' advice, so as to ensure that timely and effective assistance can be offered to local creative industries to promote their development and give fresh impetus to Hong Kong's economic development.

Thank you, President.

PRESIDENT (in Cantonese): I now call upon Ms Cyd HO to move her amendment to the motion.

MS CYD HO (in Cantonese): President, I move that Dr Samson TAM's motion be amended.

Ms Cyd HO moved the following amendment: (Translation)

"To delete ", under the impact of the financial tsunami," after "That"; to add "already" after "economic development is"; to add "(a) safeguard free flow of information and freedom of thoughts and speech to stimulate creativity and imagination;" after "as well as to:"; to delete the original "(a)" and substitute with "(b)"; to delete the original "(b)" and substitute with "(c)"; to delete the original "(c)" and substitute with "(d)"; to delete the original "(d)" and substitute with "(e)"; to delete the original "(e)" and substitute with "(f)"; to delete "intellectual property rights economy and open up" after "promote" and substitute with "creative commons, strike a balance between retaining of copyright and the right of reasonable utilization to further broaden the"; to delete the original "(f)" and substitute with "(g)"; to delete "and" after "promoting the development of creative industries" and substitute with ","; and to add ", and build up a local cultural identity" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Ms Cyd HO to Dr Samson TAM'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 Ms Cyd HO'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 may speak 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 Dr Samson TAM's motion as amended by Ms Cyd HO be further amended by my revised amendment. As Ms Cyd HO's amendment has been passed, the former part of my amendment, in particular the part where the wording "cultural" is added, cannot be retained. However, I believe Honourable colleagues will agree that even though only "creative industries" is adopted, they would understand that it should include the meaning of what is "cultural". Apart from that, in items (g), (h) and (i) where I have added that the WKCD be built in a bottom-up approach which is free from the bureaucratic-led development model, the business environment for cultural and creative industries such as film, comics and illustration should be proactively improved, and a cross-bureau ad hoc committee be set up, that part is all retained.

Ms Audrey EU moved the following further amendment to the motion as amended by Ms Cyd HO: (Translation)

"To add "; (h) facilitate professionals and the civil society to join hands in building a humanistic West Kowloon Cultural District ("WKCD") in a bottom-up approach which is free from the bureaucratic-led development model, so as to make WKCD a catalyst for cultural and creative industries; (i) proactively improve the business environment for cultural and creative industries such as film, comics, illustration, pop music, as well as performing arts sector such as Cantonese opera and musical play

etc.; and (j) set up a cross-bureau ad hoc committee to conduct long-term planning and strategy studies on the promotion and publicity of Hong Kong's cultural and creative industries" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Ms Audrey EU's amendment to Dr Samson TAM's motion as amended by Ms Cyd HO be passed.

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

(Members raised their hands)

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

(No hands raised)

Mr IP Kwok-him rose to claim a division.

PRESIDENT (in Cantonese): Mr IP Kwok-him has claimed a division. The division bell will ring for three minutes.

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 Margaret NG, Mr CHEUNG Man-kwong, Ms LI Fung-ying, Mr Paul CHAN, Mr CHAN Kin-por and Dr LEUNG Ka-lau voted for the amendment.

Dr Raymond HO, Dr Philip WONG, Ms Miriam LAU, Mr Timothy FOK, Mr Vincent FANG, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Dr LAM Tai-fai, Mr IP Wai-ming, Mr IP Kwok-him, Dr PAN Pey-chyou, Mr Paul TSE and Dr Samson TAM abstained.

Geographical Constituencies:

Mr Albert HO, Mr Fred LI, Mr James TO, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr Andrew CHENG, Mr Albert CHAN, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr LEUNG Kwok-hung, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO and Mrs Regina IP voted for the amendment.

Mr CHAN Kam-lam, Mr LAU Kong-wah, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr CHEUNG Hok-ming, Ms Starry LEE, Dr Priscilla LEUNG and Mr WONG Kwok-kin abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 20 were present, six were in favour of the amendment and 14 abstained; while among the Members returned by geographical constituencies through direct elections, 24 were present, 15 were in favour of the amendment and eight abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr Paul CHAN, as Ms Cyd HO'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 may speak up to three minutes to explain the revised terms in your amendment, but you may not repeat what you have already covered in your earlier speech. You may now move your revised amendment.

MR PAUL CHAN (in Cantonese): President, I move that Dr Samson TAM's motion as amended by Ms Cyd HO be further amended by my revised amendment, as set out in the paper which has been circularized to Members by the Secretariat.

I would like to add two more points only. Firstly, in the information paper urging Members' support to my amendment, the word "more" is omitted on the last paragraph of the second page. *(Laughter)* Why should I point this out? Because according to the current profits tax rate of 16.5%, the implication of my proposal to the Treasury is that the enterprises will only be given \$165 more in allowance indirectly for every \$1,000 they have spent on scientific research.

President, another point I wish to make is that the Secretary's response just now

PRESIDENT (in Cantonese): Mr CHAN, you may speak for three minutes to explain the revised terms in your amendment, please do not repeat what you have already covered in your earlier speech.

MR PAUL CHAN (in Cantonese): President, I have nothing to add. Thank you, President. *(Laughter)*

As the Secretary's argument just now is specious, I would like to seek clarification. Thank you, President.

Mr Paul CHAN moved the following further amendment to the motion as amended by Ms Cyd HO: (Translation)

"To add "; and (h) offer various incentives to help Hong Kong enterprises and manufacturers upgrade their business and transform into high value-added industries, which include, but not limited to, the following tax concessions: (i) extending the current practice of allowing deduction of expenditure incurred in the purchase of patent rights in calculating assessable profits to cover the purchase of trade marks and copyrights; and (ii) increasing the amount of tax deduction for expenditure on research and development from the existing 100% to 200% of the actual expenditure" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Paul CHAN's amendment to Dr Samson TAM's motion as amended by Ms Cyd HO be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Ms Audrey EU rose to claim a division.

PRESIDENT (in Cantonese): Ms Audrey EU has claimed a division. The division bell will ring for three minutes.

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, Dr Philip WONG, Ms Miriam LAU, Mr Timothy FOK, Ms LI Fung-ying, Mr Vincent FANG, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Dr LAM Tai-fai, Mr Paul CHAN, Mr CHAN Kin-por, Dr LEUNG Ka-lau, Mr IP Wai-ming, Mr IP Kwok-him, Dr PAN Pey-chyou and Dr Samson TAM voted for the amendment.

Dr Raymond HO, Dr Margaret NG, Mr Abraham SHEK and Mr Paul TSE abstained.

Geographical Constituencies:

Mr Albert HO, Mr Fred LI, Mr James TO, Mr CHAN Kam-lam, Mr LAU Kong-wah, Ms Emily LAU, Mr Andrew CHENG, Mr TAM Yiu-chung, Mr Frederick FUNG, Mr WONG Kwok-hing, Mr LEE Wing-tat, Mr CHEUNG Hok-ming, Mr KAM Nai-wai, Ms Starry LEE, Mr WONG Kwok-kin and Mrs Regina IP voted for the amendment.

Mr LEUNG Yiu-chung, Mr Albert CHAN and Mr LEUNG Kwok-hung voted against the amendment.

Ms Audrey EU, Mr Ronny TONG, Ms Cyd HO and Dr Priscilla LEUNG abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 21 were present, 17 were in favour of the amendment and four abstained; while among the Members returned by geographical constituencies through direct elections, 24 were present, 16 were in favour of the amendment, three against it and four abstained. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was passed.

PRESIDENT (in Cantonese): Dr Samson TAM, you may now reply and you have two minutes and 29 seconds. This debate will come to a close after Dr Samson TAM has replied.

DR SAMSON TAM (in Cantonese): I am very grateful to the 21 Members who spoke on the motion. Their advice has added much to my motion. As I

mentioned at the beginning of the debate, by moving this motion, I sincerely hope that there can be a new economic pillar for Hong Kong. More importantly, I genuinely hope that young people can be given opportunities to secure employment or start their own businesses.

I myself was also a person who started a creative business. I can remember that 20 years ago, when I graduated from university, I first worked as an employee for two years, and after saving a small amount of money, I tried to set up my own business or embark on my creative journey. Since I did not have enough capital, I could only rent a small place in Temple Street, and it was just a two-man company at the very beginning. Over the past 10 to 20 years, I have always felt that creative industries can certainly help young people realize their dreams. It is a pity that in recent years, many outstanding university graduates who are equally creative have not chosen to stay in Hong Kong to start their businesses. They have not chosen to stay in Hong Kong for the development of their potentials. Where have they gone? To Singapore, Shanghai, Beijing, and so on. The only reason is that according to their observation, the Hong Kong Government does not attach any importance to creative industries and cannot provide a good environment where they can give full play to their creativity.

Therefore, by moving this motion today, we sincerely request the Government and the Secretary to take serious steps to change the present situation and stop only talking about the financial industries. If they do not do so, Hong Kong will only continue to focus on the nurturing of financial talents. I hope that Hong Kong can become a place that can attract and accept creative young people and allow them to give expression to their creative talents. Once again, I thank all Members for adding to my motion today.

President, I so submit.

PRESIDENT (in Cantonese): Members can all be very creative in their speeches. But there is no room for the President to display his creativity. *(Laughter)*

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Dr Samson TAM, as amended by Ms Cyd HO and Mr Paul CHAN be passed.

PRESIDENT (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11 am on Wednesday, 11 February 2009.

Adjourned accordingly at twenty-three minutes past Eight o'clock.

Appendix I**WRITTEN ANSWER****Written answer by the Secretary for Food and Health to Dr Joseph LEE's supplementary question to Question 3**

As regards the number of mentally ill persons residing in private residential care homes for the elderly (RCHEs), according to the Social Welfare Department (SWD), RCHEs licensed under the Residential Care Homes (Elderly Persons) Ordinance (Cap. 459) are not required to report to the SWD the health profile of individual residents. As such, the SWD does not have the requested information on the number of mentally ill persons living in private RCHEs.

Appendix II

WRITTEN ANSWER

Written answer by the Secretary for Food and Health to Ms LI Fung-ying's supplementary question to Question 3

As regards manpower for providing mental health services, as at 31 December 2008, the number of manpower for providing mental health services in the Hospital Authority (HA) and subvented NGOs are as follows:

Manpower for mental health services in the HA and subvented NGOs

		<i>Number of staff (as at 31.12.2008)</i>
HA	Psychiatrists	285
	Psychiatric Nurses (including Community Psychiatric Nurses)	1 879
	Occupational Therapists	131
	Clinical Psychologists	37
	Psychiatric Medical Social Workers	197
Subvented NGOs* (residential and community support services)	Social Workers	175
	Nurses (including Psychiatric Nurses)	185
	Occupational Therapists and Physiotherapists	24
	Other Supporting Staff [#]	914

Notes:

* Estimation of manpower is based on the notional staffing of respective subvented services. Under the current Lump Sum Grant (LSG) subvention scheme, the NGOs have flexibility in deploying their LSG for staff expenses based on their own staffing structure.

Other supporting staff include welfare workers, occupational therapy assistants, physiotherapist artisans, personal care workers, clerical staff, and so on.

Appendix III**WRITTEN ANSWER****Written answer by the Secretary for Financial Services and the Treasury to Mr Ronny TONG's supplementary question to Question 4**

As regards holdover of provisional taxes, the Inland Revenue Department (IRD) does not have statistics on the number of taxpayers who have been granted a certain percentage of holdover of the provisional taxes. Overall, for the 2008-2009 provisional taxes, the IRD processed 59 900 and 8 400 applications for holdover of provisional salaries tax and provisional profits tax respectively, representing increases of 84% and 100% respectively over the previous year. The amount of heldover provisional salaries tax approved represents about 16% of the total amount of the 2008-2009 provisional salaries tax and the amount in respect of provisional profits tax represents about 19% of the total.

Appendix IV**WRITTEN ANSWER****Written answer by the Secretary for Commerce and Economic Development to Ms Emily LAU's supplementary question to Question 5**

As regards the implementation of the Code of Practices issued by the Association of Accredited Advertising Agencies of Hong Kong (the Association), there are currently 21 Full Members and eight Affiliated Members in the Association, which are all major advertising agencies in Hong Kong. The names of the Members are uploaded to the Association's website <www.aaaa.com.hk>.

When the Association receives complaints from the public or the Television and Entertainment Licensing Authority (TELA) about advertisements by its member agencies, it will in the first instance refer them to the members concerned for their consideration as to whether the subject advertisements should be rectified or taken off air.

The TELA also regulates advertisements broadcast on TV and radio. The TELA takes enforcement action under the relevant advertising standards against advertisements found to be in breach of the requirements.