

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 2 April 2009

The Council continued to meet at Nine o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

THE HONOURABLE ALBERT HO CHUN-YAN

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

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

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

THE HONOURABLE LEUNG YIU-CHUNG

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

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

THE HONOURABLE ABRAHAM SHEK LAI-HIM, S.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 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 ALAN LEONG KAH-KIT, S.C.

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 CHAN HAK-KAN

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 SING-CHI

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 LEE CHEUK-YAN

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

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

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

THE HONOURABLE WONG KWOK-HING, M.H.

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

THE HONOURABLE TANYA CHAN

PUBLIC OFFICERS ATTENDING:

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

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

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

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

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

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

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

MR RAYMOND TAM CHI-YUEN, J.P.
UNDER SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS

CLERKS IN ATTENDANCE:

MRS CONSTANCE LI TSOI YEUK-LIN, ASSISTANT SECRETARY
GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

MRS PERCY MA, ASSISTANT SECRETARY GENERAL

PRESIDENT (in Cantonese): Clerk, will you please ring the bell to summon Members to the Chamber.

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

PRESIDENT (in Cantonese): Ladies and gentlemen, good morning. Council will now continue with the debate on the Second Reading of the Appropriation Bill 2009.

BILLS

Second Reading of Bills

Resumption of Second Reading Debate on Bills

PRESIDENT (in Cantonese): Council will now continue with the debate on the Second Reading of the Appropriation Bill 2009.

APPROPRIATION BILL 2009

Resumption of debate on Second Reading which was moved on 25 February 2009

MR CHAN KIN-POR (in Cantonese): Good morning, President, Members and Government officials. The Financial Secretary pointed out in the Budget that Hong Kong's economy as a whole would slide into recession amid the financial tsunami and the Budget was to propose a series of measures to tackle the problems. However, the Budget has unexpectedly caused much controversy in the community after its announcement.

The insurance sector, being an important segment of the financial industry, has employed more than 60 000 people, including agents, brokers and other employees of insurance companies. It is disappointing that the Government failed to address our requests in this Budget. In the wake of the financial tsunami, the performance of the insurance sector is comparatively stable. Apart

from the effective supervision of the authorities concerned, the efforts made by the industry over the years should be given a credit. Nevertheless, it does not mean that the insurance industry is free from hidden problems in the face of the financial tsunami. The Government should assist the sector in improving its business environment and enhance its ability to cope with catastrophe so as to provide policyholders with better protection.

In order to improve the business environment, the industry has put forward a number of proposals, including the establishment of a policyholders' protection fund (PPF), which is a proposal that the Chief Executive has promised to consider. As the economy is still in the doldrums, the insurance sector hopes that the Government can expeditiously establish PPF with an aim to stabilize the insurance market at this time of economic turbulence. Given that the situation is similar to that of establishing the Deposit Protection Scheme Fund for the banking sector, we propose an expeditious establishment of PPF and Government injection into the Fund. However, in its reply to my question, the Government simply said that it would submit progress report to the Legislative Council Panel on Financial Affairs in the current Legislative Session and did not earmark any funding for the proposed PPF. It implies that the Government will not be able to complete its report in the short term, let alone the establishment of PPF.

The Government may not see the urgency in establishing PPF as it considers the performance of the insurance sector stable. Yet, this exactly demonstrates that the Government is not proactive enough and fails to prepare for the rainy days. This will just end up in having to make double efforts when problems do arise.

The insurance sector has also proposed providing insurance premium allowance in the form of tax deduction for citizens who have taken out insurance policies in order to encourage the public to transfer their risks to insurance companies and prepare for the medical or retirement expenses in the future. This will in turn reduce their reliance on the Government. I think it is like "the citizens will give the chicken while the Government is only required to contribute soya sauce". However, this proposal has not been accepted by the Government.

I have also noticed that the Budget proposes to foster the co-operation between Guangdong and Hong Kong to promote economic growth. This is a good piece of news to the insurance industry. The Financial Secretary clearly stated that the Government would strive to introduce more liberalization measures

for early and pilot implementation in the Guangdong Province under CEPA for service industries to support the service sectors where we had a competitive edge. According to the existing CEPA agreement, if a Hong Kong insurance company wishes to enter into the mainland market, it must have assets of over US\$5 billion, more than 30 years of establishment experience and a representative office which has been established in the Mainland for over two years. With such a high threshold, it is difficult for the local insurance companies in Hong Kong to enter into the mainland market.

I therefore support the proposal of the Financial Secretary and hope that the Government can soon negotiate with the mainland authorities on the lowering of entry threshold for the insurance industry so as to assist Hong Kong insurance companies in developing their business in the Guangdong Province.

Moreover, it was stated in the Budget that a government bond programme would be launched to reinforce Hong Kong's position as an international financial centre. This proposal has gained general support and it is time for Hong Kong to strengthen its foundations in preparation for future challenges. The State Council has announced that Shanghai will be developed into an international financial centre by 2020. If Hong Kong does not enhance its strengths at this time, it will be difficult for us to compete with Shanghai in the future. The most urgent task is thus to reinforce Hong Kong's position as an international financial centre and develop alternative financial markets. Bond market is indeed a very good choice.

The advantage of bond investment is that it is less risky but offers a better return than bank deposits. The demand for bonds is therefore huge in the market. As the risk level of government bonds is even lower, the market response to them will be overwhelming. The insurance sector is keen to invest in government bonds because insurance companies need a safe option for the long term investment of the large amount of life insurance premium that they constantly receive and government bonds will be an excellent choice.

However, the market is concerned about the purpose of issuing government bonds as the use of the sums raised was not mentioned in the Budget. We should be well aware that there will be some market implications when the Government drains a sum of money from the market. In addition, interest has to be paid for the funds raised. If the Government issues bonds simply for the sake of bond issuance and the funds are not properly used to achieve optimal benefits,

it is tantamount to wasting resources. Not until recently has the Government advised that the funds will be placed with HKMA for investment and management. Nevertheless, whether this is an appropriate arrangement warrants further discussion.

In the Budget, the Government proposed enhancing primary care and promoting public-private partnership. In his response to a Member's question, the Secretary for Food and Health said that the Government had earmarked \$509 million for implementing a number of pilot initiatives to enhance primary health care services and support chronic patients, some of which would involve public-private partnership and some would strengthen family medicine training. I welcome the introduction of these new initiatives.

In fact, I proposed a motion last month, requesting the Government to promote medical check-up for the whole community. Despite its reservation on the motion, the Government's current proposals, including the enhancement of primary health care services and the strengthening of family medicine training, show that it will take a more proactive approach in caring for public health. The intention behind is indeed similar to that of the motion. Recently, some critics say that the provision of medical check-up for the whole community is neither viable nor practicable as the demand will seriously overload the public health care system of Hong Kong. These critics, however, do not have an in-depth understanding of my proposal and the amendments put up by other Members. Instead of providing extensive and unnecessary check-up, our proposals only recommended offering citizens with the most basic medical check-up to arouse their awareness to their own health. The implementation of this recommendation can be handed over to private health care providers and carried out in phases. As such, the availability of resources should not be a problem. As the demand for primary health care services is huge, the Government's willingness to enhance the services is basically on the right track.

The reason for the Budget to be highly controversial is that amid the financial tsunami, the community expects the Government to open its coffers to relieve people's hardship but the Financial Secretary is not going to spend the public money as lavishly as expected. Instead, he simply addressed the financial crisis by preserving jobs. I fully understand the principle of financial prudence pursued by the Financial Secretary but I am more concerned about the financial policy of the Government. From this Budget, we can see that the Financial Secretary still sticks to a relatively passive financial policy in response to the

blow of the financial tsunami. Since the outbreak of the financial crisis, many western countries have given up their old belief in *laissez-faire* and implemented new economic policies which allow active intervention to the market when facing economic predicament. This change is considerably effective and has become the latest trend in the political stage.

Although Hong Kong is a small and open economy, its local economy bears largely the impact of the international economic climate. Nonetheless, it does not mean that we cannot get prepared for the turbulence to help different industries and tide them over. The current approach taken by Hong Kong seems to suggest that the Government is going to wait and see if another wave of the financial tsunami will come before deciding its responses. Whether this approach is appropriate deserves our serious consideration.

I so submit.

DR LAM TAI-FAI (in Cantonese): Good morning, President. Amid the financial tsunami and economic downturn with high unemployment rate, I consider that it is hard to request the Financial Secretary to work out a Budget which is applauded and commended by the public. Therefore, I appreciate and understand your difficulties and pressure as the Financial Secretary.

Nevertheless, I also hope that the Government, as well as the Secretaries of Department and Directors of Bureau, will understand that at this particular time, the public and business corporations, particularly the small and medium enterprises (SMEs), highly expect that the Government can lead them to face up to difficulties and challenges, get out of the economic depression, and then enjoy a peaceful and stable life.

Mr Secretary, exercising prudence in financial management, adhering to the living-within-our-means rule, and saving up for the rainy days are what ought to be done and correct to do so. Nonetheless, in times of adversities and economic recession, I consider that we should also use the fiscal reserves to provide contingency relief and improve the economic condition. After all, it is necessary for the Government to share the burden of, and with, the public.

The economy has not bottomed out. I really do not agree that additional gifts should be handed round like giving out "barbecued pork buns" for free at

this time. In fact, it is important for the Government to have sufficient fiscal reserves to cope with the second and third waves of the financial tsunami which may come at any time. However, the Government should also give hope to the public or SMEs by providing a few incentives to stimulate their will and courage to survive. Under the present circumstances, SMEs dare not expect to make profits, but only hope that they can hang on. Many wage earners also understand that they may not have pay rise this year, and they only wish to retain their jobs. Therefore, the Government should explore more ways to address their problems, and should not let them lose their will to strive. Take for an example, regarding our proposal on holding over of payment of provisional tax, if it is not possible to offer a holdover of all of such payment, it is still good enough to grant half of it. Another example is that if a three-month rental waiver cannot be granted to tenants of public housing, it is still good enough to offer a two-month waiver. One more example is that for enterprises which make a profit this year and do not cut their staff, the Government may consider offering them tax concessions of 2% or 3% in order to encourage employers to preserve jobs. For enterprises engaging in processing and assembling with customers' materials, the Government may aware that the mainland Government has requested these enterprises to implement upgrading and restructuring measures. However, at this particular time, it is difficult for them to do so. Will consideration be given to providing tax concessions to industries engaging in processing and assembling with customers' materials and imported materials? I hope that the Government will consider the above examples from various perspectives. All in all, I wish that the Government will explore more direct and effective ways to help them.

Recently, I have been asked by many media workers and friends that whether I will support this Budget. Some even have suggested to me that if the Financial Secretary does not provide more incentives, I should somewhat threaten him by saying that I will vote against the Budget. However, I have told them that the Financial Secretary is a veteran so used to threats that he will not yield to ours. In fact, being legislators, we should not resort to threats. What we can do is to reflect and put forward our views with persistence in a hope to urge the Government to draw on collective wisdom and polish up its plans, so as to help the public, business enterprises, and SMEs to address their problems.

Hence, it is not surprising at all that the Financial Secretary will not make any modifications or adjustments to the Budget before the voting. Nevertheless, I hope that after conducting detailed analysis of the feedbacks obtained, the

Government, as well as the Financial Secretary, will make appropriate amendments to the Budget. It is imperative that the Budget is formulated on a people-oriented approach, which aims at supporting the enterprises, preserving jobs, and protecting people's livelihood. As for the proposals in this Budget, I agree with some, but also disagree with many of them. However, I would still like to thank the Financial Secretary for adopting in his Budget many suggestions made by CMA, I mean the Chinese Manufacturers' Association of Hong Kong, and me. But whether they are effective? It depends on whether the Government puts words into actions and measures into force.

In the face of the once-in-a-century global financial crisis, the Financial Secretary has drawn up a deficit budget for this year. In my view, it is a pragmatic approach, which is similar to that suggested by me on page 1 and 2 in my submission to the Financial Secretary. Therefore, I would like to express my support to the Budget. I also opine that running a short-term deficit does not violate Article 107 of the Basic Law.

In fact, the mainland Government has drawn up a deficit budget of RMB 950 billion yuan for this year, which is a record high for modern China over the past six decades. It well reflects that the Central Authorities also understand the severity of the current financial crisis.

With such a huge budgetary deficit, the Central Authorities aim at maintaining an 8% GDP growth by enhancing investments, boosting domestic demand and stimulating economic growth with a view to supporting the enterprises, preserving jobs and protecting people's livelihood.

Similarly, in the face of the current financial crisis, which has not yet bottomed out, the SAR Government, like the Central Government, should also be well-prepared. Given that Hong Kong has abundant fiscal reserves, I hope that the Government will alleviate the difficulties faced by the public, maintain their confidence and stimulate the economy through the use of public expenditure. Therefore, even if a larger fiscal deficit arises in the coming years, I consider it a real necessity.

Now, I would like to talk about the issuance of bonds by the Government. I believe the Financial Secretary may recall that I have elaborated my proposal in detail on page 3 and 4 of my submission. In my opinion, it is opportune for the Government to issue bonds again at this particular time, and multiple benefits

may arise consequently. I do hope that the Government will announce the detail as soon as possible, and consider using the funds properly. Mr CHAN Kin-por previously mentioned that he was very concerned about the utilization of the funds. I hope that the Government will consider putting in more funds on industrial and commercial development to boost our economy further.

As mentioned on page 5 and 6 in my submission, the implementation of Individual Visit Scheme is conducive to sectors such as retail, catering, hotels, tourism, and the overall economy. Hence I think that in addition to introducing multiple endorsements and expanding the coverage of the Scheme to cities outside Guangdong Province, the scheme can be further expanded in the following three areas.

First, I propose that the Central Government should relax the restrictions on the amount of cash brought by tourists or visitors to Hong Kong, say by doubling the amount, in order to encourage mainland tourists to spend more. Second, I propose that the number of visits and period of stay in Hong Kong should be increased, say by extending such period from seven to 30 days. Moreover, I also hope that the Central Authorities will further expand the coverage of the Individual Visit Scheme from the 49 cities at present to other ones. In this respect, I wish that the Government will co-ordinate with the Central Authorities proactively to give impetus to the sluggish market and accelerate the recovery of Hong Kong's economy. I hope that the Financial Secretary will do more in this regard.

As mentioned in paragraph 57 of the Budget Speech, the Financial Secretary will chair a cross-sector steering committee to develop convention and exhibition industry and complete the atrium link extension of the Hong Kong Convention and Exhibition Centre. It is expected that these will become new highlights of Hong Kong's economy.

However, besides exhibitions which target at overseas visitors, I opine that local sales exhibitions should not be neglected. The Hong Kong Brands and Products Expo (HKBPE) organized by CMA at the end of last year was a good example. During the 23-day Expo held between last December and January this year, it attracted the attendance of 2.16 million visitors and sales of over \$0.27 billion, a record high over the past 70 years in the history of HKBPE. The Expo serves as a platform for people to buy at bargain price, and for SMEs to

promote their business and brands. It helps to stimulate consumption, create employment and bring benefits to the economy. Therefore, HKBPE is a vivid example in supporting the enterprises and preserving jobs.

Hence, I suggest that by making reference to the success of HKBPE, the Government should make available more suitable venues as soon as possible for different exhibition organizers and provide active support, such as by lowering the exhibition fees, facilitating publicity work and providing more supporting facilities, in order to stimulate the local economy by capitalizing on the exhibition industry.

In view of the slowdown of the economy in Europe and the United States, and the high risks involved in developing the emerging markets, Hong Kong's SMEs set their eyes on the mainland market. In my view, it is important to build up one's brand in order to tap into the mainland market effectively. I raised a written question in this regard at the meeting of the Finance Committee. In the reply of the Trade and Industry Department, it pointed out that \$500,000 would be allocated in 2009-2010 for brand development and promotion. However, I consider the amount far from adequate. I, therefore, suggest that the Government consider CMA's views, including (i) setting up a dedicated fund to provide financial support for enterprises in conducting their brand establishment and promotion activities; (ii) establishing a high-level standing organization to co-ordinate matters relating to brand development; (iii) developing a "brand innovation centre" to provide technical support for the relevant sectors; and (iv) considering including branding as one of the measures under Trade and Investment Facilitation. To enable Hong Kong brands to enter the mainland domestic market and be offered national treatment status, I hope that the Government will enhance communication with the mainland Government with a view to assisting SMEs to enter the mainland domestic market expeditiously.

As for the whole Budget, what disappoints and dissatisfies me most is the part on supporting SMEs. While it is clearly stated in the Budget that the Government will focus on preserving jobs, what are being talked about at the end are merely those two ineffective loan schemes. Actually, I have stressed repeatedly that it is necessary to support SMEs in order to preserve jobs. More than half of the labour force in Hong Kong is employed by them. That means the livelihood of half of the local families is hinged upon the ability of such

enterprises to survive. If they continue to close down or simply cannot survive, I believe that the unemployment rate will be pushed up even higher, thus affecting our social stability, livelihood, and so on.

An Under Secretary even considered these two loan schemes to be operating efficiently and smoothly, which I cannot agree with. Fortunately, last week, I heard the Secretary, Mrs Rita LAU, advised that a review would be conducted at the end of May. This, after all, brings a glimpse of hope to SMEs.

These two schemes have been launched for four or five months. As at 27 March, that was several days ago, only \$11.6 billion were approved to 5 600 enterprises, a mere 2% of the 270 000 SMEs in Hong Kong. The schemes are apparently not effective. Rescuing the market is just like fire-fighting. I hope that the Government will be resolved and decisive in making effective modifications and adjustments in this review. For example, the Government should consider whether loans should be offered to SMEs directly, and whether measures should be explored to impose restrictions on the interest rates charged by banks. All in all, I would like to stress the fact that if the Government cannot keep the business of SMEs running, no matter how it creates short-term employment and internship opportunities through various means, its effort will become futile.

In the entire Budget, I find that the Government has, indeed, proposed many holistic and far-reaching plans. Many are raised in response to CMA's suggestions. However, the effort made by the Government in supporting SMEs is, indeed, too trivial. This is what I consider to be the greatest defect in the Budget. I feel that it is regrettable. I hope that the Government will take good advice with an open mind, and take decisive actions to enhance support for preserving jobs.

I would like to talk about the University Graduate Internship Programme launched by the Government recently. In fact, since the programme was launched, the Government has received different feedbacks as there are divergent views in the community. I believe that no one will object to providing employment assistance to university graduates when the economic condition is bad. However, what is the best and most effective way to help them? I believe that the Government needs to explore the issue from various aspects and benefit

from the wisdom of the mass. I also hope that the Government will refine the programme before launching it. Hence, I wish the Government to listen to the views of various parties again on this issue.

I so submit.

MR CHEUNG HOK-MING (in Cantonese): President, at present, governments around the world are racking their brains to find ways to boost the economy. Coincidentally, all of them have proposed projects to expedite the implementation of large-scale infrastructure, build more community facilities, and develop conservation and landscaping work and so on. The reason is very simple. During economic recession, only the government is strong enough to conduct these projects to stimulate economic development. Apart from creating the effect of an economic driver, these projects can also cater for the people's daily needs and lay a solid foundation for future development.

The DAB thinks that the SAR Government must re-examine these projects which have been confirmed with concrete timetables, look into the specific plans and tendering procedures of the projects and see if there is any room to expedite them. In fact, the SAR Government has lost much time in cross-boundary infrastructure in the past. By the time when the express rail network in the Mainland has taken shape in 2012, it will still take three years for Hong Kong to get connected to the network. This is really disappointing. In the NPC meeting last month, Premier WEN Jiabao, when delivering the work report on behalf of the Central Government, unusually pointed out that the Central Authorities would accelerate infrastructure projects like the Hong Kong-Zhuhai-Macao bridge, the Hong Kong-Shenzhen Airports Link and the Guangzhou-Shenzhen-Hong Kong Express Rail Link. From this, it can be said that the Central Government has watched silently with anxiety at heart. The SAR Government should expedite and highly regard the work in this area.

To resolve disputes about the projects properly and promptly, the authorities, when dealing with public opinions such as those of the local communities and professional bodies, should consider them modestly, answers all kinds of queries actively and provide comprehensive information to explain the

pros and cons of all the options so as to enhance communication effectively, dispel the doubts of the public, get closer to their actual needs and eventually enable the projects to commence smoothly.

Regarding large-scale infrastructure projects for which there is no plan yet, including the Hong Kong-Shenzhen Airports Link and the Lok Ma Chau Loop, Hong Kong should, learning from the experience in the Hong Kong-Zhuhai-Macao bridge and the Guangzhou-Shenzhen-Hong Kong Express Rail Link, enhance communication and co-operation with the Mainland and draw up timetables of the projects as soon as possible so that the various projects can commence promptly in an orderly manner. It should particularly take note of the Mainland's latest development in the formation of the economy and living zone in the Pearl River Delta Region and act correspondingly. Only then will Hong Kong be able to maintain smooth passenger and logistics flows with the surrounding areas. To strengthen Hong Kong's role as a transport hub, implementation of co-location of immigration and customs facilities at each new control point has become even more crucial. Otherwise we will be gradually marginalized in the overall development of the Pearl River Delta Region.

Apart from large-scale infrastructure, the authorities should also give district councils more autonomy in district-based minor works, allowing them to hire consultants by themselves in order to expedite the commencement of the works. Besides, the Government must streamline the procedures and recruit more manpower to minimize the preparation time for the existing minor works. Not only will this enable local residents to enjoy the facilities concerned earlier, it will also benefit the relevant industries.

President, as Hong Kong is a society where economic development has long been regarded as paramount, different stakeholders have different voices about conservation. To balance the views and interests of each party through a good mechanism is indeed a big challenge to the Government.

The DAB has always considered that conservation and economic development are not in absolute conflict. As long as it is handled properly, the former may even bring bigger and more long-term benefits. The authorities have recently launched the Revitalizing Historic Buildings Through Partnership Scheme. It is believed that through actual implementation and frequent reviews on its efficacy, the scheme will open up a new means for conservation of

buildings and development of their economic and cultural benefits. However, on assisting and encouraging private owners to preserve their buildings, the authorities still have a certain way to go in terms of both policies and laws.

Over the past few years, there has been much controversy in society over the renewal of old areas. Ranging from the compensation options of Urban Renewal Authority to the impact on old buildings, existing culture and commercial activities, members of local communities have diverse views. All along Urban Renewal Authority has been criticized for upholding a "bulldozer" policy in managing renewal of old areas, lacking a district-based, bottom-up renewal strategy. As the authorities happen to be conducting a review and consultation on urban renewal strategy now, we think the authorities should actively encourage members of the public to sum up the merits and demerits shown in the previous urban renewal process and conduct comprehensive and in-depth discussions so as to enable us to formulate a better plan for the future.

President, I then wish to talk about the issue of transport expenses. Transport expenses have already become a big headache to the community at large. In the economic hard time now, I hope that the Secretary will put forward in this Budget plans which can genuinely alleviate the people's hardship and there will be practical measures to help the grassroots. However, the Secretary does not seem to depict much in this regard. As we can see recently, the unemployment rate has reached 5%, hitting a record high in the last 34 months. The number of CSSA cases in February was 289 000, which was 4 500 more than the previous month. The number of CSSA unemployment cases even increased by 32 000.

Undoubtedly, judging from the above figures, many Hong Kong people are living in misery and untold distress under the financial tsunami. However, regarding transport expenses, which are one of our daily necessities, a number of major transport companies started to raise the fare and withdraw relevant concessions one after another last year, making the people's heavy burden even heavier.

Let us take the MTR Corporation, of which the Government is the biggest shareholder, as an example. It recorded a net profit of \$8.2 billion last year. As for Kowloon Motor Bus Company Limited, although there was an after-tax

deficit of \$50 million last year, its parent company still recorded a surplus of \$450 million in the end. Judging from such business performance, we can hardly be convinced that they could not but raise the fare.

Nevertheless, these public enterprises, which have made profits, enjoyed fuel duty concessions and had profit guarantee, kept saying that they had to look after their shareholders' interests and be accountable to their shareholders. Ignoring their social responsibility, they raised the fare simply to strive for the biggest profit.

Under this trend of fare rises, the MTR Corporation made the start at the end of last year by announcing that it would no longer extend the concessionary fare scheme operated jointly with the outlying island ferry companies. It once terminated the elderly fare concession too. Although eventually the concession was revived under public pressure, the terms and details of the concession had greatly changed. Afterwards, the bus companies followed suit one after another. After the fare was raised 2% to 5%, the "Same Day Return Discounts" plan for long routes was cancelled by phases. Such an act was raising the fare in disguise. The worst part was that these measures targeted at long distance passengers who were mostly residents in the various remote districts with generally low income. Withdrawing the concessions just meant adding to their burden directly. However, the Government turned a blind eye to these enterprises which targeted on the grassroots.

Having been under the influence of the financial tsunami for six months, finally, on the 26th last month, the Government announced that the comprehensive fare review mechanism was fully triggered, and the bus companies were requested to provide relevant data and estimates in order to assess the justifications for fare reduction. However, the relevant procedures are rather complicated. It is estimated that it will take at least six months for the mechanism to be implemented. The problem is imminent and pressing right now. What the public need is "timely rain" and not suffering from exorbitant transport expenses for another six months. I hope the authorities will really consider allowing the people to have a chance to take a break without shortening the approval time.

The Secretary may respond that in July last year the Government has already launched relaxation measures under the "Transport Support Scheme".

However, those measures are confined only to several districts in Hong Kong rather than covering all the 18 districts. Our Honourable colleagues who spoke yesterday also coincidentally requested the Secretary to extend this concession to all the 18 districts in Hong Kong so that all those in need throughout the 18 districts will be benefited.

As for the Secretary's rarely-mentioned and only topic about transport expenses in the Budget, that is, the "half fare concessions for students", I hope the Government does not simply mean extending the concessionary fare for full-time students to the former KCR network. Rather, it should give regard to all full-time students whose families have financial needs. At present, although many cross-boundary students travel between Shenzhen and Hong Kong, the MTR Corporation insists that Lo Wu and Lok Ma Chau are cross-boundary stations, and so they cannot be included in the fare concession for students. Students aged below 12 are entitled to half-price concessionary fares, but students aged 12 or above have to pay exorbitant cross-boundary transport expenses. Here, we hope the MTR Corporation will materialize its conscience of a social enterprise to include these cross-boundary students aged above 12 in the student fare concession scheme. Or perhaps, will the Government consider providing students in needy families with travelling allowances?

President, Hong Kong is no longer what it was before. The principle of "big market, small government", which the Government adopted in the past, may apply only in a buoyant economy. As the global economy is suffering a blow from the financial tsunami, naturally Hong Kong is no exception. When all sorts of enterprises have closed down one after another, the unemployment index is on the rise and the people are living a hard life, will the Government still look on with folded arms?

Hence the DAB thinks that at this time the Government should appropriately discharge its duties of a government and share the burden in times of difficulties with the people by, for example, relaxing the existing Transport Support Scheme to benefit all those eligible throughout the 18 districts in Hong Kong. Moreover, the Government may use its way to request the bus companies and the MTR Corporation to resume provision of the various types of fare concessions to relieve the people's burden and join efforts for better livelihood of the people.

President, the aim of infrastructure planning is to prepare for Hong Kong's future development. Exorbitant transport expenses have presently posed a livelihood problem to the people. Facing competition from the neighbouring regions and the present difficulties, Hong Kong has both long-term and short-term problems. How can the Government feel at ease and carefree?

I so submit. Thank you, President.

MS CYD HO (in Cantonese): President, the SAR Government has only been established for 12 years, but we have already affected by major financial crises for the second time. However, it seems that we have not learned a lesson from the last financial tsunami, and this year's Budget is still inadequate for helping Hong Kong people to tide over the present predicament.

In 1999, a financial turmoil broke out in Asia. Hong Kong was raided by major international speculators, and coupled with the SARS outbreak, the economy of Hong Kong plummeted to its rock bottom. At that time, we had never had such experience because all along our economy had always been ascending, and never descending. So, the sudden arrival of the financial turmoil caught us by surprise and we were at a loss. Therefore, we got together to discuss currency policies, economic restructuring, and the regulatory control of the financial market. Many people hoped to identify a new way out for Hong Kong. As a result, in order to safeguard the currency policy of pegging the Hong Kong dollars to the US dollars, the authorities decided to re-gain our competitiveness by various methods such as dismissing employees, proposing wage reductions, outsourcing or cutting services, and so on. Although we have recovered now, our economic recovery was the latest one among the four Asian small dragons. Besides, our wage earners have paid a very dear price for it. Our wage reduction was as high as 50%, our grass-roots workers became victims of exploitation, and we even saw a humiliating hourly wage of \$7. A driver died in a crash after taking up an extra part-time job which made him work day and night and excessively tired. In another case, a mother, who was a single parent, died suddenly due to excessive fatigue from working long hours all the time, with only four hours of sleep per night. However, the sad stories of workers did not end with the arrival of an economic recovery as their wages have not returned to the 1998 level. On the contrary, in recent years, inflation caused by speculative trading in the financial market has led to the widening of the wealth gap between the rich and the poor and the polarization is even worse than before. The

grassroots have not been given the chance to take a respite and build up their own strength and then they have to face the financial tsunami again and they have to face unemployment again.

We cannot help asking this question: Hong Kong have already experienced a financial turmoil, why does it not have any immunity against the financial tsunami? After learning a painful lesson from the last predicament, why are we still substantially affected by outside factors? Last time, the banks "recalled all the umbrellas on the rainy days", which quickened the closures of small and medium enterprises. This time, why are we still unable to make the banks relax their credits? Last time, we put the blame on the poor quality of the workforce. As such, we kept conducting training programmes. But today, why are the grass-roots people still among the first ones to face the impact?

It is because the SAR Government has not learned a lesson from the last financial turmoil in 1999, and its management of public finance only focuses on maintaining a positive balance on the balance sheet over the medium-to-short term. It does not seek to develop a diversified economy with reference to the demographic characteristics of our population in order to spread the risks. Nor has our Government made substantial investment in the future, so it fails to effectively elevate the quality of our population from the perspectives of resources and policies. The so-called "prudent management of public finance" is in fact "timid and recoiling management of public finance". So, all Hong Kong can do is to wait for the return of the rising purchasing power of European and American countries and to rely on the opening up of more mainland cities to the Individual Visit Scheme. However, we still have not been able to identify the new way ahead that is suitable for the economy of Hong Kong, nor have we trained up a workforce that can identify and move along the new way ahead.

Today, we must reform the economy of Hong Kong. Although this is a very urgent task, we must re-examine the governing philosophy of Hong Kong in this process. Today, even the middle rightists in the United Kingdom have started to talk about compassionate economics, which means some care benevolence should be added into economics. We can see that the demand and supply relationship in the free market cannot check and balance the evil instincts of human beings such as greed. Today, amidst the crisis, Hong Kong should

adopt an active approach, instead of a passive one, in order to make some planning that are more pro-active and more forward-looking. We should adopt a people-oriented approach and formulate a series of human economic policies.

We can see how the changes in GDP in different categories of economic activities from 1980 to 2007 affected Hong Kong people. Over the past 30 years, the greatest drop in GDP naturally took place in the manufacturing industry, from 22.8% to 2.5% — a plunge of 20.3%. During the same period, the financial industry, which the authorities have all along been promoting strongly, dropped from 21.7% in the 1980's to 14.5% immediately when the Sino-British talks started. We can see that the industry does not have much self-protection capabilities. Later, it slowly surged to 29.1% in 2007 when the market was very prosperous — there was an accumulated growth of 7.4%. However, the financial industry cannot absorb the redundant workers from the manufacturing industry. Even after receiving re-training, they can only work in the retail, catering, hotel or personal services industries. These two industries have seen a combined growth of 13% during the past 27 years, but they still fail to help those workers eliminated from the manufacturing industry. Today, half of these workers have already reached the age of 65. They have been unemployed for a long period of time, and have been leading a poor life in their retirement. On the other hand, for the remaining half of such workers, they are now working in the catering industry as cheap labourers.

The advancement of the financial industry has not brought them good days. With regard to economic restructuring, Hong Kong is completely inhibited by globalized commerce and the outward re-location of its production lines. We have not adopted a people-oriented perspective in handling this re-structuring. Instead, we feel complacent about the good balance sheet of our public finance brought about by revenue generated from sales of land and collection of stamp duties, and we have been too obsessed with the market mechanism. While overlooking the bad consequences brought about by the fact that individual industries are shrinking at a rate far quicker than workers' adaptation to new job types, the authorities also seek to maximize government revenue and reduce its long-term commitment by selling shopping arcades in housing estates to the LINK; putting the shares of the MTR Corporation on the stock exchange and implementing a merger of the two railway companies. Although these privatization projects generated considerable revenue for the Government, they also turned the grassroots the victims of exploitation of the monopoly holders,

making the life of the general public all the more difficult. We have not done anything from the perspective of promoting full employment for the people so as to enable the people to work with dignity, become self-reliant and earn a living for themselves through working, and to assist the forward development of different industries.

President, next I shall speak on how financial and currency policies can protect the general public and achieve the target of being people-oriented. The peg between Hong Kong dollars and US dollars did bring us the advantage of stabilizing our confidence, but it has a lot of side-effects, too. We cannot independently launch development in our economy just according to the performance of our economy. These side-effects have really given rise to a lot of impediments. However, in the past, the issue of this peg was a major taboo, which was not supposed to be discussed openly. Ms Emily LAU has once mentioned that we should conduct an open consultation in this regard, and she was immediately harshly criticized. But now, the circumstances have changed. Even the Chief Executive has mentioned earlier that it was not absolutely impossible to remove the dollar peg. Yesterday, on the eve of the G20 summit meeting, ZHOU Xiaochuan, Governor of the People's Bank of China, proposed to establish a new international reserve currency to take over the status currently enjoyed by US dollar. As the US dollar may lose its status as the international currency of reserve, it is necessary for Hong Kong to re-consider our policy of pegging the Hong Kong dollar to the US dollar, and we should make early preparations in this regard. I believe it was Beijing's intention to take an active role in the G20 summit by sending a shocking message to the United States that China should not be underestimated. However, since the issue has already been raised, we must consider what we should do when Renminbi can be freely converted. In the past, however, the officials always insisted that this subject could not be discussed, and once it was discussed, it would bring about a very severe impact. Some of my Honourable colleagues also expressed the same view. President, instead of adopting an evasive approach and allowing people with access to inside information to take the opportunity of making huge profit on the eve of announcing the news of abolishing the dollar peg and it will make the general public suffer even greater losses, we should encourage academic institutes to conduct some research and put forward all kinds of possibilities with regard to the currency policy of Hong Kong. In this way, we can make the people and the market gradually get used to the news, thus reducing the shock.

Making early preparation is always the best strategy. Similarly, Hong Kong should start planning early for facing up the competition from Shanghai. Our country has already announced that Shanghai will be developed into a financial centre, and both Shanghai and Hong Kong are situated within the same time zone, a fact which is very important. In the past, we often said the time zone of Hong Kong was its greatest strength because soon after the London and New York markets were closed, Hong Kong would immediately start its operation as a financial market. However, as both cities are situated in the same time zone, and if Shanghai has also become a financial centre, our only advantages over Shanghai would be our rule of law, the regulatory regime in which investors have confidence, free flow of information and the independent roles of our legal and accountancy sectors. A professional who had immigrated to Hong Kong from Mainland asked us to sit back and relax. He said Shanghai would not be able to catch up with us within the next 20 years because it had not been able to establish its rule of law and regulatory regime. Hong Kong will still be able to enjoy its advantages for a certain period of time. However, even though Shanghai may not be able to catch up with us, we cannot say for sure that Hong Kong will not lag behind.

The recent Lehman Brothers minibonds incident serves to illustrate the failure of the Securities and Futures Commission to exercise regulatory control. People from all walks of life are paying close attention to the privatization hearings of the PCCW to see if the interests of small investors can be adequately protected. All these are pointers to show whether Hong Kong can maintain its status as an international financial centre. If Hong Kong's financial market is still the place for "big crocodiles swallowing up small fish", and even the period of prohibiting directors from selling shares has met with difficulties in getting endorsed, the difference between Hong Kong and Shanghai will soon disappear and our status as an international financial centre cannot be maintained. Therefore, I would like to ask the Government to expeditiously review the mechanism for regulating our financial market so as to tackle the problem at its source, and gain more time through adopting stringent regulatory control, which would enable us to gain adequate time and space for developing a diversified economy, in addition to the financial aspect.

With regard to the development of a diversified economy, creative industries are the best way forward for Hong Kong. Together with technology, culture and marketing promotion, creative industries are just the right ones for Hong Kong, which is restricted by a huge population and limited land supply.

As long as we can enjoy the room for developing our freedom of thinking and have long-term investment in education, coupled with the fact that Hong Kong people are free from historic burdens and inhibited characters, it is not difficult for us to develop creative industries in Hong Kong. Education is the investment that would bring about the biggest return. However, from the past to the present, the resources we spent on education have all along been less than those spent by our competitors. Before 1997, it was unfortunate that our education expenditure was only 1.8% of our GDP. After 1997, the percentage has gradually risen to the present 3.3%. However, in about 2006, among our neighbouring competitors in Asia, Thailand's education expenditure was 4.2% of its GDP, Korea 4.6% and Malaysia 6.2%. We lagged far behind them in terms of educational investment, and it is highly possible that our future performance will also lag behind those of others.

I suggest that our education expenditure should be gradually increased to 5% of our GDP. You may well ask: What are we going to do with so much money? Do we need to increase it by 60%? However, when we review our education policies, in fact we are still facing many problems. There are ways and needs of spending such new resources on universities, primary and secondary schools, as well as kindergartens. About universities, what we are talking about is naturally the expansion of student intakes, as well as downward adjustment of tuition fees to a level affordable to students from grass-roots families. About primary and secondary schools, we need the provision of Internet fees by the Government so that students from grass-roots families can have a comparatively fair starting point and they can have fair competition with students from the middle or upper class families. About primary schools, we must strive to implement small class teaching. About kindergartens, some of our Honourable Members have said recently that with the implementation of the education voucher system, some grass-roots families which were not required to pay any tuition fees before have to pay monthly tuition fees between \$100 and \$200 now. Therefore, there are definitely good ways of spending the new education resources, and such resources will definitely boost the future competitiveness of Hong Kong.

Education is a long-term investment. If we want to solve our predicaments immediately, we must rely on the creation of jobs. The pro-democracy camp proposes to the Financial Secretary that an additional amount of \$28 billion be set aside for purposes such as cross-district transport allowance, unemployment loans, unemployment insurance as well as the creation

of 60 000 posts. Over the past one month or so, we conducted several motion debates, discussed repeatedly over such issues and submitted the proposal of the pro-democracy camp to the Financial Secretary. Therefore, I would only reiterate the principle in creating job opportunities, that is, priority should be given to the creation of posts that can improve the quality of life in the long term, facilitate sustainable development and carry economic or social benefits. In accordance with these principles, the best investment should be made in developing the environmental recycling industry, thus making it possible for women to have relatively fair employment opportunities. As a matter of fact, environmental industries refer not only to the recycling of waste. The electric car, MyCar, developed by The Hong Kong Polytechnic University (PolyU), incorporates technologies of high production value for manufacturing environmental vehicles. I learn from the President of PolyU that the production lines of MyCar do not occupy a large amount of land — an area equivalent to a football field would be sufficient. Why can Hong Kong not allocate a piece of land just as large as a football field for the production of some high value environmental vehicles? Why are we unwilling to provide the land just as large as a football field for the production of a brand name that Hong Kong people can take pride in?

President, no one would object to prudent financial management. But this is no pretext for not doing anything to save the people. After we in the pro-democracy camp have put forward our proposal of providing an additional provision of \$28 billion, the Financial Secretary becomes very scared. He fears that the financial tsunami might not be over even after the lapse of three years. So he thinks it is necessary to save up some resources as reserved "ammunition". Otherwise, no more resources could be deployed. But saving people from predicaments is really as urgent as putting out a fire. If we do not do something this year to save the people from the predicaments, the loss of confidence among them might trigger an economic recession that could cause greater harm than the actual collapse of loan credits.

In the Great Depression in 1930's in the United States, President Franklin ROOSEVELT introduced some new bold policies that were nearly socialist in nature. In order to save the market, he made improvement to the social welfare system, created jobs for the young people, implemented infrastructure facilities, made investment in education and promoted cultural activities. But he placed even greater emphasis on saving the people as well as the promotion of social stability. Today, the political system of Hong Kong is still undemocratic. We do not have any effective mechanism for solving social disputes. Therefore, it

has become all the more imperative for us to bring in people-oriented care and concern now from the perspective of economic policies. Only by doing so can all Hong Kong people safely survive the financial tsunami. Thank you, President.

MR CHEUNG KWOK-CHE (in Cantonese): President, at present, when the entire society is having a hard time, and when our economy is unstable with surging unemployment rates, a good Budget should be able to ease the minds of the people, consolidate the basics and build up the strength of society. However, I could not see that this Budget is doing any of these. During the past few months, I met with many different organizations, which relayed to me many different problems. Such problems include: requests made by families receiving Comprehensive Social Security Assistance (CSSA) for the provision of Internet fees for students; the elderly requested for the implementation of a universal old age pension; problems associated with the handicapped and homes for the elderly and the drastic increase in the number of street sleepers, and so on. I have mentioned all these problems to the Financial Secretary in this Chamber, but none of these is mentioned in the Budget. At present, there are altogether 17 966 elderly persons in Hong Kong who have been assessed to have the need to be provided with residential care places in care homes. Yet, there are only 1 574 subsidized places in such care homes. These care places, together with those places in contract homes for the elderly, bring the total number of infirmary places to only 2 011. In other words, about 18 000 elders will have to wait for four years before they can be allocated a place in residential care homes. It is mentioned in the Budget that 150 additional infirmary places will be provided and 500 additional residential care places will be bought from private care homes. The quantity is too small to satisfy the needs of so many elders, and it is simply inadequate for tackling the problem. Therefore, community care is of vital importance. I hope the Government can employ 2 100 additional community care workers to take care of the thousands of elders who are now waiting in their own homes for a place in residential care homes, and provide home care services for families of such elders.

For some luckier elders who can still take care of themselves and do not need to be accommodated in residential care homes for the elderly, the Old Age Allowance is very important to them. Last time, after making repeated efforts in fighting for an increase, we finally succeeded in securing the Old Age Allowance for the elders to be increased to \$1,000 a month and that the recipients are not

required to go through a means test. But in the long run, with the ageing population, this \$1,000 will pose a heavy burden to both the Government and the people. This explains why members of the sector have all along been advocating the proposal of a universal old age pension, which is to be contributed by three parties, to replace the existing problematic Mandatory Provident Fund, which only benefits the fund companies.

President, the number of CSSA applications has been going up all the time. The number of low-income families making less than \$4,000 a month has increased substantially. Many parents would rather be exceptionally mean to themselves in spending, and still do their best to pay for the tuition and a better living of their children. It is really saddening for us to see how hard they have been trying to save money. Despite our repeated campaigning efforts, the Government still refuses to provide a monthly Internet subsidy for students of CSSA and low-income families. \$150 is a substantial amount for a low-income family, which might necessitate the parents to save a lot from their monthly transportation, food or rental expenses. But for the Government, both the Education Bureau and the Labour and Welfare Bureau have been delaying the implementation of this subsidy. In certain meetings, some government officials even described this as "an ideal expectation". This has made us very angry. During this very unusual time, the Government should actually proceed with its work promptly. Last year, the Chief Executive provided a lump sum student subsidy of \$1,000 for each student of needy families. We found it a good policy, which should be extended to this year.

In times of economic downturn, the competitiveness of secondary school leavers has become relatively weaker, and this makes them face even greater difficulties in finding jobs. After remaining unemployed for one or two years, many young people might become poorly motivated, withdrawn and their learning capacities have diminished. The Government may allocate some resources to certain non-government organizations to provide pre-vocational training or skills training. In the past, the Government created some additional posts for the young people. I would like to suggest that the Government should provide 3 000 program worker posts. This can help social services on the one hand and provide job opportunities on the other. With regard to small and medium enterprises, I in fact share the opinions put forward by Dr LAM Tai-fai. So I am not going into the details here.

Since the implementation of the system of educational vouchers for kindergarten schoolchildren, some parents point out that families not having to pay any school fees in the past are now required to spend more in this regard. Ms Cyd HO has also mentioned this. Such a weird phenomenon has not been properly taken care of in this Budget. It has ignored the aspiration of the people. Also, the number of street sleepers is on the rise. In times of economic downturn, the presence of an increasing number of street sleepers is very natural. Like the unemployed, they could become very depressed after becoming out of work for several months or half a year. In fact, the Government is not unaware of the situation, but the Budget has not specifically touched upon this. Under the current CSSA system, some of the street sleepers who have just returned to Hong Kong have to wait for half a year before they can start applying for the CSSA. So under the incompatible circumstances of the existing system, they have to endure the hardship for several months. For those social welfare organizations serving them, we may have heard of this recently, they are complaining that, affected by the financial tsunami, they are also undergoing great difficulties as their incomes have diminished as a result of less donations. Stock prices, from which they rely on earning interests, have also dropped. So they are trying hard to look for extra sources of incomes. They are having great difficulties in maintaining their operations, and they are really struggling for their own survival, so how can they help these street sleepers? I hope the Government can allocate some funds from the Lottery Fund to assist such small organizations, so that when they are faced with financial difficulties, such a move can help solve some of their urgent and immediate problems.

As for residential care homes for the disabled, the Government still fails to respond to the realistic situation. The longest waiting queue is the one for residential care home places for the severely mentally handicapped persons. The waiting time could well be over 10 years. In a recent case, a severely mentally handicapped person has waited for over 12 years. In the meantime, the number of people on the waiting queues keeps going up. That person was eventually allocated a place only recently, and he has been waiting since 1997. We can imagine the great mental and physical stresses suffered by this handicapped person and his carers. Apart from residential places, the employment of the handicapped also deserves our attention — the problem is particularly acute now as the unemployment rate is high in our society. The handicapped have actually put forward this issue for many years. It is hoped that legislation can be enacted to implement an employment quota for the

handicapped. At least the Government and non-government organizations (NGOs) should set a good example by employing 2% handicapped persons in their workforce.

President, the latest employment rate is 5%, and the authorities also predict that the figure could go further up. If the Government can provide an unemployment relief assistance for six months, it would be a great help to low-income families. Integrated family service centres can assist low-income families in solving problems arising from financial difficulties. This will help maintaining family harmony. Therefore, I suggest that the Government should expeditiously set up more integrated family service centres in high-risk districts.

The financial tsunami is a once-in-a-century problem. As such, the measures to be included in the Budget should not be inhibited by any old rules. The Financial Secretary should "employ unusual measures to tackle unusual problems". If we do not stop the "bleeding" today, the problem will worsen tomorrow. This is as urgent as putting out a fire. The Government should act in a bold and firm manner in supporting us, the people, in tackling our predicaments. I hope the Financial Secretary can consider these points most prudently.

I so submit.

MR IP WAI-MING (in Cantonese): Grass-roots workers have been plagued by unemployment, long working hours and small income since the economic restructuring and many junior posts being contracted out, and this situation has changed very little in reality over the past decade or so. The Government has all along denied the situation that labourers have been marginalized, and therefore it has given little attention to them or their needs in livelihood in terms of economic strategies. In recent years, despite Hong Kong's full commitment to developing its financial sector, which has contributed to a boost in income of the financial industry participants, grass-roots workers have not benefited from the development, resulted in wider disparity between the rich and the poor.

In addition to being a place of monotonous industrial structure, Hong Kong is also an open and free economy as claimed by the Government. Thus, Hong Kong will immediately suffer from a significant impact whenever problems arise in the external economic environment. Let us take a look at the financial

tsunami this time. Since the outbreak of the crisis last September, about half a year ago, the unemployment rate of Hong Kong has registered a sharp rise of 5% with 170 000 people having lost their jobs. Grass-roots workers bear the brunt of the crisis with the unemployment rate of the construction industry at 9.8% while those of the transport, manufacturing, trade and catering industries are all over 5% respectively. But we find that for some industries such as insurance and finance which are situated at the eye of the financial turmoil, the unemployment rate stands at only 3.2%, which is lower than the overall unemployment rate. This shows that the employment of grass-roots workers is subject to the impact of the economic turmoil even more.

President, I wish to talk firstly about the logistics and tourism industries, which are among the four major economic pillars of Hong Kong. Taking logistics as an example, the transport and storage industries would have had a high intake of grass-roots workers if global consumption and demands had not fallen amid the financial tsunami. Aggregate exports of Hong Kong dropped 23% in February, a much bigger fall as compared with the 21.8% decline in January. The local import and export trades, as well as the transport and storage industries, are the most hard-hit sectors. They saw the worst shrinkage in vacancies, which was over 50% respectively on a year-on-year basis. Recently we have received a number of employment disputes in the logistics trade, all of which involved cessation of operation. With the second and third waves of the financial tsunami looming, there is great uncertainty surrounding the employment prospects of grass-roots workers.

Countries worldwide have gone into economic recession to different degrees amid the financial tsunami and Hong Kong can hardly remain unscathed with the financial crisis weighing heavily on tourism. According to the information of the Hong Kong Tourism Board, after the Chinese New Year holidays in late January, visitor arrivals from the Mainland decreased by 6.7% as compared with the same month a year earlier. Visitor arrivals from the Mainland under the Individual Visit Scheme were over 773 000 though. The figure represented a decline of 9.6% over the same period a year earlier. Other long-haul markets, together with short-haul markets in some areas, are still under the impact of the financial tsunami, and visitor numbers have been dropping.

Visitor arrivals decreased by 8.1% in February. Despite an increase of 1.8% in visitor volume when the figures of January and February are added together, the increase is due to a rise of over 30% in mainland visitors in January.

Hence these figures only presented a superficially good picture. Thanks to the expansion of the Individual Visit Scheme, citizens from an increasing number of provinces and municipalities in mainland China are allowed to travel in Hong Kong. However, individual visits are different from conventional travels. The former will indirectly lead to tourism industry employees such as tourist guides being hit by underemployment. Coupled with the persistent decrease in the number of overseas visitors, it is increasingly difficult for tourism industry employees such as local tourist guides to earn a living.

Apart from tourist guides, the hotel industry also plays a vital role in tourism development. Visitor arrivals have been dropping, and the consistent decline in occupancy rate of local hotels ensued. The overall occupancy rate of hotels was 76% on average in February, down 4% over last year. Hotel room rates also dropped 10.4% on average. Workers in the hotel industry are especially vulnerable to the decline in the occupancy rate and income of hotels. Recently a five-star hotel at Admiralty has asked its staff to take at least one day unpaid leave each month as a result of the drop in the occupancy rate. It is seen as merely the tip of an ice-berg. The trade unions of hotel workers have received complaints that at least 10 hotels have requested their staff to take unpaid leave. If things go on like this, I am worried that there will be more and more unpaid leave days, and even laying-off. We are afraid to see a wave of laying-off in the second half of this year.

Next, I wish to talk about social welfare issues. We find that social welfare is given limited coverage in the Budget this year. In the special meetings of the Finance Committee held last week, the Bureau Director also advised that the budget for social welfare in the coming year would be 0.3% higher when compared with 2008-2009. No improvement efforts have been targeted at certain social inequality. Taking the policy of the lump sum grant as an example, although the social welfare subvention does increase as shown by the estimated expenditure, the amount is still insufficient. In 2008-2009, there is the supplementary provision for welfare organizations in line with civil service pay adjustments. The additional funding should have been spent on the staff concerned as required by the Government but it turns out that it has been spent on otherwise; for the senior level has introduced a policy above, those below it may act counter to it. In 2009-2012, welfare organizations will continue receiving the funding, but will similar problems keep coming up? Therefore, we request that the Government should consider formulating additional measures to ensure that the original policy of intent of funding is accomplished.

About social welfare, we must raise the issue relating to the shortage of resources. Mr CHEUNG Kwok-che said a while ago that we were concerned about subsidy arrangements for various residential care places. Our colleagues from The Hong Kong Federation of Trade Unions (FTU) also pointed out in their speech yesterday that the longest waiting time for a residential care place was around 90 months. According to the information of the Hong Kong Council of Social Service (HKCSS), of the longest waiting time for various residential care places was 138 months. Regarding services for the elderly, according to the information of HKCSS, there are 6 300 people waiting for nursing home places, with the waiting time as long as 41 months at present, while the waiting time for a subsidized care-and-attention place is 32 months. In other words, the average waiting time for such residential care places is three to four years. As the elderly are ageing and the waiting time is very long, more than 2 400 elders died in the course of waiting for residential care places. We feel rather dejected about it. We hope the Government will allocate additional resources to the services for the elderly with a view to benefiting the people in need. In addition, the Social Welfare Department remarked in its estimates of expenditure that the utilization rate of the day care centre for the elderly in 2007-2008 amounted to 110% and was expected to remain at that level in 2009-2010. A 110% utilization rate actually reflects a dire lack of such centres to cater for the needs of the elders. Under these circumstances, there are not only insufficient services offered to the elderly, the staff in these organizations are also under considerable work pressure.

No matter whether it is the lump sum grant or the issue concerning the residential care places and centres for the elderly, the fundamental problem lies in the shortage of resources. The Government needs to understand that social services are not profit-making commercial activities. In fact, the Government's financial assistance plays an essential part in the running of social services. The Government should face up to the fact that the social welfare sector is plagued by the increasing shortage of resources, and it should provide additional resources to the social welfare sector without delay, thereby alleviating the highly stressful situation arising from a shortfall in services supply at present. Moreover, increased expenditure on social welfare can create relevant jobs directly or indirectly. We are hope that the Government will give more consideration to this as we need to create more jobs under the existing circumstances.

About transport allowance, FTU constantly strives for further relaxation in such allowance, namely the existing Transport Support Scheme, with a view to

extending the Scheme to all the 18 districts to allow more people in the lower social strata to benefit from it. The survey conducted by FTU in the North District finds that the transport expenses of a worker account for 15-20% of his pay. We believe that only with the incentive of a Cross-district Transport Allowance can workers be attracted to work in places farther away. When I handled a case yesterday, a construction worker told me that the travel expense he incurred each day amounted to nearly \$60. So, we can see that transport costs are a really great burden for wage earners.

In addition, on the re-cycling business, we find Hong Kong's green policy too loose, especially the fact that recycling companies do not receive any policy support, which is inhibitory to the environmental protection industry. We hope the Administration will 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 waste. As the recycle and recovery business can open up diversified job opportunities, including positions related to scientific research, classification, recycling and transport, we think that in the long run, it can help create positions, thereby alleviating the problem of structural unemployment.

This Budget is really insipid, which makes people think that the Government lacks the guts and verve. Though we accept the importance of storing up grains against a lean year, the Government should also size up the situation. It is essential to open the granary moderately to relieve people in need. We expect the Government to demonstrate its determination to the public by showing its mettle to lead us out of the shadows of the financial tsunami, and only by doing so can public confidence in the Government be restored.

President, I so submit.

MS AUDREY EU (in Cantonese): Given that Hong Kong people hold expectations for this Budget, the higher are their expectations, the more disappointed they are. Why do I say that members of the public have particular expectations for this Budget? First, of course it is due to the global financial tsunami confronted by Hong Kong today, under which the Government is expected to implement appropriate policies. Second, seeing that the governments of other parts of the world have put forward emergency rescue plans, we would equally expect the HKSAR Government will press ahead a

similar plan of an appropriate scale. Third, as Hong Kong enjoys exceptional advantages by its nature, and has saved up much money against a rainy day with ample fiscal reserves, we naturally expect the Government to make big moves in view of the current situation or adopt the style of "dealing with special tasks with special means" as mentioned by Secretary LAM.

Returning to the Budget, it seems that some new measures have been pointed out therein. For example, the Government will play the role of a pioneer and adopt measures which run contrary to the economic cycle. Nevertheless, figures do not deceive. One can find out by going through the figures set out in the appendixes to the Budget that the \$244 billion operating expenditure is even lower than the \$259 billion of the previous year. While our fiscal reserves stand at \$488 billions, the Government says that it will maintain the expenditure to alleviate people's hardship. Total public expenditure stands at \$319.4 billions, amounting to 19.4% of GDP, which is virtually comparable to the total expenditure quoted by former Financial Secretaries that accounted for 20% of GDP. In comparison with the percentages of total expenditure in respect of the GDP of the next five years, that is 19.4%, 19%, 19.5%, 19.1% and 18.9%, the differences are insignificant. Therefore, the Financial Secretary cannot blame members of the public for making such a negative comment on this Budget.

The Civic Party subscribes to some of the main directions set out in the Financial Secretary's Budget, such as preserving employment, which I believe all political parties in the Legislative Council will also approve of. In addition, his proposed provision of new economic drivers has been repeatedly proposed by the Civic Party. His proposal to provide assistance to the disadvantaged, especially in such an economic situation is also supported by us. However, we cannot accept this Budget, even though we subscribe to such directions, because all these measures are not strong enough.

In fact, we need not spend additional time discussing the provision of assistance to the disadvantaged because I heard just now Mr IP Wai-ming and Mr CHEUNG Kwok-che speaking of it clearly, and yesterday Mr Ronny TONG made a speech about it on behalf of the Civic Party as well. These problems, such as the waiting time for residential care places for people with disability amounting to 12 years, are evident. In the difficult situation at present, the Government is much more expected to carry out appropriate measures, but we have seen none, unfortunately.

Therefore, many parties from the pro-democracy camp have given the Financial Secretary a hand by collecting opinions and working out the \$25 billion plan which requires the Financial Secretary to provide an additional sum of at least \$25 billion, which only accounts for 1-2% of GDP, a very slight increase. As compared with an increase of \$28 billion proposed by the Liberal Party, the increase proposed by the pro-democracy camp is virtually much smaller. Besides, we do not call on the Government to issue consumer vouchers. We only call on the government to create 60 000 solid positions, including those relating to nursing, rehabilitation services, community child caring, home help services, development of the recovery industry, clerical and administrative work in school, library assistants, promoting a green economy, as well as building management and cleaning. A majority of these positions are really needed by local communities and have long been on offer.

Furthermore, we also request that in the period when the unemployment rate has been climbing, the Government set up a relief fund for unemployment, no matter whether it is short-termed, or in the form of a loan or relief with fewer constraints, and we have provided the Finance Secretary with a whole set of figures. In addition, travelling allowance is also one of the measures under the \$25 billion plan. I heard Mr CHEUNG Hok-ming and Mr IP Wai-ming talking about it just now. Not only has this measure been proposed and long discussed by the pro-democratic camp, we have also relayed it to the Finance Secretary previously but we do not know why he seemed to turn a deaf ear to it every time.

Moreover, President, the Legislative Council has achieved a consensus on small and medium enterprises and the middle class. The Civic Party also suggested last year that provisional tax should be held over. I heard that apart from the Civic Party, many legislators from the business sector had also made such a suggestion, and this is not something difficult to do. In times of economic difficulties when everyone says that banks will tighten their credits, may I ask whether the provisional tax for the coming year will be held over so that the members of the public are not required to pay it? Yet, it is not something that the Government is willing to do either.

The Civic Party also introduces the Green New Deal, details of which have been given to other legislators and submitted to the Finance Secretary as well. We are of the opinion that in times of economic doldrums, more can be done in respect of global warming, air pollution or environmental conservation, on top of

job creation. This will kill several birds with one stone. It can be clearly seen that Australia has recently issued a travel warning about air pollution in Hong Kong, even though it is not called an alert. In fact, not only does the warning affect tourism, it also impacts our competitiveness. We cannot say that we have to wait for bus companies to increase fares slowly before we address this issue because without a bus fare increase, old buses cannot be replaced by environmentally-friendly ones. It will directly affect the health of people. If our public medical services are wasted or our productivity is affected by these problems, we will suffer losses directly and such losses are larger than the resources committed to clean air by the Government.

Thus, on top of investing in new environmentally-friendly buses, the Government can create many positions, such as posts relating to vehicle examination, energy audits, green lunch, or even the green bazaar or cycling tracks. Some green jobs or green positions can always be created in relation to these.

President, even on issues about tree problems which we saw recently, such as the verdict delivered in the Coroner's Court on the death of a prospective university student caused by the collapse of a big tree and passed to the Chief Secretary for handling under his leadership, the Legislative Council has also reached a consensus. The Civic Party has recommended repeatedly and mentioned in the Green New Deal, which had actually started since last year, that instead of simply sending workers to trim foliage or investigating them by the naked eye only, trees should be looked after by experts. We can make a comparison between the greening work implemented elsewhere and that in Hong Kong. The greening in Hong Kong is yellow and brown, instead of green. The greenness of others is lush green. The problem lies in whether trees have been planted and looked after in Hong Kong in light of the weather and soil of Hong Kong. As to transplanting a tree, it is not as simple as felling a tree for the development of a certain area and transporting it to somewhere else in a lorry for re-plantation. I have raised oral and written questions on such issues in the Legislative Council in order to find out how long a tree will live after transplantation. However, it turns out that no such record is available. These issues should be handled by breeders, thereby creating jobs as well. We, of course, subscribe to promoting a green economy as mentioned in the Financial Secretary's Budget. But any development goes beyond idle talk. The development of a green economy cannot occur by just stating the intention. Mrs

Regina IP said in her speech yesterday that should scientific research be promoted, it is really necessary to commit resources, rather than just paying lip service.

President, I met a friend yesterday who said that he hoped not only to recycle recovered waste plastics into other things, but also to further transform the surplus waste plastics that are usually dumped in landfills after recycling into Euro VI oil. He has been applying for funds prior to the occurrence of the financial tsunami last year, but he is still wrestling among various funds now to enable the transformation of waste plastics into oil with a view to achieving a solution for the problem of recovery and waste plastics in the territory. Up to yesterday when he met me, his plan has yet to be implemented.

Therefore, President, it is not that we disagree on the objective of promoting a green economy, but we take the view that if the Government really wants to play the role as a pioneer or hope to promote this, it will not do by simply setting up an office or committee. Instead, many other ancillary facilities are needed. As to electric vehicles mentioned in the Budget, it is in fact not the incumbent Financial Secretary who first raised this issue. It was brought up by the then Financial Secretary 15 years ago. We have been talking about the concessionary duty rate for electric cars. I have also raised questions relating to this issue. Recent years have witnessed a small quantity of imported electric cars generating tax revenue of a little over \$100, 000 only. I have also asked in the recent budget debate that whether MyCars, which is the result of scientific research and made in the Mainland, as well as being promoted continuously by the Government, can come into use in Hong Kong. The answer is in the negative because the laws of Hong Kong do not allow vehicles of this sort to run on the road and the cylinder capacity of the vehicle is regulated. To put it simply, should the Government really want to promote MyCars, may I ask whether they will come into use in the government fleet of vehicles first? Whether laws will be introduced in the light of this? So far, we have not received any reply, not knowing when this initiative will be taken forward. Sometimes it is puzzling to find that on the one hand, the Financial Secretary expresses great support for scientific research, and on the other hand, we see no ancillary facilities available for electric vehicles which have been introduced by him, let alone re-charging facilities. Juice Points are found in London, and I do not know when I have mentioned them in the Legislative Council, but it is seen that the Government has not had other development plan or supporting measures in this regard yet.

In addition, it is pointed out in the Budget that Du Pont, a US enterprise, is developing photovoltaic solar energy technology in the Hong Kong Science Park. However, no other institution has signed up so far since the enterprise did last year, and this is not adequate to promote a green economy or green scientific research. In fact, we should promote them at the industry and investment levels while promotion at university level is also very important. We have to make enormous investment in tertiary education and enhance the atmosphere of the society to adore scientific research and innovation. It is seen that the Legislative Council has reached a consensus on this aspect. For example, the quota for year one undergraduates has remained unchanged all along, standing at 14 500 for the past two decades, accounting for 18% of school-aged children. Besides, scientific research will not be limited to university students. The atmosphere of the society to adore scientific research should also be fostered in primary and secondary schools while private institutions and people should be encouraged to participate in scientific research by committing resources to it. However, we cannot see from the Financial Secretary's Budget any measure or plan encouraging development in this regard.

Environmental protection, scientific research, education and the atmosphere of society are actually closely interlocked like a biological chain. It is not a single company or an electric vehicle that can push ahead, create or promote a new economic driver.

President, I would like to highlight that the Financial Secretary is not simply a shopkeeper in his capacity. What we have seen, however, is that he is just simply providing the figure of annual GDP and then allotting a percentage to each category according to a fixed percentage, that is, 20%, which remains unchanged for years. For example, education is 25%, medical services are 14-17% and social welfare is 12-14%. The percentages are the same every year. Should someone mention a shortage in residential care places to the Financial Secretary, he will say, "The envelope has been given to Secretary Matthew CHEUNG, so you should speak to him!" The question of priorities is within his scope of work." Should someone mention the problem of pre-primary education vouchers to him, asking why the kindergarteners who did not need to pay tuition previously have to pay it after the implementation of the pre-primary education voucher scheme, he will say, "The envelope has been given to Secretary Michael SUEN, so you should speak to him!" About the post of the Financial Secretary, President, anyone who knows simple calculations can fill it. In doing so, he is only a shopkeeper rather than the Financial Secretary.

Therefore, I hope the Financial Secretary will come up with some new initiatives under in the current situation. Otherwise, the Civic Party cannot support this Budget.

Thank you, President.

MR KAM NAI-WAI (in Cantonese): President, this time, I would like to discuss this Budget in the context of commitment. Whether there is any commitment in the Budget? I study the Budget for the Democratic Party to see whether the Government is committed to promoting greening to the city, caring about the health of Hong Kong citizens, and rebuilding the public's confidence in the financial system. Regarding these questions, I will analyse them one by one and share with you my opinion.

First of all, I would like to talk about whether the measures introduced in this Budget can rebuild the confidence of Hong Kong citizens in the financial system and banking sector. The Lehman Brothers incident is mentioned in paragraphs 47 and 48 of the Budget. I think that the incident has caused widespread concerns in the community over the past year. Yesterday, I watched television and saw demonstrators writing "THIEVES" on the wall of Bank of England during the G20 Summit in London. Another thing has come to my mind. If you have been to Central recently, you may have noticed that some victims of the Lehman Brothers incident stage a long-term protest outside a number of banks to express their demands and grievances against the banking sector. Lately, we have been discussing our concern about whether Hong Kong will be overtaken by Shanghai, given that the Central Government intends to develop the latter as an international financial centre in 2020. What is the present position of Hong Kong as an international financial centre? As we often compare Hong Kong with Singapore, I try to make a comparison between the two places in respect of the ways they handle the Lehman Brothers incident.

As we all know, since mid-September last year when the Lehman Brothers incident occurred, the Hong Kong Monetary Authority (HKMA) has received over 20 000 complaints so far. However, after its investigation, only some 400 cases have been identified by HKMA to have *prima facie* evidence of mis-selling and should be referred to the Securities and Futures Commission (SFC) for processing. Let us take a look at Singapore. Singapore has received more than 4 000 complaints in relation to this incident. As at 14 April this year, 35% of

the complainants were fully compensated, and 27% even received a compensation which was 50% higher than the amount they had invested. Only 26% of the complainants were offered an amount less than 50% of their investment sums. In other words, as far as such complaints in Singapore are concerned, over 80%, or nearly 90%, of the complaint cases (or victims) have been given compensation. What about us? Among the 20 000 cases of complaints received over the past six months in Hong Kong, HKMA advises that only 3 800 cases have been settled — not compensated, but only settled. They are less than 20% of the total number of complaint cases.

You may also be aware that at the special meeting of the Panel on Financial Affairs of the Legislative Council, we asked HKMA how it conducted investigation on those 20 000 cases. HKMA replied that the recruitment exercise was still going on. But what will follow? HKMA said that it would take one year to conduct its investigation. But the investigation work cannot be completed within one year, as only 70% of the cases can be finished in a year. What a disgrace to Hong Kong, which is claimed to be an international financial centre! The Financial Secretary, now present at the meeting, is the one who has directly appointed MrYAM the Chief Executive of HKMA. You all know that these senior executives have high salaries. How can they live up to the expectation of Hong Kong people? With such performance, how can they live up to the expectation of Hong Kong people who give them such high salaries? It is a disgrace for them to handle the problem at snail's pace. While all of us are talking about "preserving jobs", I do not see why the Hong Kong Government or the Financial Secretary cannot state in the Budget the demand for HKMA, the "independent kingdom", to speed up its investigation. Indeed, all of us say that the financial industry is on the verge of collapse. It is most unlikely that HKMA cannot recruit the staff required, right? As many people lose their jobs, it is queer enough to say that HKMA cannot recruit the staff for the project.

In the Lehman Brothers incident, we can see that some victims filed their claims to the Small Claims Tribunal. The result was that the adjudicator dared not hear their cases, but instructed them to bring their cases to the District Court instead. Obviously, the victims who claimed for just tens of thousand dollars would certainly be discouraged to pursue their claims against the wealthy maga-banks. The Hong Kong Government, however, did not give a helping hand. These victims also solicited help from the Consumer Council earlier. The Consumer Council indicated that it would help them by using the Consumer Representative Action Fund. But so far, not even one case has been processed.

What has happened to this international financial centre? As regards the so-called repurchase scheme initiated by the Government, we all know that the scheme is abandoned. We have requested SFC to impose penalty on the banks, but NO news has been heard. We have requested the Police to take prosecution action against the bank staff who forged the signatures of their clients, but so far, NO action has been taken. As I have just mentioned, the victims have sought the help of the Consumer Council in taking legal actions, but NO result has been achieved. Victims of the Lehman Brothers incident have NO money left now. In view of these "four no's", whether Hong Kong is merely an international financial centre in appearance?

In this Budget, how does the Financial Secretary rebuild the confidence of the community in Hong Kong's position as an international financial centre? In paragraphs 47 and 48 of the Budget, it is stated that an Action Plan will be drawn up. Now, before us, there are more than 20 000 victims. How does the Financial Secretary help them? If there are no appropriate measures and resources to help these victims, I do not see how the confidence of Hong Kong people in the financial system and Hong Kong's position as financial centre can be rebuilt.

After discussing the confidence over Hong Kong's position as financial centre, I would also like to raise my concern about trees, which was mentioned by many Honourable colleagues yesterday and today. Whether the Government is committed to promoting greening to the city? Let me take a look at the Budget. It is stated in paragraph 95 that, "We [we] are committed to promoting greening and have been maximizing greening opportunities in public works projects." How do we preserve the existing trees and maximize the opportunities of conserving them? Nothing is mentioned in the Budget. How much resources have been put in by the Government to conserve trees? Again, nothing is mentioned in the Budget. As said by many Honourable colleagues earlier, in the wake of the ruling of the Coroner's Court on the tree collapse incident in Stanley, the Government advised that it would appoint the Chief Secretary for Administration, Mr Henry TANG, to lead an inter-bureaux task force to review the tree risk in Hong Kong, and to implement tree management and improvement measures. This confirms what Ms Alice TAI has said earlier you may still remember I do not know whether she is still the Ombudsman, perhaps she has retired that the Government only knows "putting out the fire". Frankly speaking, no matter the Democratic Party or other parties, they have, indeed, long been In the debate on policy address this year, I requested the Government

to enact legislation on the preservation of trees and designate a department to co-ordinate the works concerned. But the Government simply turned a deaf ear to my request. This concern was not just raised by us last year, but by many people long ago. It was only that the Government overlooked it. During the death inquest, it was regrettable to hear that facilities, though available, had not been fully utilized by the Government. For example, as disclosed at the inquest, the staff of the Leisure and Cultural Services Department said that because the batteries of the sonar equipment were used up, they did not bring it to the scene to conduct scanning. Of course, even if they had carried out the scanning, we cannot be sure that this accident would have been avoided. But this has shown whether the Government is committed to addressing the issue.

I notice that the Secretary for Development, Mrs Carrie LAM, is present. Does this incident show the inability of the Development Bureau to co-ordinate all departments, so that the problem has to be handled by the Chief Secretary for Administration in a high-profile? Indeed, it is not surprising that the Government said earlier that constitutional affairs should not be made too complex, or else they could not be dealt with. Even a problem relating to trees has to be dealt with by the Chief Secretary for Administration, so it is not surprising that the issue of development of political system has to I feel that the Government is simply a "lame duck". Why cannot the Development Bureau handle such a matter? I really do not understand at all. I hope that Mr Henry TANG should be appointed this time as the "captain" for tree management, not that for felling trees. In the first place, I wish the Government would be committed to preserving trees and promoting greening.

I would like to express my view on one more issue, that is, whether the Government is committed to caring about and safeguarding the health of Hong Kong citizens, and as a first step in this regard, ameliorating the air pollution problem. Just now, my Honourable colleagues have mentioned about the health warning issued by the Australian Government, and we have discussed it already. It was more than discussion. As we all know, the Government has advised that it will make amendments to Hong Kong's Air Quality Objectives, which has not been reviewed over the past 20 years. Disappointingly, on the one hand, the Government claims that it will amend Hong Kong's Air Quality Objectives, and on the other hand, it says that more than \$28 billion will be needed for carrying out various air improvement initiatives, and afterwards, it indicates that the bus fares and electricity tariff have to be increased. What is the Government's

commitment? How does the Government address the air pollution problem in order to safeguard the health of Hong Kong citizens? Why did not the Government talk about these? For information on Hong Kong's air pollution condition in the past, you may read the Hedley Environmental Index designed by Professor Hedley of the University of Hong Kong on the Internet. As at several days ago, the number of premature deaths of Hong Kong citizens caused by air pollution in the first few months was some 200 people, and such number exceeded 1 000 last year. Has the Hong Kong Government taken heed to the mortality rate caused by air pollution when drafting the Budget, and how does the Government safeguard our health? Does it care about Hong Kong citizens?

The Democratic Party put forth many proposals to the Government in the past, including the establishment of low emission zones, which has been all along proposed by us. We also have requested the Government to remove vehicles of high pollution by purchasing them at their residue values, that is, to buy diesel vehicles from their owners. I cordially hope that the Government should not be engaged in empty talks, nor should it coerce Hong Kong citizens with figures. It is most important for the Government to safeguard the health of Hong Kong citizens in the first place.

I have previously mentioned that I would express my view on the Budget in the context of commitment. To conclude, all of us may note that the Government's Budget is drawn up without commitment, and is at variance with the public's expectation. It is difficult for the Budget to revive the confidence of Hong Kong citizens. Instead, it may undermine their confidence seriously. Thank you, President.

MR ALAN LEONG (in Cantonese): President, after the announcement of last year's Budget, the University of Hong Kong (HKU) conducted two surveys under its Public Opinion Programme, one on the same day when the Budget was announced while the other on the next day. The survey conducted immediately on the day of the budget announcement revealed that about 68% of the respondents were satisfied with the Budget, with the satisfaction rate rising further to 74% in the second round survey on the next day, showing an increase of 6%.

When we look at this year's surveys, the one conducted on the day when the Budget was announced showed that only about 30% of the respondents were

satisfied with it. The results of the second round survey conducted on the next day were even worse, with the satisfaction rate having dropped by 6% to only 24%. President, is the Financial Secretary ashamed of this rate?

President, in the face of the "once-in-a-century" financial tsunami, many governments in the world have taken radical measures in this unusual time. For example, the government of our country has put in RMB 4,000 billion yuan while the United States, the United Kingdom and France have expended US\$800 billion, £20 billion and FF 26 billion respectively. Comparatively speaking, the efforts made by the Government of the Special Administrative Region (SAR) in saving the economy are virtually insignificant. Its support to the small and medium enterprises (SMEs) is weak, no interim arrangement has been made to provide immediate assistance to the unemployed middle class, and the safety net for the grassroots is not creditable at all. All these have been elaborated by our Honorable colleagues and I cannot agree with them more. From my point of view, this Budget is more like one proposed by a caretaker government than by a government with vision and panoramic perspective. It fully demonstrates that the Administration has no grasp of the economic outlook after the financial tsunami. President, according to the estimation of the Government, Hong Kong has a fiscal reserve of about \$500 billion, which is, in the Financial Secretary's words, disposable and sufficient to meet the government expenditure for 18 months. In fact, however, it is good enough for the Administration to maintain a fiscal reserve sufficient for the use of 12 months. We can see that citizens are caught in a crunch as the unemployment rate keeps on increasing, and we all hope that the Government can make use of its financial resources properly to address their urgent needs. Unfortunately, the Financial Secretary has chosen to be a "miser" at this critical moment and failed to show any commitment. The decline of his popularity is well expected.

President, over the past six months, the Civic Party has been suggesting that the Government should promote green economy, for this can solve the problem of environmental deterioration on one hand and boost the economy on the other. This proposal can actually kill two birds with one stone. However, while "green words" are used in some budget proposals, greening is by no means their substance. They are too superficial to address the real issues. I hope that the Financial Secretary can carefully consider the research on green economy conducted by the Civic Party and allocate more financial resources to show his commitment to green economy. This will not only help create job opportunities but can also optimize the lives of Hong Kong people.

President, the Civic Party considers green building as the best way to enhance energy efficiency and reduce carbon dioxide emissions. We hope that the Government can set two goals by 2020. First, all local buildings should at least be able to meet the requirements of the Building Energy Codes. Second, the energy consumption level of buildings by then should be reduced by 20% when compared with that in 2005.

In order to achieve these goals, the Government should provide \$1 billion to establish a low carbon building fund for subsidizing the conduct of energy-cum-carbon audits and devise new methods for improving the efficiency of energy use in common areas of domestic, industrial and commercial buildings. This project mainly aims at redeveloping and renovating existing buildings and should cover installations which can enhance energy efficiency, such as heat pumps, water-cooled air-conditioning systems, motion sensors and insulation systems which are more efficient.

Moreover, the Government should pursue a green strategy to cater for the needs of the grassroots. The Civic Party has proposed to the Government that each adult should be given a voucher of \$200 for the purchase of compact fluorescent light bulbs. The Government should also ban the sale of tungsten light bulbs by the end of 2010. It is expected that by spending \$1.1 billion in one go, the Administration can help our community save \$3 billion on electricity tariffs within three years' time.

President, a research in Canada shows that the temperature of urban area will drop by one degree for every 6% increase in the greening level. With rooftop greening, the temperature of units on the upper floors of the buildings concerned can even be lowered by four to five degrees. To further enlarge our green zone, the Government should allocate \$500 million to start a programme under which subsidies will be provided for the three-dimensional development of green community to increase greened areas, such as green rooftops, sky gardens and podiums, as well as vertical greening. Under this programme, new buildings with a roof of 1 000 square metres or above should be required to green at least 20% of their rooftop areas.

Finally, the Civic Party suggests that the Government should develop Kai Tak and the West Kowloon Cultural District into low carbon areas in which renewable energy, district cooling systems and combined cooling, heating and power supply systems will be used to meet the needs of the development areas.

As for urban areas with high building and population densities, these measures will not only be cost effective but also stimulate the scientific research and development of Hong Kong.

President, apart from developing the green economy, the Civic Party hopes that the Government can also strengthen our economy by building up the fifth and sixth economic pillars with a comprehensive policy on industry development. Cultural and creative industries are burgeon industries with much vitality. They can definitely contribute to the development of the local economy. However, there are fundamental differences between general business operation and the operation of cultural and creative industries. General business operation aims at profit-making while cultural and creative industries are businesses which combine fine arts, history and culture. The planning, development, operation and application of cultural and creative industries concern the "soft benefits" that people experience in the creation and production of art works and the engagement in arts. This "soft strength" is the core of our culture as well as the source of our creativity and imagination. It is also the root of the humanistic spirit of modern metropolitan culture. Scientific research for the local industry will also flourish if cultural and creative industries are well developed. Unfortunately, President, it is difficult to quantify the enhancement of the above "soft strength" and the achievement of "soft benefits". Our conservative bureaucrats therefore do not value them much and the supporting policies so devised often fail to deal with the crux of the issue.

In the United Kingdom, the promotion of creative industries was taken charge by the Creative Industries Task Force, which was formed by the former Prime Minister Tony BLAIRE in 1997, and the first report on creative industries was published in 1998. From then on, the United Kingdom has become the country which can best generate income through creative industries. In 2001, the 13 selected creative industries generated an output of £112.5 billion and created 1.32 million job opportunities. When we look at Taiwan, a place which is just a strait away from Hong Kong, we can see that its government has also identified the business opportunities in the cultural and creative industries. Last year, it even incorporated the development plan of cultural and creative industries into its socio-economic development blueprint 2008.

With the advent of globalization, cultural dumping has instead made people in different parts of the world cherish their own cultural and creative industries, as well as the contemporary living culture and arts of their own places. A case in

point is the public response to the demolition of the Star Ferry Pier and the Queen's Pier, as well as the Government's failure in preserving the calligraphy of the Kowloon Emperor. This pursuit of cultural life can be a kind of domestic demand in Hong Kong. As long as the Government is willing to give appropriate support to the development of the local cultural industries, domestic demand will be stimulated to nurture new industries. These industries will in turn be developed into the strong pillars of our economy. I must make it clear that the establishment of the so-called CreateHK Office under the Commerce and Economic Development Bureau is disappointing as its level is low and it lacks commitment. This poor effort alone is far from adequate and falls short to address the crux of the issue.

Lastly, I must reiterate that this year's Budget does not take the social impact of the financial tsunami seriously and fails to meet the pressing needs of the people. It has neither provided the middle class and SMEs with adequate support nor protected the grassroots. The Government has not proposed any strong and specific measures to help Hong Kong people tide over the financial tsunami, let alone a full statement on the vision of Hong Kong's development. The Civic Party holds that the Government must "administer a heavy dose to cure a serious illness". The Administration should revise the Budget as soon as possible, or else the Civic Party finds it hard to support this year's Budget.

President, I so submit.

MS STARRY LEE (in Cantonese): President, under the menace of the financial tsunami, we find it hard, and even impossible, to resist its attack. What we can do is very limited. However, if Hong Kong people and leaders of the Hong Kong Special Administrative Region (SAR) — the Chief Executive and Secretaries of Departments, and so on — consider the financial tsunami as a financial crisis, it will become manageable. Whether the crisis will ultimately worsen or be resolved depends on the effort we make, as well as the level of our leaders' management capabilities. Hence, I do hope that the SAR Government would deal with the financial tsunami in a way of crisis management.

Around the world, in order to rescue their feeble domestic economy, governments of various nations use huge funds and formulate large-scale plans to stimulate the economy. The United States has spent US\$2,400 billion to provide tax concessions, introduce relief measures for the unemployed, and launch

programmes to stabilize the financial structure; while China has put in RMB 4,000 billion yuan to drive domestic demand through various means, including expediting infrastructural projects, raising the income levels of residents in cities and villages, and so on.

In this financial year, Hong Kong is expected to have a budget deficit of \$39.9 billion. What does this amount represent? Let us compare the funds allocated by various places for implementing economic stimulation plans as a percentage to their GDPs in order to have an idea of the efforts made by them. For the United States, it is 16.8%, and for China, it is 13.3%. As for Hong Kong, a deficit of \$39.9 billion is only 2.4% of its GDP and 8% of its fiscal reserve. It reveals that the effort of Hong Kong Government in stimulating the economy lags significantly behind those of other places.

Therefore, to me, this Budget is conservative and inadequate in terms of resources provision. The Budget has really spared insufficient effort to deal with the severe impact of the financial crisis on the financial industry and real economy.

The latest report of the International Monetary Fund entitled "Global Economic and Prospects" warns that uncertainties are looming over the global economy in the future. Global economic activities are expected to shrink by 1% in 2009, which is the first time over the past 60 years. Looking forward, global economic activities will grow at a slow pace only if the rescue packages of various countries are effective and the credit crunch eases. In recent times, the governments of various places have allocated tremendous funds to rescue the markets. This will be pivotal to bringing stability to the financial system and reviving the confidence of people. The Government's delay in introducing an all-rounded policy to stabilize the financial market will undermine the real economy, thus affecting the financial industry and prolonging the period of economic recession.

In fact, according to my own interpretation, the focus of this report is simply that whether a nation or the SAR Government would choose to deal with the financial crisis in the way as they did for Lehman Brothers or that for Goldman Sachs. In the end, Lehman Brothers was liquidated, and Goldman Sachs, in recognition of the problem encountered by investment banks ("i-banks"), responded promptly and underwent restructuring successfully. At

least, the latter still survives today. Hence, before the crisis gets worse to an extent that it causes irremediable damages to real economy, the Government should launch forceful measures to boost the economy and people's confidence.

From an objective point of view, Hong Kong Government has its own difficulty in dealing with the crisis. Hong Kong's open economy makes it vulnerable to external influences. It is hard to predict when the financial tsunami will be over. Hong Kong is but a small economy, whose amount of resources available is very limited. Even China, which has spent RMB 4,000 billion yuan, clearly declares that it cannot rescue the world, and it can only save itself by striving to maintain an 8% GDP growth and a stable annual growth of its economy. Therefore, we appreciate that even Hong Kong puts in considerable resources, its effort is or the actual effect achieved cannot be overestimated.

However, I feel worried if we do not make greater efforts. As the Financial Secretary predicts that the economic growth of Hong Kong for this financial year will be -2% to -3%, Hong Kong will be the only city in China recording a negative economic growth, when compared with other mainland cities which strive to maintain an 8% GDP growth.

In response to the current financial crisis, the SAR Government should exercise flexibility when solving problems. I hope that the Government would, in the mid-term review or no need to wait till the mid-year, if there are timely measures, they should be launched to secure our confidence.

This time, one of the comments made by various sectors on the Budget is about the inadequacy of support for small and medium enterprises (SMEs). In the Budget, not much is mentioned on this subject. Although the Government has provided credit guarantee of 70% before announcing the Budget, many SMEs tell us that the banks still refuse to lend money to them, and therefore they cannot obtain the working funds required. It is impossible for any government to disregard this problem. The Government may consider lowering slightly the capital adequacy ratio of banks. As we know, it is traditional wisdom that when there is a shortage of liquidity, relaxing the regulations will enable the banks to have more flexibility. Hence, lowering the ratio of capital adequacy will facilitate the banks to provide loans to enterprises.

Second, I hope that the Government will, in the near future, take note of the number of negative asset cases closely. As a considerable part of Hong Kong people's wealth lies in properties, continued decline of property prices may cause their wealth to shrink substantially. I believe that if a large number of negative asset cases arise, the stability of the community will be undermined. According to a report released by the Hong Kong Monetary Authority (HKMA) in February, the number of negative asset cases have increased from 3 800 to more than 10 000. The situation is still fine when compared with the 100 000 cases during the outbreak of SARS, but if that number keeps rising and the problem is not monitored closely, it may become another factor causing instability to the community. In February, the Government of the United States announced its US\$275 billion rescue package for the property market, including initiatives such as encouraging the banks to help property owners restructure their loans and lower their monthly instalments, in order to ease the problem of mortgage delinquency. I do not wish to see a continuous rise in the number of negative asset cases. Although the property market has recently shown signs of revival, the number of negative asset cases should be kept in view. We do not wish to see the emergence of a large number of mortgage delinquency cases. The Government should also take the initiative to discuss with the banks in this respect. In the event that there is a surge of such cases, the banks should discuss with property owners first to see whether the problem can be resolved by means of loan restructuring, so as to minimize repossession of properties.

Third, as mentioned by our Honourable colleagues, the SAR Government needs to review its policy on the linked exchange rate. Recently, the massive printing of bank notes by the United States may cast uncertainty to the currency. At present, the debt of the Federal Government of the United States amounts to 75% of the country's GDP, reflecting that the outlook of the economy of the United States remains worrisome. It is also believed that uncertainties are lying ahead. Should the Hong Kong Government remain steadfast to its policy formulated two decades ago and maintain the peg of Hong Kong Dollar to US Dollar? Certainly, I understand that you, as the Financial Secretary, will not tell us openly what you are doing even if you are prepared to do so. Even if you do not admit that Hong Kong will unpeg its currency from the US Dollar in the near future, I do not expect that you will do nothing to review the impact of maintaining the peg on the real economy of Hong Kong. Hong Kong should be well prepared in the event that the United States will have another so that

when the second and third waves of the financial tsunami come, or numerous uncertainties appear at a later stage, we are not, at least, unprepared for the challenge.

Fourth, it is also crucial that a comprehensive review should be conducted on Hong Kong's tax system. Actually, there are two problems related to the tax system in Hong Kong. First, the tax base is too narrow, given that Hong Kong is too dependent on the income from land sales and only a small proportion of revenue comes from taxpayers and business enterprises. According to the information of the Inland Revenue Department, the numbers of persons and enterprises paying tax account for about 36% and 14% of the labour force and registered companies respectively. This results in volatility in the Government's revenue. Information of the Census and Statistics Department indicates that the total revenue of the Hong Kong Government for the 2002-2003 financial year was \$177.5 billion, while that for the 2006-2007 financial year was \$288 billion. In this circumstance, it is necessary to broaden the tax base. I appreciate that there is difficulty in doing so, but we have to do it if Hong Kong is to address its numerous long-term problems. On the one hand, we expect Hong Kong to provide its people with long-term protection in areas of retirement and health care, which cannot be dealt with easily if the problem of a narrow tax base is not addressed seriously. On the other hand, as a politician, you should muster your courage to get prepared and face up to this problem, despite the difficulty. This is because if the problem of narrow tax base cannot be resolved, I believe that Hong Kong's development will be hindered in the long run.

Another problem associated with the current tax system is the existence of many grey areas. With growing cross-border trading and investment activities, the number of Hong Kong people working in the Mainland has increased, and tax disputes in this regard are expected to rise. Hong Kong Government should set out the detailed requirements on taxation, such as defining the sources of income, in order to enhance the predictability of taxation and improve the business environment.

Actually, I often wonder why no new ideas come up when the Financial Secretary draws up the Budget each year. It seems that the Budget will only focus on issues like the amount of tax rebate or improvement of the tax rate.

Just take a look at other countries. They formulate taxation policies to tie in closely with government policies. To enhance the development of certain industries or a city, China has introduced "two plus three" tax concessions or other initiatives in the tax system as complementary measures. In this connection, is it indeed possible for us to consider realizing the objectives of the SAR Government in other policy matters by means of revising the tax system or implementing taxation policies?

During the financial crisis, governments of nations hope to retain external investments and attract as many investment funds as possible. However, according to the information of the Companies Registry, the number of local companies incorporated in Hong Kong has recently dropped 40% from 11 713 last April to 6 575 in February this year. To a certain extent, the falling trend reflects a rapid slowdown in capital growth, and it also gives a serious warning to the SAR Government. Therefore, if the SAR Government does not adopt a new mindset to address the long-existing problems in financial management or innovative ways to co-operate with the mainland provinces and cities, I am worried that Hong Kong will be marginalized.

I do hope that the SAR Government would take into consideration the various problems I have just raised, particularly those related to the tax system. This problem is difficult to be dealt with, but if we neither take note of it nor make any preparation, many long-term problems will remain unsolved.

Lastly, bankruptcy is common for enterprises and unavoidable in times of financial crisis. In the United States, Chapter 11 provides that when a company goes into bankruptcy, the court will allow it to overcome its operation difficulties within a period of time. If the company can seek a buyer within such a period, it can keep on running its business. The Chief Executive has recently said that the Government will start afresh a consultation on corporate rescue procedure and the relevant legislative exercise. The Democratic Alliance for the Betterment and Progress of Hong Kong considers that the above process should be started expeditiously in order to reduce bankruptcies and unemployment.

President, I would like to talk about education issues.

First, the Financial Secretary did not accept the education sector's request to resume funding for the time-limited Capacity Enhancement Grant (CEG). During the three academic years from 2005-2006 to 2007-2008, the Government

provided additional funding for CEG. Schools can make use of the additional funds to engage teaching or supporting staff to reduce the teachers' workload. However, this time-limited CEG scheme may come to an end when the 2007-2008 academic year is over. This will render some teachers or supporting staff jobless due to the lack of new resources for schools.

The Financial Secretary has announced that he will create 120 000 jobs, but he is also creating unemployment in the education sector. In September this year, as schools have to cope with the new academic structure for senior secondary education and at the same time implement small class teaching, I hope that the Government would consider increasing and resuming the funding for the time-limited CEG in its mid-term review.

Lastly, I would also like to comment on the adoption of a new mindset by the Development Bureau to conduct renovation for old buildings. To me, the proposal is desirable. I consulted the local community on the proposed old building rehabilitation scheme and received favourable responses. Moreover, when the Government created jobs during the outbreak of SARS, there was no such praiseworthy new idea on old building rehabilitation. Through this scheme, residents in old districts will have an opportunity to obtain government subsidy to renovate their buildings. This is a commendable policy. I hope that the SAR Government will consider implementing enhanced measures in this regard during the mid-term review.

Thank you, President, I so submit.

DR MARGARET NG: In times of great social distress, it is of great importance to keep the paths clear to the fair resolution of disputes for all. The system we have has fallen behind this objective, and I am concerned because the Government is not showing real commitment and not putting adequate resources into measures which will bring about real change.

On this day, 2 April 2009, the Civil Justice Reform (CJR) comes into effect. This introduces extensive amendments to the court procedure for civil litigation. Under the new spirit, judges will take on a more active role in case management, to cut down on side issues and concentrate on the main points which require the

determination of the Court. It is believed that cases will be shorter, with the result that legal costs will be lower. Whether this will actually happen remains to be seen.

At the same time, the Government and the Judiciary are making major efforts to channel cases away from the Courts into mediation. Mediation is marketed as cheaper, more informal and less stressful. So aggressive is the sales pitch that the message the community gets through the media is that CJR is substituting mediation for litigation. Or, to put it in another way, mediation is a new litigation.

The Government could not be more mistaken if it thinks that mediation will solve the problem while saving money. Without reforming the other parts of the justice system, CJR with emphasis on mediation will not result in helping the masses to reach a fair resolution of the disputes which they may have to face.

A major part of the system which urgently needs reform is legal aid, particularly to create the system to provide full and practical legal advice. I am proposing that a member of the public who is faced with a problem which may potentially lead to litigation should be able to get legal aid for timely advice from a lawyer assigned to him. This lawyer will analyse his case and advise him (a) whether this is or is not a matter for a legal resolution, (b) if it is, advise him on the strength or weakness of his case, and what the most advantageous way of seeking resolution or redress in his circumstances is, whether by way of mediation or litigation or some other alternative. His lawyer will also advise him on the likely costs of litigation if he goes ahead, whether the degree of complexity of his case makes it necessary to have legal representation, his eligibility for legal aid to fight the case, and what other help he can get if for any reason he will not be legally represented.

Only with proper advice will the legal interests of a member of the public be safeguarded while ensuring that public resources are put to good use. The Director of Legal Aid is already spending money to get outside legal counsel to advise him whether there is merit in the case of an applicant for legal aid. Why shouldn't a similar benefit be offered directly to the potential litigant so that he can appreciate the strength and weakness of his own case, advised by someone who is duty-bound to put his interest first?

Since 2003, the Judiciary has set up a Resource Centre for unrepresented litigants. It does exemplary work: Members of this Council have already received a set of new pamphlets published by the Resource Centre to give practical information to unrepresented litigants on the new procedures under CJR. But the effect of such efforts cannot help a person to win a bad case or even a good case because the far more fundamental question is his grasp of the issue in law and evidence. Unrepresented litigants not only delay court proceedings, persisting with litigation on the wrong footing can result in injustice and extreme distress for the litigant.

Why is the Government so stubborn in refusing to put real resources into a proper aided legal advice system? Every time I raise this, the Government almost by reflex points to the free legal advice service of the Duty Lawyer Scheme, which is run on the voluntary contribution of lawyers and costs the Government almost nothing. I have repeatedly explained that a 30-minute one-off consultation does not serve the purpose. Recently, the Solicitor-General also points to ad hoc free legal advice services offered by various impoverished non-government organizations. This indicates the level of the Government's commitment and the low priority given to the legal protection of the ordinary citizens.

Another much discussed gap in legal aid is the predicament of the sandwich class — indeed, for the purpose of funding litigation, nearly everyone in this debating Chamber would fall within this class. I need not belabour this much debated issue. Examples speak louder than arguments, and the victims of the mis-selling of Lehman Brothers minibonds and other derivative financial products are a strong case in point. They have just been transferred out of the Small Claims Tribunal to the District Court, and what is left of their modest resources are pitched against the huge resources of banks and finance companies. Is this what we call justice here? Is mediation relevant to this? What good is paying lip service to the rule of law if the law is put out of one's reach when it comes to the crunch?

Conditional fees were once thought to be the solution. The Law Reform Committee, for good reasons, has recommended that this is not practicable under the circumstances in Hong Kong, and recommended instead an expansion of the Supplemental Legal Aid Scheme. So far, the Government has done nothing.

A growing gap arises from the interface between Hong Kong and mainland laws and legal systems. The Government encourages Hong Kong residents to seek development opportunities in the Mainland. As a matter of fact, a large number of ordinary Hong Kong people lead lives spanning both places. They live, work and do business in both places. Consequently, they are affected by the legal interface between the two places. If we want to encourage closer ties with the Mainland, we must also recognize the need to provide the relevant information and legal services. It is not a breach of "one country, two systems". On the contrary, it is an integral part of the implementation of that principle. Why is the Government prepared to fund free legal aid on People's Republic of China law to the extent of \$400,000 per year in the Mainland, but not willing to provide the same service in Hong Kong before a Hong Kong resident goes there?

Instead of speeding up the review on legal aid policy, the scheduled discussion was taken off the agenda last week of the Panel on Administration of Justice and Legal Services. The Law Reform report on class action is also being delayed.

If we are serious about the rule of law, the Government should not neglect publicity and public education on what it means in our society. Only a pittance is allocated to it. It is not only the Basic Law which merits promotion. The rights and obligations under the legal system of the Special Administrative Region (SAR) merit it too. I hope the Secretary for Justice may be persuaded to come up with a real programme to do so, with decent funding.

How much money is the SAR setting aside for the promotion of rights? We passed the Race Discrimination Ordinance last term. It is necessary to promote a racial equality programme in all departments of the Government. A Court Judgment last December severely criticized the Government's unlawful treatment of claimants under the Convention Against Torture who are not provided with any legal representation. Yesterday, a joint position paper was issued by The Law Society of Hong Kong and The Hong Kong Bar Association requesting the Government to make known its plans to meet the Court's ruling. The Government should not try to wriggle out of its obligations by the cheapest means.

The Government is underspending on criminal justice as well. While \$0.3 million is allocated to civil legal aid — and that is a meager enough per capita expenditure — less than a third of that amount is spent on criminal legal

aid. Part of the problem is the unreasonable legal fees which are fossilized under the present legislation which limits the fees to approximately \$425 per hour for High Court representation. Reform, long discussed and still unresolved, is stalled because the Secretary for Home Affairs refuses to do what is necessary to set the fee level according to an objective principle. In other words, criminal legal aid fees will be kept artificially low by legislation. This has the inevitable effect of draining the pool of lawyers who are regularly available for criminal legal aid work. This is unfavourable for the development of a strong criminal defence system.

President, I have focused my speech on the legal system and the legal services because this is the expertise I am duty-bound to contribute to the work of this Council, and because their maintenance is important to the stability and prosperity of Hong Kong. Recently, the conduct and language of Members in this House have attracted public attention. I would take this opportunity to put on record that I consider the core of democracy to be rational and public debate, conducted passionately and decorously, on all matters of vital interest to the community. Each of us in this Council has a duty to uphold this process, Members and Officials alike. It is to this purpose that each of us must respect the same set of rules. Respect cannot be long maintained if the process is exploited to evade accountability with immunity, and rational argument is seen to be futile. When the angry mob breaks down the edifice with few to moan its fall, we open the descent into violence and disorder.

So it is with the rule of law. We obey the Courts even though the Courts' decision may be against us, for so long as the law is seen to be just. When the law is no longer seen to be just or effectual, then the rule of law will also break down, as each of its citizens returns to arms and self-help, and society is plunged into lawlessness.

President, I urge the Government to put the public's money on strengthening a system of justice that works for all, before it is too late. Thank you.

MR LEE WING-TAT (in Cantonese): The Budget debate has entered its second day. I have participated in many Budget debates before but, Mr Financial Secretary, I am sorry to say that this Budget debate is the dullest. I say dull does not mean that the Financial Secretary speaks in monotone, without rising and

falling tones. Nor do I mean the way he speaks is dull. It is the contents of the debate and the debate arising from the Budget that are very dull.

I have browsed through the news reports in today's papers on the Budget debate that took place yesterday. I have not read all the reports, but just the news of several party leaders. Civic Party leader Audrey EU did not speak yesterday, so I take Ronny TONG as the party leader for the moment. Ronny TONG, this is a "gift" for you. Ronny TONG is featured in three Budget-related, not obscene language-related, news reports. The situation of my party is even worse, being featured in only one Budget-related news report while the remaining nine reports have nothing to do with the Budget. TAM Yiu-chung gets the most exposure, being mentioned in six Budget-related news reports. Let us assume that the three groups are featured in 10 Budget-related news reports altogether and the rest are "gossips", which we are not going to discuss here. There are a few dozens of news reports on linguistic debates and all of them are related to that word. I am not going to speak on this.

After reading the newspapers this morning, I wondered for a while why the reporters did not cover the speeches of the three legislators. These three legislators are very well known. They are TAM Yiu-chung, our party leader and the acting leader of the Civic Party, Ronny TONG — sorry, Ronny TONG was the spokesperson of the Civic Party yesterday. First of all, is it because the public have lost their interest in the Budget and hence there was no coverage on it? As press reports are catered to the interest of the readers, is it because the readers are no longer interested? The Budget is not so disappointing that it incurs the wrath of both man and god. If it is really that disappointing, it will certainly let loose a stream of curses for dozens of days. However, this is not the case.

Secondly, the Budget has not aroused any excitement among the people or painted a nice picture of the Financial Secretary so that he will be given a standing ovation and words of support whenever the Budget is mentioned. I remember that during the internal discussion session of a certain year, the Democratic Party found it impossible to pass any unfavourable comments on the Budget as it was well-received by the public. I remember this was what happened with one Budget but not your Budget, John. That year, we could not but pass very positive comments on the Budget. Nevertheless, it is a different story this year.

Thirdly, the contents of this Budget fail to generate heated debates. This Budget, in fact, highly resembles the character of the Financial Secretary. They are both in monotone, dull, monophonic, without rising and falling tones, and fail to stir up debates in the community. The Budget seems non-existent in people's minds.

Apart from being the dullest Budget, this is also the Budget which has the least press coverage. Yesterday, the Budget was barely reported by the media. The coverage it gained was even less than a report on a rich man seeking to recover properties worth tens of million of dollars from his third wife. Which is more important, the tens of million dollars or the some \$200 billion to be spent on the Budget? The Financial Secretary says that our Budget is very important because it can stimulate our economy and create many jobs. It is just like casting a small grain of sand into the sea. There is not any sound or ripples, nothing at all. As compared to the news report on the rich man seeking to recover his properties from his third wife — I do not know whether she is the second or the third wife, the exposure of the Budget is much, much smaller which is completely out of proportion.

The third point I have just raised is that the contents of the Budget hardly stir up any debates and fail to provide debate subjects for the community. Sometimes I wonder about the reasons behind. People often say that it is because the Budget lacks punch. Several colleagues have already mentioned this point and the Financial Secretary is also aware of this, so I am not going to repeat the numbers. Facing the financial tsunami, the amounts of money spent by different countries range from 3%, 4% to even over 10% of their GDP but the percentage in Hong Kong is very small. Our budget deficit is \$39.8 billion, or 2.4% of our GDP. I wonder why the Financial Secretary is so prudent. Let me use a rather positive adjective to describe him first. Why is he so prudent? Is he afraid that once we get used to excessive spending, it will be difficult for us to adjust ourselves in future? Will too much spending give the green light to a big deficit, resulting in immense pressure in the next few years? However, this should not be the case. Our disposable reserves, excluding those managed by Joseph YAM, Chief Executive of the Hong Kong Monetary Authority, amount to over \$400 billion. The some \$30 billion accounts only for one tenth of our reserves. I remember a few terms ago when Mr Antony LEUNG was the Financial Secretary, we debated on the appropriate level of fiscal reserves. At that time, fiscal reserves equivalent to 12 to 18 months of government expenditure which were sufficient to meet the operating expenditure for one year

were considered enough. Whether it is 12 months or 18 months, the some \$400 billion at present is more than enough. Although the current number has not yet reached 24 months, it is almost equivalent to 20 months of government expenditure. From this perspective, the Financial Secretary has room to spend more. Why does he not do that?

People also suspect whether the Financial Secretary has his boss and buddy Mr Donald TSANG in mind when making such a move. In so doing, Mr Donald TSANG will be able to announce the second round of relief package in the mid-term, that is around June, July and August. If the Financial Secretary squanders, his boss will be left with no money to spend at that time. To put it bluntly, he has to save the "praise" for his boss and let him have the limelight. The Financial Secretary therefore cannot spend too much money at present. He has to make way for the Chief Executive to launch new measures in the middle of the year. Some even make remarks in the conspiracy theorists' manner that new measures will not be announced for the time being. As there will be a march on 1 July, more money will only be spent in mid-June to ease the hardship and address the grievances and anger of the people. However, the Financial Secretary, no matter which is the case, if the budget process fails to initiate too many debates, it is indeed a failure. Of course, budgeting is not a simple accounting process involving solely the calculation of revenue and expenditure. This job does not require the good brains of the Financial Secretary. Any of our colleagues can do these so-called simple calculations.

However, whether it is the policy address or the Budget, members of the public have expectations on the Budget at this stage. In times of economic difficulties and adversities, how can a policy address or Budget foster consensus in the community? Even if it fails to lead the community, it will give a direction and let people know how to get out of the low ebb. Most importantly, the Budget should give people confidence as well as convincing them that the Government is committed and has plans to side with them. The Financial Secretary, please think about whether this objective can be achieved. I believe it is very difficult. People do not think the Budget can really foster consensus in the community or give the public an impression that as long as they follow the government's direction, it will not be long before they get out of the low ebb and head for a new world. Words like these are rarely heard on the street.

I visited the districts to collect views of the public after the announcement of the Budget. Most people found nothing new in the Budget and considered it

rather dull. They told me to say something if I wanted to and raise objection if it was not good. They did not have any particular views as the Government would have its way anyhow. People did not think the Budget had brought out any relevant issues for discussion. The Financial Secretary has missed the opportunity to put the public in the same boat with the Government for both of them to weather the storm together.

Of course, we are having a Budget debate. It does not mean that the Financial Secretary will not change his mind. I certainly hope that he will revise the Budget after listening to public views and the Budget debate in this Council. As to how to make changes, there are various ways for him to address public expectations and the views of my colleagues in the Council.

If it is a dull Budget through and through, Mr Financial Secretary, it may still happen, although it is not my wishes, that this Budget can be the one that garners the least support in recent years. He has already tipped the newspapers off that he has not secured enough votes at present. However, just like Ms Starry LEE, though she has pointed out earlier that the Budget is inadequate, she has indicated her support. Therefore, the Financial Secretary need not be afraid. On behalf of his political party, Mr LAU Kong-wah has said that they will support the Financial Secretary. There will be enough votes and the Secretary may put his mind at ease.

But if he has to win the support of other colleagues, I believe that the arrangements of the current Budget are unconvincing. Of course, some expenditure items will extend over a very long period. They may change our entire fiscal philosophy and we have to be very cautious about such items. To put it simply, the expenditure items proposed by the Democratic Party are mostly one-off in nature and related to public works. They will not exert too much pressure on recurrent expenditures in the long term. Yet the Financial Secretary has not accepted all of our proposals. With such abundant reserves, the proposed one-off options will not have much implication on the fiscal discipline in the long term. Why does the Government not accept them? It is difficult for me to convince the other eight colleagues of the Democratic Party. I hope that the Financial Secretary will give us some more earnest replies later.

Our public expenditure only accounts for 19.2% or 19.4% of our GDP at present. While it is still about 1% short of the 20% ceiling stipulated in the Government's golden rule, the amount of money involved is quite substantial.

Besides, we have put forward many proposals in respect of public works which can create jobs without incurring too much public spending.

Let me talk about public works, which is my policy area. I have to thank the Secretary Carrie LAM. Some of her proposals, such as the \$1-billion Operation Building Bright, have our strong support. In view of the 10 000 jobs to be created, we are very supportive of this \$1-billion Operation as the cost to be involved is low in comparison with the huge benefits it brings. On the contrary, projects such as the Central-Wan Chai Bypass, the \$16-billion Strategic Sewage Disposal Scheme, which cost over \$10 billion, can only create 2 000 to 3 000 jobs.

These projects, in fact, can be further enhanced. Do building repair works serve no purpose at all? Instead of excavating a hole and then filling it up, these works are implemented out of genuine needs. Improvement works will enhance the safety of old districts and residents' living standard. They will also bring about a more beautiful environment. A number of trade unions have also pointed out that the Operation can improve their employment situation.

Environmental protection is another example. The subject of green industries has been raised by the Democratic Party and many other political parties as well. Parts of such industries are labour intensive, and they are mostly one-off in nature. In other words, jobs which are done this year need not to be done again next year. However, the expenditure earmarked for this purpose is peanuts. The Democratic Party has also put forward many proposals to improve service quality. These proposals require workers with general skills and academic qualifications, which may in turn improve the employment situation.

However, Mr President, to put it in simple words, the problem does not lie in whether the 62 000 jobs the Financial Secretary mentioned are much overblown. This is only discussion on figures. The most important thing is whether the announcement of the Budget has conveyed the message that the Government is riding out the difficulties together with the people. I do not think the Budget can get this message across to the public.

As such, discussing the figures in detail, such as spending an additional \$1 billion, \$5 billion, \$10 billion, sometimes may not necessarily be the most important thing. The crux is whether the Budget can convey an essential political message that the Government sides with the people and goes through the

hard times with the people. With the endeavour we made, our economy will be revived in six to 12 months and Hong Kong will be brought back to the right track.

I hope that in the resumption of the Second Reading debate, the Financial Secretary will deliver more witty speeches and refrain from too much a monotone so as to cheer the people up. Thank you, Mr President.

MR TOMMY CHEUNG (in Cantonese): President, business for the catering industry has been decreasing continuously since the Chinese New Year, with high-end restaurants and the dinner session bearing the brunt, recording an even more astonishing decrease in business of 20% to 30% recently. The future days can be expected to worsen, especially when there is no public holiday during June and July to boost up the market. It seems likely that there will be no such holiday period as the Labour Day Golden Week now. It is believed that there will be another round of restaurant closures then, further driving up the unemployment rate. According to my own prediction, the unemployment rate may even rise to the peak level of 8.3% in the pessimistic case, which was last seen during the time of the Severe Acute Respiratory Syndrome outbreak.

As the government, the authorities should have the foresight, and be capable of adjusting swiftly to changing circumstances to lead the people to tide over the first, second or third wave of the financial tsunami. However, the Budget introduced by the Financial Secretary John TSANG is too conservative and merely sticks to the old ways. It is just giving small favours, and there is no immediate tax rebate at all. The support for small and medium enterprises (SMEs) is especially insufficient, and there are no measures to stimulate consumption. The so-called measures for "Preserving Jobs" are just providing internship opportunities or expediting a few major infrastructure projects which can commence in full-scale only after a considerable time span. As the whole Budget indeed fails to demonstrate to the public the leadership of the authorities, how can it lead the public in the direction to get out of the lowest ebb which is yet to come?

President, apart from the catering industry, all the SMEs are indeed experiencing a tough business environment. With the authorities being so slow to react, I am gravely concerned that should they fail to grasp the opportunity to provide sufficient relief measures in time, the public may not be able to withstand

the endless tides of destructive waves from the tsunami, and it will be very difficult to recover from the economic recession then.

The current financial tsunami is different from the destruction caused by the Severe Acute Respiratory Syndrome in 2003. This is a battle of endurance, and the whole world is at war. For SMEs without much liquidity, the situation is even worse. The authorities must provide immediate and effective assistance to alleviate their cost burden.

Financial Secretary John TSANG should have noted the suggestion made yesterday by Miriam LAU, Chairman of the Liberal Party, that the payment of provisional profits tax and salaries tax for the current year should be suspended and citizens who have made their tax payments should have their money immediately returned, so that the SMEs and the public can have extra money to use or for emergency. However, this is not enough yet. In order to alleviate the difficulties faced by business operators throughout the territory, the authorities should inject additional resources as soon as possible to waive business registration fee for one year, and reduce or waive the licence fees, including those on restaurants, liquor and hawkers, payable by industries under difficulties, such as the catering and retail industry, for one year, as well as waiving water and sewage charges or granting concessions on trade effluent surcharge for at least four months.

Although the authorities has granted 20% rental reduction for government properties and short-term tenancies of government land (including tenants of public, food and wholesale markets) for three months, yet this still falls short of the request of the Liberal Party, which urges a complete rental waiver for three months instead of a 20% reduction, as well as expanding the coverage to benefit the markets, shopping malls and factory premises under the Housing Department across the board for the sake of fairness.

It is believed that should all the above relief measures be implemented at the same time, the business operators' costs of operation can be reduced to a certain extent. At least they will have some breathing space to eke out an existence for some time, even though there are no profits, thereby preserving the employment opportunities of their staff.

The industries always say that it is most important to maintain patronage. Therefore, the "Joint Coalition Against Financial Tsunami" initiated by the

Liberal Party has come out at an early stage to lead the industries to preserve jobs and boost consumption, as well as to organize a significant number of major activities to stimulate consumption, in which more than one thousand restaurants have implemented a joint operation over the past two months, which includes \$1 for selected food items or 20% off the total bill, while other promotional activities will be offered by the retail industry in the future.

President, the industries have been making efforts to joint forces against the tsunami. Therefore they hope that the authorities can co-ordinate actively to cheer the industries up. Apart from encouraging local consumption, the industries indeed wish to attract more mainland visitors of the Individual Visit Scheme to spend money in Hong Kong. It is only because of the lack of capital that renders the industries incapable to publicize their discount offers in the Mainland. In this regard, I hereby call on the Financial Secretary John TSANG to increase the resources of the Hong Kong Tourism Board, so as to give assistance to the tourism industry by stepping up promotion and marketing efforts, for example, to widely promote to mainland visitors the discount offers of the industries in various immigration control points and to make effective use of the mainland offices by focusing the promotion efforts for the industries in the targeted cities where Individual Visit Scheme is having a huge popularity, with a view to attracting more visitors of the Scheme to visit Hong Kong.

Meanwhile, the authorities should actively increase the number of tourist attractions in Hong Kong with further introduction of major activities to attract more visitors. I welcome the efforts made by the authorities, which have successfully enhanced the Individual Visit Scheme as requested by the Liberal Party to allow Shenzhen permanent residents to apply for one-year multiple-entry endorsement for visiting Hong Kong and Macao from yesterday onward. However, it is not enough to enhance the Scheme only in Shenzhen. I hope that the authorities can extend the coverage of the Scheme to the entire Guangdong Province as soon as possible, with subsequently extension to all the top 100 cities in the Mainland, especially the cities in the north that are farther away from Hong Kong, with a view to creating more economic activities in the catering and retail industries through the tourism sector, which is conducive to the overall economy of Hong Kong.

President, I would also like to mention that, given the high unemployment rate now, the authorities should take this opportunity to promote in full-scale the development of small trade economic activities which have been gaining attention

from the society in recent years. In fact, as long as ancillary facilities are provided, small trades can be comprehensively developed into a kind of lively economic activity, providing numerous employment opportunities to the grassroots.

The responsibility to manage the environmental hygiene of small traders should not be restricted to the Food and Environmental Hygiene Department only. Instead, the authorities should make inter-departmental efforts and collaborate with the industries to develop the sector, such as expanding the size of traditional food stalls, known as "Dai Pai Tongs", in areas popular with tourists, opening up of the right to operate old and vacant "Dai Pai Tongs" stalls for application from interested practitioners, or setting up a higher number of alfresco cafes, so as to turn the places into landmark attractions for tourists.

Furthermore, the authorities should further streamline the licensing procedures and reduce bureaucratic red tape, as well as encouraging various organizations or corporations to establish attractive and unique traditional fine food zones or bazaar at suitable sites so as to recreate a win-win situation conducive to the promotion of both tourism and employment.

And the authorities should allocate more resources to completely refurbish the public markets and public housing estate markets, and to install modern ancillary facilities, so as to create a desirable business environment for small traders. Otherwise, people will not be interested in operating the market stalls even if they are to let with a 40% discount because markets with an intrinsic shortcoming of small patronage will never attract small traders, no matter how low the rents are.

President, I would like to talk about liquor duty. I am indeed thankful to the Financial Secretary for reducing the wine duty to zero last year. For the business environment in Hong Kong, the authorities should conduct planning studies with a forward-looking perspective more frequently, including the study on the wine market. Given that wine duty is reduced to zero, it is necessary to conduct these studies.

Since the exemption of wine duty by the authorities, our wine import in 2008 has increased by 80% over the 2007 figure, indicating that Hong Kong is on the track to become a regional hub of wine trading and distribution in Asia. However, it is said that the storage capacities of the established wine storage

services providers in Hong Kong are almost saturated. Even the Haw Par Mansion may not be able to offer enough storage spaces.

Therefore, it is necessary for the authorities to expeditiously assess the long-term requirement of wine storage and logistics in Hong Kong, as well as to study the manpower requirement and certification scheme related to the wine trade. In this way, the authorities would be able to formulate corresponding measures and strengthen the ancillary facilities while planning the long-term development of the wine market for concrete economic benefits to Hong Kong.

However, I believe that it is of paramount importance for the authorities to introduce a Bill as soon as practicable to permanently exempt the duty on beer and wine instead of reviewing the practice every two years. Such reviews will make it difficult for the industry, and even the foreign countries, to have the confidence to invest and establish permanent bases in Hong Kong. For instance, some legislators have recently expressed their objection towards zero wine duty again. How can we build up the confidence in the industry to formulate a long-term investment strategy in Hong Kong in this way?

Finally, President, I wish to point out that some things are capable of facilitating the business environment without requiring any funding from the Financial Secretary, and smoking room is one of them. Many bars, karaokes and entertainment establishments will have to implement total smoking ban in the indoor area of their establishments upon the expiry of the grace period for indoor smoking on 1 July this year. This is certainly a preferable direction in Hong Kong's overall transformation to a smoke-free city. However, is it possible for us to do something in accordance with the present situation? In my understanding, the business of the establishments in the entertainment sector have decreased by 30% even though smoking is allowed in their establishments. They are already under a critical condition. Upon the expiry of the grace period for the anti-smoking law on 1 July this year, they will be dealt a serious blow as more people will rather choose to spend money north of the border.

In fact, I suggested long ago the setting up of smoking rooms with separate ventilation. The financial storm was yet to break out then, and I simply wished that the suggestion could enable the industry to get prepared after the grace period. Back then, the Secretary for Food and Health, Dr York CHOW, undertook during the passage of the Ordinance that findings of the study on smoking room would be tabled in the course of determining the fixed penalty for

smoking offences. However, President, as you may know, the fixed penalty was passed in July last year, but Dr CHOW has yet to table the findings of the study on smoking room up to now. I am meeting him this Friday together with the industry, and his decision at the time remains to be seen. For survival, the industry has conducted its own study which is highly successful in various aspects, instead of waiting for the findings of his study. It does not require substantial investment to set up the smoking rooms, but the results will be very good.

I wish to point out that, apart from the protection offered by smoking rooms to the staff, diners also do not have to smoke on the street, at building entrance or in the back alleys, but in the smoking rooms instead. This is conducive to maintaining urban amenity and air quality on the street, thus offering better protection to non-smokers. This is surely an all-win solution.

The industry has no intention to obstruct the implementation of the policy to ban indoor smoking. Instead, it is merely hoped that the authorities can show mercy to the industry. Now that the industry is willing to set up smoking rooms at its own expenses, together with all the above benefits, why does the Government not consider this solution?

Under the severe economic condition at the moment, it is even more necessary for the authorities to adopt the proposal on smoking rooms. There are hundreds and thousands of employees in the bar and entertainment industries. If a surge in closures is triggered as a result of the industries being no longer exempted from the anti-indoor smoking law, the unemployment rate in Hong Kong will surely soar further.

Therefore, I hope that the Financial Secretary John TSANG can advise the relevant authorities to take heed of the view of the industries and offer some room to ease its difficulties. If the smoking rooms proposal being studied by the authorities is not ready for introduction yet before the expiry of the grace period on 1 July, the authorities should extend the grace period until it can tie in with the date of introducing smoking rooms.

I so submit.

DR PHILIP WONG (in Cantonese): President, as a small economy, Hong Kong is vulnerable to external factors. We may say that the many problems Hong Kong are now facing are the results of the financial tsunami which has swept across the world, and Hong Kong cannot escape unscathed. With the tsunami taking its toll, it is impractical to expect the SAR Government to find a way out ahead of other places. The task which the Government can accomplish is exploring ways to mitigate the impact of the tsunami.

It is indeed quite difficult to draw up this year's Budget. When the economy is booming, there are requests for returning wealth to the people and during economic downturn, there are various demands from the society. However, the Government should adhere to the Basic Law by keeping its expenditure within the limits of revenues, striving to achieve a fiscal balance, avoiding deficits and keeping the budget commensurate with the growth rate of its gross domestic product.

Under the current exceptional circumstances, the SAR Government should act as pioneer by taking the initiative to promote economic development. I think that strategies such as preserving jobs proposed in the Budget can alleviate the burden of the people. The Budget also emphasizes co-operating with the Mainland, expediting cross-boundary infrastructure projects and exploring new opportunities, all of which are of paramount importance.

I notice that the Budget has responded to the proposal made earlier by the Chinese General Chamber of Commerce to "assist those in need and create jobs", including issuing government bonds, promoting industrial diversification, developing creative industry and beautifying the environment of Hong Kong.

On the whole, I have two points to make on the Budget, that is the proper use of fiscal reserves and balancing economic development.

Firstly, the slackening economy, depressing market and weak consumption are expected to sink us deeper in the red this year while at the same time, depleting our reserves. The Government should resort to financial measures to stimulate the economy as well as making provisions to cope with the tsunami. Demands from various sectors of the society, if all accepted, will not only strain our reserves further but also render the Government incapable of tackling the possible long-term recession. As such, demands from various sectors warrant

prudent consideration. The limited resources should be allocated to the disadvantaged groups which are most in need and projects which are conducive to long-term economic development.

Secondly, the local business sector has been hard hit. The small and medium enterprises (SMEs) in particular are facing operation and financing problems. Some SMEs are either closed or on the verge of going bankrupt. The Government should complement actively the measures taken by the Central Government to support Hong Kong, with the focus on SMEs. For major infrastructure projects, the Government may explore other feasible ways of financing instead of funding these projects on its own so as to relieve the pressure on the fiscal reserves. As the financial services sector bears the brunt of the turmoil, the community is concerned whether Hong Kong has been too dependent on this sector. Gaining the status of financial centre is no easy task and such status has been bringing about significant economic benefits for a long period of time. The Government should endeavour to reinforce the status of Hong Kong as a financial centre, enhance financial security and monitoring while at the same time developing other industries with a view to achieving a balanced and stable economic development.

Specifically, I would like to put forward four proposals. The first one is to give full support to SMEs. As everyone knows, SMEs have a great deal to do with the economy, people's livelihood and social stability. However, SMEs have almost been ignored totally in the Budget. Had the Budget dedicated one or two paragraphs to SME support measures, people would not have found the Budget excessively frugal with its words.

As a matter of fact, SMEs suffer the most in the highly destructive financial tsunami. The businesses of SMEs have deteriorated sharply since last year due to the recessions in Europe and the United States. The cash-strapped problems of SMEs are conspicuous. Local banks are willing to extend loans to SMEs but often at a higher interest rate, which is unaffordable to some SMEs. I suggest that the Government should implement the SME Special Loan Guarantee Scheme more expeditiously and consider offering interest subsidy to SMEs. In the meantime, measures such as allowing needy enterprises to apply for paying tax in interest-free installments should be introduced to enhance their cash flow and viability.

At present, many organizations have launched different schemes to provide capital for SMEs. I think that the Government may consider providing additional funds for these organizations to better support SMEs. The Government may even consider consolidating the relevant schemes and establishing a dedicated quasi-government organization to handle SME loans. Then enterprises will be able to obtain low-interest loans more conveniently and have their costs reduced.

In the long term, the Government should consider ways to assist SMEs in tapping the mainland domestic market. Many enterprises rely heavily on Europe and the United States, which are their major markets. Once the orders from those markets are reduced or cancelled, these enterprises will be left in dire straits. Recently, the Central Government has put forward proposals to expand domestic sales which aim at stimulating economic growth. In order to complement the national development strategy of expanding domestic consumption, the SAR Government should deploy more resources to introduce corresponding measures to encourage and assist local enterprises in seeking autonomous innovation and industrial upgrading.

My second proposal is to complement actively the measures taken by the Central Government to support Hong Kong. At the end of last year, the Central Government announced 14 measures to support Hong Kong, including measures to assist SMEs, and the financial, tourism and infrastructure construction sectors. The decision of the Central Government is most welcome as it helps Hong Kong to weather the financial tsunami and stimulate economic growth. The SAR Government should initiate discussion with the Mainland to finalize the implementation details. Among these measures, I am particularly concerned about those on supporting SMEs, Renminbi business and the Individual Visit Scheme.

The Central Government supports SMEs in many ways, from revising export tax rebate rates and improving the labour system to facilitating domestic sales of goods by processing trade enterprises and establishing a capital-raising guarantee system for SMEs. These measures are conducive to easing the pressure of Hong Kong enterprises operating on the Mainland. The SAR Government should step up publicity efforts and assist SMEs to apply for loan guarantee and interest subsidy provided by the mainland Government. It should also meet with enterprise representatives regularly to understand their needs and then relay such needs to the relevant mainland authorities.

As far as Renminbi business is concerned, the People's Bank of China (PBoC) and the Hong Kong Monetary Authority signed a currency swap agreement with the consent of the Central Government to provide liquidity support for Hong Kong when necessary. The wider circulation of Renminbi in Hong Kong lays a solid foundation for various Renminbi-denominated local financial products which will in turn boost people's confidence in Hong Kong as a financial centre. Another measure which allows eligible enterprises to settle trade obligations in Hong Kong in Renminbi marks a departure from the previous practice of making settlement in US dollars, resulting in lower exchange rate risk and more transparent pricing in Hong Kong and the Mainland. With the implementation of these measures, Hong Kong will establish itself as the regional Renminbi settlement centre and strengthen its status as a financial centre. The SAR Government should study and enter into a currency swap agreement with PBoC and work out the details of Renminbi trade settlement as far as practicable to facilitate early implementation of the measures concerned.

The Central Government agrees to expand the scope of the Individual Visit Scheme for non-Guangdong residents in Shenzhen to apply for travel permits in Shenzhen to visit Hong Kong while eligible Shenzhen residents are even allowed to make multiple visits to Hong Kong within one year. By bringing more convenience to mainland visitors, this initiative can attract more mainlanders to Hong Kong and alter their consumption pattern. In addition to promoting Hong Kong on the Mainland, the SAR Government should also explore ways to further facilitate mainland visitors, such as working with the mainland authorities on the issuance of visa-free e-identity cards to speed up changes in their consumption pattern.

My third proposal is to accelerate the 10 major infrastructure projects and develop the border. Many of the 10 major infrastructure projects announced by the Government in the policy address last year have entered the planning stage. In order to boost employment and stimulate the economy, I hope that the Government should expedite the implementation of the projects after taking into account their impact on the environment and the community. Apart from using public funds, I think that some of these projects may be financed by other means such as government bonds. In view of the challenging economic environment lying ahead, the issuance of government bonds may help alleviate financial burden, increase government liquidity and facilitate the long-term development of the local bond market in raising funds for large-scale infrastructure projects.

The Frontier Closed Area between Hong Kong and Shenzhen covers about 2 800 hectares of land. In recent years, the site has given rise to heated discussions in the community. The Government should liaise with the relevant mainland authorities for developing the border area so as to inject new momentum of growth to both places. Should medical, educational and hi-tech centres be established in the border area and residents of the two places be allowed to travel freely across the border, it will bring about more visitor flow, consumption and strengthened co-operation between Hong Kong and the Mainland.

My fourth proposal is to study the direction of Hong Kong's long-term development. The threats of the financial tsunami and keen competition from other regions cast a shadow on the long-term development of the pillar industries of Hong Kong's economy, namely the financial services, logistics, trading and tourism industries. The present Task Force on Economic Challenges, which is only an interim body, will not conduct any in-depth studies on Hong Kong's long-term development. The Government should explore alternative ways to promote other industries, such as the environmental protection, creative, innovative technology, education and professional medical services industries. Specific measures should be introduced to provide impetus to the steady and sustainable development of the economy.

All in all, the financial crisis is not over yet. Both the Government and the community should strive for strength in adversity. The Central Government has shown great concern for Hong Kong with resolute and effective measures being introduced to support us. However, we have to enhance our competitiveness in order to walk out of the quagmire. At this moment, we need to keep a sense of crisis and respond prudently. We should also minimize internal strife, revive our economy at full steam, foster actively economic and trade co-operation with neighbouring regions, and facilitate the smooth implementation of various relief measures.

President, I so submit.

DR PRISCILLA LEUNG (in Cantonese): President, I believe that this Budget is the most difficult one to formulate. In the face of the once-in-a-century financial tsunami, even Soros mentioned in the G20 summit that in his opinion, China, having an economic system with many desirable qualities such as the rigorous

mechanism in regulating the banks, would be the country most easily to recover from the financial tsunami. The delegate of India, however, was not convinced and believed that India, having a better system, would be the outperformer at last. Nevertheless, we can see that even the international community is starting to discuss and review as to what exactly are the problems of capitalism, or its direction of development.

Yesterday, I heard that some Members mentioned right at the beginning that the capitalist system was proved to be not working, and the system in Hong Kong needed to be reformed. The financial tsunami and the Lehman Brothers incident must have caused many, including the leaders of our country, to rethink how the capitalist system is to be changed. However, having lived in a socialistic country for some period of time, I wish to tell Members that an economic system of a country and society is never to be moved from one extreme to another like a pendulum. Otherwise, businessmen and the general public will suffer pitifully. The evolution of economic system should never be completely affirmed or totally denied.

Moreover, according to the requirements of the Basic Law, Hong Kong shall uphold the capitalist system for 50 years, maintain a fiscal balance and the low tax policy, avoid deficits, and it is explicitly stated that the markets for foreign exchange, gold, securities, futures and the like in Hong Kong shall continue and that the status of a free port shall be maintained. By saying this, I do not mean that the Hong Kong Government can insist on its inaction and never to "hand out candies". On the contrary, it is exactly the right time to demonstrate that Hong Kong can be in good shape under the framework of "one country, two systems". Under the socialistic system practised in China, Hong Kong can demonstrate that the capitalist system practised in Hong Kong is not those practised in the early stage of capitalism, but a sophisticated capitalism, a sophisticated free economy. This cannot be built up by merely copying the practices in other countries, but our own creation of a new road of capitalism.

Today, I wish to consider with Members and the Government how to pave the road of a capitalist system with Hong Kong characteristics.

The Budget indeed only mentions the budget for 2009-2010; it only talks about what we are doing within the next year. I call on the Government to set up an objective with longer foresight and incorporate a certain sense of evolution in each of the future Budget from now on, so as to attain, through such evolution,

an economic system capable of handling economic crisis, meeting public needs, having a sense of sympathy and complying with the Basic Law. Therefore, regarding this Budget by the Government, I have given a mark of 50 in the beginning. I believe that I should commend its merits while criticizing the demerits. But I hope that the Government can consider taking a long-term direction, departing from the mentality of the old colonial era, that is, the decision-making rationale "to cross a river by groping the stones along the way" usually described by the Honourable Andrew WONG, President of the former Legislative Council.

Regarding the relief measures of "handing out candies" alone under this Budget, they do not have enough strength. It is indeed necessary for the Government to allocate extra funds to "hand out candies" in accordance with the economic situation in the middle of the year. However, apart from alleviating the hardships, I believe that the authorities have taken a right direction for certain policies, which is worthwhile for commendation. This Budget has a theme of "Preserving Jobs", but many of the positions are temporary, only capable of easing the unemployment rate for a while. For "Preserving Jobs", the Budget has done too little on the aspect of transformation, value adding and the provision of assistance to the unemployed middle-age of the middle-class. For example, it is really disappointing that the Budget has not referred to the legal aid for the middle-class.

The issue of the West Kowloon Waterfront Promenade has originally been set out as the first part of my opinion this time, as I believe that this is the part to be criticized. However, as the Development Bureau has already issued a paper on 31 March, accepting many of our opinions, in which the waterfront promenade in West Kowloon will be developed in parts and by stages, together with the introduction of a specific timetable, I have changed from criticizing to giving additional marks. I believe that the Development Bureau can take heed of the opinions from residents and many DC members. Last week, we, the Kowloon West New Dynamic, of which I am the Chairperson, have been fighting for the provision of wide boulevards lined with trees or plants for the poor, so as to give them access to our future harbour through the hinterland. I feel that it is starting to have some clues of future direction for these proposals. Our team of DC members and experts also understand that a project of this substantial scale cannot be totally covered by the Budget of one year. We have also suggested that the works be completed within 10 years in the middle term and long-term, with the expectation that at least 2 000 positions can be created. Furthermore,

we have called on the Government to implement the project as soon as possible, so as to preserve our most valuable treasure for the next generation, that is, a green waterfront.

Regarding the Budget, I refer to the statement mentioned at the beginning of my comment, that is, the middle-class people have little to put in their pockets. The financial tsunami has turned many middle-class people into unemployed. Indeed, shortly after the Lehman Brothers incident, or even when raising questions to the Chief Executive on 25 October last year in respect of the policy address, I suggested long time ago that we must have a long-term plan to prepare for the arrival of an army of the unemployed. I suggest that \$1 billion be earmarked for the establishment of an "interest-free loan fund for occupation switching" to provide funding for all tertiary institutions and other institutions which can offer training so as to enable them to accommodate those who have suddenly lost their jobs by organizing some kind of training courses for the unemployed. These people are formerly middle-class employees with diligence and spirit, and they can take this chance to transform, add value and study in various degree and certificate courses. It is even possible to help, with purpose and direction, these capable people to transform and board the highly enthroned express train of green economy. This cannot be done by simply pointing out a direction; instead, we have to set up a ladder for everyone to ascend step by step.

Secondly, other supportive measures for the middle-class are insufficient, either. I mentioned this to the Financial Secretary on 17 October and asked for the reduction of petrol duty, the freezing or waiving of various kinds of business charges, as well as the holding over of provisional tax payment for one year, and so forth. These proposals have not been adopted by the Government. I consider that the Government should draw up a broader direction in the proposed tax rebate scheme and apply the money to the "pivotal point" by actually giving it to the unemployed or those in need of transformation, thus enabling them to rejoin the work force as soon as possible, so that they will not feel neglected when in need of assistance after paying tax for a long time.

I have also proposed in the Legislative Council that the Government should relax the upper limit for legal aid, so as to benefit a larger number of middle-class people. In the Lehman Brothers incident, one may notice that many middle-class people have nothing to do with justice indeed. Therefore, I once again request that the Government and the District Office can consider the situation of these "sandwich" or middle classes.

Originally, the Government's review report would not be published until 2012. I hope that the Government is only publishing a report related to the Annual Review now, while the publication of the report related to the Five-yearly review in 2012 will be delayed for a while. This is a good sign. Hopefully, this would indicate that the Government is actively considering public opinions, as well as taking more pragmatic measure in relaxing the asset limit, so that the "sandwich" class in between can receive appropriate legal aid at times of difficulties.

Although I am vastly experienced in responding to the Lehman Brothers incident after assisting a lot of victims in reaching settlements, as well as seeking compensations from banks in a more specific ratio — maybe I should not use the word compensation, but merely a sum of money used for reaching settlements — yet on the whole incident, I believe that the Government can still actively consider how to resolve the Lehman Brothers incident, hoping to make the banks, in the long-term, really after the Lehman Brothers incident, each party also has to make at least \$100 million contribution to set up a contingency fund to prepare for any similar or critical incidents in the future, and it can be used to comfort the investors and encourage them to invest again.

About education, I find that it is a little bit neglected. Mention has only been made to some long-term measures depicted last year, such as 12-year free education, new "3-3-4" academic system and small-class teaching, and so forth. However, it is not sufficient in respect of specific policies, in which the relatively new measure is merely about the funding of \$21 million to promote national education, which I approve of. However, I suggested in the proposal submitted to the Financial Secretary on 17 December that \$100 million should be earmarked to give funding support to students with outstanding performance, so that they can have the opportunities to study English abroad. I think that the Government should make good use of the bilingual environment in Hong Kong to develop and cultivate our next generation to become fluent in both Chinese and English so that our youths will be competitive no matter whether they are engaging themselves to China or to the world.

In the area of expediting the waiting time for public housing for tenants of bedspace and cubicle apartments, I expressed the wish that the waiting time be reduced to one year in the proposal submitted to the Financial Secretary. Secretary Eva CHENG replied that they were actually striving to achieve the plan of having a waiting time of 19 months in average. I consider that this is a right

direction. She has also replied that relaxation has currently been given to new arrival families. As long as the baby or the spouse is a permanent resident of Hong Kong, the family is eligible for application. I consider that it is a positive direction.

I hope more earnestly that the Government can consider expediting the construction of public housing, so as to achieve the indicator of one year as the average waiting time for public housing in the future. On the positive side, I find the Operation Building Bright commendable. After the fire incident at Cornwall Court in August last year, two members of the Yau Tsim Mong District Council and I suggested to the Government that support should not be given to seniors alone. Some owners' corporations, including those with the owners not co-operative or missing, should also be supported. It is because these owners may create in Hong Kong numerous red-light areas full of dangerous buildings, which will threaten human lives during a major fire. I consider that the Development Bureau has been responsive to this project. Corresponding actions are being taken under the Operation Building Bright in "Preserving Jobs" to actively introduce this proposal. Commendation should be given for this.

Furthermore, in regard to the use of Internet, I can see that there are two different worlds. One is the physical world that we see, while the other is the world of Internet. Indeed, the world of the young people is the latter. I think that the provision of funding can encourage young people to use the Internet positively and healthily, especially after the recent incident involving an explosion. This is a policy that should be encouraged and commended.

I am also happy with the green economy. We have been suggesting to the Government over the past eight years that environment protection be collaboratively promoted by the business sector, the public and the Government. The business sector should not be pushed to the opposition in environmental protection. It is basically a clear sign of future direction in encouraging the use of compact fluorescent lamp, as well as in green charters and procurement schemes. I am especially happy with this, because I know that it is in fact not easy for the Government to take the first step. Therefore, I think that support and encouragement should be given in this direction. I further hope that the Government can, apart from collecting opinions from environmentalists and the business sector, widen the coverage of consultation to incorporate the front-line sectors, so that they truly collaborate in promoting green economy in the whole community.

About creativity, under our active promotion all these years, the project on Cattle Depot is now having some initial sign of success. Secretary Carrie LAM has also mentioned that creative thinking will be incorporated in some projects so that more artists and young people can utilize the Cattle Depot effectively. We are glad about this, and wish to contribute in assisting the Government in its consultation with local artists and the public. Hence, with the publishing of the West Kowloon Waterfront Promenade project at last, as well as the acknowledgement of the possibility of giving more support to the middle-class in the interim review, I decide to increase the mark given to the Budget to 60. I hope that the direction of the interim review can be introduced as soon as possible, so that the Government can turn the crisis into opportunity and take this occasion to apply the concepts which could not be realized before. It is believed that the chances for Members to consider giving more marks will likely to increase further.

I so submit. Thank you, President.

MS EMILY LAU (in Cantonese): President, the Budget put forward by the Financial Secretary has aroused the people's seething grievances. Those who had expectations of him all feel very disappointed. However, I would still like to praise the Financial Secretary. President, there is one point in his performance which deserves to be praised. Compared with last year, at least he is present and listening during the whole course this year. Last year, he was nowhere to be found most of the time, which made the then President and many Members rather surprised.

I hope the Financial Secretary has listened to the views of each party, especially those of our Democratic Party. In December last year we submitted our views to the Financial Secretary. On 11th March this year the Democratic Party discussed with the Financial Secretary again. The additional provisions which he was requested to make were measures to create job opportunities, stabilize the economy and alleviate the people's hardship.

The Democratic Party and the pan-democratic Members have put forward joint proposals. President, may I make it clear that if the Financial Secretary does not make additional provisions, I absolutely believe that we in the Democratic Party and the pan-democratic Members, or maybe even more Members, will object to this Budget. However, President, do not worry. The

authorities need not worry either. There will not be any constitutional crisis. The Basic Law has stated this clearly. Hence we could have a try. President, because as many people say, there is always the first time for everything, and the Legislative Council has recently experienced many first times too. So, President, I hope the Financial Secretary will listen carefully why we are so anxious this time — because a financial tsunami has come. We all say that this is a crisis which none of us, not even this generation, have ever met for many, many years, and this crisis has not reached the rock bottom yet.

I do not know how the meeting which they are now having in London will turn out. Neither do I know whether we need to take any action and whether it will be sufficient to save the present situation and stem the tide. I only know that even the Hong Kong Administration has said the unemployment rate will continue to rise and more companies will close down. President, Hong Kong's Gini Coefficient is 0.53, which is very close to the warning line. What is a warning line, President? It is the warning line of social instability and upcoming unrest.

As pointed out by the Hong Kong Council of Social Service both last year and the year before, the number of people living in extreme poverty in Hong Kong was over 1.4 million. After the financial tsunami, this figure will rise. That is why the Democratic Party and other people have acted with such anxiety. The business sector, professionals and other industries have all called on the Government to take more measures. However, talks remain talks. President, when it is time to vote, all kinds of ugly behaviour will be revealed. Such ugly behaviour and the Government's failure are the reasons which have caused the disruptive acts in the Council. I may not take such action myself. Having been a Member for more than 10 years, I have never done it. Yet this does not mean I am not exasperated. So I hope the authorities will do some thinking. For most things which happened, there is always a cause. We may not approve of these acts, but the unbearable situation behind, failure of government policies, and the fact that some Members are actually doing the Government a big favour by making just a few criticisms here and cannot genuinely protect the residents' rights, have enraged more and more members of the public. I hope more people will come out today on 1st July.

President, the Democratic Party has already expressed many opinions. I hope the Financial Secretary has listened to them. I myself mainly wish to talk about human rights and freedom. These are considered to be core values and the

most basic human rights by Hong Kong people. President, this is our political right. I am very glad that Secretary Stephen LAM has found the time to come today. However, talking about political reform, we still insist that dual universal suffrage be implemented in 2012, but now even the consultation has to be postponed to the end of the year. We all feel very angry about this. How much public money have we spent, President? Five million dollars! Wow! I really hope that with \$5 million, an in-depth consultation will be completed and credible public opinion polls and surveys in various aspects will be conducted to see what members of the public think.

Yet actually there is no need to conduct any more consultation. President, surveys over the years have already told us that members of the public wish to have dual universal suffrage as soon as possible. I do not know what pretext Secretary LAM will come up with to tell the public then, maybe, for example, triad societies do not have any consensus or there is nothing and so on. However, if there is no dual universal suffrage, I think at least it should be stated clearly whether the lower threshold is actually 2017 or 2020, and that any democrat will be eligible for election. Otherwise, I can tell you today, President, I will vote against it. I will also persuade the Democratic Party and all the pan-democrats to vote against it.

President, he has done nothing, but the amount of funds allocated has increased 35.7%. This situation is outrageous, is it not? Such a way of working will really drive us mad, because it is really infuriating. Things awaiting to be done are not done, and yet more funds have been allocated. This is one of the Secretary's duties. Now the accountability system is in operation. Well, the accountability system has turned out to be a mess. I have asked a question in a special meeting of the Finance Committee. I asked whether there would be a review on this. The answer received was no. President, he just could not care less and simply did nothing. They themselves are well-off. He has allocated 40 to 50 million dollars to all his fellows. Now there are still a few vacancies. President, I would like to warn the authorities, do not make any more appointment because members of the public have found this system absolutely ineffective. Moreover, every day when we spread out the newspaper, turn on the television or turn on the radio, we will hear something has gone wrong. It is either about food, drugs or ambulances or about something else. It really makes me feel that the tolerance of the public has almost reached its limit.

What did the Ombudsman, who has just left her post, say? She had been an Administrative Officer before. She pointed out that the existing system clashes with the previous mode of governance. Now everyone just sweeps the snow on his own doorstep. She also pointed out that this system has made the Government's implementation of policies short-sighted, attending to one thing but neglecting another. President, if these words were said by us in the opposition party, the people would say, of course the Democratic Party will say so. However, now even someone who had served in the Government for dozens of years said so. What happens, President? How come so far no one has come out to say there will be a review? President, as you can see, how lousy this Government is.

Besides, President, I wish to talk about human rights. Recently I went to the United Nations. The Secretary did not go. He sent the Under Secretary instead. It was about the mechanism for the Universal Periodic Review of the United Nations Human Rights Council. China, Hong Kong and Macao have already submitted a report. This time Hong Kong was not mentioned because most of the discussion in the meeting was focused on the Mainland, since the human rights situation on the Mainland is terrible. President, in the past, every time the committee which examined Hong Kong human rights held a meeting, it would bring out a point, that is, requesting Hong Kong to set up an independent human rights committee to monitor how the authorities carry out the covenant and make decisions. Yet the authorities did not do so. Why is there no need to do it? The Administration says that we have got the rule of law, an independent judiciary, legal aid, the Equal Opportunities Commission, the Office of the Ombudsman and Privacy Commissioner for Personal Data. As the Ombudsman had already said, she considered the Government very unsatisfactory.

President, another aspect which I would like to look at is the Equal Opportunities Commission. President, the Equal Opportunities Commission is responsible for three ordinances, namely, Sex discrimination (that means anti-discrimination), Disability Discrimination and Family Status Discrimination. Now one more ordinance has been added, which is Race Discrimination. The ordinance was passed in much controversy last year. President, this year the Equal Opportunities Commission will be allocated \$76.1 million, which is \$3.4 million less than last year. President, in the year 2008-2009 the number of cases it investigated among the complaints received was 767. Besides,

President, there were 63 cases investigated on its own initiative, including 15 cases which involved the Government and the public sector. That means in total, more than 800 cases were handled.

However, although the Equal Opportunities Commission has done a lot of work, actually few people know about it, President, because it keeps a very low profile. The way of working is vastly different from the time when Anna WU was the Chairperson. Maybe the Equal Opportunities Commission has been "bullied" by the authorities. Anna WU had done such a good job, President, but what did she get in return? That is, she could not do the job anymore. She could not stay. Nevertheless, now she has joined the Executive Council. I hope she can give play to her ability there. However, we hope the Equal Opportunities Commission will be able to work, and the authorities have also told people that the Equal Opportunities Commission is one of the organizations which protect human rights. Then, why is it allocated such a small amount of funds? President, of the 25 cases in which it was requested to provide legal assistance, only six succeeded.

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

Deputy President, do you know how much money it has granted? Only \$1.5 million. Besides, its standards and criteria for granting this assistance are much harsher than legal aid. So, as you could tell, how unreasonably it is being treated right now?

At present, the Race Discrimination Ordinance has not come into operation yet, and it is said that it will come into effect in the middle of the year. Last year the Budget already set aside \$16 million, saying that it would be used to set up four regional support service centres for ethnic minorities. How is it now? The Financial Secretary, Deputy President, of course the centres have not been set up yet. Although tenders have been invited, the result is not known yet. So, how are these things getting on? Actually regarding this matter of race discrimination, the Financial Secretary has got to know that in August this year, the United Nations will conduct another hearing. At that time we will complain about you and bombard you again. So, that is the case for this issue.

What is more ridiculous is, Deputy President, do you know that Secretary Stephen LAM, holding \$4 million, did not allocate it to the Equal Opportunities Commission in the same way? He said he needed to see how it implemented the ordinance first. If that is the case, that means he is manoeuvring the Equal Opportunities Commission like a doll. Then how can it be an independent, dignified organization which can protect Hong Kong people's rights? So, Deputy President, this situation is indeed miserable.

Another poor organization which one cannot bear looking at must be the Office of the Privacy Commissioner for Personal Data. Be it in public or in private, Mr Roderick WOO has clamoured aloud because of the allocation of funds for him. Do you know how much is it? This year the amount granted is \$44.5 million, having increased by 4%. Yet the Secretary said it should not be viewed this way. Compared with the last two years, it has already increased 23%. Of course, if it is compared with the lowest one, it can be said the increase is 100%. However, the Secretary has forgotten to tell us that in 2004, 2005 and 2006 its allocations had been cut.

Why are we so anxious about it? Deputy President, it is because the work of this organization concerns the privacy of yours, mine and everyone's. As you know, in those hospitals, the Hospital Authority, the police, the Immigration Department, the Social Welfare Department and the Department of Health, cases of privacy disclosure happen very often. Then, what did Roderick WOO say? Roderick WOO said that in 2008, 946 complaints were received. How many people did investigative work at that time? Deputy President, only 12 people. Do you know what he told our Committee? Deputy President, he said when he requested the professionals (that means people like you, Deputy President), he could only pat their shoulders and ask them to do him a favour. He said it was because the Hong Kong SAR Government was poor and had no money — it is not the Government which was poor. It is his organization which was poor and had no money — to protect the privacy of the public. Please come to help. However, he said there was a limit on patting shoulders, and I believe he has already patted as many as he can. Deputy President, those professionals will not do voluntary work endlessly. If the professionals do not do voluntary work for him, our privacy will be swept to the ground. Yet the authorities still say there is no problem with this. It is really outrageous. So, I think the money allocated to it by the authorities may not be enough.

The Independent Police Complaints Council (IPCC) is another organization. IPCC has told the United Nations about its existence. We are checking the accounts of IPCC. Now a subcommittee has been set up and a meeting will be held next Monday. Deputy President, the request for funds which it made at that time was not approved by the Financial Secretary. It is very good that the Financial Secretary is sitting here right now. He knows about it himself. He belongs to a committee of senior officers called something like *Star Chamber* in English, which denied all the requests. It requested to have a certain position upgraded, it seems, from D2 to D3, but it was not approved either. As all requests were refused, it cannot be truly supportive, can it?

Deputy President, another item is sex discrimination. Being the first female Member of the Democratic Party who attended the Legislative Council meeting, of course I need to talk about this matter, of which one very important issue is gender mainstreaming. Deputy President, as we know, study on this subject did not start until 2002. This leaflet I asked Secretary Matthew CHEUNG what work had been done over the years. He said a leaflet had been issued. I said that if only this much had been done, the officers concerned should be sacked. It has been so many years What questions has it raised?

Deputy President, if I ask you these questions, you will not know how to answer. If I ask you all, many of you will not know how to answer, either. It asks, what is gender mainstreaming? The one who gives the correct answer will get a prize — I guess you certainly do not know the answer. Why? Because it says that 4 000 civil servants have been trained in recent years, but none of the Secretaries of Departments and Directors of Bureaux have received the training. It also asks why it is necessary to incorporate gender perspectives into the mainstream. I am sure you do not know how to answer this either. Besides, what are the advantages of incorporating gender perspectives into the mainstream? Deputy President, do you know the answer? It has also quoted some examples of what has been done in the recent years. The first one, the most remarkable one which both you and I know, is about public toilets, that means building more cubicles in toilets. What else? Deputy President, it says it has looked into all the international experience and made site visits. What did it look into? It looked into the length of time men and ladies spent in toilets. Wow! In your opinion, is there anything wrong with this way of working? Working in such a way? However, now when we go to public toilets in shopping malls, there are still many people queuing up.

Another point is about the police uniform. That means the men's uniform has to be different from the women's. There is also something about the Central Fund for Personal Computer. That means women with disabilities may get more. Besides, there is the Tamar project. We have not had the chance to go there yet. Deputy President, maybe you will have this chance. That is about giving more opportunities to women. Besides, there are the points about first aid services and operational duties of the Immigration Department, that means there got to be women working there. Wow! No kidding! After so many years of work, only these several jobs have been done. Regarding the most basic issues which we have mentioned, such as employment, education and retirement protection, nothing has been done at all. In this case, can you go to the United Nations and tell the people that we have done a very good job in protecting human rights and freedom? Is this nonsense?

Deputy President, I have mentioned these issues about human rights and freedom. I hope the Secretary will go back, think it over and reply to us later this month. How to preserve jobs and boost the economy are the responsibilities of the Financial Secretary and his colleagues. If the Financial Secretary does not do a good job, I will definitely call on members of the public and the Democratic Party to cast a dissenting vote.

DR LEUNG KA-LAU (in Cantonese): Deputy President, luckily, the Financial Secretary is still here. My speech is especially addressed to him. I am not sure what principle governs the debate and the following vote. I have heard many Honourable colleagues make a lot of criticisms on the Budget, requesting that additional provisions be made and "candies" be handed out. They have already expressed many views. As for my minimum requirement, I hope the Government's funds will be used properly. In the following speech I am going to focus on health care arrangements.

The Financial Secretary may think that this time the allocation of funds for health care is the most generous. The funds for the Hospital Authority (HA) over the next three years will be increased by \$870 million a year. He thought the medical sector would find it acceptable. However, let me tell the Financial Secretary, by making this arrangement, actually he will score only 50 at most. What is the reason? According to our experience, over the years HA has had a severe lack of transparency in its utilization of resources. We simply have no idea how it uses the resources. I believe the Financial Secretary is not sure how

HA's resources are used either. He just gives it a big envelope. Then, as though the money has reached a swindler's hand, no one knows where the money has gone.

Let me explain in detail how HA lacks transparency. Its present accounting system is very outdated. For example, it tells you the daily cost of each hospital bed is \$3,600, but you do not know how this \$3,600 is worked out. Its calculation method is to add up all the expenses like wages, overheads, electricity charges and air conditioning fees and divide the sum by the total number of beds. Then it tells you the daily cost of each bed is \$3,500 or \$3,600. If, two years later, it suddenly says the cost has risen to \$3,800 or \$3,900, we will not know what the reason is. Somehow the sum of all the expenses has increased and the unit cost derived from dividing it by the total number of beds has become higher. What other excuses will HA have? It will claim that due to the ageing population, there are more and more elderly people. Its last resort is — because I question it all the time — that the resources are used to pay salary expenses, which account for 82% of the total expenditure. I often keep asking it, for example, to carry out a certain operation, how much manpower and time was consumed. How many pieces of equipment were used and how long was the operating theatre used? If we can calculate the expenditure, we will know whether the salary expenses are justified. If the result of the calculation shows that we have spent the money carelessly, we will admit it. Then manpower should be cut.

Besides, it seems that even the Audit Department and the Ombudsman dare not criticize HA's service, as if no one were allowed to touch it. It never has any value-for-money performance which can be shown to the people. Neither does it have any performance pledge. Over the last 10 years the amount of resources has increased a lot, but the waiting time for new cases is still very long. In fact, it has become longer and longer. Other performance indicators have not been taken into account yet. Apart from the waiting time for new cases, there is not any report or information about the waiting time for old cases and other services such as the waiting time for surgeries either. As the Financial Secretary is going to provide additional resources to HA now, I have to ask where the resources will be used. Since the Financial Secretary will increase the amount of resources by \$870 million a year, may I ask HA how it will spend the money next year, the year after next and two years after next? The Financial Secretary now gives it three years' funding at one go, but the reply about its use is still being drafted. That is to say, even HA itself does not know how the resources will be used from

2010 to 2012. Telling from experience, this will very easily lead to wastage of resources. If there is demand for service, for instance, should New Territories West, Kowloon East or the psychiatric unit lack resources, of course there is no problem with allocating funds to them. However, if funds are granted while it is actually not clear where the needs lie, there will easily be wastage of resources.

A Hospital Chief Executive, whose name I withhold, asked me to dine with him after he had learnt about the funding arrangement. He told me that since there were more and more elderly patients, a suggestion was made to install wall-hung oxygen equipment in the wards of his hospital so that the elderly could use it conveniently. However, for some unknown reason HA did not grant the funds. Instead, the authorities spent money on renovating the lobby. As for oxygen equipment for the elderly, funds were only granted to buy a few oxygen machines to be placed at the bedside. The oxygen machines would have to be moved here and there when the patients needed to use them. It was extremely inconvenient. As a result, the advice which he gave me was, if HA does not enhance the transparency in its distribution of resources and we do not know how it distributes resources while the Government keeps granting it funds, very often the resources will be wasted. Now the funding for recurrent expenditure has increased 17%. However, so long as HA's system and management culture remain unchanged, even if the funding increases by 18%, 19% or 20%, members of the public will still be unsatisfied with HA's service because they actually do not know how it utilizes the resources.

The Government is going to provide additional funds to HA. What will it do? Two years ago the Secretary said that HA's service should focus on four areas, namely, emergencies, critical care (that means items which the average people cannot afford, such as liver transplant), looking after the poor and training. Despite this, somehow HA flatly refuses to include some expensive drugs which are obviously used for saving lives, such as Glivec, into the Drug Formulary, not to mention the medication for Mucopolysaccharidoses. On the contrary, what does it do? It is something which is kind of competing for gains with members of the public. For example, the middle class in general can afford low-priced medical services which may cost several thousand dollars a year. Many people in the middle class are willing to pay for such services. Yet HA develops this kind of services and competes with private doctors for these patients in the middle class. It snatches this kind of services and provides them under HA, thus prolonging the waiting time of the poor who are in need of such services in the first place.

Just now I said that HA still has no clear idea about how to utilize the resources from 2010 to 2012. I have read its press release. Then how will the money be used next year? That means, how will the \$870 million be used from 2009 to 2010? The press release does not give a detailed account either. It only says that it will provide \$56 million additional funding to New Territories West and \$35 million additional funding to Kowloon East to provide more beds. Yet I do not understand. Those hospitals already exist. How can they provide 150 additional beds? Are they going to set the beds in the street or add canvas beds? As far as I know, those beds were slashed a year or two ago when certain specialty services were cut for some unknown reasons. Now they need to be resumed again. Some Members have said that if HA is provided with more funds, it will be able to hire more people. However, I can tell you that all those HA can hire have already been hired. At the moment no doctors are unemployed. No nurses are unemployed either. Actually, HA cannot hire as many talents as it would like. With \$870 million, it will be able to hire many people. So, how is HA going to materialize its pledge of raising service attendances? To do so, the only way is to increase the workload of the existing staff. Then it will fulfil its pledge of raising service attendances.

After I have said so much, what is the solution after all? What is the cause? Actually the cause of the problem is not that HA does not have enough money. Instead, it is the serious imbalance between the public and private medical sectors. At present, HA looks after more than 90% of the in-patients and specialist out-patients. There is indeed a shortage of manpower, but no matter how many recruitment exercises there are, the manpower remains insufficient, whereas in the private market, there is surplus manpower but there are not enough patients. In this case, merely allocating money to HA may only worsen the situation and not solve the problem. Sometimes HA may spend some money to purchase private services, meaning that patients are contracted out to private doctors for medical consultation. However, this kind of arrangement is not a long-term solution to the problem because the patients still need to wait for HA to contract them out to private doctors for treatment. Another problem is that some patients were to consult private doctors, but after learning that they will get Government subsidy if they queue up at HA, these patients join the waiting queue at HA, thus increasing the number of patients waiting for out-patient service in the public sector. Originally those people in the middle class would not go to HA for consultation. They would just go to see private doctors. However, knowing that the Government will provide a subsidy, they simply queue up in HA earlier in the hope of getting Government subsidy. As such,

allocating money to HA for purchasing services is not a long-term solution to the problem. To most people in the middle class, if they do not want to wait, and hope to get the service right away from doctors of their own choice, this funding method of the Financial Secretary is of no help to them at all.

Earlier on, during the consultation on the Budget, I asked the Financial Secretary if he could offer any incentives for the middle class to engage private service. I mentioned tax exemption for medical expenses. I have already provided the Financial Secretary with the information. However, the Financial Secretary may be very busy and his aides may not have explained to him. Let me take this opportunity to say it again. To exempt medical expenses from tax is a very fair practice. As I have mentioned before, medical insurance which employers take out for employees is regarded as an operational expense. Employers are exempted from such tax and employees need not pay any tax for this medical benefit either. Neither of them need to pay any tax. However, if some less well-off employers do not take out insurance for their employees and the latter have to do so by themselves, this expense will not be exempted from tax. This taxation arrangement is actually rather unfair to those employees who take out insurance themselves. If the middle-class people are willing to see private doctors, leaving the precious public medical resources to the poor, actually they should be encouraged. If they wait for the services of public hospitals instead of consulting private doctors, the cost will be paid by the government after all.

Being a Member, one should be practical and cannot just talk. So I try my best to do some homework. I find that there has been this kind of arrangement overseas long ago. In the United States, Canada, Australia, Ireland and Taiwan — sorry, Taiwan is a territory, not a country — there has been such arrangement. Moreover, there is no upper limit. There is only a lower limit. They have set a lower limit because if the amount of medical expenses is too small, it will not be counted to avoid increasing the Government's cost. The reason for not setting an upper limit is that if more money has been spent on health care, probably something unfortunate has happened, it will be unreasonable to set an upper limit. Patients will not give a lark to catch a kite from the Government.

It is also found in the survey that most taxpayers support it, which is needless to say. Even for those who do not need to pay any tax, 75% of them support it too. Most importantly, 30% of the people said they would use less public medical service. As for the impact on tax payment, the amount is about

\$1.5 billion. Let me make a conservative estimate. The government may receive \$1.5 billion less from taxes, but 30% of the people will use less public medical service. Even if only 15% will really do that, HA will still correspondingly have an extra amount of \$4.5 billion. The Government does not really need to take out \$4.5 billion. In fact, there is no need to allocate \$4.5 billion to HA so soon at one go.

Actually I think this is a "four-win" option. That is to say, the Government does not need to allocate too much money to HA. HA's workload will not be as heavy. Private doctors will have a good business environment, and patients will get the arrangements which they themselves find satisfactory.

Having said so much, read the Budget and previously communicated with the Food and Health Bureau and the Financial Secretary, I truly feel that they are not a very good team. Indeed, they lack team spirit; each of them just minds his own business. When I requested the Food and Health Bureau to make this arrangement, the Bureau replied that it had failed to win over the senior Government officials. I really got lost. Is the Secretary not a senior Government official? Who on earth are senior Government officials? The conclusion that I draw from my years of experience is that the Food and Health Bureau, or even HA, is unable to fix the problem I have mentioned, because if the Financial Secretary asks them how to solve it, they will just tell him to allocate money to them. The question is very simple. I also believe that the senior Government officials (I hope that the Financial Secretary is one of them) do not quite understand the problems in the medical sector. They do not understand health care financing. Yet I hope they will understand one point. It will be difficult to strive for medical funding in the future. I may agree to this measure of 17%, but as Hong Kong is a tax haven, it is difficult to increase its commitment to health care. I hope the Financial Secretary will really listen to me, go back and take a look at the information. If he wishes to have more information, I can provide more. I hope the Financial Secretary will give prudent consideration to this arrangement and make a more positive response.

I so submit. Thank you, Deputy President.

MR IP KWOK-HIM (in Cantonese): Deputy President, the Budget proposed an Internship Programme for University Graduates, in which the guideline for an allowance of \$2,000 was set out. This has attracted public criticism over the

catalytic effect towards low salaries. The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) considers that there is in fact special significance for the Government to offer an internship programme to tertiary and university students as it responds to current fluctuations in the socio-economic cycle by providing fresh graduates with additional internship opportunities. The DAB has earlier proposed to the Government a similar subsidy scheme. We proposed that each graduate, if employed, could directly receive a monthly allowance of \$5,000 regardless of whether or not the enterprise concerned provided remuneration, but the scheme would last for six months only. Our proposal also covered associate degree graduates. According to our calculation, the scheme involves only about \$87 million. The DAB hopes that the Secretary will seriously consider the Secretary has just left that such move not only implements the Internship Programme for University Graduates but also addresses the community's concern in this regard.

Deputy President, at present the Government has earmarked \$300 million for District Councils to implement minor works projects, and it is within my knowledge that the fund cannot be carried forward to the next year because it is part of a block allocation under the Capital Works Reserve Fund. However, in the actual course of operation at present, despite decisions made on minor works at the District Council meetings, many projects could not be carried out within the year because of problems with the delineation of responsibilities and co-ordination between government departments.

The DAB suggests that the Government should simplify the procedures and recruit additional staff. The current lead-time of 19 months for minor works should be shortened, and the District Councils should be allowed to employ their own consultants for various minor works in order to expedite project start-ups and thus solve the bottleneck problem. After a year of operation, the \$300 million allocation for minor works in fact falls far short of the public demand from various districts. The DAB suggests that the allocation should be increased to \$1 billion following procedural and other rectifications.

Deputy President, after the last wave of financial turmoil, Hong Kong was obviously faced with the structural problem of manpower mismatch. At that time the SAR Government conducted a number of researches and made a few forecasts, including the manpower situation forecasts in 2003, 2005 and 2007, to predict and analyse the future trend of manpower needs in Hong Kong. The DAB considers that the problem of structural unemployment in Hong Kong will

emerge again in the new round of economic adjustment. With a view to easing the problem of structural unemployment, which has been lingering for a long time, and achieving transition towards a knowledge-based economy in Hong Kong, the DAB suggests that apart from allocating more resources to enhance industry skills and retraining programmes, as well as establishing a recognition system such as the Qualifications Framework so that employees from various sectors and industries can enjoy formal training as well as programmes and ladders for continuing education, the subsidy coverage of the Continuing Education Fund should also be further expanded as soon as possible to align with the development of the Qualifications Framework so that the Fund's subsidy will couple with the outlook and development strategy on the overall manpower supply and demand in Hong Kong.

(THE PRESIDENT resumed the Chair)

President, the intangible cultural heritage is something new to Hong Kong. There is, in fact, not much discussion on this topic among the public. Although at the meeting of the Panel on Home Affairs last month the Government repeatedly advised that the authorities had been organizing thematic exhibitions and talks on intangible cultural heritage, members of the public are still rather unfamiliar with the preservation and protection of intangible culture.

The Government plans to launch a territory-wide survey in the second half of the year to gather information and ultimately compile a list of intangible cultural heritage items in Hong Kong. In fact, the scope of cultural heritage is very broad. It includes festivals and rituals such as the Jiao Festival, temple festivals and clan rituals. While the Convention for the Safeguarding of the Intangible Cultural Heritage has set out a number of heritage features as factors for consideration, such as transmission from generation to generation and collective creation, which factors should be based on in determining whether an item can be included in the list? Should they be the historical factors, uniqueness of the ethnic groups, extent of endangerment or collective memories?

As an example, among the 78 intangible cultural heritage items found in Guangdong Province, 34 are relevant to Hong Kong. Those more heard of and participated in by Hong Kong people are the Cheung Chau float parade, Tai Hang Fire Dragon Dance, and so on, which are characteristic rituals in Hong Kong as

well as collective memories of a relatively large number of people. There should not be much controversy for these items to be eventually included in the list. However, some cultural heritage items were known to or encountered by only a small number of people, such as Chiu Chow opera, baizi opera and Chaoyang yingge songs. They may be music or drama threatened with extinction, but they do not form part of the general public's collective memory. Therefore, the DAB suggests that if the Government includes the above items in the final list, it should intensify its general publicity efforts in respect of these not so well known but valuable items, so as to enhance public understanding and acceptance of such items.

In fact, the governments of Guangdong, Hong Kong and Macao have collaborated successfully to have Cantonese opera and herbal tea included into the first batch of heritage items on the intangible cultural heritage list at national level, and the Central Government has officially applied to the United Nations for the inscription of Cantonese opera on the Representative List of the Intangible Cultural Heritage of Humanity. The DAB hopes that after the authorities complete the list, Hong Kong people can select representative items from within to further nominate them to the State for inclusion in the national list.

President, Chinese culture has a long history. During the five thousand years of social development, the Chinese created rich and valuable cultural heritage. The protection of intangible cultural heritage means to inherit and carry forward the magnificent culture of the nation. In December 2007, the DAB took the lead to propose a resolution at a Council meeting, calling on the Government to formulate a list of intangible cultural heritage items. Unfortunately, the resources devoted by the Government in promoting the protection of intangible culture Government are in fact very limited. The department in charge is the Leisure and Cultural Services Department, where only three officers are providing practical support. Therefore, I expect that after completing the census the Government would devote more resources to ensure the protection of intangible cultural heritage.

President, the Government, the Hong Kong Housing Society (HS) and the Urban Renewal Authority (URA) will work together to implement Operation Building Bright over the next two years, in which \$1 billion will be spent to assist owners of about 1 000 old buildings to carry out repair works. The DAB supports this scheme. Just now many of our Members and colleagues have also mentioned the scheme and expressed their support. In fact, the scheme not only

creates jobs, thus easing the financial pressure from the financial tsunami on all aspects and solving the employment problem, it can also solve the problem of buildings long dilapidated due to a variety of reasons. However, the DAB worries that if the scheme cannot be extended after two years when all the money has been spent but no new resources are available, it is unfair to the owners of those old buildings other than the 1 000 favoured buildings, and their desire to carry out normal maintenance of the buildings would be affected. This would be a consequence that we neither want nor wish to see. I very much hope that the Government can seriously take this point into consideration.

In fact, at present there exist a broad array of building maintenance schemes, such as the Building Maintenance Grant Scheme for Elderly Owners, Building Maintenance Incentive Scheme and Home Renovation Loan Scheme launched by HS; Building Rehabilitation Materials Incentive Scheme and Building Rehabilitation Loan Scheme by URA; and Building Safety Loan Scheme by the Buildings Department. After reading these terms, I believe we may not be able to remember the names of these specific schemes. With the new Operation Building Bright included, there are in fact seven building maintenance subsidy schemes in Hong Kong.

President, supposedly the input of resources from various aspects should have helped improve the people's home living conditions, but as the eligibility criteria vary from one scheme to another, home owners are left confused and unsure of what to do. It would not be easy to pick a suitable subsidy scheme. Moreover, those living in old buildings are mostly senior citizens. Some elders are unable to distinguish which scheme is suitable for them at all.

Therefore, the DAB considers that the Government should step up publicity efforts to promote the maintenance schemes, and consider making unified information release on the characteristics of each maintenance scheme so that the home owners can understand the various schemes at a glance through the websites or promotional materials. It should even set up a one-stop consultation centre to assist home owners to apply for the maintenance schemes.

President, as a legislator representing the District Council functional constituency, I feel nothing but helpless in respect of the funding for supporting District Councils under the present Budget.

The District Councils are an integral part of the two-tier representative political system. In order that District Council members can provide the public with quality service and help them resolve problems, it is most important that the Government provides District Council members with adequate resources for their offices to operate smoothly.

The serious shortage of manpower in the District Council Secretariats has in fact dealt long-term impact on the operation of District Councils. At present, the secretary of each District Council has to serve one committee and three sub-committees on average. In addition, there is a large amount of administrative and clerical work to follow up on. Therefore, we request that the Government should allocate more funds for employing additional staff to improve and enhance the efficiency of the District Council Secretariats.

Furthermore, starting from the current term of the Council, all Members will receive an end-of-service gratuity and medical allowances. So I consider that, to show the same respect as that for the Members, the Government should make similar arrangements for all the District Council members so that they will also enjoy the end-of-service gratuity and medical allowances. In fact, this is also a matter of attracting more talents to participate in political pursuits. Apart from the aspiration and vision to serve the community and uphold fairness, impartiality and justice, decent livelihood and retirement protection are also factors that no politician can avoid considering. At present, the financial arrangements for members of various levels of representative councils are very much at odds with the advanced development of Hong Kong. Therefore it is necessary for us to undertake consideration and adjustment, without which quality talents can hardly be attracted to serve the community.

President, I so submit.

MR WONG KWOK-KIN (in Cantonese): President, faced with the global financial tsunami, we all feel very helpless. The G20 Summit is being held in London to discuss how to save the economic recession. It is a pity that our Financial Secretary is unable to attend this event because he has to listen to our Budget debate here. I believe he would also find it regrettable.

In fact, facing the present financial tsunami, Hong Kong is also plagued with tremendous anxiety. What would happen in the future or happened in the

past that worries many people is a large number of small and medium enterprises being wound up and our unemployment rate shooting up.

According to the unemployment rate announced most recently, the three-month average has reached 5%. The actual number of unemployed has reached over 170 000. Many experts, academics and the Government itself estimate that the unemployment rate may eventually reach 7-8%. Calculated on the basis of the current working population at around 3.6 million, the number of unemployed may be over 200 000 in the end. Therefore, we set high expectation on the Budget, hoping that the Government can come up with some concrete measures to help with employment.

The Budget takes securing employment as its main theme right at the beginning. This general direction is of course correct but unfortunately the right direction does not imply sufficient strength. We all consider that when it comes to securing employment, the Budget is very weak in terms of both measures and magnitude.

We all see that, according to the Budget, more than \$1 billion will be deployed within three years to create more than 60 000 jobs. However, we also note that among the 60 000-odd jobs, 35 000 are those of the Youth Pre-employment Training Programme, the Youth Work Experience and Training Scheme and so on; 8 000 others are those of the employment programmes for the middle-aged and the disabled; and 4 000 for the Internship Programme for University Graduates. These are not regular jobs and are planned for two years only. Job opportunities are not immediately available. Therefore, we all feel that the number of these jobs totalling more than 60 000 contains a lot of hot air.

At present, construction and logistics are the industries found in a relatively serious unemployment situation. As for the construction industry, the unemployment rate already reached 9.8% in January this year, and we believe that it must have reached double digits now. Does the Government have any solution? It is stated in the Budget that some of our major infrastructure projects can help the construction workers. But we must take a close look. These major infrastructure projects will not commence officially before the second half of next year at the earliest. While the grass grows, the horse starves.

The Government also advises in the Budget that as the large-scale infrastructure projects cannot help, we would settle for the introduction of some

minor works in the community to quench the fires of urgency. These refer to some of the community minor works and the maintenance works for government buildings, while the largest-scaled one is, of course, the scheme for building renovation and maintenance. We certainly agree to this scheme. Nevertheless, we consider that there are still shortcomings. The reason is that while construction workers are involved in many types of work, if there are only building maintenance and renovation works, virtually no jobs are available for some heavy-duty types of work such as formworking, bar bending and concreting, because only such jobs as painting, plumbing, woodwork and electrical work are offered.

Moreover, the most fatal of all is that according to the documents submitted by the Development Bureau, these projects will only be kicked off in autumn at the earliest, which is three to four months from now. Up to now, many construction workers have told us that they had been unemployed for three to four months. Some even have been unemployed for more than half a year. If they have to wait for another three to four months, many of them will not be able to stand through the hardship. Therefore, will the Government speed up the process of building renovation? Even though some work types are not involved, it is still an expedient solution. Can the pace go faster? If they remain jobless until autumn, I believe that many construction workers may have to apply for Comprehensive Social Security Assistance immediately.

Furthermore, when it comes to securing employment, apart from the creation of jobs directly from government projects, another important thing to do is to secure existing jobs. In the present economic structure of Hong Kong, the more manpower demanding industries are the consumer service industries, such as catering, as well as general merchandise retail and wholesale. The Government should support the continuous operation of these industries in order to avoid business closures on a broad scale. Only in this way can workers in these industries continue to keep their jobs. Therefore, before the release of the Budget, the Hong Kong Federation of Trade Unions suggested that the relevant authorities of the Government should consider giving away \$2,000 consumption vouchers in this year.

The consumption vouchers are not intended for poverty alleviation, but for maintaining the operation of the consumer goods industries, with the hope that the injection of new money into the consumer market can keep those industries running so that workers will also have jobs. In the wake of Chinese New Year, no matter in the catering industry or general merchandise retail business, we saw

an obviously dull market situation. Why have the businesses not closed down yet? I have asked some insiders. They say that it is because they are waiting for one thing. Starting from this month, more than two million residents holding Shenzhen citizenship can apply for multiple entries to Hong Kong. The industry players hope that this scheme will bring in some new sources of customers to the consumer service sector. That is why they are striving and waiting so desperately. However, in the long run, Hong Kong should explore domestic demand to stimulate economic development. At this very special period of time, I think that the Government should re-consider consumption vouchers, because the private consumption expenditure takes up 5.7% of the gross domestic product of Hong Kong. Therefore, we absolutely have grounds to request the Government to undertake additional consideration in this regard.

Some mainland cities such as Hangzhou and Chengdu started to give away consumption vouchers late last year. In Hangzhou, consumption vouchers worth RMB 100 million yuan have been issued, bringing about a transaction amount of RMB 260 million yuan, which has a very positive effect on the consumption. We have also noted that although the consumption vouchers issued in Taiwan do not involve a large amount, they have had a positive impact on the atmosphere and consumption in the community. We heard indirectly that the Government will take an "additional" action in the middle of the year. I hope that the Government will give full consideration to the effect of consumption vouchers on the consumption industries and employment.

President, it has been reported that recently the number of families with monthly income less than \$4,000 had increased by 35 000 within one month to reach 190 200, representing an increase of 22.7%. This may be caused by those people having lost their jobs, taking a pay cut, or being forced to take unpaid leave, but we cannot but express our concern over these data. The unemployment rates in all sectors also reveal that the financial tsunami has made the hardest impact on grass-roots workers in such industries as construction, catering, retail, and so on. We call on the Government to consider more for the grassroots, speed up the introduction and implementation of projects, and offer certain facilitation for small traders' business activities which would relieve the pressure of employment so that the unemployed can have a way out to make a living and thereby tide over the financial tsunami.

President, I so submit.

MR WONG YUK-MAN (in Putonghua): President, please allow me to speak in Putonghua.

In Japan, the House of Councillors rejected the budget of this year in March. In Hong Kong, opinion polls reveal that only 21% of the respondents expressed satisfaction with the Budget, but 60% believe that it will not revive the economy. However, such a Budget which does not appeal to the people is bound to be adopted by the Council. In this non-democratic council, the pro-establishment camp has hijacked the power. Public opinions against the Budget have been suppressed. What kind of representative council is this? This is one that tramples on public opinions! This is a representative council where violence is institutionalized!

The financial concept disclosed in the Budget is confusing and even misleading to the public. The Financial Secretary Although he is not here, I still want to reprimand him. He emphasizes the adoption of a "countercyclical" expenditure policy. The so-called "countercyclical" policy advocated by the Keynesian school entails a substantial increase in public spending by means of a deficit budget to stimulate economic activities in times of economic downturn. Now the Budget pretends to be "countercyclical". Hong Kong people mistakenly think that the Government will face the new challenges with a new mindset, but the contents of the Budget are actually expenditure cuts for a miser to continue his role as such. Under the "countercyclical" guise, the Financial Secretary actually cuts spending, makes pretences and confuses the public. Should we report such dishonest administrative practices to police for arrest on the charge of fraud?

Only the responsible governments throughout the world have really adopted the "countercyclical" fiscal policy by substantially increasing public spending to relieve people's hardships. Today more than RMB 4 trillion yuan of funds have been deployed in our Motherland. Japan's budget has also set a new record of \$7 trillion. Even in Singapore, where the principle of "Big Market, Small Government" is also upheld, a budget of up to S\$20.5 billion has been introduced, which is the biggest budget since the country was founded 44 years ago, with a deficit as high as 40%, and even the national reserves have unprecedentedly been used to save the staggering economy.

When most countries and regions around the world are weathering the financial tsunami with all time high spending or a deficit budget, what is our SAR Government doing?

When Hong Kong people are in desperate need of the provision of relief from the reserves, what is our SAR Government doing?

When Singapore unprecedentedly used its national reserves, what was our Government doing? The SAR Government holds a fiscal reserve of \$1,500 billion, but it has turned a blind eye to the life and death of the million-strong poor people!

President, I am going to highlight nine sins of the Budget.

The first sin is partiality: Financial Secretary, do not forget that last year when the economy was booming you reduced the profits tax by 1%, causing the Treasury to lose \$5 billion in revenue. This year, the economy goes down. Why is the profits tax not adjusted back to last year's level? This is a despicable act of robbing the poor to feed the rich. It is exactly what an authoritarian government under a small-circle electoral system would do!

Various proceeds have been dwindling this year. If the Government denies its collusion with business, it should impose an additional one percent on top of the standard rates of profits tax and salaries tax, and spend the relevant revenue on social welfare so to improve the lives of disadvantaged groups.

The second sin is connivance: After the CITIC Pacific incident, the Government has been dragging its feet and up to now there is no plan for buying back the Eastern and Western Harbour-crossings. No commitment in this regard is shown in the present Budget either.

The Link REIT has been bullying small traders for many years and has even caused many of them to close down amid the economic quagmire. Why is the SAR Government still conniving at the acts of such capitalists?

The third sin is deception: The Budget proclaims preserving jobs as its primary objective. A provision of \$1.6 billion will allegedly be earmarked to create 62 000 employment opportunities. In fact, 44 000 of the so-called jobs are those from the Government's original employment and internship

programmes, rather than newly created jobs. Moreover, 4 000 places are simply places of the internship programme that the League of Social Democrats described as trampling on the dignity of university students. Deducting 48 000 from 62 000, only 14 000 are so-called newly created jobs, which is really a drop in the bucket when compared with the 170 000 unemployed. Even more outrageous is that these employment and internship opportunities are not immediately available but to be phased in by three years.

Worse still, John TSANG ignores women's unemployment problem. May I ask whether the Secretary knows how many housewives, faced with the current difficulties, have to re-enter the labour market? The Budget has not even a single word to consider the employment needs of women workers. The so-called preservation of employment is absolutely a tall story!

The fourth sin is oppression: The biggest problem of the Internship Programme is that the salary for university graduates is squeezed down to \$4,000, which not just demeans the dignity of university students, but also further triggers a domino effect of pushing those with associate degrees, higher diplomas, Form Seven or Form Five academic qualifications to a disadvantageous position in the job market. The Government has added fuel to the flames by driving down wages. What a monstrous absurdity!

The Internship Programme is also playing upon the minimum wage level which has not yet been fixed. If one can employ a university graduate at \$4,000 a month, would the wage level not be further driven down during the consultation exercise on the minimum wage legislation? This move of the SAR Government can only be described with these four words: Its motive is execrable!

The fifth sin is discrimination: The Government crazily increased tobacco tax by 50%, causing immediately class discrimination. Under the pretext of developing a "red wine centre", the Budget of last year waived the wine duties completely. As a result the tycoons and senior officials can indulge themselves in "red wine tasting". We all know that both smoking and drinking are harmful to the body. Why does the Government favour wine over tobacco? Drink driving causes death, but our Government would not suggest increasing the duty on liquor for the sake of people's lives. Such a double standard is so unbearable.

The sixth sin is abuse: The elderly are being abused. There is a serious shortage of residential care places. Over the past five years, 7 638 people died

while waiting for residential care places. At present, there are respectively 18 000 and 6 400 elderly people waiting for care-and-attention places and nursing home places. The waiting time is respectively three and four years.

The elderly people in Hong Kong are so pitiful that they keep waiting but cannot get a decent accommodation before their death. Talking about old people waiting to die, I cannot but recall a 1983 Japanese film, *The Ballad of Narayama*, in the story of which elderly people from a poor rural village were carried on the backs of their sons and daughters into the barren mountain and then starved or frozen to death there. It is unimaginable that the plight depicted in the film would be staged in Hong Kong every day, even in the twenty-first century!

The elderly have contributed their life to Hong Kong but they cannot share the fruits of prosperity, nor even live their last years in dignity because of the rigid and conservative policies as well as the apathy of senior officials. More than 7 000 elderly people died before their turn for a nursing home place. This is the shame of the SAR Government, and of Hong Kong people!

The seventh sin is stinginess: Last year the Government benefited four districts, namely Tuen Mun, Yuen Long, the North District and outlying islands, with transport support. Why does it not expand the scheme to cover all 18 this year? While some poor primary students are yearning for access to the Internet, why does the Government not subsidize them with the cost of Internet access?

The eighth sin is cold-bloodedness: Under the impact of the financial tsunami, Hong Kong's unemployment rate has climbed up to 5%. 43 000 closed down last year, 14% more than the 2007 figure. We have asked the Secretary to introduce unemployment assistance, but he paid no heed to us.

The ninth sin is miserliness: The League of Social Democrats called on the Government to give away \$5,000 in cash to each resident of Hong Kong. The total amount would be about \$30 billion. This amount accounts for only 2% of the total government reserve, but many effects can be achieved.

Macao gave away cash twice. Taiwan has also issued consumption vouchers. Japan and Thailand also have similar measures in place. It can be

seen that our SAR Government does nothing in front of this once-in-a-century disaster!

In the last paragraph of the Budget, the Financial Secretary quoted a German theologian to highlight his accountability to the next generation. The German Theologians, be they D BONHOFFER, who had organized an assassination attempt against Hitler, Karl BARTH, who opposed the church's switching loyalty to the state, or Paul TILLICH, who criticized Nazi Germany, all honestly faced the situation of the people. None of them would propagate false hopes out of rigid dogma and false rhetoric. The Budget, which blatantly ignores the life and death of the millions of poor people, resorts to sophistry by saying that it is for the good sake of young people. This is an act of a pretended prophet! To avoid insulting the theologians, I hope that Mr John TSANG would not abuse the names of theologians to defend this junk policy.

At this critical moment of life and death, as a group of well-paid mediocre officials, you should not be such bad studs! You have done something bad to us making us become "poor guys" (*in English, sounding similar to the Cantonese swear word which means "stumbling to death in the street"*)! Donald TSANG, you should not be such a bad stud. John TSANG, you should not be such a bad stud. The SAR Government officials, you should not be such bad studs! It is said that high salaries are offered in Hong Kong to foster integrity, but as a matter of fact, high salaries are being offered to foster mediocrity! Mediocrity of mediocre talents! Mediocrity of mediocre officials! The taxpayers have spent in vain a huge sum of money only to raise a whole bunch of mediocre officials!

The saying goes that a man of no virtue taking on a high-ranking position would only sow harm to the public. Why should Hong Kong people suffer because of their sins?

John TSANG, you are not just a mediocre official, but also a very greedy one! John TSANG, you are a very greedy official! What you are greedy for may not be money, but the comfort from your power in office! You are greedy for comfort. You refused to demonstrate due commitment to the people of Hong Kong at this critical moment! You really should not be such a bad stud! John TSANG, you really should not be such a bad stud!

Thank you, President.

MR JAMES TO (in Cantonese): President, I believe that many Honourable colleagues have already discussed other topics. But with regard to the aspect of security, it seems to me that every year only one or two Members would express their opinions. Therefore, I am going to share with you some of my detailed observation.

President, first of all, I shall speak on the problems of drug abuse among the youngsters and the widespread selling of soft drugs on campus. I hope the Government can understand that, according to my comprehensive observation and analysis, I believe this is the

PRESIDENT (in Cantonese): Mr TO, please hold on one moment. Mr WONG, please take down that drawing.

(Mr WONG Yuk-man left the Chamber with the drawing)

PRESIDENT (in Cantonese): Mr TO, please continue.

MR JAMES TO (in Cantonese): highly critical moment. I find it necessary for us to step up law enforcement actions as the situation has been changing rapidly during the past two years. In the past, drug trafficking was just limited to parties or entertainment establishments, and now it has completely conquered the campus — at least halfway or partly, if not completely. Drugs found, detected or handled in schools are in fact more than those found elsewhere in quantity. Therefore, I hope the Government could adopt a more serious attitude in tackling problems in this regard.

In the report submitted by WONG Yan-lung, a voluntary drug testing scheme and a proposal to increase counselling manpower were mentioned. President, I have recently discussed this with some law enforcement officers. They said that it was very important for us to have drug-free campuses. Of course, in our conversation, we were talking about an idea in a joking manner, and that idea could actually be further developed, that is, in certain relatively problem-plagued schools (we should not be concerned about losing face anymore), can we deploy some drug detector dogs to, under certain circumstances, — just as some people have suggested in a joking manner —

station at the entrances of such schools to sniff at students entering the schools? In fact, after air passengers have alighted from planes, drug detector dogs would also walk up to them and sniff at them (the same practice is adopted in overseas countries). If the situation does become very serious, we may as well need to think in such an extreme direction. Some may say that this is an extreme approach, but this could be a solution when we run out of all other options. There are also suggestions that when students are having physical education lessons, drug detector dogs could be deployed to sniff around the campus in order to see if there is any drug. If we do not tackle the situations on the campuses now, the problem could escalate further very quickly. I hope law enforcement agencies can step up their law enforcement actions to crack down cases in which youngsters are used in drug trafficking. I have spoken on this aspect for many years, and I hope that the Government can focus its efforts on making policy adjustment so as to enable us to make use of such a provision.

With regard to a recent gunshot case in which a Nepalese was killed, it will be examined in the Coroner's Court to identify the cause of death of the deceased. So I am not going into details of this case. But the case had aroused great concern about racial issues among the public. I hope the Government can act most fairly in conducting the investigation because no such issue has ever occurred in Hong Kong. But if the case is not handled properly, I would be very worried. I have already written to the Secretary for Security, hoping that an independent investigation can be conducted. It was because after the case has happened, I suspect with good justifications that the Police Force has disclosed the background information of the deceased. This has already aroused the concern among people from all walks of life, and it has also made us ask the question: Can police officers be able to conduct investigation of this case in an independent and fair manner? Or alternatively, we still need to act according to the ordinance in relation to the Coroner's Court, and employ some of the special measures that can be used by coroners for ensuring fairness. I hope the Secretary for Security can specifically study the issue.

President, I was quoted by some newspapers as having made some comments on the day after the incident had happened, which are related to the so-called "strategic withdrawal". I am not going into details here. My comments might have made a lot of people worry and wonder whether I was suggesting that in future when something happened, policemen should run away. This is not what I mean. It is because when a policeman has already made use of pepper spray and police baton in a one-on-one encounter and still cannot

subdue the person concerned, is it not better for the officer to consider waiting for the arrival of reinforcement before overpowering the person concerned, instead of taking the risk? Of course, in extreme circumstances, if the safety of a police officer is at risk, it is absolutely acceptable for him to shoot with his service revolver, so as to protect himself and others.

I am also aware of the recent spate of incidents involving ambulances of the Fire Service Department. These incidents have been accumulated, not those that happen on a single day. I hope the authorities can expeditiously put the newly ordered ambulances to service. It will be a blessing for everyone if they can be put to service earlier. For the Electrical and Mechanical Services Department, in addition to the existing service level, it should increase the frequency of maintenance services, in order to prevent the recurrence of similar incidents.

One thing makes me feel very uneasy. Over the past few years, I have brought up the subject of so-called "special expenses", which is under the heading of "remunerations" and "special services". This year, I particularly notice that the Security Wing has increased its establishment by 65 staff members, whereas the counter terrorism division sees its establishment go up by 300 members. This is rather abnormal. I asked the Commissioner of Police, the person in charge of counter terrorism duties whether our security level had been adjusted upward and whether there had been drastic changes in the major international situations. The answers I received were all in the negative. However, in the meantime, the counter terrorism division has increased its establishment by 300 officers. Among the existing establishment of several hundred staff members of the Security Wing, in fact there are already staff members responsible for counter terrorism, protection of VIPs and internal security duties. I have once asked what kind of work these 65 additional staff members of the Security Wing will be responsible for, as well as the deployment of the existing manpower in the Security Wing allocated among spheres of duties of counter terrorism, protection of VIPs and internal security. I must have access to such information for conducting quantitative analysis before I can study whether the creation of 300 posts for counter terrorism duties is necessary. However, I cannot obtain any information for conducting any quantitative analysis, and the reason they give is that the information is sensitive in nature.

We must know that the Security Wing was previously the Special Branch. In the past, the Special Branch was responsible for conducting political

monitoring, and now, under the circumstances of not providing any explicit reasons, the counter terrorism division expands its establishment by 300 staff members, and the Security Wing will have 65 additional staff members. I think this is a very dangerous move because if the Security Wing can deploy its existing manpower to take care of other political monitoring duties In the past, the Security Wing has all along maintained its establishment at the level of 300 odd staff members, and over the past two years, its establishment has gradually surged to over 400, and this year, it will increase to 547. Together with its clerical staff, the total headcount will go up to 623. By then, the establishment of the Special Branch (sic) will be getting closer and closer to that of the Special Branch of the colonial government right before the latter's withdrawal, which stood at nearly 1 000. I hope the Government can later answer with special reference to this point in its response.

With regard to the integrity of policemen and the human rights aspect, President, a recent case heard in the Final Court of Appeal has proved what I had said in the past was correct. First, policemen should also enjoy human rights. They also need to be given fair treatment. So, policemen should not be the only ones facing discrimination, as more senior police officers are allowed to ask lawyers to act on their behalf. At the moment, policemen are the only group that cannot ask lawyers to act on their behalf in disciplinary hearings. However, such a practice has become out-dated and has been declared unconstitutional.

For the Police Force, or other disciplinary forces or even the entire civil service, they need to respect civil servants and law enforcement officers. I hope that, when they face hearings, they can be given fair treatment. On the other hand, we also care about the integrity issue of policemen. Earlier on, a rape case occurred in a police station, and in another case, a witness was said to be beaten up in a police station as well. I think these are very serious accusations. Of course, details of the rape case, and so on, will be dealt with in court in a fair manner. But what has actually happened to the integrity of policemen? This is the point we need to care about.

We have also seen many cases in which policemen became bankrupt or had financial problems. In recent years, since the legalization of soccer betting, we have really seen many cases of policemen indulging in soccer betting. In the past, if a policeman indulged himself in types of gambling other than soccer betting, his supervisor or the middle management would find such a case easier to handle. They can keep a close watch of such policemen. However, after the

legalization of soccer betting, they often expressed a strong interest in watching soccer matches. Sometimes, it is not very easy to analyse whether they are involved in gambling or what their situations actually are. Therefore, I hope the middle management, in particular, can step up the monitoring in this regard.

President, next, I wish to discuss the aspect of financial policies. With regard to the Lehman Brothers Incident, President, the Legislative Council has set up a select committee to follow up the issue in great details. However, I think we cannot wait until the work of the Select Committee has completed before we go on doing something relevant. Up till now, it seems that our worries have been confirmed. In the past, our mentality was to protect the banks to ensure that they could yield profits and that there would not be any system problems with the banks, whereas protection of investors was usually given secondary consideration only, which has caused the minibond incident.

President, the investigation of the CITIC Pacific incident has been launched for six months, and by now its interim results and final results have all been announced. But we still have not heard of anything with regard to the investigation. In this incident, a series of contracts could drain away 40% to 50% of the company's capital. Were there any insider dealings involved? Were there any violations of legislation? Were there any violation of the Listing Rules? Did any directors act against the trust placed on them? These are all significant tests. The public are worried as well. While the Hong Kong Government hopes that mainland companies can keep coming to Hong Kong to seek listings on our stock market, what about the integrity of these companies? Should they be required to comply with the rules of Hong Kong? Is the SFC a "toothless tiger" regarding the conduct of such companies?

Not only Hong Kong people are concerned about such a situation, recently many mainland media and investors have also raised the problem with me. Although "the China-Hong Kong stock investment through-train" as well as "the China-Hong Kong capital through-train" cannot be realized, there could still be the hope for their eventual implementation in future. At present, some mainland stock investors who have great confidence in the systems of Hong Kong make investments in Hong Kong by various means. They think that the regulatory organizations in Hong Kong are more independent than those in the Mainland and have greater authority in their work, so they do not need to worry nor be afraid of any background. However, they will become disappointed.

President, I also wish to raise a question on the issuing of bonds. We can see that bonds will be issued but so far the Government has not been able to disclose where the money so raised will be used. This is very weird. According to the Secretary, it seems that the bonds are issued solely for invigorating the bond market. President, if this is the only purpose, what is the point of raising such capital? I am worrying whether the Government is actually forecasting that Hong Kong's financial surplus or strength is inadequate to withstand the impact of the second and even the third waves of the financial tsunami, thus we need to issue the bonds for consolidating our strength and reserve to lay this foundation in stock. I hope the Government can furnish us with detailed explanations in this regard.

The Democratic Party is also concerned about the Chief Executive of the Monetary Authority or the working practices, the terms of office, remuneration, and so on of the post holder. It seems that we are now using a rather inferior approach, that is, one person alone, the Financial Secretary, can confirm and decide everything in this regard. Such working practices include the practice in the past of confirming that the HKMA could purchase a super office, yet the fund involved was surprisingly confirmed as staff expenditure at that time. Regarding our worries about issues such as the terms of offices, remunerations and bonuses in the future, should we not have a more specific statutory mechanism for governing them, instead of just relying on the rule of man?

President, lastly, I wish to discuss the judicial aspect. This year, the Judiciary was allocated an additional amount of \$140 million for operating more Courts of First Instance, and for enabling District Court Judges to shorten the waiting time for hearing cases. President, these are in line with our requests in the past. We shall continue to keep close watch of the looming civil law reform, which will bring about great impact, and we will see how far it can achieve in terms of cost effectiveness, and see how it will affect our litigants, Judiciary, lawyers and other organizations. President, it would be ideal if we can really have a good civil legal system which enables us to uphold justice in litigations by adopting shorter, cheaper, quicker and more cost effective methods. President, I hope this can be done.

Finally, we still maintain that the body for providing legal aid should be independent. I hope the Government can expeditiously abandon all excuses and implement this as soon as possible.

MR ABRAHAM SHEK: President, I stand to vote for the Appropriation Bill of 2009 without shame but with conviction that although it might not be a perfect one, it is definitely a practical budget and probably the best we could have under the present circumstances. Unlike some of the Members of this Council who accused those who vote "Yes" to be shameful, I respect the "Nay" voters for their very good commendations and intentions. Let us work together for the good and general welfare of the Hong Kong people. This is our job.

To ride out the worst financial crisis of this century, this year's budget aims at easing the pressures of economic contraction and curbing the surging unemployment rate. To cope with the economic downturn, this year's estimated expenditure will reach a record high of more than \$300 billion, the highest level in the last decade. Thus, it is definitely unjustified to criticize the Financial Secretary for being stingy but definitely, he is not generous. However, amid this stormy weather where the nadir of the financial turmoil is yet to reach us, I definitely think that the Administration should launch more proactive fiscal policies to uphold our economy, assist local businesses, preserve employment and support the needy.

As announced, the estimated capital works expenditure for 2009-2010 will be \$39.3 billion. Together with other public works projects, total expenditure will reach \$50 billion. This is definitely welcome news for the hard-hit construction industry. However, despite these encouraging figures, the implementation of these projects hinges on the efficiency and problem-solving abilities of the departments concerned. In the previous year, the Government has also earmarked \$29 billion for public works projects. But, even averaging out the accumulated expenditure on public works over the last five years, this commitment was rarely met due to protracted preparation work which impeded implementation. Hong Kong has lagged behind the changes of times, run short of courage, creativity and commitment for upcoming challenges. Meanwhile, several major infrastructure projects as well as cross-border projects are scheduled to commence in this fiscal year. With all the good intentions for job creation for those mega projects, I am concerned about the deliveries of the works promise if the Government continues to be bureaucratic, rigid and inflexible, hiding behind the excuse for the need to consult and to listen, and the need to study and to study continuously.

President, the Government must realize that the unemployed cannot wait. They need to eat, they need to live and they need to work.

The budget also proposes to set up a Development Opportunities Office (DOO) under the Development Bureau and to reorganize the existing Land and Building Advisory Committee to enable it to support and advise the newly established DOO. I fully support the establishment of the DOO which aims to facilitate development proposals. In his briefing on the DOO, the Financial Secretary has openly admitted that many foreign investors were driven away by complicated procedures handled by a multitude of different government departments in Hong Kong. Local businesses over the years have echoed these complaints but were not listened to. I warn the Administration that the SAR does not have the exclusivity on those available cash and funds for our neighbours and Singapore are looking very hard to attract them to go there for development. Therefore, I urge the Government to be careful of its ways and be genuine in its work in bringing about development. Without doubt, we are lagging behind in respect of chasing after limited funds. However, better late than never. We must make up for the leeway.

However, I also doubt why the Government has preset criteria on the functions of the DOO? Unfortunately, the Secretary for Development — or even her boss, the Financial Secretary who is not here — Mrs Carrie LAM has reiterated that the DOO will not deal with pure property projects but with projects which will be of long-term benefit to Hong Kong. For example, she said she would deal with the promotion of tourism, natural and heritage conservation. If the newly established office is only working on these few areas, I do not think the DOO can practically promote private development projects. We should bear in mind that over the last decade, the number of completed public projects has never surpassed that of its private counterparts. Given that the private projects amounted to 70% of the total construction volume in 2008, it is clear that private investment is of paramount importance to the prosperity, development and overall living standard of Hong Kong. In other words, private investment is the locomotive of wealth generation of our economy. If the aim of establishing the DOO is to facilitate development proposals, why has the SAR Government to be caught in its own trap by presetting the restricted functions of the DOO?

I sincerely hope that the Administration will remain open-minded regarding the functions of the DOO. Real estate projects are also a form of development, affecting local livelihoods and economic viability. As long as these development projects fulfil the statutory requirements and are beneficial to

our economy, employment and urban settings, I do not see the need to make a distinction between different types of development projects. Welcome, Mr Financial Secretary.

By setting government spending at \$301.6 billion and creating a deficit of \$39.9 billion in the Consolidated Account, this practical budget creates 120 000 jobs and internship opportunities, waives rates for the first two quarters of 2009-2010 and offers a one-off reduction of 50% of salaries tax and tax under personal assessment, subject to a ceiling of \$6,000. Nevertheless, these provisions fall short of people's expectations. As a representative of the private sector, I can see that there is a lack of measures to facilitate local businesses in this year's budget, in spite of the economic turmoil. The budget only freezes government fees and charges related to people's livelihood, and offers nothing to promote business. Tell me if I am wrong. The budget speech offers no solace to local businesses. They are not asking for handouts. They are asking for understanding and concessions but these are not being offered to them. Yes, you have the loans but they are not successful.

Furthermore, little progress has been made in developing economic diversification. Since you were not here a while ago Mr Financial Secretary, I have told the President that I will vote for the Appropriation Bill despite my criticism. With the absence of a proactive, practical and persistent strategy to encourage new economic activities, it is difficult to restore our economic confidence and that is of utmost importance. As Mr OBAMA said, in these extraordinary times we need extraordinary measures, we need change and change we should have. Under the attack of the financial tsunami, countries around the world readjust their market strategies and launch different targeted assistance measures. Though our financial system is relatively healthy and stable, we are definitely at our wit's end in promoting economic diversification. Such sluggish development has given rise to wide public concern.

Furthermore, consolidating our position as a financial centre is another important item in the local political agenda. Recently, the Central Authorities announce the proposal to develop Shanghai as an international financial centre before 2020. I strongly believe that this announcement is not an alarm to Hong Kong but a challenge to us. Frankly speaking, we should take up this challenge and show to Premier WEN that we are the one and the only one. Have we asked ourselves why the Central Authorities choose Shanghai which has been a financial centre for China to become a financial centre of the world? The

answer is very simple. Because as a financial centre, we have failed to win the confidence of the Central Authorities that we are the only one and there is no need for a backup financial centre in China. We have not been able to gain that confidence. We have to pull up our socks. We still have 10 years to change this thinking. Shanghai can be a financial centre of China but Hong Kong must be the Chinese financial centre of the world. Let us work for this.

President, for Hong Kong to be a financial centre is very important. That is why I think this is not just an alarm to be shared by us in this Chamber but by everyone in Hong Kong because that will be one of our locomotives for wealth generation. This is an important task which Hong Kong people must face up to. To be precise, Hong Kong should focus on sharpening its competitive edge. This year's budget has pinpointed that we should consolidate our position as a financial centre, but it does not provide any proposal to enhance the efficiency of our financial system. Therefore, I call for timely and targeted measures as a demonstration of the Government's commitment and strength to uphold Hong Kong's position as an international financial centre.

President, regarding the recent blunders concerning the drugs supply industry, they must not be looked in isolation. They must be viewed together with a string of other incidents, like the fatal incident caused by the collapse of an old tree in Stanley, the dead baby body gone missing from Pamela Youde Nethersole Eastern Hospital, the Caritas Medical Centre incident, repeated losses of portable electronic storage devices containing electronic patient data of the Hospital Authority, frequent leakages of classified information by government departments on the Internet, and so on. All these incidents represent loopholes in our governance structure and the public is now asking the government: "What are you going to do?" They are showing you the amber light as they are questioning the Government's ability to administer.

To be honest, under the attack of global recession, it is indeed a very heavy responsibility for the Government to ensure that every single dollar it spends is disbursed in accordance with the "value for money" principle. It is a hard fact that not even the Director of Audit's Report will be able to show the full picture of the Accounts of the Government. Therefore, all departments, bureaux, institutions, regulators and beneficiaries should ask themselves whether they are spending taxpayers' money conscientiously. I believe that, rather than the absence of economic giveaways and handouts, the general public is disillusioned with this budget because of its doubt on whether the billions of dollars of public

money being spent is worthwhile. If the Administration can demonstrate effective use of resources and its commitment to join hands with the public in riding out the difficult times, I strongly believe that the anger and disputes in our society will eventually subside.

Mr Financial Secretary, you must be the only Financial Secretary who has listened carefully to the needs of the people. You went out and reached out to the people. You have listened to them but have you heard them? In your budget, you have not delivered their requests. I know you are not here to be generous to their accounts. You have been careful, you have been prudent, you have been responsible. What we ask for is an additional dosage of care and warmth which you have plenty of.

Thank you, President.

MR ANDREW CHENG (in Cantonese): President, amidst the gloom of the once-in-a-century financial turmoil and global economic recession, in regard to this year's Budget, our Honourable colleagues have continuously requested the Financial Secretary to provide additional funding and focus on the issues of unemployment and creating job opportunities. Being Democratic Party's spokesman on transport and health policies, I am not going to repeat our Honourable colleagues' requests in this regard. However, concerning health care, I hope the Financial Secretary will understand that the economic slump will certainly pose a lot of mental pressure to the people, consequently affecting their health. So, as we can see, the Government has increased health care expenditure by \$1.8 billion this year. This is supported by the Democratic Party.

Next, I wish to express our views on health care expenditure to the Financial Secretary in a few points. The first one, of course, is tobacco duty. The second one is the problem with ambulances, which Secretary Prof K C CHAN and the Secretary for Security, who has just left, have discussed in the Public Accounts Committee (PAC). The third one is the drug problem, and the fourth is the problem about the electronic health record sharing system.

President, the measure which the Democratic Party fully supports and considers as the best one in this Budget is, of course, the increase in tobacco duty. The increase is greater than what the Democratic Party has proposed. This is a rare move of the Government which is even more remarkable or forceful than the

proposal submitted by the Democratic Party before. The only point which I hope the Financial Secretary will understand is, — since Secretary Dr York CHOW is not present at the moment, the coming debate on the increase in tobacco duty may take a very long time — as I can see, the Government's response to the opposing voices after the increase in tobacco duty seems very weak. The opposing voices keep saying that this policy is class discrimination, but the Government seems entirely unable to expound on or respond to this query.

I hope the Government understands that if the increase in tobacco duty can enhance everyone's health, consequently reduce the number of smokers and raise the number of people who quit smoking, thus improving their health and reducing health care expenditure, this is absolutely not a matter of classes. Neither is it like what some people have queried: why does the Government cut the duty on liquor and increase tobacco duty, thus enabling the rich to have wine at low prices while the poor have to smoke cigarettes at high prices. The Government can certainly come out righteously to demonstrate its medical evidence and point out that the increase in tobacco duty can improve everyone's health and cut down health care expenditure. However, it seems the Government has failed to do this. I hope and expect that the Government will do better in the coming debate.

President, the problem with ambulances has been discussed at PAC many times. At present, the committee is drafting internally its response to the Government's views and even criticisms and deliberating how it should be written. Owing to the principle of confidentiality, President, I do not intend to talk about the deliberations of PAC here. Yet in the past two days, President, two accidents happened to our ambulances. Of course, at the moment we do not know whether there is any evidence to prove that the delay of the ambulances has caused the patients' death in the accidents. Unfortunately, however, in these two accidents the time the ambulances arrived at the scenes was indeed later than its performance pledge of 12 minutes, resulting in the patients' death in the end.

Previously, the Director of Fire Services said at the hearings of PAC that luckily there had never been any serious accident; nor had anyone died. Yet very unfortunately, after the hearing was over, the accidents happened. This is really a black joke. We have already kept asking the Government to keep abreast of the situation of the ageing population and aware that under the Security Bureau the ambulance service is the only law enforcement agency which needs to revamp old vehicles. The reason is that it does not have enough vehicles. Financial Secretary, please note that at present, 26% of the ambulances, which

means every one out of four, have been in use for more than 10 years. Yet we have checked the records of senior Government officials' vehicles. They were replaced by new ones in less than 10 years. How can that be? Ambulances which are used for emergency rescue operations have to stay in use even after they have been used for more than 10 years. Even though they have broken down before, they continue to run. Eventually, now someone died because of the delay.

So I hope that when the Financial Secretary encounters these problems in the future, — of course, this is not Secretary Dr York CHOW's scope of work. Now it falls under the scope of work of the Secretary for Security — he needs to understand that the Fire Services Department and the ambulance crew often give people the feeling that their service is "secondary service". (Sorry that I have to use this word though this is not appropriate.) Yet their front-line staff often feel that they are abandoned. The resources allocated to them are always comparatively fewer. As a result, they have to "live within their means" and use old vehicles. They have to "grit their teeth" and go on with emergency rescue operations. President, in this ageing society, we cannot delay any more. So, regarding some issues in the previous Budget, I hope the Secretary for Security or Secretary Dr York CHOW will handle these issues more carefully, since the Government is going to conduct a public consultation to study the feasibility of implementing a priority system for dispatch of ambulances.

President, as we have already said for many years, it is not easy to educate the public about when to call an ambulance and when to take a taxi to go to the hospital. If someone has fainted, his family may not know right away what has happened to him. Should his family dial 999 to call an ambulance or take a taxi? Or should they drive him to the hospital themselves? This is difficult to decide. So, if the Government implements this so-called Medical Priority Dispatch System, I hope the Government will not use this as a tactic to stall increasing resources for ambulance service. Otherwise more lives or even our lives may be endangered by the ageing ambulances and by the scanty resources injected in ambulance service. No matter how many resources we inject into health care services, if any Hong Kong resident has lost his life before he has the chance to go to the hospital to see the doctor, it will be quite regrettable.

After the ambulance accidents, President, of course we have also noticed the repeated occurrences of medical and drug incidents. In a special meeting of the Finance Committee, we calculated the present number of inspectors under the

Department of Health again. We found that at present, there are only 28 people responsible for inspecting all the drug manufacturers, importers, exporters, wholesalers and retailers in Hong Kong. There are only 28 people. According to the figures, at present there are 25 western drug manufacturers, 240 importers, 860 wholesalers and 3 800 retailers. Of the 28 inspectors, however, four are senior inspectors sitting in the office, sitting in their own offices while 24 inspectors are responsible for the inspection work outside. Hence there can only be one inspection every year. Some wholesalers are even inspected only once every three years. In addition, the requirements stipulated in our GMP guidelines are less stringent than those of WHO. Hence the inherent inadequacy caused by feeble control from guidelines or laws, coupled with the acquired inadequacy caused by shortage of manpower, has led to the repeated occurrences of drug blunders and lack of supervision.

So we especially request the Financial Secretary to provide additional funding, since we cannot ask the authorities to do that, and we cannot change the Budget either. The Government's response, that means the Department of Health and the Secretary's reply, is that 10 more supernumerary posts will be added, raising the number from 28 to 38. President, judging from the figures I have just mentioned, actually how much can the increase of 10 supernumerary posts do?

As a result, the Democratic Party hopes that the Government will at least increase the manpower to 84 people. These 84 additional posts will increase the recurrent expenditure only by \$25 million. This is calculated by using Master Pay Scale Point 27 as the pharmacists' remuneration. I hope the Government will not delay any more, since the review of the Finance Committee will take at least six to nine months. I believe that eventually one of the major suggestions made by the Finance Committee will definitely be increase of manpower. In that case, why does the Government not take advantage of this Budget to increase the manpower?

President, speaking of the Hospital Authority (HA), it is the biggest investor and user of drugs. Unfortunately, as we all know, the figures of the year 2008-2009 show that HA's drug expenditure was only \$2.38 billion, which accounted for 7.8% of its overall expenditure. This seems to give us a very strong impression that HA is cutting down its drug expenditure. For this reason, very often it will prescribe a large amount of off-patent generic drugs to patients. Ironically, HA says time and again that resources are limited and it can only shift

the burden of the drug expenditure to patients through the Drug Formulary. Even if expensive drugs have been proved by clinical trials to be absolutely necessary for saving lives, patients still have to buy them at their own cost.

However, at the same time the biggest embarrassment and irony is that while they are trying hard to promote the Drug Formulary, their Directors of Cluster Services seem to receive huge pay rises every year. In the year 2007-2008 the pay rise was 7.6%, whereas in the year 2008-2009 the pay rise of the five highest paid HA executives reached 7.6% too. In other words, to put it simply, HA receives dozens of billion dollars as subvention from the Government every year, but there is no big increase in drug expenditure while the staff's benefits, especially those of the Directors, keep expanding. After all, has HA used the public coffers properly? President, we have raised this question for many years. I hope the Financial Secretary understands that this question must not be ignored.

President, regarding the electronic health record sharing system, recently the Government has applied to the Legislative Council for funding. It is going to spend \$1.4 billion to establish this sharing system in the hope of using it to promote collaboration between the public and private sectors. As the Government is injecting a large amount of public funds, we cannot help asking actually how much support this sharing system receives from private doctors and medical groups in the community. If private doctors seem to have reservations about this system — we have received many opinions in this regard — and the Government rashly spends several hundred million dollars to establish it, we are indeed worried that it will become a big white elephant in the medical system in the future. Many doctors' groups have expressed this view too.

So, President, all in all, regarding health care expenditure, I hope the Financial Secretary will be very clear on the additional resources for ambulances and control of drugs to avoid the situation where, after the funds are provided to HA, the money will only be used to increase its Directors' salaries and benefits, thus fattening the top at the expense of the bottom. As for the electronic health record sharing system, which costs over \$1 billion, we really need to monitor it closely. Otherwise the Government will easily spend the money on something which is unnecessary and lead to wastage. This is not what we want to see.

President, I so submit.

MR VINCENT FANG (in Cantonese): President, I wish to tell you a story of a Chinese proverb. In the reign of Emperor Jing in Han Dynasty, flooding occurred in Henan. Emperor King sent Minister Ji An to make an inspection tour. Later, Xi An wrote to the emperor to ask for punishment. He stated that the famine was serious. Not only had many people starved to death, some people even had to eat the corpses of their family members to stave off hunger. So he opened the official granary and distributed the food to the people to save their lives. Since opening the official granary without authorization was a capital offence, he asked the emperor for punishment. Do you know how Emperor Jing answered him? Only the following words: "Grains are stored up for rainy days. What wrong have you done?"

To store up grains for rainy days means that when we are well-off, we should store up grains for emergency use. When there comes the time of insufficient food supply, we will take them out for use. If the Han Emperor Jing and Ji An would rather let the famine refugees die than use the grain reserve, there would never be the remarkable reign of Wen and Jing in history today.

The financial tsunami affects everyone. Hong Kong has already shown clear signs of economic slowdown. More and more shops hang up a "to-let" sign, while the unemployment rate continues to rise. Yet the Government still keeps saying that the impact of the financial tsunami has not surfaced completely. It may be even worse later.

The Government keeps telling us that another big wave is yet to come. Naturally we will expect it to provide a life buoy or a rope for us to hold on. However, not only did the Government provide nothing in the end, but it also said the grain reserve would only be used when the situation became worse later and now you were to hang on by yourself first. It might try to save you later if you were not dead by then.

President, after the financial tsunami has come, places all over the world, including our Motherland, draw on their national reserve one after another. They even issue bonds and raise loans in order to rescue enterprises facing with the crisis, avoid further economic downturn, boost the internal economy and prevent the unemployment rate from rising. However, our Financial Secretary just hangs onto the money tightly.

Yesterday the Government announced that as at November last year, the Government's fiscal reserves stood at \$536 billion and there was a surplus of \$43.2 billion. Despite the Government's estimate that there will be a deficit of \$100 billion in the next five years with the highest one being \$39.9 billion in this fiscal year, the Government's forecast has always been very conservative. So the deficit in the future certainly will not exceed this figure.

The requests which various political parties and groupings make today are not asking the Government to exhaust all the fiscal reserves. We only hope there can be additional funding of 20 or 30 billion dollars to relieve the present plight. We in the Liberal Party propose to have an additional provision of \$28 billion to boost the economy, support the middle class, alleviate people's hardship, enable enterprises to continue to survive and offer job opportunities so that society and the economy can stay in normal operation.

Even after this deficit of \$100 billion and the additional provision of \$20 billion to \$30 billion are deducted, there is still \$400 billion in the fiscal reserves. This is still a very healthy figure for Hong Kong.

The Budget says that its fundamentals are to support enterprises, preserve jobs and alleviate people's hardship. Yet I cannot see any of these at all. Regarding the support for enterprises, besides the repeated mention of the \$100 billion Special Loan Guarantee Scheme and SME Loan Guarantee Scheme, there is not any new suggestion. Neither is there any initiative to boost the economy. As for how to stimulate the domestic demand, there is not even a single word.

As I have said in the Council many times, this so-called \$10 billion scheme is nothing but an empty move of the Government. The Government does not take out this sum of money while the approval power rests completely with the banks which lend the money. Since the banks have to undertake a 30% risk, in the end approval for all applications is decided under commercial considerations. There is no relaxation at all. Some banks even request applicants to deposit 30% of the application amount in cash into the banks as a time deposit. With such a policy, who is the Government helping after all?

As such, the Liberal Party proposes that the Government should make reference to the practice of the Small Business Administration of the United States, which offers 90% guarantee, and raise the Government's guarantee under

the two loan guarantee schemes to 90% and extend the Special Loan Guarantee Scheme to the end of this year. At the same time, it should widen the emergency financing channels for SMEs and offer guarantee for receivable accounts of trust receipts of those SMEs which are operating steadily in order to mitigate their difficulties caused by the banks' continuous cuts in credit lines for enterprises.

Over 90% of Hong Kong's GDP comes from SMEs. Once they close down like dominoes, there will be a great impact on Hong Kong's economy. The efforts of the Budget in supporting enterprises and preserving jobs are far from adequate since the Government has absolutely done nothing to preserve the existing job opportunities. Instead, it continues to suppress the business environment, thus forcing enterprises into a tight corner, making them close down and pushing up the unemployment rate.

It is correct that according to the Budget, 62 000 jobs and internships will be created in the next three years, but these are all short-term and low-paid positions for low-skilled workers. They also include retraining to be offered to 20 000 people who are anticipated to become unemployed.

I really do not understand why the Government does not try to stop the situation where a large number of the workforce will become unemployed. Instead, it just lets them lose their jobs and then uses the resources to train the unemployed. On the other hand, the Government is legislating for a minimum wage, but the Budget proposes to recruit university graduates at a rate lower than the minimum wage. Moreover, there will be subsidies from the public coffers. Is this practice not the same as what the business sector has requested before, that the Government subsidize SMEs to hire low-skilled workers at the minimum wage? Not only is the Government's practice inconsistent, it also puts the cart before the horse.

I have a considerable number of employees myself. To me, what does preservation of jobs mean? It means I do not need to lay off capable workers for the sake of cutting down operating expenditure. To meet this end, I need to keep myself in business, and business comes from people who continue to spend money. If employees have jobs to do, naturally they will be able to continue to spend money. So Mr Tommy CHEUNG and I set up "Joint Coalition Against Financial Tsunami" (Joint Coalition) last year, calling on enterprises to sign the

"no-layoffs charter" and try their best to share the burden with their staff in times of difficulties. Although only some 180 companies have signed the charter, the number of jobs secured almost reaches 50 000.

Why is the response to this action worse than what we expected? It is because traders are unable to tell when the economic situation and the consumer market will be on the upswing again. Traders think that even if they can get loans, they will have to make repayment. The overall trend is going downwards, but the Government does not have any initiative to boost the economy. As for consumption coupons, even the Mainland has given it careful consideration and agreed to allow local authorities to issue them at their discretion. Without making any study, however, the Hong Kong Government has jumped to the conclusion that this is infeasible.

As a result, let me appeal to the Financial Secretary here again to issue \$1,000 consumption coupons to each Hong Kong citizen. Such an act will cost only \$7 billion. Yet I am sure that the effect brought by the consumption coupons will be in multiples. Just looking at the fact that cities on the Mainland have joined in issuing consumption coupons one after another, one will see how effective they are.

To give the Government more time to study, starting from May, traders in Joint Coalition will issue cash consumption coupons and discount coupons in the hope that by cutting down profits, well-off members of the public will be enticed to make moderate consumption and mainland tourists will be attracted to shop in Hong Kong, thus stimulating the domestic demand. I hope the Chief Executive, our Government officials and Honourable colleagues will support this action at that time.

The only good policy in the Budget is taking the lead to lower the rent, which I have requested many times before. Unfortunately, the Financial Secretary still cannot break away from Mr Scrooge's mindset. I think the 20% rental reduction is too small and the three-month period is too short. As he himself has said, the situation in the latter half of the year will become even more severe. So the Liberal Party proposes to extend the rental reduction period to one year or to waive the rent for three months.

Besides, there is one trade whose members are never benefited no matter whether the economic situation is good or bad. They are itinerant and

fixed-pitch hawkers. Last year, when the Financial Secretary handed out money by waiving the business registration fee for one year, the hawker licence fee was not waived. Now the Government is going to reduce the rent, but these hawkers will not be benefited. I know the Financial Secretary may wish to outlaw the hawking trade, but this is a grass-roots trade. It will exist in any society. So I sincerely hope the Financial Secretary will consider it again.

President, recently the Financial Secretary keeps passing on the message through the media that the Budget will be reviewed in the middle of the year, and he does not rule out the possibility that additional provision will be made then. That means the "grains" we have stored will not be used until the economy and the market situation in Hong Kong have worsened. However, when will the "worst" time be? Take HSBC's rights issue, the recent hot topic in town, as an example. The financial sector pointed out that the money raised from HSBC's rights issue of \$28 per share would not be enough to meet the need and the possibility of further financing was not ruled out. We do not understand. Why did HSBC not learn from Standard Chartered and carry out financing earlier? This is just a wrong decision made by the management.

So, if the Government wants to delay taking actions to rescue enterprises and boost the economy till some time later, I am afraid the funds needed at that time will be many times of the amount today. For the frail economy and enterprises which are waiting for rescue, what can they rely on before the Government takes action? I am afraid there will be tremendous casualties by then and the assistance offered by the Government will be in vain. Facing such a Budget, honestly speaking, even if I do not object to it, that does not mean I approve of it.

President, I so submit.

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

MR PAUL TSE (in Cantonese): President, in the two days of debate, I heard a lot of negative data and messages. In this regard, I do not want to add any more words.

I have heard the Honourable colleagues from different sectors and backgrounds talk about the problems in their sectors, from which I have learnt a lot. There is no need for us to dwell on the contents concerned. The only point I would like to add is, in a while I am going to talk about tourism, but that does not mean I am not concerned with the social problems you all have mentioned, especially those about employment, the disadvantaged or cultural and creative industries. I support these strongly too. I simply wish to spend most of the time to talk about problems in the tourism sector.

President, allow me to sidetrack a little to talk about some long-term concerns of the tourism sector first. We all know, and it is needless to say, how important to Hong Kong the tourist industry is. Actually, apart from the fact that it accounts for 3% of the GDP — of course, as Secretary Prof K C CHAN said, it should be greater than this figure — many other industries rely on tourism to stimulate and support their business. What I would like to say is that the tourist industry is a labour intensive industry. It is also an industry in which the training time is shorter, and it is a highly competitive industry too. If we do not fight hard, other countries will snatch our customers away. Since this is an industry with a low entry barrier, we must speed up and do our best. Otherwise it will be like a glass of water, which will not be ours to drink after the others have drunk it. This, I am afraid, is more urgent than tree conservation. If the Government can assign the Chief Secretary to lead an inter-departmental task force to deal with trees — it is not that I disapprove of tree management, but since such work can be done for trees — it is more necessary for us to spend more resources and efforts to take action as fast as possible to protect one of our four main pillars, the tourist industry, which may be the only one still surviving now. Otherwise we may lose out to other countries.

President, before speaking on the Budget, allow me to raise four points about some long-term concerns. Firstly, at present the co-ordination work for tourism is rather chaotic. I just need to quote a few examples, and not to say much, you will see how chaotic it is. Things which happened in the past 12 months include the incident of Tatami-Hampton Hotel, the incident of charter planes in Thailand, the Bruce Lee memorial hall, Mr Jackie CHAN's protest that the donations he wishes to make for years have never been accepted, and the news on the paper this morning — maybe the Chinese newspapers have not reported it yet — very luckily, our Amah Rock may have entered into the final stage of the competition to become one of the seven new wonders of the world now. Its ranking is even higher than that of Ayers Rock in Australia and Grand

Canyon in Nevada in the United States. Unfortunately, however, according to the news report, since we do not have any official organization sponsoring it in this competition, we may be squeezed out and unable to enter into the final stage of the competition. What does that prove? It proves that we do not have a bureau with sufficient power to co-ordinate everything relating to tourism. In this regard, later I will formally move a motion and have a debate on this in detail. I do not want to talk about it any further. What I want to say is, in the long run, if we still refrain from injecting resources properly to strengthen the management of Hong Kong Tourism Board (HKTB), we will be at a great disadvantage. Other places, including Singapore and Macao, have done a better job than we do because they have a dedicated bureau to deal with these problems. I hope that besides having this Policy Bureau, the Government will also restructure and rearrange the organizations which supervise the tourist industry, including HKTB, Travel Industry Council and Registry of Travel Agents so that there will not be any unnecessary duplication.

President, the second point is about airport facilities. In the long run, as Hong Kong is an aviation hub, we need to deal with issues about the third runway properly.

The third point is about our role as a tourist hub. Many overseas Chinese would rather come to Hong Kong to join package tours to the Mainland. Similarly, if it is possible, many mainlanders will choose to come to Hong Kong to join overseas tours. Why? Because the travel agents in Hong Kong can offer fast, good and appropriate service at low prices. I hope the government can, in support of this edge, provide travel agents with sufficient resources and protection, including professional indemnity insurance, so that they do not need to worry about the immense liabilities which they actually cannot afford should there be any accidents when they are leading tour members to travel around the world.

President, the fourth point concerns China's policies. To invigorate tourism, it is necessary to negotiate properly with the mainland authorities about current issues which several Honourable colleagues also mentioned just now, such as allowing visitors to stay in Hong Kong for a few more days, opening up cities for Individual Visit Scheme and the tax on things carried to the Mainland, and. Such measures should be relaxed as far as possible in order to assist the tourist industry in Hong Kong.

Regarding this Budget, while the Financial Secretary is still here, I wish to bring up four points again. I have talked about them both expressly and implicitly before. We wish to strive for the following few points.

The first point is about the Travel Agents Licence fee. \$5,380 a year may not be a big amount, but to travel agents which are presently in dire straits, it is very important, particularly when every travel agent needs to pay four licence fees or the fees for joining the various organizations. This is far higher than the fees which doctors and lawyers need to pay. It is not necessary at all.

The second point is about the airport departure tax. Of course, it will be much better if the Financial Secretary can reduce or waive it. Even if he cannot do so, I hope that the tourism sector will be given due treatment and receive sufficient and appropriate compensation for the departure tax and passenger fuel surcharge imposed.

Thirdly, since the Travel Industry Compensation Fund is already "flooding" now, with as much as some \$500 million — the Administration is now conducting a review on this — I hope there will be reduction or waivers as soon as possible. Even if no reduction or waiver would be given, this sum of money can be used to provide training to the industry. More importantly, it may serve as a seed fund for professional indemnity. In the long run, I hope this levy imposed by the Travel Industry Council could be cancelled and this annual expenditure of some \$10 million can be borne by the Government instead. In this way, many existing problems about the lack of transparency in supervision or conflict of interests in the industry will be solved at one go.

The fourth point concerns the fees imposed by the airport or airlines, including landing charges and rentals for airport offices. The quality of these facilities, which are totally substandard, is actually not commensurate with the fees charged. In this regard, I hope the Government will conduct a review and do more work on reduction and exemption of the charges.

I hope the Financial Secretary can respond to the issues in these four areas directly. Other reforms which I would like to bring up include consumption vouchers, which the Honourable colleagues mentioned just now. I am not too much in favour of the Government paying the expenditure on consumption vouchers out of its own pocket. However, if the industries such as the catering industry or the retail industry offer the concessions themselves, I hope that the

Government can give support by making use of the Government's existing mechanism in the provinces and cities in China to distribute and promote these consumption vouchers to help to attract tourists to spend money in Hong Kong.

Another issue concerns visa. Visa is a very sensitive tourism issue. If the mechanism in this regard is imperfect, I hope that the Administration will pay more attention to it, especially to for those so-called emerging and potential markets such as Russia and Vietnam. I hope the Government would relax the restrictions as soon as possible.

Besides, there is the issue about mega events. The Financial Secretary proposes to set up a \$100 million Mega Events Fund, which is to be used in three years. I am in favour of this. Yet the effort is still kind of insufficient. In this regard, I would like to add a few points:

Firstly, I hope this sum of money will not be mixed with HKTB's funds because HKTB already has many resources itself. So this sum of money should be fully utilized to subsidize community organizations to hold mega events for attracting tourists to come to Hong Kong.

Secondly, I hope we will not be so unrealistic, impractical and vain as to think that this sum of money is enough to organize large-scale mega events such as F1 or other famous international events because this sum of money is not sufficient. Compared with the amount spent on organizing this kind of mega events by our neighbouring countries such as Singapore, the \$100 million of ours is very small indeed. Nevertheless, so long as this sum of money is used properly to subsidize disadvantaged groups and ardent people who are truly warm-hearted rather than merely spending the money on business, I believe the effects will be much better. Let me give a very simple example. Every year the piano teacher LIU Shikun organizes some contests which, as far as I know, can attract thousands of students to come to Hong Kong to participate. If each student comes to Hong Kong with his or her parents and friends, this is already a big event. Of course, these projects may involve some profit-making elements, but most of them are non-profit making. As long as we intend to help these small groups and small organizations, we will certainly achieve double results with half the efforts.

Just now our Honourable colleagues also talked about SMEs' problems. The majority in the tourism sector are SME operators. I think there is no need to

repeat their plight and the assistance that they need urgently. Problems with financing and credit card charges, which means T+60, are still there. So far they have not been solved yet. I hope the Government that will instruct the banks and the authorities concerned to do something more.

Another issue is about tourist attractions. The Budget provides only \$50 million on this. What is more, it is HKTb's regular subvention which will be used to enhance tourist attractions in Hong Kong. That includes only some facilities in Ngong Ping and facilities such as footbridges or signs in Tsim Sha Tsui East. This is absolutely inadequate. At Golden Bauhinia Square, one of the two places which tourists most often visit in Hong Kong, the roads are already worn out and there are not enough ancillary facilities either. At Repulse Bay, another important asset of ours, the beach is still very beautiful now, but the facilities there are not enough. Some facilities which should be opened are blocked owing to all kinds of barriers and minute technical problems, driving us into a lack of resources in support. I hope that the Government will make bigger efforts to enhance our tourist attractions and avoid being so stingy as no revenue will come without investment. By the way, parking facilities for tour coaches are not enough either.

President, we have set up a Film Development Fund. Yet it should not be neglected that apart from helping in film development, this fund actually has much tourism appeal too. So I especially hope that film projects or scripts which can promote Hong Kong's tourist industry or culture and entice overseas audience to travel to Hong Kong should be given high priority in consideration.

President, another point is about our sports, cultural and arts events. Since we have opened the border to allow Shenzhen residents to come to Hong Kong more easily, the market has expanded considerably. If we can provide more funds, subsidies and encouragement to cultural and sports events in Hong Kong, I believe this will have big tourism appeal. Not only will it benefit Hong Kong people and visitors to Hong Kong, even all mainlanders in Shenzhen, Guangzhou or places which are at one day's travelling distance from Hong Kong will also have frequent chances to come to enjoy concerts and major sports events in Hong Kong. These are all highly appealing.

Lastly, I wish to talk about religion. Actually religion itself also has very big tourism appeal. So I hope serious consideration can be given to the Mega Events Fund to subsidize religious activities and organize large-scale religious

events. Moreover, they can be held year after year. Since these activities will have many supporters and followers, very often they can get double results with half the efforts and achieve the expected effects.

President, the mention of tourism in the Budget, I am afraid, is really lacking in substance which is worth talking about. Only the Mega Events Fund mentioned just now is a new idea. The Individual Visit Scheme, promotion strategy, gourmet centre, conventions and exhibitions, hotel concessions and so on are all old policies. I hope that should the Government have the chance to review the Budget, it will, as mentioned just now, provide additional funding.

President, very often, in exchange from an economic slump, we have more time and opportunities to get together with our families or spend time with our friends. During an economic slump, negative and bad habits like vice, gambling and drugs may become more popular. To combat these bad habits, we must further encourage travelling and enhance ancillary facilities for religion so that even in an economic slump, we can still get due compensation physically and mentally. Right now it is a good chance. It is not only for the sake of money. It will also provide members of the public with more opportunities to purify their soul and make them happy and joyful. This is an excellent opportunity. I hope the Financial Secretary will understand our needs and consider giving the tourism sector more chances as far as possible.

Thank you, President.

PRESIDENT (in Cantonese): Except the two Members who are not in the Chamber right now, all Members have already spoken. This is the end of speeches made by Members.

MS MIRIAM LAU (in Cantonese): President, I move that the debate on the second reading of the Appropriation Bill 2009 be adjourned to the meeting of 22 April 2009.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the debate on the second reading of the Appropriation Bill 2009 be adjourned to the meeting of 22 April 2009.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Council will continue with the debate on the second reading of the Appropriation Bill 2009 at the meeting to be held on 22 April when public officers will respond. If the Bill receives its second reading, its remaining stages will also be proceeded with at that meeting.

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. Two proposed resolutions under the Interpretation and General Clauses Ordinance.

First motion: Extending the period for amending the Independent Police Complaints Council Ordinance (Commencement) (No. 2) Notice 2009.

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, I move that the motion under my name be passed.

At the House Committee meeting of 20 March 2009 Members decided to set up a subcommittee to examine the Independent Police Complaints Council Ordinance (Commencement) (No. 2) Notice 2009.

Members also agreed that I, in my capacity as Chairman of the House Committee, shall move a resolution to extend the period for scrutiny of the relevant notice to 6 May 2009 so that the subcommittee can be given more time for deliberations.

President, the content of the motion is set out on the Agenda, and 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) (No. 2) Notice 2009, published in the Gazette as Legal Notice No. 36 of 2009 and laid on the table of the Legislative Council on 18 March 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 6 May 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): Second motion: Repealing the Public Revenue Protection Order 2009.

I now call upon Mr Albert CHAN to speak and move his motion.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MR ALBERT CHAN (in Cantonese): President, I move that the motion as set out under my name be passed. President, this motion seeks to repeal the part pertaining to the increase of tobacco duty under the Public Revenue Protection Order 2009.

President, in proposing this item, I must indicate specifically that I am against smoking. I do not smoke, and neither do I encourage others to smoke. I also appeal to everyone, particularly the youngsters, to quit smoking as soon as possible. Although I propose this motion, I have no reveries or fantasies that such objection would receive support. During yesterday's debate, President, I have pointed out the hypocrisy of this Council, the absurdity of this Council, and the careless, irresponsible attitude and practices of the Government in formulating public finance policies.

President, one of the important purposes of my proposing this motion is to point out the Government's blatant adoption of class discrimination and class favouritism when dealing with matters hazardous to the physical health of the public and related issues, and the Government's formulation of policies according to its own preferences. President, I have delivered a paper of nine pages in two

consecutive times to all Members. I wonder how many of them have read it. The study report states the reasons for my objection to the significant increase of tobacco duty and points out that the rich can "drink cheap wine" whereas the poor have to "smoke expensive cigarettes". I point out clearly in the report the perils of smoking and the losses so incurred to Hong Kong people may amount to \$5.3 billion a year. I also point out the perils of drinking, especially excessive drinking, and give a list of the findings of various studies conducted by a number of countries, including Germany, France and Canada, and so on, on the perils caused by smoking and drinking to the people and the community. Regarding the study findings of various countries, I hope the Secretary would pay due attention and explain in his reply why duty reduction and waiver have been introduced for wine but a significant increase is given to tobacco duty. I think, as far as the whole world is concerned, such a ridiculous policy is unique to Hong Kong. Many overseas places implement equal treatment to the duties on wine and tobacco. The same practice was also adopted by Hong Kong in the past, in the era of the Hong Kong British Administration. The red wine duty has been reduced and waived progressively only since Mr Henry TANG assumed the office of the Financial Secretary. This is absolutely a matter involving personal interests as he consumes several million dollars worth of red wine a year. Students in the public gallery should know about the class discrimination problem in Hong Kong. I advise the students up there not to drink or smoke. This is the best way. Moreover, the most important is not to become "doggy slaves".

President, in regard to the differences between tobacco and wine, it is pretty obvious that smoking will affect oneself and other colleagues in the same office. The problem of second-hand smoking will also arise. However, the perils of drinking are similar. Certainly, some people will say that their consumption of wine will not affect the people around them. Yet, the losses resulting from drinking, including traffic accidents, can be so serious as to claim many lives. An accident causing six deaths occurred not long ago. Such losses are even more direct, and the number of handicapped victims is also high. Drinking gives rise to two other types of perils which are less reported and understood among Hong Kong people. One of them is other crimes, crimes associated with drinking. President, the United Nations has conducted a lot of studies in this respect. The said crimes include violent crimes, robbery, sexual abuse, rape and domestic violence, and the list can go on forever. The Secretary, in the face of these crimes stemming from drinking, what have you done? How would you encourage the people of Hong Kong and persuade them not to drink so much?

In respect of the overall mentality, perhaps certain officials, in particular Dr CHOW, the Secretary, loathe, hate and detest tobacco. By saying that he has this psychological problem, I mean his "sickness" of hating cigarettes, whereas Mr Henry TANG has a "sickness" of being obsessed with red wine. The top hierarchy of this Government is full of morbidity. Likewise, many Hong Kong people are pathological gamblers. Some people indulge in drinking; some others cannot part with cigarettes, including my good friend "Long Hair". However, the morbidity of senior officials will affect every citizen of Hong Kong. "Long Hair"'s morbidity will at most affect me, Yuk Man and several LSD members, but the morbidity of senior officials will harm the public as their biased policies have created wrong messages. Since the reduction and waiver of wine duty, prosecutions against drink driving have surged by more than 20%, which is a fact. The Secretary said that increasing tobacco duty will bring down the number of smokers. Shortly afterwards, some organizations, including the University of Hong Kong, advised, "Our community service centre used to receive about a dozen calls per month requiring smoking cessation support. At present, the number of calls has jumped to more than 300 per month." Suddenly, it is perceived that the relevant service has become very popular, and such taxation structure has boosted the number of people quitting smoking. In fact, the relevant figure may have risen by several hundred or over a thousand, but there are more than 83 900 smokers in Hong Kong, as shown by the statistics for 2006. Now that the Secretary is so pleased with a mere several hundred more people quitting smoking, how would he tackle a drunk driver killing six persons in a single car crash?

After the increase of tobacco duty, some newspaper vendor vendors were so noble to tell me, "Mr CHAN, once tobacco duty is raised, our businesses will be doomed, and we newspaper vendors are going to die of starvation by the roadside. In case increasing tobacco duty can really deter Hong Kong people from smoking, we newspaper vendors will then be sacrificed and starved to death by the roadside. Resigning to the worst, we will see ourselves as martyrs and make no complaint." Nevertheless, this is not the reality. The reality as we can see upon the increase of tobacco duty is, President, an immediate sharp rise of 30% to 40% of duty-free cigarettes across the boundary. Firstly, this means the Hong Kong Government has lost some money. The number of people who buy duty-free cigarettes when going through customs clearance has greatly increased. Given that tens of thousands of people go through customs clearance each day at

the existing eight boundary control points and many of them will buy duty-free cigarettes for sale in Hong Kong, the revenue of public coffers has reduced by millions of dollars.

The second problem is the rampant cigarette smuggling activities. Cigarette smuggling activities have already been rather serious, the Secretary. For several successive years, residents of Tin Shui Wai have complained that a woman could always be seen selling smuggled cigarettes in the park of a housing estate. We have written to the Customs and Excise Department, providing the dates, time, places and even the woman's appearance for their identification. After all these years of complaints, she has never been arrested, not even once. Despite Members' complaints about how serious cigarette smuggling activities are, no one has ever been arrested. Today, all over the territory, in restaurants, such as those in Mong Kok, one can see people touting smuggled cigarettes and dutiable cigarettes carried in bags of red, white and blue colours at \$15 per packet and \$150 per box for certain brands. Although the price has been raised to \$220 recently, one packet still costs only \$22 as compared to \$39 for one packet of duty-paid cigarettes. Hence, people will continue to buy smuggled cigarettes. I urge everyone to have a clear look at the actual situation and not to be misled by the Government into believing that the Government has victoriously combated cigarette smuggling activities, which is a comment deceiving oneself and other people as well as downright ridiculous.

President, another absurd issue is that cigarette smuggling activities have become so virulent that promotional pamphlets showing a list have been slipped into mailboxes. Yes, there is a neat list telling you which cigarettes sold at what prices. It states clearly three types of cigarettes, namely "Lo Wu cigarettes" which are made in Hong Kong, "Huanggang" cigarettes, and "Vietnam A Brand". These three types are sold at different prices. Then a telephone number is provided for courier services. Just make a phone call and the goods will be delivered to your doorstep in no time at all. They can reach anywhere from offices in Central to residential premises in Sha Tau Kok. However, people living in Sha Tau Kok need not take the trouble because it will be more convenient for them go over to the other side to buy cigarettes. The sale of illegal cigarettes, therefore, can be said to be outrageous, totally out of control.

Those newspaper vendors said to me, "Sir, now you have driven the situation to such an uncontrollable stage that we newspaper vendors will

inevitably be sacrificed." The impact on newspaper vendors is very grave, President. Currently, there are over 2 000 newspaper vendor licenses in Hong Kong. Under each license, around three to five persons are operating, depending on the size of their businesses. Hence, the newspaper vendor licenses are supporting the livelihood of 10 000 people or so. If the people engaged in this sector together with their children and families are also included, a population of over 20 000 is relying on the sales of newspaper vendors. Over the years, income from selling cigarettes has accounted for half of newspaper vendors' income. Income from selling cigarettes takes up a half while that from selling newspapers and magazines takes up the other half. Generally speaking, selling one packet of cigarettes makes a profit of five to seven dollars, depending on the circumstances. If selling one packet of cigarettes can earn several dollars, then selling one box of cigarettes can generate an income of a few dozen of dollars. In the past, half of their income came from selling cigarettes. Now, with the abrupt increase of tobacco duty, 30% to 70% of their income from selling cigarettes has gone, representing a drastic loss of 30% to 40% of their household income. The Secretary, you loathe cigarettes that much. Could I instantly cut 30% to 40% of your income? Let us see whether the entire civil service will turn against you if their income is to be reduced by 30% to 40% all of a sudden. At times of inflation, you raise the pay of the civil service just a little less than their desired level and it has aroused catcalls. Right now, the income of a whole sector has plunged by 30% to 40%. Are you callous or ignorant? Can you sacrifice 10 000 to 20 000 families of Hong Kong in the blink of an eye? Being a civil servant responsible for drawing up public policies, can you act in such a cruel and ignorant manner? Members sitting in this Chamber, are you also an accomplice, demonstrating the same cruelty and ignorance? These people need to survive and feed their family members. Do you need to bring up your kids? Your children are precious and well pampered whereas those of newspaper vendors can be dispensed with. What kind of society is this?

Therefore, I hope all of you can wake up from the droning of the Government. Do not think that you are standing on the moral high ground and you can stomp on our citizens and flatten the general public by means of banning cigarettes? You may say, "Well, they can apply for CSSA." These people are all 40 to 50 years old, with the younger ones aged 40 to 50 while the older ones aged 50 to 60. Some of them have to use walking sticks, staggering around selling newspapers. They have laboured for 30 to 40 years to remain self-reliant. Yet, one policy has made runny congee almost unaffordable to

these members of the public. Recently, some of them even resorted to borrowing money for paying the tuitions fees of their children. Have you heard of such stories?

A couple of days ago, a group of newspaper vendors, among them a senior citizen aged over 60 and leaning on a walking stick, went to the official residence of the Financial Secretary to stage an overnight sit-in and hunger strike. This was the first time throughout the years newspaper vendors took such course of action. President, a newspaper vendor who has worked for 47 years said, "The economic situation of newspaper vendors has never looked so difficult and bleak for 47 years." You see, never like this for over 40 years, it is worse than the time when SARS broke out. My fellow Members, even the several waves of financial turmoil and various setbacks in the past have not brought such awful hardships as newspaper vendors are facing today. Perhaps none of you have met with them. A few days ago, some newspaper vendors gathered in front of the entrance to the LegCo Building, trying to engage political parties in discussion, and some Members did receive their views. The newspaper vendors commended individual Members of DAB for listening to their voices. However, other Members of the party may disagree with the one who has received views. Subsequently, once they see the Government flicking its baton, they will side with the Government as they always do and object to my motion to repeal the Order. Ms Audrey EU was better as she has given ear to the voices of the newspaper vendors. As for those Members of the Democratic Party (DP), they moved away quickly when they saw the newspaper vendors, like hiding from a group of lepers. The newspaper vendors chased after them, hoping that they would pause to listen, but they did not. This is the attitude of DP.

President, the moral high ground is important. Years back, MARX, standing on the moral high ground, wrote The Communist Manifesto. LENIN also initiated a reformation on the moral high ground, and yet how many people have died for it? Similarly, founders of capitalism occupied the moral high ground and advocated a liberal society, but how many workers have been so exploited? The moral high ground could be a lethal weapon. Do not think that the touch of the moral high ground empowers one to do whatever one wants. Therefore, while standing on the moral high ground, you have to examine whether this policy or measure will affect the public in other ways. You must do that. How can you be so blindfolded, insensible, cruel and relentless to our citizens? President, I do hope all of you will wake up for a moment, look into this problem and consider whether to support the Government's proposal.

Mr Albert CHAN moved the following motion:

"RESOLVED that the Public Revenue Protection Order 2009, published in the Gazette as Legal Notice No. 27 of 2009 and laid on the table of the Legislative Council on 4 March 2009, be repealed."

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

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, in the 2009-2010 Budget, the Financial Secretary proposes to increase tobacco duty rates by 50%. The sole aim of the proposal is to protect public health and step up anti-smoking efforts. The Secretary for Food and Health will further elaborate on the policy objectives in this respect. As the Public Revenue Protection Order 2009 is the subject of the proposed resolution moved by the Mr Albert CHAN, I will explain the objectives of the Order first.

In order to implement the Budget proposal of increasing tobacco duty rates, we intend to introduce the Dutiable Commodities (Amendment) Bill 2009 to the Legislative Council this May to revise formally the duty rates on various types of tobacco products. To prevent the hoarding of large quantities of tobacco products at prevailing duty rates for tax evasion purpose from the period between the announcement of the proposed increase in the Budget and the enactment of the relevant legislation, the Chief Executive, after consulting the Executive Council, made the Public Revenue Protection Order 2009 under the Public Revenue Protection Ordinance so that new tobacco duty rates could come into operation at 11:00 am on the day the Budget was announced (that is 25 February this year).

As a usual practice, the Government introduces the Public Revenue Protection Order to guard against tax evasion activities during the transitional period when the new duty rates have yet come into effect. This practice has been generally accepted by the community and the Legislative Council. Pursuant to the Public Revenue Protection Order 2009, the new tobacco duty rates took effect immediately after the announcement of the Budget. However, the Order will only be in force for four months. In other words, the Legislative Council must pass the Dutiable Commodities (Amendment) Bill 2009 before the

lapse of the Order on 25 June this year for the proposed increase in tobacco duty rates to be implemented. Otherwise, tobacco duties will revert to old rates and the Government has to refund the excess duties collected. As such, the Public Revenue Protection Order 2009 is purely a safeguard against tax evasion. It will not undermine or restrict the power of the Legislative Council to scrutinize the Dutiable Commodities (Amendment) Bill 2009. Instead of repealing the Public Revenue Protection Order which aims at combating tax evasion, Members, whether they support the proposed increase in tobacco duty rates or not, can still debate on the proposal after the introduction of the relevant bill.

Mr Albert CHAN has just criticized the Government for reducing the duty rates on alcoholic beverages last year on the one hand and increasing duty rates on tobacco products this year on the other. He considers it unfair to the grassroots. Tobacco and wines should not be lumped together. It is a widely recognized fact that smoking is hazardous to health. Smoking damages people's health regardless of their age, sex and social status. Anti-smoking is an established government policy while increasing tobacco duty rates is an all-round anti-smoking initiative. As regards drinking, this is not our policy to prohibit the consumption of common alcoholic beverages. Rather, there should be measures against alcoholism and drink driving. The Department of Health has reminded members of the public of the harm of alcoholism all along and will continue with its publicity and education efforts in this respect. The duty rate on spirits remains as high as 100%. Moreover, the newly amended drink driving provisions have already taken effect in February.

Furthermore, the exemption of wine duties last year aimed at promoting the development of wine trading, distribution and other related businesses as well as creating new jobs. With the benefit of this measure, the vibrant development of wine-related businesses in Hong Kong over the last year has brought about new job opportunities and economic benefits to our society.

As regards illicit cigarettes, the Customs and Excise Department is committed to combating illicit cigarette activities. Since the new tobacco duty came into effect as announced in the Budget, the Customs and Excise Department has been closely monitoring illicit cigarette activities at the entry points and on the street level, and has strengthened its enforcement actions against different aspects of illicit cigarette activities, including smuggling, storage, distribution and peddling. There is no sign that illicit cigarettes activities have become more rampant. The Customs and Excise Department will continue to enhance

intelligence collection. Apart from cracking down smuggling activities at their sources, it will also conduct intensive operations against retailing and peddling of illicit cigarettes to prevent the increase of such activities. Where necessary, the Customs and Excise Department will provide additional manpower through flexible internal redeployment to combat and curb these illicit activities.

President, by moving a proposed resolution to repeal the Public Revenue Protection Order 2009, Mr Albert CHAN asks the Legislative Council to negative the government proposal to increase tobacco duty rates hastily without the opportunity to discuss the Dutiable Commodities (Amendment) Bill 2009. We consider such a move inappropriate. Mr Albert CHAN's proposed resolution not only harms public interests but also goes against the international trend of anti-smoking. I call upon Members to vote against the proposed resolution.

Thank you, President.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, Public Revenue Protection Order 2009 has one item only, which is to increase the rates of duty on various types of tobacco. Therefore, today's motion is basically a debate on whether the tobacco duty should be increased.

The increase in tobacco duty is a public health policy, as well as an important component of the Government's tobacco control policy. We have to consider the measure of increasing tobacco duty in the context of the overall tobacco control strategy.

Just now, Mr CHAN mentioned that the Government's tobacco control policy and I were a kind of morbidity. Recently, we have conducted an opinion poll and have discovered that 85% of the people in Hong Kong support our tobacco control policy. I believe that, if this can be regarded as morbidity, this is a kind of very healthy morbidity.

That "smoking endangers health" is an incontestable fact commonly known by everyone. According to the Report on the Global Tobacco Epidemic 2008 published by the World Health Organization (WHO), in every six seconds, one person dies of tobacco related diseases in our world, and one third or even half of the tobacco users will die of smoking. Among the eight major causes of death in the world today, six of them are related to the use of tobacco. Hence, it is

international consensus that various mechanisms should be adopted to contain the dissemination and use of tobacco, and the Framework Convention on Tobacco Control (Convention) of the WHO is the consensus on the overall strategy for tobacco control in the international community. Our Country is a party to the Convention, and the Convention also applies to Hong Kong.

It is undeniable that smoking and passive smoking have resulted in heavy medical and financial burdens in Hong Kong. This fact cannot be omitted in any discussion related to tobacco control measures. On this premise, Hong Kong has been progressing consistently in tobacco control for years. The Government's established tobacco control policy is to progressively encourage the public not to smoke, restrain the widespread use of tobacco and minimize the impact of passive smoking on the public. The Government has been promoting smoking cessation through publicity, education, legislation and enforcement, as well as adopting a multi-pronged approach, such as taxation, and so forth, to promote tobacco control in response to public expectation:

- (1) In respect of publicity and education, the Department of Health, the Hong Kong Council on Smoking and Health and many other civil organizations have been educating the public and our next generation about the hazards of tobacco through various ways in all these years. At first, the public were doubtful about the hazards of tobacco; now they generally accept that smoking and passive smoking are hazardous to health and should be regulated. The community has widely recognized our effort in tobacco control.
- (2) In respect of legislation and enforcement, since the enactment of the Smoking (Public Health) Ordinance in 1982, the statutory regulations on tobacco control have been strengthened progressively over the years, including the designation of no smoking areas, the regulation of tobacco packages and sales, the restriction on the advertisement and sponsorship of tobacco products, and so forth. The previous amendment in 2006 essentially extended the no smoking areas to all public places and indoor establishments, as well as the insertion of warning pictures in tobacco packages and total prohibition of any forms of tobacco advertisement, and so forth. All these reflected the consensus of various sectors in the community and the Legislative Council in further strengthening tobacco control.

- (3) In respect of the promotion of smoking cessation, the Department of Health has presently set up a Smoking Cessation Hotline and four smoking cessation clinics to provide smoking cessation service to smokers, as well as collaborating with the Tung Wah Group of Hospitals since January this year on the pilot implementation of smoking cessation programmes in the community. Smoking Cessation and Counselling Centres for patients are also set up in public hospitals and general out-patient clinics managed by the Hospital Authority. Two of them operate the whole day while 27 of them operate during specific hours. We will keep on paying attention to public demand on smoking cessation to ensure sufficient provision of the service.
- (4) In respect of taxation, the Government has been making timely adjustments on tobacco duty to tie in with the overall strategy on tobacco control. For example, upon the implementation of Smoking (Public Health) Ordinance, the Government substantially increased tobacco duty by 300% in 1983, with another increase of 100% in 1991, and the previous increase of 5% already dated back to 2001.

There is no doubt that the Government has achieved a certain degree of success in its strategy of continuous maintenance of tobacco control. The general household sample survey conducted by the Census & Statistics Department indicated that, among the population aged 15 or above, the ratio of daily smokers had continuously decreased from 23.3% in 1982 to 11.8% in 2008. Upon extending the no smoking areas to all indoor public places and workplaces in 2007, 57% of the public considered that their exposure to passive smoking in public places had decreased.

However, the survey also indicated some phenomena of concern in recent years related to smoking among Hong Kong people, including the phenomenon that the ratio of smoker among the female and youth population had not decreased at the same rate as the overall smoking population, and there was a tendency that smokers were getting younger while cigarette consumption recorded an increase. Some specific statistics are given as follows:

- The ratio of female daily smokers aged 15 or above had, after decreasing from 5.6% in 1982 to the bottom of 2.6% in 1990,

substantially resurged to 4.0% in 2005. Though the figure had decreased to 3.6% again in 2008, the rate of decrease was much lower than the overall population. The figures in some particular age group (30-39) even recorded an increase.

- The ratio of youth daily smokers aged between 15 and 19 had been hovering between 2.3% and 4.6% from 1982 to 2008, without any obvious declining trend. But it was worth noting that, after the Government's substantial increases in tobacco duty in 1983 and 1991 respectively, the ratio of youth smokers had both decreased for a long period.
- In 2008, among the daily smokers aged 15 or above, 64.8% of them started to smoke every week between the age of 10 and 19, higher than the figure of 59.6% in 2005, and the number of people who had already started to smoke every week since the age of 10 or below even increased from 8 500 in 2005 to 10 300 in 2008, an increase of more than 20%.
- The daily cigarettes consumption of overall smokers increased from 13 sticks in 2005 to 14 sticks in 2008. The daily cigarette consumption of female increased from 10 sticks to 11 sticks, while the daily cigarette consumption of youths aged between 15 and 19 even increased from 9 sticks to 11 sticks. In the same period, the number of duty-paid cigarettes increased from 2.9 billion sticks in 2005-2006 to 3.7 billion sticks in 2007-2008.

Through detailing the Government's tobacco control policy and statistics just now, I wish to state that the Government's tobacco control policy and vigour is continuously strengthened in tandem with the rise in public expectation toward tobacco control. The situation that I have just mentioned also indicates that, although our effort in tobacco control is gradually bearing fruit, it is obvious that continuous enhancements are still needed. Tobacco control needs a multi-pronged approach. Over the past few years, we have strengthened our works in areas like publicity, education, legislation, enforcement and smoking cessation, with continuous extension of the no smoking areas. In the perspective of an overall tobacco control policy, it is now the right time to consider adopting the measure of taxation.

Therefore, it is an appropriate move to increase tobacco duty now, in co-ordination with the overall tobacco control strategy. In fact, before and after the amendment of the Smoking (Public Health) Ordinance in 2006, various sectors in the community and even Members of the Legislative Council, including many of the Members present, proposed that the Government should increase tobacco duty to tie in with the strengthening of tobacco control.

President, I hope that legislators can understand that Hong Kong's achievement in tobacco control does not come easily. In terms of an overall tobacco control policy, the 50% increase in tobacco duty proposed by the Financial Secretary in the Budget of this year can have a direct and positive effect in reducing the smoking prevalence, as well as in encouraging the public, especially the smokers, to quit smoking, so as to protect public health.

Thank you, President.

MR TOMMY CHEUNG (in Cantonese): President, I have some views on Mr Albert CHAN's confusion of tobacco duty and wine duty on this occasion. He often stressed that "The rich drink cheap wines; the poor smoke expensive cigarettes." These words are highly questionable. Wines are not the privilege of the rich. In Hong Kong, the retail prices of about 90% of wines are below \$100 per bottle. Also, smoking is not restricted to the poor. Mr Albert CHAN's argument is far too one-sided.

All along, I have proposed the exemption of wine duty because I see that Hong Kong has the potential to develop into a regional hub in Asia for wine trading and distribution, which will be beneficial to the entire economy. Colleagues supported this, too. The Government also accepted my views and had the beer and wine duties exempted last year.

Facts have proven that since the exemption of wine duty, besides a significant decrease of 15% to 25% in wine prices, in 2008, the total value of wines imported into Hong Kong amounted to \$2.84 billion, 80% higher than that of 2007, and the exports also rose by 20%. Many business and job opportunities were created for Hong Kong, covering the areas of retailing, wholesaling, transshipment, logistics, storage, insurance, auction, exhibition, and so on. It can be said that the wine trade is a bloom amidst the adversities since the outbreak of the financial tsunami.

As to whether the Administration is discriminating, if both wines and cigarettes are hazardous to health, why are their duty rates entirely different? First of all, let me clarify one point. I do not think that wine must be hazardous to health. More and more scientific researches have confirmed that daily consumption of a fair quantity of wine brings much benefit to health, including the reduction of cardiovascular disease and cerebrovascular disease.

For instance, in 2003, two authoritative researches conducted in the United States, namely the Harvard Physicians Health Professionals Study and the Kaiser Permanente Cohort Study, both concluded that drinking red wine may reduce the risk of contracting coronary heart disease.

The medical profession explains that red wines are made from grapes not skinned. Grape skin is rich in flavonoids, an anti-oxidant, which serves to inhibit the coagulation of platelets and reduce the risk of contracting coronary heart disease. It also raises good cholesterol content and enhances blood circulation. In fact, the key is daily consumption. Researches have generally pointed out that for male adult, consuming daily one or two glasses of wine is appropriate, and for female, one glass will do.

Certainly, I am also concerned about the problem of alcoholism. Every matter has its own limit, so does wine. However, the risk of alcoholism must not be an excuse for stringent paternalistic control. Is it that we even need to levy heavy duty on Coke because drinking of it may lead to obesity? This is not the mode of governance acceptable to Hong Kong.

With the Census and Statistics Department's figures on imports and transshipments, Mr Albert CHAN projects that people's annual consumption of pure alcohol has risen by 14%. I want to point out that this projection is inaccurate because many wines here in Hong Kong are not for consumption but for storage after purchase. Currently, some people take advantage of Hong Kong's zero wine duty and store wines in Hong Kong for shipment to and wholesaling in other countries in future. This is the kind of trading and distribution that Hong Kong expects to develop.

Furthermore, the percentage of alcoholism in Hong Kong is not high. Most Hong Kong people drink wines with restraint. When a few close friends

come together, they often open a bottle of red wine and taste it at the meal. Besides, experienced drinkers know well that red wines should be tasted slowly; one cannot get the enjoyment from drinking heavily.

However, the trade understands the concern of the community. Hong Kong Wine and Spirits Industry Coalition has sent a letter earlier on to the Department of Health to ask for promotion of restrained and responsible drinking behaviour, hoping to educate the public on the correct knowledge about drinking, so that they can control the quantity of wine, avoid drink driving, and so on. Recently, the trade has held meetings for discussion with the Department of Health from time to time. It is believed that publicity and education campaigns will be launched soon.

President, thank you for your patience in listening to my speech on the issue of wine. I have just tried to respond to Mr Albert CHAN's question. Now I would like to talk about the issue of tobacco duty.

Both the Liberal Party and I consider that safeguarding people's health is highly important, but I have often heard government officials smear me. President, at the time indoor smoking is banned, I allegedly support smoking very much. I must declare that I am an occasional smoker. I am therefore regarded as ignoring people's health.

I want to reiterate that I support Hong Kong to move towards a smoke-free city in the long run. The question is how fast the pace should be. Affected trades and persons, not only smokers but also those with business affected by the smoking ban, should be taken care of. The Administration has always been too eager for quick success and behaves so aggressively, turning smokers hateful like mice on the streets. Now there is also a significant increase in tobacco duty. Therefore, I have comments about this.

In reality, since the public awareness on the harm of smoking was enhanced, the overall number of smokers — as the Secretary has mentioned — let me repeat some figures that I have seen. According to the Census and Statistics Department's survey for 2008, the number of smokers decreased from 793 200 in 2005 to 676 000 in 2008. In fact, the ban on indoor smoking was implemented in 2007. You can see that the number began to drop in 2005. In 2008, the percentage fell from 14% to 11.8%. Over this point, I do not have any

arguments with the Secretary. But I want to point out that 11.8% seems to be quite a high figure, but it is already the envy of the world. Previously, our figure for 2007 at 10% ranked slightly higher than that of Singapore, which was 14%. If I remember it well, only one country in the world got 0%, for smoking is totally banned in that country. For this reason, Hong Kong's achievement in the ban on smoking today has made such a substantial progress that the world envies. However, when I mentioned these to people from health organizations around the world, they wondered why a smoking ban is needed for such a good place as Hong Kong. Only when 30% of the population are smokers will they ban smoking. If more than 10% are smokers, the work can be ended with no further consideration required, and the task has been accomplished.

Apart from mentioning the figures — you do not need to be surprised — I think of what the Secretary has said about young smokers aged 15 to 19. President, it happens that in 2005, I asked for some figures in December. Here are the Government's figures for me: In 2005, there were 15 700 young smokers aged 15 to 19, which was 3.5%. In 2008, the number reduced to 10 500, which was 2.4%. Quite obviously, from the overall number of smokers that the Government gave me, I could not see a single reason for us to have a tobacco duty increase.

If a tobacco duty increase can reduce or stop youth smoking, I will definitely approve of it. But as I always said, increasing tobacco duty is not necessarily effective in reducing the number of smokers. On the contrary, it will only lead to rampant illicit cigarettes activities.

Now, the Government imposes a 50% duty increase, and the Customs and Excise Department also announces at once that their actions against illicit cigarettes will be stepped up. It can be imagined that the smuggling activities aroused cannot be taken lightly. As the door is now open, with considerable profits, they will surely engage in it. I have never seen anyone holding a red and blue bag touting to me illicit cigarettes of \$15 each, as mentioned by Mr Albert CHAN. But I believe that his investigation may be accurate. But I have always appealed to the Government, saying that should tobacco duty be increased, we must take the problem of illicit cigarettes seriously. Indeed, there is a problem with illicit cigarettes, that is, they are different from duty-not-paid cigarettes. Duty-not-paid cigarettes, which are bought from overseas, are genuine ones. Where illicit cigarettes are manufactured is often unknown.

They do have brands, but no one knows if the brands are real. Sometimes, I was told that since such cigarettes contains genuine tobaccos in the front portion but contains something unknown in the unseen central portion, it could be harmful to smoke them. So never let anyone force you to smoke illicit cigarettes. I think that it is understandable that an increase in tobacco duty will cause these situations. The Secretary actually hopes that smokers can reduce in number. However, it is possible that the smokers will be forced to smoke illicit cigarettes at any time and their health will thus be harmed.

Certainly, the Government often says that there is an uptrend in the number of smokers under 10 years of age. In 2008, there were 10 300, 20% more than in 2005. This increase concerns smokers under 10 years of age, President. Therefore, I think that to make cigarettes unaffordable for them in terms of financial capability through tax increases is a bit far-fetched. There are so many approaches to tackle the smoking problem of children under 10 years of age. Can resources be added for more efforts on education, social services and parents? Besides, children under 10 years of age are without any financial means, no matter how much you increase. Why do they smoke? Why do they smoke every week? Is it not strange? Do their parents give them cigarettes for smoking, or do they smoke out of peer influence? Does anyone offer them free smokes? Has the rise in the number made the problem of street children even worse? Should the Administration conduct a detailed study? When someone else gives them cigarettes for smoking, how will them be affected, even if each pack of cigarettes costs \$10 or \$20 more?

On the contrary, President, I think that the most serious problem now is: When the economy remains in the doldrums, tax increases force people to buy expensive cigarettes, putting an even heavier burden on them, and worst still, the newspaper vendors, who rely on the sale of cigarettes, are victimized.

Since the ban on newspaper vendors' cigarette advertising that was imposed by the Legislative Council on the last occasion (at that time, I delivered my speech on this), the Secretary said that he would seek and provide some suitable resources for the newspaper vendors in place of the incomes from cigarette advertising for tobacco companies on their carts and stalls. He added that those incomes were not that much. In fact, some of the stalls cost very little. Some cost a few hundred dollars, and some others cost a few thousand, depending on the location of the stall. However, the carts of the newspaper

vendors are the most important. Some of them are even carts for the disabled. President, you must know this because you are the honorary chairman of an association of newspaper vendors. You certainly understand these problems. Those tobacco companies have the carts made for them. That cart may cost over \$100,000. In fact, no replacement has been required for those carts yet. But they might be damaged and need repair. I am not quite clear about this. However, last time when the legislation was enacted, their incomes from cigarette advertising were gone. At that time, the Secretary said that he would seek extra resources to compensate for the losses. But I do not see that you, Secretary, have done anything.

Newspaper vendors today run business in a tough environment, whether or not rain pours, wind blows or sun shines. In fact, on the livelihood of the whole family, as the business plunged due to the 50% increase in tobacco duty, at least daily newspaper vendors told me that it ranges from \$100-odd or \$200 to \$300 or \$500. I want to ask the Secretary, as you have obstinately increased the duty. You said last time that you would help them recover the incomes from cigarette advertising. Today you make their business reduced. Are you duty-bound to explain to them how they will be helped to seek more incomes? For example, can the requirements of hawker licences be relaxed so that they can earn more by selling other items with newspaper vendor licences? This can at least be a help to their livelihood. Currently, under many licences, nothing is allowed for sale, except for cigarettes or newspapers. Can consideration be taken to help them seek more incomes to cover and limit the losses so that they can carry on with this business for their own families and for future generations?

Therefore, I want to remind the Secretary that increasing tobacco duty does not necessarily help reduce the number of smokers under 10 years of age. On the contrary, I think, it will cause a lot of counter-effects. President, I so submit.

MR CHAN HAK-KAN (in Cantonese): President, in the Budget of this year, the only measure to increase tax and duty is the upward adjustment of 50% in the tobacco duty. Although an increase in duty cannot be considered as good news under the difficult economic conditions at present, quite a number of people still applauded at the announcement of the news. They consider that an increase in tobacco duty can reduce the number of smokers and help Hong Kong become a smokeless city.

Last month, the smoking cessation hotlines of the Department of Health, the Hospital Authority and voluntary groups received many enquiries seeking help. The number of enquiries multiplied from 10 odd of the past to almost 200 at present and that shows the increase in tobacco duty has already brought about positive effects. Quite a number of smokers have also indicated that they would consider quitting smoking because of the increase in tobacco duty.

My father used to be a smoker who had smoked for more than 20 years. He tried to quit many times but without success. However, one day, he told me that he would quit smoking because the Government had raised tobacco duty significantly. I can proudly tell the President that my father has not smoked for more than 20 years now precisely because the Government's increase in tobacco duty that year gave him an economic incentive for making up his mind not to smoke again. That is a good thing for him and for the whole family. As we have noticed, the current economic condition is very poor. With the price for each pack of cigarettes standing at \$30 to \$40, if one's desire for smoking is not particularly strong and consumes only a pack every two days, then one has to spend \$800 a month. If one's desire is strong and consumes a pack each day, then one has to spend more than \$1,000 a month. As it is said, "many a little makes a mickle", there is a very good economic incentive which can encourage the public to quit smoking.

Recently, many smokers have questioned why the Government increases tobacco duty and not the duties on alcoholic beverages. Since both drinking and smoking pose risks to the lives of the drinkers and smokers and those of other people, has a double-standard been adopted? President, I do not share the views of these people.

Here I would like to tell you a story. President, when I was studying at university, there was a professor who liked smoking and drinking very much. He was a colleague of this Council too. I remember that on the first day when I attended his class, he sat down and told us that he had to smoke and those who did not like smokers would have to sit at the back. Sometimes when we had our tutorials in the canteen, the Professor would order some beer or bring along a bottle of red wine and had a discussion with us. However, he never told us that he had to drink beer or red wine and those who did not like drinkers would have to sit at the back. Nevertheless, whenever he took out a pack of cigarettes in class, students would automatically go to toilet, go out and respond to a message from the pager or make telephone calls and return to the room when the Professor

has finished smoking that cigarette. What did that show us? Why did the Professor warn the students before he smoked but did not warn them and ask them to leave before he drank? In fact, he knew that passive smoking was harmful to others and would directly affect the health of his students. However, drinking is a personal decision. Unlike smoking, the consumption of a suitable amount of alcoholic drinks by a disciplined person would not have affected the people around him in any significant way.

President, here I am certainly not encouraging people to drink. I am only calling on Members to discuss the issues of tobacco duty and duties on alcoholic beverages separately. We should not be confused about the two issues and make a decision which bundles them up. Even if Members consider it wrong to impose duties on alcoholic beverages, it does not mean that they should oppose the increase in tobacco duty. From the community's point of view, reference may be taken from a survey conducted by the University of Hong Kong which pointed out that the harmful effects of smoking have resulted in a loss of more than \$5.3 billion for Hong Kong each year. From the smokers' point of view, the sooner they quit smoking, the sooner their health will be protected. However, if they do not quit smoking and develop health problems such as lung cancer, nasopharyngeal cancer or other illnesses, it will then create a heavy burden not only on themselves, but also on the entire community.

President, I certainly think that in order to reduce the number of smokers, it is necessary to start off by enhancing the promotion of people's awareness of the harmful effects of smoking. Then, more resources should be injected to help smokers quit smoking and additional manpower should be provided to the Tobacco Control Office. Certainly, the Security Bureau should also strengthen its efforts in combating illicit cigarettes. With public health and the financial burden to the community as the basis of our consideration, the Democratic Alliance for Betterment and Progress of Hong Kong therefore supports the increase in tobacco duty and oppose the resolution proposed by Mr Albert CHAN today.

DR PAN PEY-CHYOU (in Cantonese): President, we think the proposed increase in tobacco duty by 50% is somewhat disputable. In fact, as to the harmful effects of tobacco, I believe we have learnt a lot through the media. As a doctor, I might say the harmful effects of tobacco on health are numerous. Tobacco affects the respiratory system, in large part causing lung cancer and

chronic obstructive respiratory tract diseases. Apart from lung cancer, it also contributes to other cancers. Regarding the circulatory system, tobacco creates vascular problems, contributing to coronary heart disease, hypertension and peripheral vascular diseases. Intravascularly, it leads to atherosclerosis, causing obstruction. Eyes are affected with cataract and degeneration of the yellow spot is caused. The brain is affected, leading to strokes. Even sexual functions are impaired as well.

In fact, there are nearly 5 700 premature deaths due to smoking each year in Hong Kong, half of which are caused by cancer. Therefore, tobacco is extremely harmful to health indeed. There is no evidence that our health benefits from light smoking in any manner. By the way, many people do mention liquor, saying excessive alcohol consumption may produce very harmful effects on health, possibly causing great damage. However, as we all know and proved by copious medical studies and literature, a moderate or small amount of liquor is actually good to health, such as reducing the incidence of coronary heart disease. The relation between liquor and strokes is relatively unclear. But the data obtained in typical studies at present show that they are somewhat related, that is, drinking small or moderate amount of liquor may reduce the incidence of strokes. However, medical studies unanimously find that excessive alcohol consumption or drinking a large quantity of liquor, in particular having a drunken binge, poses great health hazards.

In fact, tobacco has imposed a heavy burden on the community. The estimated hospital care costs for adults due to smoking are at some \$1.9 billion per annum. Some data show that the residential care in nursing homes and long-term care at home cost around \$900 million annually. A moment ago, Mr CHAN Hak-kan also referred to the estimation of the Faculty of Medicine of the University of Hong Kong that annual economic losses incurred due to smoking in Hong Kong amounts to \$5 billion. As smoking has so many harmful effects, why do we say that increasing tobacco duty at this time is a disputable issue?

First of all, let us see who the smokers are. There were around 750 000 smokers in the territory between 2007 and 2008 according to "Thematic Household Survey" published in November 2008. 680 000 of them were daily smokers, half of whom smoked about 1 to 10 cigarettes a day whereas the other half about 10 to 20 cigarettes. On average, each smoker smoked 14 cigarettes. Calculated by sex, 84% of smokers were male. Calculated by age group, the

middle-aged or beyond were in the majority with 59% of them aged 40 or above. Among smokers who always smoke, 80% were economically active. In other words, they were working folks.

The anti-smoking efforts made in the territory over the years have in fact achieved satisfactory outcome. Daily smokers accounted for 23.3% of all persons aged 15 or above in 1982. The respective figure dropped to 11.8% between 2007 and 2008. The outcome is in fact quite good. We think that the continuous anti-smoking campaign conducted by the Government in the past is praiseworthy. In particular, the anti-smoking efforts made in indoor areas under the leadership of Dr CHOW, Secretary for Food and Health, is highly successful. However, is it appropriate to propose increasing tobacco duty at this time? We should not forget that Hong Kong is going through the ordeal of financial tsunami. Who bear the brunt of the financial tsunami? Some of the working folks, the middle-aged, and the majority of them are men. They may have some savings buying some stocks and shares. At present, the stocks and shares have suffered a big fall in value. Some people who used to possess a small amount of assets may have none now. As to employment, some people may not know whether they will keep their jobs the next day. Some who run small business do not know whether they will cease business the coming month. At this time, they may want to smoke a cigarette to calm their nerves. When they open a cigarette box and find it half full only, they may think, "No more after finishing up this half box of cigarettes." Under these circumstances, aside from swearing at senior officials with a few abusive phrases and cursing accountability officials, what else can they do? Therefore, I think that one who introduces such a measure at such a time fails to perceive the needs of some social groups and members of the public. We do not mean to object to any measure that can cut down on smoking but I think it is not the right time to propose it.

I so submit.

MR LEUNG YIU-CHUNG (in Cantonese): President, I believe that many colleagues and friends here know that I am not only a non-smoker but also a strong opponent of smoking. Members may still remember that each time it came to debates or motions in this Council on the problem of smoking, I said time and again that due to smoking, my mother died of serious deterioration of lung function and windpipe.

Therefore, I deeply feel the harm of smoking.

However, as a Member of the Legislative Council, while debating and casting votes in this Chamber, I believe it is not just my own feelings that I should consider. More importantly, we should consider the rationale of each of the Government's policies, as well as the impact of its policies on society. These are the significant factors for us to consider in deciding whether to support those policies.

In his Budget Speech, Financial Secretary John TSANG announced that the significant tobacco duty increase does not aim at raising government revenue. What matters most is people's health. Secretary Prof K C CHAN and Secretary Dr York CHOW have also said repeatedly that the tobacco duty increase serves to do good to people's health. I wonder if the three officials have ever thought it over while saying this. Are these words genuine or pretended? Are they out of sincerity or mere explanation given to the public? Or is it nonsense?

President, it might be a possible phenomenon that the Government's tobacco duty increase would make some people, especially the grassroots and those financially poor, quit smoking or smoke less. But let me give an example, such as Mr LEUNG Kwok-hung. He can afford to buy cigarettes. So what about his health? Will it be fine, then? Is it that his health will not be harmed even if he smokes? Does it mean that the rich people who can afford to buy cigarettes will be of good health, so long as they can pay the taxes? Answer me! You say, whether it is so or not? If the answer is "no", as the health of these people are still harmed, what will this tax do to them? What has it helped them? In the case of Mr LEUNG Kwok-hung, what help has been given to him? He can afford to pay, so he continues to smoke. I think that the Government should neither tell lies nor engage in empty talks. If the tax increase aims at making some people quit smoking or smoke less, I would say that it makes sense. However, the Government has put it so grandly, saying that this is good for public health. Then I would ask, "How does the Government do good to the health of those who continue to buy cigarettes?" Is this not nonsense?

Moreover, the Secretary has quoted many examples. Besides the Secretary, Mr Tommy CHEUNG also points out that the number of smokers has reduced, and set out plenty of statistical figures. President, you studied mathematics. I believe that you are well aware of this. Can statistics reflect real-life situation? I believe that you will shake your head and say no.

Statistics only reflect some possibilities and are not 100% accurate. The questions of how samples are selected, what procedures should be followed, how an analysis is conducted, and so on, may be involved. I will not entirely negate the possibilities of trends that are shown by statistics, but those are only possibilities, not real-life situations.

President, I would like to give some real data, really real ones, unless the Government cheats us. From the webpage of Customs and Excise Department, I have learnt that over the past two years, government revenue from tobacco duty has been increasing. Unless the Government cheats us, these figures are not statistical; they are actually drawn by the Government. Between January and September, 2008, the revenue from tobacco duty increased by 10%, as compared with the same period of the previous year. In the month of September 2008 alone, the revenue from tobacco duty increased by more than 20% (21.8%), as compared with the same period of the previous year. I believe that these data cannot be queried because they are real. That is to say, while the Government has implemented so many anti-smoking policies, the number of duty-paid cigarettes has still risen.

When it came to red wine earlier on, Mr Tommy CHEUNG said that he had bought lots of red wine for collection, seeing this as a business in the future. But it is not the same case for cigarettes. One cannot buy a large quantity of cigarettes and put them up for sale in the future. But we have seen an actual increase in tobacco duty.

Whether the problem of smoking has been mitigated, I really have no idea. But we can see that more and more people smoke on the streets. The reason is that they all know that indoor smoking is prohibited. Hence, I really have no idea whether the number of smokers has risen or dropped. But we can neither treat this lightly nor try to solve the problem through high taxation. On the contrary, the most important of all, which needs much more concern, is how to guide the public to give up smoking.

Now, what are the consequences of tax increases? I have no idea whether the officials are aware of this. The officials may be unaware of this actually. They always stay in their offices without knowing the plight of the people, so they are not clear about the actual situation. Many social workers relayed to us that following tax increases, children take pills instead of smoking because pills are much cheaper than cigarettes. My question is, which is more detrimental,

pills or cigarettes? If it is true — these are not my own words; the social workers told me so. I have never bought such things, nor do I know the prices. However, someone did tell me about this situation.

In addition, worst still, a reporter of a press has just phoned me — I do not mind mentioning the name, a reporter for the complaints section of *Oriental Daily* — asking me if I am aware that he has received complaints from residents of Kwai Fong Estate in my constituency. Through the door gaps, they received leaflets, with phone numbers on them, which stated that illicit cigarettes were available for sale with home delivery provided. President, besides this complaint, a few colleagues interviewed a group of traders at the Complaints Division a couple of days ago. The traders also displayed to us two types of leaflets received, containing contents that lured people into buying illicit cigarettes and lured traders into assisting in selling illicit cigarettes. Such leaflets are prevalent. Will this be of any help to public health? Instead of buying legitimate cigarettes, people buy illicit cigarettes, among which some are genuine and some are not, thus posing even more risk to health.

In his Budget Speech, Financial Secretary John TSANG announced that while increasing tobacco duty, the Government would make efforts to combat smuggling of cigarettes. Mr Albert CHAN got two leaflets in hand. The situation has been deteriorating, and the Government is disregarded. How will the Secretary account for this? If public health is the concern, then what will be beneficial to people? The Government argued strongly, but our evidence is based on hard facts. How can that be explained and accounted for? I hope that you people will feel ashamed of these beautiful lies. Regarding policy objectives, what you have actually done?

President, Mr Tommy CHEUNG has said he hopes that Hong Kong will become a smoke-free city. As a non-smoker, I am also longing to see this hope fulfilled. But regrettably, what has the Government done so far? Secretary Dr York CHOW has mentioned that hospitals can help people quit smoking. Still, non-governmental organizations relayed to me that they expected the Government to set up a smoking cessation centre for the youth. Is it here now? No, not yet. In fact, according to some surveys — let me quote them, even if I do not consider them accurate — the smoking habits of adults are usually formed in their youth. The figure is about 40% to 60%. The reason is that one who smokes in adolescence will do the same in adulthood. Therefore, if the Government is truly concerned about the health of Hong Kong people, it should

make more efforts to help young people lead a healthy life and keep them away from smoking, so that they will less likely be smokers when grown up. This is of the utmost importance. However, the Government does not work on the source of the problem. Such approach to tackling the problem is one-sided and incomplete.

Apart from this, as I have just said, rich people can buy cigarettes, so it seems that the Government does not mind continuing to let their health be harmed. As legislation should be enacted today for increasing tobacco duty, why is legislation not enacted to regulate tobacco traders, stopping imported cigarettes from doing harm to people's health? Will the Government enact any legislation requiring tobacco traders to import cigarettes that do no harm to health? It is like the regulation of food and drugs. Has the Government ever think about this question? Why does it not take considerations at the source? For every matter, if considerations are not taken at the source, many unexpected troubles will arise, and low effectiveness will result. I dare not say that the effectiveness must be low, but the problem will remain unresolved. Why does the Government not take such actions? This is the right approach to the problem. Now, how come the Government allows the influx of health-risking products into the market and turns a blind eye? How can it do that? Why does it not tackle the problem once and for all?

President, I really hope that the Government will not always say that it is opposed to smoking, but adopts policies that are specious. I expect that no people's health will be harmed by cigarettes. This is what I am longing for. But I do not see that increasing tobacco duty will yield any good results. In that case, I cannot support the Government's proposal.

President, I so submit.

MR ANDREW CHENG (in Cantonese): President, the Democratic Party has all along been concerned about tobacco control and we have proposed to raise tobacco duty a number of times. We put forward this proposal during question time at Council meetings in July and December last year and in the Budget debate. Although there are many inadequacies in the Budget of this year, the proposal to raise tobacco duty is worth supporting in our opinion. The increase is long overdue, but its rate is still higher than what the Democratic Party has proposed.

President, it is beyond dispute that both smoking and passive smoking are hazardous to health. The effectiveness of raising tobacco duty on tobacco control has been proven by a lot of medical documentation and a consensus on the subject has been reached a long time ago. An increase in tobacco duty will push up the price of cigarettes so that non-smokers will have a stronger reason not to start smoking and smokers will consider to quit.

President, the right to smoke should be enjoyed regardless of class and the right to a healthy life should also be enjoyed regardless of who one is. The proposal to raise tobacco duty has been put forward in the hope that smokers, both rich and poor, can try their best to quit smoking so that a healthy culture can be developed in the entire community.

However, there are some recent comments that although the Government has raised the tobacco duty from \$170 per 1 000 sticks of cigarettes in 1988 to \$1,200 at present, which is a sevenfold increase, it would not help people smoke less at all; what it would do is promote the trading activities of illicit cigarettes and one can therefore deduce a conclusion that raising the tobacco duty cannot make people smoke less. It seems that such comments have often been used to hinder tobacco control. The proper conclusion to be drawn from such comments should be that the increase in tobacco duty over the last 20 years has been inadequate. First, the price indices in Hong Kong have increased in the last 20 years and it seems that caution is required when comparing the apparent prices in 1988 with those of this year. Second, in determining whether raising tobacco duty can make people smoke less, the most important factors are the resultant increase in the prices of tobacco products in the end and how that relates to the purchasing power of the public. Regarding the relationship between the prices of tobacco products and the purchasing power of the public, research has shown that the rate of increase in the prices of tobacco products often fails to catch up with those of other goods. The purchasing power of the public in relation to tobacco products is even greater than that of 10 or 20 years ago.

Before the increase in the duty, the prices for a pack of the mainstream cigarettes varied from \$22 to \$50 and the price for a stick of cigarette was as low as about \$1. President, the prices of cigarettes were far lower than those of soft drinks and snacks and many young people could afford to buy them. According to one academic research conducted in 2004 on the purchasing power of people in more than 70 countries in buying cigarettes, Hong Kong citizens ranked twenty-fifth in terms of their power to purchase cigarettes. Obviously the prices

of cigarettes were actually so low that people would not be discouraged from buying them. That is why tobacco duty should have been increased much earlier.

If one looks at the levels of tobacco duty and the sales volume of tobacco products in the 1980s and 1990s in Hong Kong, one can see that raising tobacco duty is really an effective tobacco control measure. Over the past 20 years, the sales volume of tobacco products dropped every time tobacco duty was raised. In particular, in 1983 when the increase in tobacco duty was 200% and in 1991 when it was 100%, the sales volume dropped substantially by 30%. Nevertheless, after tobacco duty has remained stable for a period of time, the sales volume would rise gradually.

President, the tobacco traders understand very well that an increase in tobacco duty would result in a reduction in the consumption of tobacco products. We have read a confidential document from the lawsuit between the Government of the United States and Philip Morris and British American Tobacco. What were the main ideas disclosed in that document? It was found that the tobacco traders knew perfectly well that raising tobacco duty would deal the hardest blow to the tobacco industry when compared with any other tobacco control measures. Therefore, they would continue to use a variety of tactics to prevent the Government from increasing tobacco duty.

The tobacco industry would certainly make every effort to prevent any increase in the tobacco duty. Past experience in tobacco control shows that the tobacco industry would not come forward and object to tobacco control. They would make a lot of lobbying efforts in private instead. One common tactic is that they would act in different capacities and provide financial aids and support to different sectors, for example, the catering industry, the retail trade and places of entertainment and encourage them to oppose efforts of tobacco control such as an increase in tobacco duty in total disregard of the interests of the public. They would put forward many plausible explanations in the hope that there would be no increase in tobacco duty and that more and more people would keep on smoking.

Even if this motion cannot be passed in this Council today, it would still make some members of the public think that the proposal to raise tobacco duty

would be withdrawn. This would make those who have planned to quit smoking put their plans off and wait and see if the Government would be swayed in its stance on the issue of raising tobacco duty.

President, we have come here today certainly with the understanding that Honourable colleagues have different views on the tobacco control efforts made by the Government. However, I hope to stress here that the Government has really taken a big step forward in making its efforts of tobacco control over the past few years. We particularly hope to target at smoking among young people and that is what we are extremely concerned about.

Young people is in fact the number one target of the tobacco companies because the earlier one forms the habit of smoking, the harder it is to get rid of it and the longer it is that tobacco companies can make money. We really have to adopt every possible measure to protect our next generation from smoking. Citing from the results of an overseas research, Professor LAM Tai-hing, Head of Department, Faculty of Medicine, the University of Hong Kong has pointed out that if tobacco duty is to be increased by 50%, the rate of smoking can be reduced by 30% to 60% and it is predicted that 17 000 to 30 000 young people in Hong Kong will quit smoking or choose not to smoke because of such an increase in tobacco duty.

Many research results have also shown us that raising tobacco duty is most effective in making young people smoke less. The reasons are: first, young people have been smoking for a relatively short period of time and their habit would not be too deep-rooted to get rid of. Second, peers are the most important influence among young people and if some friends give up smoking, others would follow suit and the effect multiplies. Third, young people may not have too much money to spare, and therefore the higher the prices of cigarettes are, the larger the number of people who cannot afford them is. For the benefit of our next generation, increasing tobacco duty is a must.

Another point of argument against raising tobacco duty which has been put forward recently is that, after tobacco duty has been increased, the situation of illicit cigarette trading would worsen and the lawless elements would use the opportunity to make money and lure people into becoming agents who would provide frequent customers of newspaper stalls with ways to buy illicit cigarettes in return for an "agent fee" of \$40 to \$50 per carton of cigarettes. Newspaper

vendors have pointed out that although the duty is increased with the original intention of changing the smoking habit of the public, the failure of the Hong Kong Government in combating illicit cigarette trading has, however, made them the only victims. The situation is one in which "the ordinary, law-abiding citizens are punished while the lawless elements are benefited". Another puzzling remark is that the request of newspaper vendors is not for the Government to step up its efforts in combating illicit cigarette trading, but to withdraw the proposal to increase tobacco duty. In fact, the argument that raising tobacco duty would encourage illicit cigarette trading is over-simplifying the problem. Even if there is no increase in tobacco duty, illicit cigarette trading would still be a profitable activity. Apart from tobacco duty, the risk of smuggling is actually a more important factor in determining whether the problem of illicit cigarette trading is serious or not. Enhancing the efforts in combating illicit cigarette activities by the Government is ultimately the most effective way in reducing them.

After the increase in tobacco duty, the profit for a pack of cigarettes that retailers can obtain may be reduced. We understand that. As the public smoke less, the sales volume of cigarettes will drop, too. Although it is inevitable that the income of retailers will also be reduced, we have to understand that selling cigarettes forms a substantial part of the income of newspaper vendors. Raising tobacco duty may reduce their income and we also understand that. However, smoking affects the health of the public and we should not refrain from taking measures to protect the health of the public in order to ensure that there are enough smokers to protect the income of cigarette sellers. That is a public policy which has been formulated with the more important public interests in mind.

President, to reduce the number of smokers effectively, it may not be adequate to rely simply on measures of raising tobacco duty or strengthening the legislation. Indispensable measures such as enhancing law enforcement, publicity and education and providing adequate smoking cessation services have to be adopted. Obviously, with the increase in tobacco duty, there would also be a greater demand for law enforcement and smoking cessation services.

It has been reported that after the increase of tobacco duty, the price of a pack of cigarettes has gone up by \$10 in general and a considerable number of people with smoking habit have chosen to quit it. The number of telephone

enquiries received by the smoking cessation services of the Hospital Authority has increased by 300%. In the first week of March alone, the smoking cessation centres of the Hospital Authority have received more than 400 telephone enquiries and this number represents a threefold increase when compared with that in the past. A survey shows that many smokers tried to kick the habit in the past. Among them, 80% relied on their will power, but the results were unsatisfactory. Since smokers are addicted to nicotine, they would easily slip back into smoking in a week, no matter whether they have tried to stop smoking completely or gradually. They would fail in the end. Many smokers are now willing to kick the habit. The Government should grasp this opportunity to promote its smoking cessation services and provide convenient services to help them quit smoking.

As early as last year when this Council deliberated on the issue of imposing a fixed penalty on smoking in indoor premises, we asked the Government to set up a smoking cessation fund and expand the smoking cessation services to support those who wanted to quit. We hope that the Government would reconsider this proposal. In fact, many neighbouring countries, such as Thailand, have injected part of their revenue from tobacco duty into a fund to support the promotion of health services. In Taiwan, besides levying a tobacco duty, a tobacco health surcharge is also imposed and such payment goes to the promotion of health services. Besides imposing a duty on tobacco products, many countries and places have also imposed a tobacco health surcharge. Today, our Government has increased tobacco duty. This Council should send not only a clear message in support of it, but also an even stronger message that the rate of increase is inadequate and money and revenue should be injected into some kind of funds in order to enable more people quit smoking. That is what the Government should do if it really cares about its people and works for the benefit of us, the people of Hong Kong.

I stress once again that everyone should have the right to smoke regardless of who they are and what social class they belong to. Health is what you and me want. The grassroots want to be healthy and so do the rich. I wish to convey this message to everyone in our community, especially the current smokers, that they could fail in quitting smoking. In the case of chain-smokers, after the increase in tobacco duty has resulted in an increase of dozens of dollars per pack of cigarettes, they would suffer much financial pressure and then they would stop smoking. If people, both rich and poor, did not smoke, they would become

healthy and the medical expenditures incurred by the community would be greatly reduced. That is a correct direction to follow. Therefore, it does not matter if our views differ. On the basis that we respect one another's views, the most important thing to consider is whether this public policy, this health policy, would convey a positive message to the community and not cause differences among classes. As far as health is concerned, there are certainly no differences.

With these remarks, President, I oppose today's resolution.

MS MIRIAM LAU (in Cantonese): President, soon after the Financial Secretary announced in this year's Budget that tobacco duty would be adjusted upward at a substantial rate of 50%, the price of cigarettes soared at a rate of increase which ranked first among all the commodities. It is therefore absolutely understandable that the 700 000 smokers in Hong Kong have a lot to say about that.

Actually, there is nothing wrong with the Government's attempt to make people quit smoking by increasing tobacco duty as far as its intention is concerned. From the perspective of public health, 7 000 people in Hong Kong die every year of illnesses arising from smoking and passive smoking, resulting in an economic loss as much as \$5.3 billion. The social cost is immense. The University of Hong Kong has, earlier on, cited the results of a European research and pointed out that raising tobacco duty to increase the price of cigarettes is effective in achieving tobacco control, particularly among low-income earners whose rate of smoking is as high as 29%. Raising tobacco duty would certainly dissuade them from buying cigarettes.

Meanwhile, the authorities have cited the results of an overseas survey and pointed out that every 10% increase in tobacco duty imposed by the government would reduce the number of young smokers by 6.3%. If such an experience is applicable to Hong Kong, the rate of increase in tobacco duty this time, which is as high as 50%, should theoretically be able to reduce the number of young smokers by more than 30%. Such a result would certainly be welcomed by the public.

However, it is really doubtful whether this fantastic plan of the Government will be realized. Although the smoking cessation hotline of the Department of Health has received a lot of enquiries immediately after the

Financial Secretary announced the increase in tobacco duty, the Liberal Party has to point out at the same time that the problem of illicit cigarettes has also become increasingly rampant and the Government's chance of fulfilling its good wish of reducing the number of smokers may be lowered as a result.

Our worries in this respect do not come from pure speculation. The press has earlier on reported the results of a survey conducted at the Lo Wu Control Point, at which visitors carrying duty-free cigarettes into the territory were interviewed. Among 10 of the visitors, six admitted that they have only spent less than 24 hours outside Hong Kong. These people have cut corners in smuggling duty-not-paid cigarettes into Hong Kong, but none of them have been checked randomly by Customs officers and succeeded in going through customs. The situation is tantamount to "giving the green light" to duty-not-paid cigarettes which have been illegally imported into Hong Kong and that is a big loophole.

Meanwhile, some smokers would also start to do the wrong thing and switch to ordering cigarettes from smugglers and some illicit cigarette syndicates even provide delivery services to meet the demand. One can see that the Government, by raising tobacco duty without effectively combating illicit cigarettes at the same time, has actually promoted the sales of illicit cigarettes, "fattened" the illicit cigarette syndicates and encourage smokers to cut corners and defy the law.

Newspaper vendors selling cigarettes at the normal price have been inadvertently hit instead and they have become the real victims of the increase in the tobacco duty. Last Saturday, more than 20 newspaper vendors participated in a 24-hour hunger strike outside the Financial Secretary's official residence. One of those hawkers whose stall is in Mongkok pointed out that he used to earn as much as \$1,000 per day by selling cigarettes, but since the Government has made the announcement on the duty increase, his income has been cut by as much as 50% and he speculated that he has lost his frequent customers to the market of illicit cigarettes. A newspaper vendor group even estimated that almost half of the 2 600 newspaper vendors in Hong Kong would have no choice but to close down their businesses and 5 000 newspaper dealers can lose their job at any time under the adverse economic climate at present.

The Liberal Party considers that the Government should really try and understand the worries of these people and in response, take effective measures to minimize the impact of the increase in tobacco duty on them. Otherwise, the

Government would be hoisting the flag of "preserve jobs" and urging every trade and industry to preserve jobs on the one hand while breaking people's rice-bowls on the other.

In conclusion, the Liberal Party considers public health to be of paramount importance and therefore, despite our many criticisms and concerns about the Government's increase in tobacco duty, we support the upward adjustment in principle.

Regarding Mr Albert CHAN's motion to repeal the order to increase the tobacco duty, the Liberal Party considers that it may give a wrong message to smokers. It may make those who intend or at least wish to quit smoking think that there is a chance for them not having to bear the high prices of cigarettes in the future, and thus give up the idea of quitting smoking. The benefits to the community would therefore be sacrificed and so we would not support such a proposal. However, the Government must combat illicit cigarette trading practically and effectively and plug the existing loopholes immediately, so that the measure of increasing tobacco duty would not produce the counter-productive results of failing to improve the public's health but dealing a hard blow to the livelihood of small traders.

With these remarks, President, I oppose Mr Albert CHAN's motion.

MR VINCENT FANG (in Cantonese): President, although I do not agree with the rather provocative remarks recently made by colleagues of the League of Social Democrats, I consider the Government's significant increase of 50% in tobacco duty to be inappropriate under the current circumstances. To be more specific, I oppose the Government's reckless move of increasing the tobacco duty significantly without any complementary measures to stop illicit cigarettes totally and monitor the movement of duty-free cigarettes into Hong Kong.

The Financial Secretary has given us the fine-sounding reason of "for the health of the public" for increasing the tobacco duty. However, as the Government is at its wit's end in stopping illicit cigarettes totally, the initiative, though well-intended, will only bring about undesirable results. Not only will the Government fail to fulfil its good wishes, it will also encourage more smuggling and trading activities of illicit cigarettes, causing greater risks to the

health of smokers and dealing a hard blow to the livelihoods of the newspaper vendors who are doing small business in a down-to-earth manner and owners of the remaining 20 or so stalls selling cigarettes.

I support the implementation of tobacco control in a reasonable manner. However, the problem is that the Government, by using inappropriate measures, has made smokers suffer and dealt a hard blow to the livelihood of many.

Last Saturday afternoon, a few newspaper vendors knelt outside the official residence of the Financial Secretary and asked to submit a petition to him. There were two pair of crutches on the ground because two of the newspaper vendors were disabled persons. They cried sorrowfully and hoped that the Financial Secretary could give them an option so that they could continue to earn their own living. I was there too and it was a really heartrending and sad scene.

Why are these people so miserable? The main reason is that since the Financial Secretary raised tobacco duty, their turnover has dropped by more than 50%, not only in terms of the sales of cigarettes, but also their business in general. As computers and free newspapers have become popular, the business of newspaper stalls has been affected because the number of people buying newspaper and magazines from newspaper stalls has shrunk substantially. When smokers go to these stalls to buy cigarettes, they often buy newspaper and chewing gums as well. However, after the increase in tobacco duty, these customers have decreased by more than half.

It may be a bit too early for Secretary CHOW to be complacent. The situation is not one in which smokers have quitted smoking instantly or smoked less; they have simply switched to buying the cheaper illicit cigarettes.

The increase in prices of duty-paid cigarettes has actually created a bigger opportunity for the market of illicit cigarettes to develop. As a Member has mentioned earlier, some dealers in illicit cigarettes have solicited business from newspaper vendors, asking them if they would sell such cigarettes and even told them that they could earn a bigger profit by selling them instead of duty-paid cigarettes. Besides, excellent services are offered in the provision of illicit cigarettes. The cigarettes can be sold either in cartons or by the pack. One even has a choice of the warning logos to be displayed on the cigarette pack and the cigarettes are delivered to the customer's door. As such, how can newspaper vendors possibly compete with them?

Our Financial Secretary Mr John TSANG, who was once Commissioner of Customs and Excise himself, said that he was highly confident in the Customs and Excise Department. However, in the last few days, we witnessed vegetables bearing false labels being overtly transported on a large scale to our markets, restaurants and eateries. Would the situation not be worse with regard to trading activities of illicit cigarettes which earn a higher level of profit? It is indisputable that illicit cigarettes are flooding the market. Since the Government conducts a survey on the number of smokers every few years in Hong Kong, it can actually calculate the level of tobacco consumed by smokers each year. By comparing it with the quantity of duty-paid cigarettes, it will know how big the market of the duty-not-paid cigarettes is. According to the Thematic Household Survey Report No. 36 published by the Government in November last year, the percentage of smokers in Hong Kong has remained at 15% in recent years. With the increase in population, the actual number of smokers would have gone up too. However, the market share of duty-paid cigarettes has fallen year after year and the current share is below 50%.

The experience overseas, for example, in Europe, is that a significant increase in tobacco duty can make smokers quit smoking or smoke less. However, the difference is that there is very little smuggling activities in illicit cigarettes in Europe while Hong Kong is one of the biggest illicit cigarette markets in the world. I would like to ask the Secretary for Food and Health whether the Government has conducted any tests on the illicit cigarettes seized, what were the substances contained in those cigarettes and whether they were harmful to people. The tobacco companies have to conduct regular laboratory tests on their cigarettes for the sake of their brand names and so they will be very careful in the choice of ingredients. Illicit cigarettes, however, once seized by the Customs and Excise Department, can only be referred to as "duty-not-paid" cigarettes. In fact, we know only too well that such cigarettes are actually counterfeit cigarettes, or even contraband cigarettes. I am worried that some of the substances contained in those cigarettes, if consumed over a long period of time, will be even more harmful to people's health than those in genuine cigarettes.

Therefore, although the Government has given the fine-sounding reason of "for the health of the public" for taking the initiative, it may actually do more harm for a longer time.

Regarding the market of duty-free cigarettes, as mentioned earlier, its share is constantly on the rise. On the one hand, the Government has raised tobacco duty, and on the other, it allows people to carry duty-free cigarettes across the border every day, turning a blind eye to them. Although the Government is aware that small traders are on the verge of closing down their businesses, it has encouraged smokers to cross the border and buy duty-free cigarettes. Is the Government not helping the powerful and trouncing the weak?

During the debate on the Bill regarding the comprehensive ban on smoking, I suggested that if the Government considered smoking such a big evil, it could follow the example of the closed country Bhutan and imposed a total ban on the import of cigarettes. However, if the Government agreed that cigarettes are a lawful commodity, it should give the trade some reasonable room for operation. Given that the Government allows cigarettes to stay, it should let all the stakeholders have a reasonable and fair share of room for operation. Therefore, no matter whether we succeed in repealing the increase in tobacco duty or not, I hope the Government can improve on the complementary measures concerned. Otherwise, tens of thousands of people will become unemployed and more law-abiding citizens would be encouraged to engage in unlawful business activities.

Finally, I hope that the Secretary for Food and Health will consider the proposal put forward by Mr Tommy CHEUNG and myself to expand the categories of commodities that newspaper vendors can sell so as to give them an option. I so submit. Thank you, President.

DR JOSEPH LEE (in Cantonese): As the Chairman of the Panel on Health Services, and as a nurse, I believe that I should take my own stance to say something. Many colleagues have mentioned the advantages of increasing tobacco duty and the reasons for not increasing tobacco duty, relating the issue to red wine and others, as well as the grassroots or rich people, and so on.

However, I would like to view the issue from the perspective of health. We all know that smoking is hazardous to health. The less you smoke, the healthier you will be. It is an undisputable fact that with better health, less people will suffer from health problems, thus resulting in less utilization of public health care system and a balanced use of resources. The Secretary proposed an increase in tobacco duty. But then, after the tobacco duty increase, will it really

help to reduce the number of smokers and make more people quit smoking, so that people will become healthier and utilize the public health care system less? I dare not give any estimation on this. Nevertheless, this could be a phenomenon in the future. However, can a significant increase in tobacco duty — I refer to the retail prices of cigarettes — help reduce the number of smokers? I dare not give any estimation, either. But our subjective wish is that following the increase in tobacco duty, besides actual effects, there should also be the effects in terms of behavioral semiotics, so that we are aware that the Government does not encourage people to smoke. Either as a nurse or as the Chairman of the Panel on Health Services, I am in absolute support for this approach. Indeed, we have no idea of its outcomes. But on health grounds, I do not see any reasons for opposing the Government's approach.

Some colleagues queried whether cutting red wine duty and raising tobacco duty will give us an idea that the Government encourages people to drink wine, rather than encouraging them to smoke. However, as far as I know, it has nothing to do with encouragement. In my opinion, if I remember it correctly, when a reduction in red wine duty was proposed, it was not the duty of liquors that were to reduce — in Hong Kong, there are two kinds of alcoholic beverages, red wines and liquors (brandy, whisky, and so on) — so the case is totally different. Drinking more liquors will do harm to health. Certainly, drinking too much red wine will do harm to health too, but it has nothing to do with how much red wine is drunk. It is the difference in the alcoholic content that matters. To my own understanding, one of the Government's main aims of reducing red wine duty is to upgrade the commercial value of red wines through low taxation so as to develop Hong Kong into a red wine centre. I hope that under such policy, Hong Kong can make some economic progress or certain contribution.

I think that the argument that a cut in red wine duty helps encourage rich people to drink more red wine should not be equated simplistically with that for the increase in tobacco duty. Let me joke that if the Government intends to build Hong Kong as the largest centre for tobacco trade and therefore cuts the tobacco duty — if the Government really takes this approach — I will consider whether to support or not. However, on this occasion, the Government's approach is entirely different from the above presupposition. In the whole justification, these two arguments should be viewed as a comparison of oranges with apples. This time, if this is used as the reason for comparison or as one of such reasons for repealing the orders concerned, I should say that this is not appropriate.

In addition, there are still many other justifications. For instance, some say that tax increases will make the prices of cigarettes unaffordable to the poor, and only those who can afford to pay will keep on smoking. However, when considerations are taken from another natural perspective, the elements of informed choice are involved: people know well that smoking is good or bad; people know well cigarettes are of high or low prices; one knows very well his/her own affordability. These are the elements of informed choice. If considerations are taken solely from the perspective of choice, this will be an open and fair approach.

Surely, every one has his/her own choice. It is impossible for me to make the Government agree, just by saying something like this, that with this approach, poorer people will be unable to pay for the cost of smoking, while the rich can keep on smoking, as this argument is not substantiated. For this reason, I purely consider from these perspectives and think that this argument should not be used to constrain the Government's measures by making it the justification for repealing orders. No matter it is from a narrow angle or from a health perspective, I cannot but support the Government's proposal to increase tobacco duty, hoping that this can help reduce smoking and make more people quit smoking so that the resources of the Hong Kong health care system can be properly used.

I so submit. Thank you, President.

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

MR WONG TING-KWONG (in Cantonese): President, I must make a declaration of interest first. I am a person who has not quitted smoking yet. *(Laughter)* However, I support the Government's increase in tobacco duty on this occasion. Why? I have the habit of smoking, and I know that smoking is harmful to health. But it should be taken slowly.

Recently, I have contacted some newspaper vendors in Sham Shui Po district. They relayed to me that following the tobacco duty increase, their business was reduced. At some less busy spots, newspaper vendors sold 30 to 40 packets of cigarettes fewer than before every day, with their incomes reduced by more than \$100. As for the busier spots, they sold about 100 packets fewer

daily, and the income was reduced by \$30,000. This dealt a rather big blow to them. Although I have noticed that they sell fewer cigarettes, does it mean that Hong Kong people smoke less? If it does, I think, it would be a remarkable result. But this is actually not the case. Why are fewer cigarettes sold? According to the newspaper vendors, and from my own observation, there has been an increase in on-street sale of illicit cigarettes. For this reason, I think that while the Administration increases tobacco duty, the related bureaux should step up the enforcement against the sale of illicit cigarettes. To have an Administration capable of effective governance, co-operation among departments is extremely important. If, on the one hand, there is an increase in tobacco duty, then, on the other, more efforts should be made to combat illicit cigarettes. Only by so doing can the livelihood of newspaper vendors and hawkers, who sell cigarettes at list prices, be ensured. I hope that the Administration will listen to these views. Thank you, President.

MR LEUNG KWOK-HUNG (in Cantonese): President, as you all know that I have the habit of smoking and drinking, I need not declare my interest.

I will, first of all, discuss the problems faced by newspaper vendors. Although they are petty bourgeois and small business owners in a city advancing rapidly towards modernization, they are leading a difficult life. In fact, before they complain about the substantial reduction of their income due to the drop in cigarette sales, we have already noted that the Government allows many convenience stores, such as Circle K and 7-Eleven, to open. I have been to many cities, but never before have I seen so many convenience stores in a city. In Hong Kong, convenience stores are everywhere, and their scope of business is also expanding continuously. The newspaper vendors intend to sell other types of products — as mentioned by Mr Vincent FANG and Mr Tommy CHEUNG earlier — but the Administration rejects them firmly, so as to drive them out of business. If the newspaper vendors request to sell other products, say fish balls, they definitely cannot obtain the licence. However, when you go to 7-Eleven or Circle K convenience stores, you can buy fish balls. Even the fast food shop in the estate where I live feels the pressure, and has to sell steamed rice rolls. In such circumstance, competition arises. This group of people in Hong Kong is proclaimed by the Government as diligent and hardworking, and has laid the foundation for Hong Kong's prosperity. Has the Government ever felt the slightest pity on them? 7-Eleven and Circle K convenience stores, which are

opened by large consortia, can continuously expand their scope of business, why? It is because they pay high rents to real estate developers. In this way, they can strangle the newspaper vending trade.

I cannot see the face of Secretary Dr York CHOW. Fallen asleep? No. I have heard the Secretary said that upon the implementation of the anti-smoking legislation, the Government would take an active approach to address the problems faced by newspaper vendors. However, the result was that these hawkers had to kneel down and beg the Financial Secretary. I was at the scene that day. But I was late because I had other things to do. As I witnessed their miserable situation, I was unable to control myself.

When the Financial Secretary was drawing up his Budget, he encouraged the public to give him their views. He produced TV advertisements, scheduled interviews one after another, and conducted visits to districts. How strange, what a hypocrite he is! Nevertheless, when the newspaper vendors — the four of them were altogether some 300 years old — knelt and begged at his doorsteps for a meeting with him, he just turned a blind eye to them. I thought a Nepalese had become the Financial Secretary because the one who received their letter then was a Nepalese. As for his hypocritical behaviour, I can indeed only comment it as "worse than pigs and dogs", since even pigs and dogs have sympathy and will not be cruel to their own species. Having witnessed such a scene, I know that it is meaningless to speak to him. Secretary Dr York CHOW himself promised that he would resolve the problems faced by newspaper vendors. Now, while the Financial Secretary refuses to meet these grey-haired and handicapped newspaper vendors, Dr CHOW advocates his moral-high-ground principle. I will deal with this matter later.

I would like to ask Dr CHOW. Since the passage of the anti-smoking legislation two years ago, you have done nothing to rescue the newspaper vending trade from extinction. Why have you not done anything? Have you discussed with them? Have you met them? Do you drink red wine with the rich every day? What do you do at usual times? Have you met them when you paid visits to districts? You once carried G-2000's shopping bags when conducting visit to a district, right? You, Directors of Bureaux — it seemed to be Prof K C CHAN — carried G-2000's shopping bags and let some reporters take photos at a well-known shopping arcade in Tai Po; while on the same day, I

met the residents of Four Lanes in Tai Po to look into the problems faced by hawkers who have been driven out of business by Hawker Control Teams. What kind of persons are working in the Government?

I will not argue with you anymore. You have the obligation to resolve the problems faced by newspaper vendors. Otherwise, when they become CSSA recipients, their subsidies also come from the Government. In fact, any accountable government should find the allegations made by the newspaper vendors today intolerable. It is necessary for the Government to respond openly. There is law but you cannot enforce it. The crux of the problem lies in the rampant sale of illicit cigarettes. The Government has its policy Mr Donald TSANG is good at saying, "What is the point of the pan-democratic camp talking about this? We have good experience, and we will take stringent enforcement actions." No more of your tricks, okay? You may say anything you like. At present, the sale of illicit cigarettes is so rampant that On the day when we, together with Ms Audrey EU, met the newspaper vendors, they all said that they had received pamphlets promoting the sale of illicit cigarettes. Such pamphlets, on which the place of delivery is indicated, are thrown into my house every three days. Are you blind? Shall we ask Mr Albert CHAN to show you these pamphlets later? You still insist your views? Although you may consider that the newspaper vendors have made such allegations out of selfishness, their case tells us clearly that the Government's policy is not enforceable. As a result, many people have no choice but are forced to smoke cigarettes from unidentifiable sources because they cannot afford to buy fixed-price items. I have once smoked these cigarettes. I have smoked Viceroy which cost \$40 for each long pack. I just took one puff and vomited immediately, so I threw it away.

In this circumstance, you still make no response. I guess you have no idea what to do! In other words, you are unable to combat against the sale of illicit cigarettes, and the trafficking of ketamine either. But the Government says, "We have the power in hand now. No matter what you say, we are just doing it in our own way." No more of this! You cannot do even trivial things. Are you able to wipe out all the illicit sources in the Mainland? Are you able to arrest those ketamine traffickers? And are you able to arrest those who sell illicit cigarettes?

I also want to mention one thing. There is a Chinese expression which says, "Brothers are still brothers even in fighting". Mr John TSANG's "elder brother" is his boss backing him up — Mr Donald TSANG. When Donald TSANG was the Financial Secretary in 1999, he listed out the reasons for not increasing tobacco tax, which were: first, the Government was not in urgent need for money; second, increasing tobacco tax would only aggravate the problem of illicit cigarette trading. This was what he said at that time. Today, the problem of illicit cigarette trading has become more serious. These two brothers the elder brother said that they would not do what they were not capable of. Now, this "kai dai"¹, that is, the younger one of the two brothers, said

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, be careful of the words you use.

MR LEUNG KWOK-HUNG (in Cantonese): Even there is problem if I say "sworn brothers"? "Sworn brothers" have to swear an oath of brotherhood, too. President, excuse me, have you heard the story "Three Heroes Swear Brotherhood in the Peach Garden"?

PRESIDENT (in Cantonese): You may continue. But I remind you, be careful of the words you use.

MR LEUNG KWOK-HUNG (in Cantonese): I will. I did not know that I cannot even say "sworn brothers". Never mind!

Put it simple. His younger brother succeeded him. The succession line goes from the elder brother to younger brother. It is similar to the Zhou Dynasty's succession system, whereby the elder brother would be succeeded by his younger brother if the former was promoted, and such practice took place at the next higher rank and so forth. We just follow what the Zhou Dynasty did. Our government is formulated by a small circle of people. Vacant positions left by the elder brothers will be taken by their younger brothers, and in such way

¹ "Kai dai" is the romanization of the Chinese expression "契弟", which carries two meanings: (a) the younger one of the sworn brothers; (b) an offensive language which insults others as son of bitch.

until all vacancies are filled. Now, it is just Mr Henry TANG going in between them, anyway. The two brothers have the same logic. However, Mr John TSANG lied by saying that illicit cigarette trading was completely wiped out. If Mr John TSANG dares to go to any districts (I make it clear that he should go in plainclothes) where he cannot buy illicit cigarettes, he may cut off my head, OK? This government's words cannot withstand empirical tests. I have invited them to arrange such visits many times. This is my first point.

Second, I have learnt from my Honourable colleagues that the Government prohibits people from harming themselves by increasing tax. Members belonging to the League of Social Democrats have a clear concept. We object to the imposition of indirect tax, that is sales tax. Sales tax must be regressive tax. The tax on luxury goods should be increased, such as shark's fin and abalone — the kind of food which Mr Donald TSANG often dines with rich tycoons (East Magazine often features photos of Mr Donald TSANG walking out of a restaurant with a tooth pick in his mouth). Besides, levy on pleasure boats and so on should be raised. As regards pollution what is the meaning of smoke-free city? I often go to Central. I find many tycoons' private cars idling their engines in front of the New World Centre. What are these waves of smoke emitting out from their cars? I walked past and saw it once. I found that the situation was even worse than in smokers' den. You may choose to impose a ban on them, or increase their tax.

Long ago, I considered that the problem in question can be resolved by imposing a tax similar to the nature of profits tax. We need money to establish smoking cessation clinics, write books, and produce television announcements and cartoons, right? Why is it necessary to impose sales tax? Our stance is very clear. We definitely do not share the views of the political parties which support the increase of sales tax, except the proposal of imposing a tax on luxury goods. Take for an example, tax should be levied on diamonds, right? It is a simple fact. During discussion, you all said that everything was for the benefit of the public. Smokers should pay more tax because other people do not smoke. Then I wish to ask your opinion. The health hazard caused by tar during barbecue is more serious than that by 10 cigarettes. Whether barbecue activities should be taxed? Another example relates to bacon. Bacon is my favourite food. But bacon may cause severe problems.

In fact, whether smoking should be banned or not hinges upon only a moral argument, that is, smokers will cause others to suffer from passive smoking, so

they should not smoke. At present, Hong Kong imposes the strictest anti-smoking measures in the world. Smoking is not allowed even in the open area of university campus. This is the strictest measure, and so the purpose of banning smoking is achieved. But let me tell you, it is useless to take enforcement actions. When you have time, please go to night-time entertainment establishments, such as karaokes, or Mongkok. It is not difficult to find people smoking overtly in restaurants. The officers responsible for tobacco control can do nothing to enforce the law.

What is the favourite trick the Government likes to play? As the Government fails to do what it should do, and fails to rescue Hong Kong people, it intends to build its image by introducing this piece of high-sounding legislation. However, even if the legislation is passed, it is not enforceable, nor is it justifiable. According to the Government's logic, activities harmful to humans should be banned. If so, then parachuting, for instance, should be banned as it may be fatal. If a parachutist is injured, he has to go to hospital, right? The same case for hiking, too. Any activity may involve dangers. Should all of them be banned? Should tax be imposed in order to deter people from doing something? Our country used this method before. Opium was harmful, so people paid more to buy prepared opium. A man got rich from selling prepared opium; he was Mr DU Yue-sheng.

The logic of imposing tax in order to deter people from doing something is totally perverse. The rationale is simple. The rich can keep on doing things which are harmful to others. That is it. Therefore, a capitalist society is, in a nutshell, a society where judgment is made by only taking into account the money you have. If you have money, you can do it, right? We know that anti-drinking measures were once introduced in the United States, do they work? Many people say that alcohol does not affect but is good to health. This is really nonsense. Some people just distort the truth in order to support the Government.

I also asked Secretary Dr York CHOW whether he had studied the impact of alcohol abuse, or made a comparison with other countries in this respect. He does not give us any reply. But we have conducted such studies. How many alcohol treatment centres are there now? No. This government is unreasonable. In order to satisfy its own desire, the Government calls upon other people to offer their irrational support by distorting the truth. Our stance is

very clear: it is completely wrong to discourage others to quit smoking through an increase of tobacco tax. We consider that the Government is wrong to do so. Thank you, President.

MR KAM NAI-WAI (in Cantonese): President, Mr Andrew CHENG has just clearly stated on behalf of the Democratic Party that we are in support of the increase of tobacco duty. However, I would like to add two points. Some fellow Members have previously said that we have not listened to the views of newspaper vendors. I wish to tell you that I just met these vendors at the office of the LegCo Complaints Division on Monday, listening to their business difficulties in person. I fully understand that they are facing the survival issue which we are now discussing.

I see that Dr CHOW, the Secretary for Food and Health, is here. While the Government is reviewing its policy on hawkers, we all know that such review as conducted by the Government may possibly take years to complete and cannot help solve urgent problems. We clearly know that the business environment of newspaper vendors is already very harsh, the sudden increase of tobacco duty by the Government A number of fellow Members have already mentioned this point and I am not going to repeat it. I hope that the Government can consider if any measures can be implemented in the short run to assist newspaper vendors. Some fellow Members suggest allowing some more varieties of goods to be sold at newsstands and some suggest reducing their license fees. No matter what the suggestions are, I believe the Government should give direct and prompt response to the requests of newspaper vendors and show empathy for their hardship in making a living. I think that the Government should no longer be silent on this issue without making any response. It cannot simply say that tobacco duty is increased to protect public health and ignore the business difficulties faced by the newspaper vendors.

The second point that I want to make is about the combat against cigarette smuggling, which is also known as the problem of "cross-border cigarettes". How does the Government deal with this issue? On the same day as mentioned above, colleagues of the Complaints Division showed me that there were a lot of leaflets. That was the first time I saw those leaflets and found out For other fellow Members, it may also be the first time you see them. It came to me by then that there were "cigarettes from Lo Wu", "cigarettes from Huanggang",

"Class A Vietnam cigarettes", and so on. Each of them has got a different price. Some are made in Hong Kong, some in the Mainland and some of an unknown origin. As many people have raised the issue of cigarette smuggling before, I think the Government is duty-bound to make combat efforts although such efforts are ineffective. Smuggled cigarettes are now sold everywhere in Hong Kong and can be found in the homes of ordinary citizens. At present, when we all hope that the Government can create more job opportunities, in addition to raising the tobacco duty, why does the Government not recruit a large number of Customs and Excise Service officers to increase its manpower for combating cigarette smuggling? This can actually address the unemployment issue. Therefore, I hope that the Government can provide assistance to newspaper vendors. As for the combat against cigarette smuggling, how will the Government increase its manpower to deal with it? I really hope that the Government can provide immediate and specific response. Thank you, President.

MR WONG YUK-MAN (in Cantonese): President, when this proposed resolution is debated in this Council, we will speak. Many people in this Council, including Government officials of course and our so-called Pan-democratic allies, keep misguiding concepts, quoting out of contexts, making over-generalizations and pouring out sophistries. They appear righteous, yet are outrageous in reality. As the saying goes, robbers will not cease until the sages die. We do not need so many sages, do we? We should seek truth from facts.

Dear colleagues, are we banning smoking right now? At this moment, the Secretary is simply controlling smoking, yet the control is dubious, the control is at a hideous mess and topsy-turvy. You really "bu ying gai (*in Putonghua, meaning 'should not'*)". Can we ban smoking by so doing? Let me ask you, the Secretary, a question. Can you ban smoking in prisons? Don't you know, cigarettes are money in prisons? Can you totally ban smoking in prisons? This is hardly possible; it will lead to riots and may even cause deaths. That is the reality. Since you cannot ban it, you can only control it. But what can you control at this moment?

Before 23 May 2003, I was a smoker, smoking three packets of cigarettes a day. I started smoking when I was 12 and had been smoking for tens of years. I really do not know how to count the number of years. Starting from the first

day I started to quit smoking, I still had five boxes of cigarettes at home. I gave them all away, I also threw away all the lighters. To quit smoking is difficult, but I have extremely strong will. I do not have to seek help from smoking cessation treatment centre. I quit smoking solely on my determination. Since 23 May 2003, I have not smoked again.

We all know a very respectable old man. He claims that he has quitted smoking for years, yet he always smokes discreetly. I remember once, "Ah Ngau" and I — "Ah Ngau" is another heavy smoker, but now he has become smart. He stops buying cigarettes but he does not quit smoking; he smokes other people's cigarettes. Recently I yelled at him, telling him not to ask other people for cigarettes. I said to him, "If you want to smoke, buy your own cigarettes, or else, just quit it." Once, again it was in 2003, this guy said that he was going to quit smoking. I was happy when I learnt about it and said that I would also quit smoking if he did so. At an anti-smoking activity organized by the Radio Television Hong Kong, "Ah Ngau" and I, and other people as well were invited to go on stage to talk about the experience of quitting smoking. Before we went on stage, I said to "Ah Ngau", "Hey pal, you have to be honest to yourself, OK? You'd better quit smoking or else you will lose face. It's not good if you stand on stage to talk about how you quit smoking and then the next moment, you are found to smoke again." As expected, I was right. He smoked again pretty soon.

Do you think it is really that easy to quit smoking? It is in fact very difficult. Therefore, I can loudly tell you, I do not like people smoking. However, my smoking has affected other people for tens of years and I am very sorry about that. For that, I always warn myself not to smoke again.

Since it is so difficult to quit smoking, what has the Government done? The Government said at one time that it would control smoking, and at the next moment, it said that it would ban smoking. Smoking in public place is prohibited, yet selling of cigarettes is allowed. Moreover, the Government advocates prohibition by taxation. If you pay a little more, you can smoke. Is this the case? For those smokers who have money, they do not feel the punch as a packet of cigarette only costs a few dozen dollars; yet for the poor, for the elderly who live on CSSA, or for those who receive the \$1,000 Old Age Allowance, \$40 for a packet of cigarette means a lot. If they smoke a packet a

day, the \$1,000 "fruit money" is hardly enough for them to buy cigarettes. Has the Government thought of these problems? Well, go ahead and help them quit smoking. Yet, are resources available to help the elderly quit smoking?

If the Secretary goes to Shek Kip Mei, Sham Shui Po, or Lei Cheng Uk Estate, maybe I will go with him some day, he can see old folks puffing and chitchatting. Their twilight years are spent in that way. As the Government cannot provide residential places for them, they have to wait till they die to get into the residential homes. They have to wander around in the streets, in the parks maybe it is a better now, they can play the game "Fight the Landlord" — you may not know how to play this game, it used to be called "Big Two", now it is called "Fight the Landlord", and before that it was called "Thirteen" — or they may play chess.

In fact, the situation is the same all over the world. I saw a group of "old folks", as many as a dozen to twenty, crowded in a garden in the Chinatown of San Francisco to play cards, smoke and chat. Has the Secretary helped such elderly people? The Secretary always talks of public health, and for the sake of public health, I also agree with you, but you have to get things done. I remember the Secretary has once shouted out loud, "I would ban smoking over the territory if the situation warranted." CHOW Yat-ngok, let me tell you, you have to make your words come true. Don't say words without taking any actions, just like the Chief Executive who "bullshits". I tell you, if you really have the ability to totally ban smoking, I will definitely support you. But you do not have the ability indeed.

Some realities and facts of life exist objectively. You can only reduce the harm to the minimum. Do you have the ability to eradicate certain realities? Just now, "Long Hair" said that the United States had once banned alcohol, but what happened now? Albert CHAN moves this proposed resolution for the following reasons. Firstly, let us start from the point of view of people's livelihood. Today, under the financial tsunami, the economy is in difficulty. We should be considerate to the plight of the sectors concerned.

On 25 March, the League of Social Democrats organized a rally against the increase of tobacco duty. More than 1 500 people participated. How many newspapers have reported on this activity? Have you shown any concern? No. When we said the words "PK", we were attacked by you all on all fronts.

Although the Secretary was not present today, I still have to reprimand him. Just now I saw the instant news and it was reported that I said foul words. Guys, when did I say foul words? What kind of mass media is this? I only said, "John TSANG, you are too 'bu gai (*in Putonghua, meaning 'should not' but sounding similar to a Cantonese swear word which means 'stumbling to death on the street'*)'." What's wrong in saying so? You are all "bu gai (*in Putonghua*)". Things done by "bu gai" are done by you all. Are you not "bu gai"? To put it in a vulgar way, you cannot do shit to me — that should be coarse language. If you ask me to behave gentlemanly, I will do so. I deliver my speech in Putonghua, a precedent in this Council, at least in this term don't refute me, I have not yet finished.

What is the second reason, the first being people's livelihood? Operators of sauna houses, nightclubs, karaoke, mahjong parlours Guys, do you know that cigarettes are given out free in mahjong parlours? Perhaps as you do not play mahjong and do not smoke, you do not know. Once you step inside a mahjong parlour, you will get some cigarettes. When you sit down and engross in the game, you smoke. You may as well close all mahjong parlours, or else you have to devise a transitional plan for these places before they close down. But you do not have any complementary measures, am I right to say so? I am not against banning smoking. I just told you my personal experience. I rely on my strong will and perseverance to quit this bad habit. I do not rely on you, on the Government or on the hospital.

The second reason is the relationship between wine and tobacco. Just now Tommy CHEUNG said that the two were unrelated. You also said that the two are unrelated. Have you ever heard that wine and tobacco can be separated? Are they not related? Why is wine harmless? It is all right for you to increase tobacco duty. To make things simple, just increase liquor duty as well. Why do you not increase the liquor duty? To turn Hong Kong into a centre of red wine? Are you crazy? Is Hong Kong a centre of red wine now? How dare you cheat the public? You might just as well increase the liquor duty, pal, "Brother Keung".

If you also increase the liquor duty, we have nothing to say. The Democratic Party also attacks us now, right? They stand on the moral highlands, but we are not afraid of being attacked. Yesterday, CHEUNG Man-kwong quoted words of Lu Xun "hurling insults is no way to fight". He

was again quoting a statement out of context. How much does he know about the writings of Lu Xun? Ask his mentor Szeto Wah! He is once again taking advantage of us! "Hurling insults is no way to fight", am I hurling insults?

I have once quoted words of Lu Xun to "Long Hair". In 1997, "Long Hair" was the cover figure in one of the issues of my Mad Dog Weekly. At that time, he was not a LegCo Member yet. He wrote articles for me, otherwise he did not even have the money to buy cigarettes. The heading of the cover was "One Soldier left in the world fighting in solitude". The League of Social Democrats is trekking along a social democratic road, a road that "One soldier left in the world fighting in solitude". It is always lonely in search of truth, but that does not matter, does it?

In such a rubbish Council, I do not understand why some democrats say that we have to maintain the dignity of the Council. What kind of dignity does this Council have? Half of the Members are not returned by direct election, and half of such Members are returned uncontested. As for the 30 Members returned by direct election, that is, those who have got 60% of the votes, they become the minority. The Government is not elected by me, President, so where lays the dignity of this Council?

The President has proposed compiling a manual listing the expressions that are not suitable to be used in the Council. I believe it takes great efforts to do so. I have to see how TAM Yiu-chung, Chairman of the Committee on Rules of Procedures, conceive this idea. I am an expert in manipulating languages, let he try to challenge us and see which of my words will be listed as those not suitable to be used in the Council? Definitely I will not use foul languages. Definitely I will not use expressions related to the genital organs, just like the Donald TSANG and Henry TANG. I am educated person. Some people said that Yuk-man has sound Chinese foundation and need not use such words. That day, I just incidentally uttered some words, and yet I was attacked on all fronts. People are really fretting for nothing. This issue was not started by me, was it? Since you challenge me, of course I will take them on and fight to the end. There are no reasons why I should tie my hands and feet, and not fight back, are there?

We are attacked on all fronts, from the Chief Executive to the Secretaries, Deputy Secretaries, and most Members of the LegCo. There is also the mass media. I really have never been frightened. The Liaison Office of the Central

People's Government in HKSAR "presses the button", and Wen Wei Po and Ta Kung Pao criticize us every day through their editorials. Do you think that I know nothing about that? I tell you, I am superb in the media work. From my 36 years of experience in the mass media field, I really can see through what you are manipulating.

Of course we will not be afraid, for if we are, we will not move the proposed resolution of repealing the Public Revenue Protection Order 2009. If we follow the crowd, we will not move this proposed resolution. Mencius said, "If I find myself to be right, then even if it be an army of one hundred thousand, I will go forward."

Thank you, President.

MS AUDREY EU (in Cantonese): President, I would like to talk on behalf of the Civic Party about our stance on the motion moved by Mr Albert CHAN today. President, the motion moved today has nothing to do with whether the liquor duty should be reduced. So I do not intend to discuss here about whether drinking is bad and whether drink-driving is bad, because it is well known. As for whether a small amount of alcohol is beneficial to health, there is also a lot of medical literature. However, as far as cigarettes are concerned, there is indeed plenty of medical information proving that smoking is hazardous to health. Today, Members from the League of Social Democrats also agreed in their speech that smoking is indeed hazardous to health. They also said that if the Government really prohibits smoking, they will give their support, but they seem to oppose prohibition by means of levy.

President, when Mr LEUNG Yiu-chung delivered his speech just now, he mentioned that figures or statistics cannot fully reflect the facts. This is of course true, but figures can indeed enable us to find useful information. In 1981, the tobacco duty in Hong Kong was tripled in order to control tobacco. The proportion of smokers dropped from 23% to 18%. In 1991, tobacco duty was increased again, but this time it was only doubled, not tripled. At that time, the proportion of smokers also dropped, but not so dramatically as the last time. It dropped from 15.7% to 14.9%.

As for other places, duties have also been made use of to adjust the situation of smoking. In Canada, cigarette prices increased by 159% and the

youth smoking rate dropped from 42% to 16% in the period between 1979 and 1991. However, in 1994, when Canada reduced its tobacco duty, cigarette prices fell by one third, and the proportion of young smokers rose from 16% to 20%. It can be seen from many other figures and surveys that increasing tobacco duty is the most effective method for tobacco control.

In his speech delivered just now, Mr Tommy CHEUNG said that Hong Kong people should be very glad, because compared with other places, the proportion of smokers in Hong Kong is only 10%, which is not bad. He also highlighted that in 2008, the number of young smokers aged between 15 and 19 was 10 500. So we should feel glad. President, hearing this I did not feel glad at all. I think that the harmful effects of cigarettes are very clear. If one had already started smoking before the age of 18, it would be particularly difficult for him/her to quit smoking as the habit was established at a young age. There are also numerous medical evidences in this regard. In connection with this matter, we have also collected a lot of information, which shows that if these 10 000-odd people do not quit the habit of smoking, half of them will die from smoking. President, Mr WONG Yuk-man said in his speech that prohibiting smoking is not viable and only minimizing the harm is possible. President, as the Government proposed today to control tobacco by increasing tobacco duty, and this can minimize the harm, the Civic Party supports the proposal.

When Secretary Dr York CHOW delivered his speech just now, he mentioned that 85% of the public support reducing the number of smokers by means of a tobacco control policy. President, among the benevolent government policies introduced when we enacted legislation to prohibit smoking or control tobacco last time, this is one of the few that receive a lot of public support.

Secretary Prof K C CHAN said in his speech that there is not yet evidence to show that illicit cigarettes are offered for sale in the market. President, this is exactly the issue that I would like to discuss in my speech. It is because on Monday, like Mr KAM Nai-wai, Mr LEUNG Kwok-hung and other Members, I met with a group of newspaper vendors who sell cigarettes. They submitted many evidences. They let us read those flyers. As Mr KAM Nai-wai and Mr Albert CHAN mentioned in their speeches, there are really many flyers. Some were delivered directly to the cigarette vendors canvassing for sale of illicit cigarettes, while others were, as Mr KAM Nai-wai said, directly dropped into the letter boxes. They were printed on both sides, offering for sale Vietnamese cigarettes, grade A fake cigarettes, cigarettes from Huanggang, cigarettes from Lo

Wu, or, in short, of any brand whatsoever; and the prices and telephone numbers are all listed out. Seeing such clear evidence, I feel shocked to hear Secretary K C CHAN say in his speech that so far we have no evidence to suggest that illicit cigarettes are offered for sale in the market. This has indeed caused a big problem to the newspaper vendors in respect of their business or operation.

Of course, the problem is not all due to this tobacco control policy, because we know that, as a free newspaper reported and as Mr LEUNG Kwok-hung said just now, there are many convenience stores competing for business with newspaper vendors, resulting in their difficult business environment. However, owing to the increase of tobacco duty, their cost is substantially increased, and their income is significantly reduced. The reason is that they have to buy the goods in advance, and when the tobacco duty is increased, so are their costs, but as the prices rise, the public would directly buy illicit cigarettes delivered by express couriers, thus buying less cigarettes from the newspaper vendors. Therefore, they sustain increased costs on one hand, but receive reduced income on the other. This really imposes immediate difficulties to their living. President, this issue actually exists.

The newspaper vendors' representatives who came to meet us at the Complaints Division that day even said that they did not mind being sacrificed, because they knew very well that smoking was hazardous to health. If the Government can discourage people from smoking, it does not matter that they earn less, but it is absolutely unacceptable that illicit cigarette activities are connived at because of this and they are sacrificed while the number of smokers has not decreased accordingly. Although this issue is not directly related to the increase of tobacco duty of course it is related, if the Government is able to effectively combat illicit cigarette trade or express delivery of illicit cigarettes, it would definitely be a big help to them. President, I would like to stress this point in my speech, and I also hope that the Secretary can talk about the issues of prohibiting or combating illicit cigarettes later in his response.

During the meeting with us, the newspaper vendors highlighted that when Financial Secretary John TSANG mentioned in his Budget speech that he would crack down on illicit cigarettes, they believed him, because as he had previously served as Commissioner of Customs and Excise. When he announced the increase of tobacco duty, and that while strengthening the promotion of smoking cessation and tobacco control as well as enforcement work, he would combat illicit cigarette at the same time, they really believed him. On this point, I hope

to hear later from the Secretary that the Government will provide a very appropriate response in respect of the evidences that we have seen at the Complaints Division provided by different representatives and that the Government is able to address these issues so that our confidence will be greatly boosted.

Mr Tommy CHEUNG has just mentioned in his speech that when we discussed about tobacco control legislation last time, Secretary York CHOW undertook to address the issue of newspaper vendors' income from advertising being reduced. Regarding the issue of newspaper and magazine retail in the streets of Hong Kong, as LEUNG Kwok-hung said earlier, these small businesses are faced with great difficulties in the process of development of a big city. Regarding the cases received by the Complaints Division, we hope to meet with various government officials, but also hope that the Secretary will give us an appropriate promise when providing a response later.

President, many colleagues have pointed out that the whole community also hopes that the issue of smoking can be addressed properly, but we can see that even if tobacco duty is increased, it cannot help people quit smoking completely. According to statistics, 60.6% of the smokers are aware of smoking cessation services, but only 2.1% use them. President, obviously we have much to be done. Therefore I hope that the Secretary would not only rely on the increase of tobacco duty to control tobacco, but also formulate specific measures so as to, in addition to combating illicit cigarettes, do more on education and publicity, as well as services that help smoking cessation.

Generally speaking, President, the Civic Party will oppose the resolution proposed by Mr Albert CHAN. Even though prohibiting smoking is not feasible at this stage, we still hope to minimize the problem of smoking being hazardous to health.

MR RONNY TONG (in Cantonese): President, originally I did not intend to speak, but Mr LEUNG Kwok-hung claimed that our colleagues in this Council support the Government "for the sake of support", which is a blatant distortion. President, sitting here, I definitely cannot tacitly acknowledge it.

Our party leader has just said that it is very difficult to deal with the issue of smoking before the age of 18. President, I was myself a very difficult person

to deal with. If my memory serves me right, I smoked my first cigarette at the age of 12 or 13. During the most serious times, I smoked up to one packet of cigarettes a week, but this does not mean that I smoked less. It was only because I had no money to buy them, and thus often resorted to asking others for cigarettes. Whoever took out a packet of cigarettes, I would ask him for a stick or two, and then put them in my pocket. Not until I arrived in the United Kingdom did I shockingly realize that the cigarettes there were very expensive. They cost five pounds per packet then. Mr Alan LEONG is also nodding. I do not know how much they cost at his time. As I really could not afford them, I quit smoking. President, I feel lucky to have been in the United Kingdom that day. I absolutely disagree with my colleague's allegation that we support the Government "for the sake of support". It is a blatant distortion. I consider that we also have our own lines of reasoning, which perhaps our friends from the League of Social Democrats may not agree with, but I still hope that they would respect our position just like we do theirs, and they should not accuse us of making blatant distortions.

President, after listening to several colleagues from the League of Social Democrats, I noted no more than three reasons. The first reason is: can we totally ban smoking? This is impossible. The second is an economic reason: it is very hard for those people to run their business. The third reason is that elderly people are very bored as they have nothing to do; if they are even not allowed to smoke, they do not know what to do. Sorry, President, I find all the three reasons unacceptable.

I consider the first reason most important, because it involves some very basic principles, including morals in life. President, if no attempt for improvement is made whenever the situation cannot be eliminated, then our society has no future. As I am standing in the Legislative Council, if I give up participation without having tried to improve or change this council, I do not think that there will be a future for Hong Kong. I often tell students a very simple truth: does the fact that we have traffic lights imply that no one would jump the red light? Does the existence of traffic lights mean that no drivers would knock anybody down causing death in front of the traffic light? No, President, it happens every day. We have many things prohibited by law, for example dangerous drugs, but can dangerous drugs be totally banned? Bank robbery is prohibited by law, so is murder, but can they be eliminated? No. However, does the fact that they cannot be completely eliminated mean that there is nothing we can do? I do not agree. In addition, I also disagree with our

party leader's allegation that the present subject has nothing to do with red wine. Sorry, I am even criticizing our party leader. I consider them related. We are opposed to reduction of duty on red wine. We also object to reduction of estate duty. As long as there can be control to a certain extent, I am in favour of control. However, as we are not the Government, nor the ones who rule, we are unable to do so. Nevertheless, being not in the ruling position or being unable to do so does not mean that we cannot support what we believe to be right, or oppose what we believe to be wrong, does it? Sorry, I do not agree with such logic.

President, Mr WONG Yuk-man has just asked why motor vehicles are not prohibited and vehicle tax is not raised. President, there is vehicle tax already. The larger the fuel tank of a motor vehicle is, the more toxic gas it emits, and the more tax is to be paid. Other examples are numerous, such as barbecue. Even if not for barbecue, have our power plants not polluted the air? Yes, they have, President, and the situation is very serious. But does it mean that we should completely abandon using electricity and turn to use candles? We can, but does society agree? President, after all, there is only a very simple truth: under these circumstances, we must draw a line to strike the right balance. Whatever we can do, we should do. Whatever we cannot do, we still hope to be able to do in future. It does not mean that if there are things that we believe cannot be done today then we should not do even just a few. President, this is the greatest difference between us.

Regarding the second reason, the economic one, I am sorry, I find it really very difficult to agree with, because we are here every day to goad the Government into not ignoring people's livelihood, nor even ignoring their health, in return for economic development. I believe that everyone in the Council, including several colleagues from the League of Social Democrats, agree that smoking is harmful. So why should we do something hazardous to health for economic reasons? Is it impossible to resort to other remedies? President, if I were to rule, I would increase tobacco duty for the first thing, and would offer concession on the licence fees for cigarette vendors and newspaper vendors at the same time, or earmark a sum of money to reward those who do not smoke. These are the things that I would do. However, as members, particularly Members of the Legislative Council, possessing no political power, we can only express our views in this regard. We agree to increasing tobacco duty in order to impose a certain degree of control. We consider this direction correct.

However, if such action is to be abandoned for economic reasons, I consider it unjustifiable in principle and logic, and I cannot give it my support. I still believe that money is not everything.

President, the third point, which is even more ridiculous, is that the League of Social Democrats considers that some poor people or elderly will be very miserable if they have no cigarettes to smoke. President, I absolutely cannot accept this kind of sophistry. There are many things they can do, such as playing chess. Many elderly people enjoy playing chess. They do not necessarily have to smoke. They can also enjoy Cantonese Opera. There are so many things they can do. Should a certain thing be tolerated in this society just because some people like to smoke it and even if we consider it harmful to them and wasting resources, as well as because losing it they would have nothing to do? President, I do not see where the logic is in that. I consider that in this regard the responsibility lies on the Government. If it actually happens in society that some elderly people really think that without smoking they would not know what to do and would rather die, then the Government has the duty to guide them into developing some healthy and good habits. These two issues must not be confused. One thing is black does not necessarily require that another thing be black. We must distinguish black and white.

President, I consider smoking hazardous to health. So I am glad that I had a chance to quit. I am also very glad to see that Mr WONG Yuk-man had a chance to quit too. Nevertheless, I do not agree with the argument that increasing tobacco duty is a blatant distortion and violates the principles.

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

(No Member indicated a wish to speak)

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, I thank Members for their valuable opinions, many of which remind me of the discussions held in 2005 and 2006 during the passage of the new tobacco control legislation. I also thank a lot of Members for their continuous support of our current strategy. In their speeches, Members have raised doubts on the reasons for increasing tobacco duty and its effectiveness. Please allow me to respond to Mr Albert CHAN's motion and the key points made by Members.

First of all, I have to reiterate that Mr CHAN's motion actually concerns whether tobacco duty should be increased. I understand that taxation principle is a public finance initiative and that is why the Financial Secretary mentioned about it in the Budget. However, as I have stated in my opening remarks, increasing tobacco duty is crucial to tobacco control, which is an indispensable component of public health policy. Instead of confusing tobacco duty with other revenue items or budget initiatives, I hope that the motion will be considered from the public health perspective.

Although Members have pointed out that increasing tobacco duty will have implications on the economy and people's livelihood, we should not forget that the economy and people's livelihood also suffer from the adverse impact of smoking. Both international and local studies clearly show that smoking and passive smoking lead to heavy medical expenses and economic losses. According to the research on the Hazard of Smoking and Passive Smoking conducted by the Department of Community Medicine and School of Public Health of the University of Hong Kong from 2000 to 2004, tobacco costs the Hong Kong economy 5.3 billion every year in 1998 prices. Losses include the costs of health care and residential care services as well as the loss of working time caused by active and passive smoking. This has yet to take into account the immeasurable monetary cost of the loss of human lives due to smoking and passive smoking.

The economy and people's livelihood bear on the well-being of the society and members of the public. The Government has an unshirkable responsibility in this regard. So far, there is no evidence to show that tobacco control will adversely affect the economy in the long term. On the contrary, smoking and passive smoking obviously incur long-term and permanent losses. Taking a retrograde step in tobacco control will only inflate the losses. The purpose of increasing tobacco duty is to encourage more people to quit smoking and minimize the losses and harm of smoking and passive smoking. In particular, it is hoped that fewer youngsters will have their first cigarette and take up the bad habit of smoking. This will protect the health of our people and the next generation, which is more in line with the interest of the society.

On the effectiveness of tobacco duties, some people will have doubts but quite a few Members have referred to the relevant surveys conducted by the World Health Organization, the World Bank and universities in the United States. As such, I am not going to repeat here.

Nevertheless, the experience of Hong Kong also clearly indicates that the smoking prevalence rate fell every time after a drastic increase in tobacco duty. For example, after a 300% increase in tobacco duty in 1983, the smoking prevalence rate dropped to 18.7% in 1983, down from 23.3% in 1982; and after a 100% increase in tobacco duty in 1991, the smoking prevalence rate dropped to 14.9% in 1993, as compared to 15.7% in 1990.

As increasing tobacco duty has failed to bring down significantly the number of young and female smokers for whom we especially care, people may ask whether it has disproved the effectiveness of tax increase. Others may query if it is still necessary to increase tobacco duty, given that the overall smoking prevalence rate has been declining despite the absence of any drastic increase in tobacco duty rates for so many years.

I must point out that cigarettes are not a necessity. Smokers have to respond to prices. This is a simple economic theory. I have no intention to attribute the smoking prevalence rate of female and young smokers to the successful marketing strategies of tobacco companies. However, the smoking trend among these groups of people warrants our concern. The present situation calls for enhanced tobacco control efforts by means of taxation. As smokers are smoking more cigarettes, it is the right time now for us to resort to the economic initiative of taxation after having stepped up tobacco control efforts on various fronts, such as publicity, education, legislation and enforcement.

I have a brand-new example to prove that increase in tobacco duty does help to prompt smokers to quit smoking. After the Financial Secretary announced a 50% increase in tobacco duty, many smokers immediately called the Department of Health Smoking Cessation Hotline and the smoking cessation clinics run by the Tung Wah Group of Hospitals enquiring about the ways to quit smoking. Over the past three weeks, the average number of calls the Department of Health Smoking Cessation Hotline received each day surged by more than 15 times as compared with that in the entire year of 2008. Meanwhile, the smoking cessation clinics run by the Tung Wah Group of Hospitals were also thronged with a constant stream of help-seekers. We should not shake their determination to quit smoking at the moment, should we? Therefore, with strengthened smoking cessation services in several districts, we believe that we can do our best to help smokers quit smoking.

Some Members consider the 50% increase in tobacco duty particularly unfair to low-income earners. However, they seem to forget that cigarettes are definitely not a daily necessity and are hazardous to health. Members of the public, no matter they are rich or poor, will not be affected by the increase in tobacco duty as long as they do not smoke. In fact, if a person consumes one packet of cigarettes per day, he will have to spend about \$13,000 on cigarettes each year before the tax hike. If he does not buy cigarettes at all, the money so saved can be put to better use. From this example, we can see that smoke less or quit smoking altogether benefits our health and our wallet as well.

I have to keep on stressing that increasing tobacco duty is a public health policy to cope with the internationally recognized public health issue of tobacco use. It is not targeted at anyone of any social strata. Health concerns everybody, whatever their social statuses are. Reducing tobacco consumption also reduces passive smoking, which will in turn protect public health, including the health of the family members and children of smokers. We are happy to see more smokers quit smoking. The Financial Secretary has also said that he will balk at nothing, not even the loss of revenue from tobacco duties. As such, it is unfair to say that tobacco duty targets at low-income earners.

Many Members have mentioned the relationship between tobacco duty and newspaper vendors. I am aware that the increase in tobacco duty may affect newspaper vendors in certain ways. Apart from enforcement agencies' enhanced efforts against illicit cigarette activities, the Food Safety and Environmental Hygiene Department will communicate with newspaper vendors to understand their business environment and concerns. Several Members, probably Mr Vincent FANG and Mr Tommy CHEUNG, have just said that newspaper vendors would like to sell additional commodities other than those specified in the relevant licence. As far as I know, in addition to selling newspapers, they can apply for the sale of eight more types of commodities including tissues, lighters, sweets, chewing gums, preserved fruits, batteries and ball pens. The Food Safety and Environmental Hygiene Department will look into their needs in a more accommodating manner. As regards the other restriction, the stall area designated for selling additional commodities shall not exceed 25% (that is one fourth) of its total area. Their views in this respect will also be taken into account and more flexibility will be allowed.

Members have also pointed out that as both alcoholic beverages and cigarettes are hazardous to health, we should not just increase tobacco duty but do

nothing with alcoholic beverages. The Secretary for Financial Services and the Treasury has already explained to Members the rationale behind exempting the duties on alcoholic beverages. Now I would like to respond from a public health perspective.

From a medical point of view, passive smoking certainly affects and poses direct health threats to other people. Smoking is hazardous to health regardless of the amount of consumption. Unlike passive smoking, drinking itself does not pose direct health threats to others and may not necessarily harm your health. Therefore, from a public health perspective, we should not bring tobacco products, which are absolutely harmful, on a par with drinking.

Excessive drinking or even alcoholism is certainly hazardous to health. People react differently to alcohol. The public should learn more about the effects of drinking on our body. The Department of Health has made ongoing public education and publicity efforts regarding the harm and hazard of alcoholism, including the production of various health promotion materials and on-line publications. Publicity activities have also been launched to enhance people's understanding of the threats of excessive drinking. In reviewing public health measures, the Department of Health conducts thematic surveys regularly to monitor the use of alcohol and the pattern of relevant risk factors and trends.

Preventing alcohol abuse will be one of the priorities of the Steering Committee on Prevention and Control of Non-communicable Diseases chaired by me. An expert group will also be set up this year, which comprises members from the medical, academic, social services and related sectors, and government departments.

I would like to remind Members that the subject of the motion today is public health and tobacco duty, which has nothing to do with duties on alcohol beverages. Mr CHAN's motion, if passed, will repeal the increase in tobacco duty. Indisputably, such an outcome will be a retrograde step in tobacco control.

Some Members have spoken on illicit cigarettes. The Secretary for Financial Services and the Treasury will respond to this later. However, most of the people in Hong Kong, including smokers, are law-abiding and those who defy the law for the sake of smoking are just a few. Meanwhile, the Customs and Excise Department has taken the issue of illicit cigarettes very seriously.

Vigorous enforcement actions will be taken to combat the smuggling of tobacco. According to overseas and local experience, illicit cigarettes will not undermine significantly the effectiveness of tobacco duty increase in discouraging smoking.

Let us go back to smoking cessation services. In order to tie in with the initiative of increasing tobacco duty, we will strengthen other supporting measures to encourage and assist people to quit smoking. The Department of Health and the Hospital Authority will enhance their smoking cessation services. The Department of Health operates four smoking cessation clinics and a hotline to provide appointment and enquiry services. There are also two full-time and 27 part-time smoking counselling and cessation centres in public hospitals and general out-patient clinics. The Tung Wah Group of Hospitals runs four integrated centres on Smoking Cessation under Government subsidy to provide smokers with free medicine and counselling services. If any senior citizens and smokers find the medicine unaffordable, they may approach these centres. To provide convenience for the public, the service hours of these centres are extended to include night-time and weekends. We will continue to publicize actively the harm of smoking and enhance the promotion of smoking cessation so as to reinforce the effectiveness of tobacco duty increase.

President, by stressing repeatedly that increasing tobacco duty is a policy concerning public health, I just want Members to understand that the narrow sectoral interest should not be put before that of public health. Nor should we magnify the subject of public health as if it were a matter of class interests.

Finally, I want to say that the achievements Hong Kong made in tobacco control require much hard work. Mr CHAN's motion, if passed today, will deal a severe blow to tobacco control in Hong Kong. It will also send a wrong message to the public, in particular the youngsters, and tell those smokers who are trying to quit or considering quitting to stop. I believe this is not what Members would like to see. I hope that Members can make a wise decision by voting down the motion which turns back the clock.

Thank you, President.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, Members have voiced a lot of concerns about illicit cigarettes. I want to respond to Ms Audrey EU's question first. In my previous

speech, I have said that the Customs and Excise Department has been closely monitoring illicit cigarette activities at the entry points and on the street level but has not found illicit cigarettes activities getting more rampant. We are of course aware of the sale of illicit cigarettes on the street. If members of the public receive any promotion flyers on illicit cigarettes, I call upon them to report to the Customs and Excise Department to facilitate its enforcement actions. I would like to make it clear that the Customs and Excise Department is committed to combating illicit cigarette activities through enforcement. We have full confidence in the effectiveness of its enforcement efforts. The increase in tobacco duty will inevitably add incentives to the sale of illicit cigarettes. Therefore, we notice that it is necessary for us to step up enforcement actions. I have just mentioned that in addition to cracking down on the smuggling sources, the Customs and Excise Department will also conduct intensive operations against retailing and peddling of illicit cigarettes to prevent the increase of such activities. Where necessary, the Customs and Excise Department will provide additional manpower through flexible internal redeployment to combat the sale of illicit cigarettes. Enforcement efforts will be enhanced in the light of the circumstances. At last, I call upon Members to support the Government and vote against the motion moved by Mr CHAN.

Thank you, President.

PRESIDENT (in Cantonese): I now call upon Mr Albert CHAN to reply. This debate will come to a close after Mr Albert CHAN has replied.

MR ALBERT CHAN (in Cantonese): President, I found that those Secretaries are not only brutal to vulnerable newspaper vendors, but also autistic. Of the numerous issues that we have just discussed, 90% were not responded to. What the two Secretaries have said is basically a sheer ignorance of the problems arising from the present increase of tobacco duty. They just know how to blow their own trumpets and justify themselves, completely ignoring the existence of real problems and without considering how to deal with them. A number of Members, including those who had a meeting with the newspaper vendors, have also expressed their understanding of and sympathy with the difficulties that the newspaper vendors have, but they still support the Government.

Here are two flyers. One was put into letter boxes. The other was distributed to newspaper vendors. On the flyers, the prices of customs-cleared cigarettes as well as the contact telephone numbers and names. LEUNG Yiu-chung has said just now that he has been receiving these flyers in Kwai Fong for several months, and because of the recent duty increase, the situation is becoming more common with a three-, four-, five- and even ten-fold multiplication in number. Tommy CHEUNG is engaged in the catering business. He said that no one has gone to his restaurant to sell cigarettes, but in areas such as Mong Kok, Tsuen Wan and Kwai Chung, it has become a very common scenario that someone carrying a bag with red, white and blue stripes sells cigarettes in a restaurant. To my surprise, the Secretary said that the Customs and Excise Department will crack down on it. May I ask where the customs officers have gone? In respect of the example that I have just mentioned, I have been lodging complaints for several years in the capacity of a Member, but so far no arrest has been made. Therefore, such an approach of talking nonsense is really "bu-gai (*in Putonghua, meaning 'should not' but sounding similar to a Cantonese swear word which means 'stumbling to death on the street'*)".

President, when speaking on the Budget yesterday, I did talk about the importance of formulating public policies, and just now I have reiterated in my speech that the Government should take into account the possible impact of the relevant policy when it addresses these issues. Unfortunately, a number of Members, including Mr Andrew CHENG, Mr Ronny TONG and Ms Miriam LAU, have utterly failed to address the issues. Mr Ronny TONG has not listened to my earlier speech at all. The three key points that he said the League of Social Democrats is concerned about are totally ill focused. He has only half-baked knowledge but pretends to be an authority. It is totally right to call him "Braggart Ronny".

So, President, I have said that the duties on alcohol and tobacco are a single issue, but a number of Members said that tobacco is different from alcohol. Many studies show that both pose similar harmful effects. Why are they considered different? Some academics of the University of Cambridge conducted a research, which is however quite old as it was done in 1986. The research result then showed that comparing the hazard of 4.2 cans of beer with that of one packet of cigarettes, the former is 10 times higher. Secretary, it is 10 times higher! When he must make a choice, he selectively becomes deaf, selectively uses his memories and selectively formulates policies. Those who

enjoy red wine, including some honourable Members and Secretaries, said that there is no problem with alcohol and that alcohol consumption facilitates physical health. I do not know which "dead-wood doctors" made such remarks that alcohol consumption would not indeed pose any major impact? Here is the academic proof. Secretary, the Cambridge study shows that comparing 4.2 cans of beer — I am not talking about spirits — with one packet of cigarettes, the former is 10 times more harmful. Why did the League of Social Democrats tie tobacco and alcohol together? It is because this will highlight the absurdity of the society, the unkindness and brutality of the Council, as well as its lack of knowledge or deliberately selective ignorance towards the issues.

Mr Andrew CHENG said that smoking is hazardous to health. Ladies and gentlemen, speeding also endangers public health. He was speeding. Could it possibly be that because he was speeding himself, he could pretend righteousness and interpret it on his own? Luckily he did not hit anyone. So, do not selectively stand on moral highland. In this Chamber, many Members have violated the Ten Commandments. As such, do not selectively think that you are standing on political and moral highland so that you can oppress others. Most of us here are also sinners. Who dares to stand forward and claim to have not violated the Ten Commandments?

President, I have done an analysis just now. When we address ourselves to this issue, please consider what disasters and impacts are caused to some members of the public. I am referring to the newspaper vendors. Almost 20 000 people are engaged in this industry. What sin do they have? What wrong have they done? Over the past few decades, they worked hard for the community providing services round the clock. Secretary, unlike them, you earn an annual salary of three to four million dollars, plus a chauffeur and other benefits, but they have to get up at two or three o'clock in the morning to start their manual labour outdoors, rain or shine. However, over the past 47 years, they have not been so miserable, Secretary. Have our Members heard that and seen that? They have not been so miserable over the past 47 years. How can you turn a blind eye? How can you ignore the suffering of this group of grief-stricken people?

It is understandable that Members from the DAB and the pro-establishment camp act that way. Whenever the Central Government waves the conductor's baton, they would follow like "yes dogs". But where are the pan-democratic Members? Have you seen anything? How can you turn a blind eye to the

suffering of this group of 20 000-odd grass-roots people? You stand on moral highland to treat them with brutality and unkindness. This is in fact another kind of tyranny. While standing on moral highland, the Secretary and many Members said many times that it is necessary to take care of the health of all Hong Kong people and that this is a matter of public health. Now, the Government is making use of public health as a sword to brutally kill 20 000 people. The officials will go home with joy, because they can justify themselves and pretend righteousness by saying that it is for the sake of public health. Secretary, you will continue to be paid the annual salary of more than \$3 million. But what about the drinkers? There have been recent reports that alcohol consumption can also cause cancer. Secretary, alcohol consumption may cause colon cancer, stomach cancer, esophageal cancer and liver cancer, and will affect blood pressure as well.

President, just now when I listened to Members talking about many problems, I remembered a book that I read during my university years. Written by Dostoevsky, the book is called *The Brothers Karamazov*. I was deeply touched when I read it. With contents on the poor people in the Soviet Union and many problems in society, the book reflects many nihilistic and anarchic thoughts. One sentence from the book is "I don't care if all of you go into the pot, if only I can have my tea", which means that even if all the people around the world go into the teapot, I would neither mind nor care; it is most important that I have a cup of tea. Your support for the Government to raise tobacco duty without considering the problems faced by newspaper vendors reveals exactly the same kind of nihilistic and anarchic thoughts that Russia preached at that time, that is, it is most important to own it yourself without caring about other people's life and death. Have you ever cared? Among the Members who support the Government's proposal, who have ever cared about the life and death of these newspaper vendors?

Mr Andrew CHENG is even more venomous. He purported at the outset that those liquor and tobacco merchants would coax help from others by all means and in all capacities. I must very clearly tell him to take out evidence if he has any and not to stab others in the back here. When I decided to propose this motion, I had not seriously discussed it with our LSD chairman, let alone those tobacco companies. I consider this duty a class discrimination against the grassroots. I have not talked with anyone before deciding to bring it forward. So, do not use these despicable means and words to do some dirty political work.

President, very often, subjective desires would eventually bring about disastrous social differentiation and impact. It is the same case with The Link REIT. Many Members here supported The Link REIT back then, but what is the result? Now, the DAB opposes The Link REIT from time to time at the district level. Another example is that years ago the Democratic Party supported a lump sum grant for the social welfare sector, which was the Democratic Party's political achievement, but they are now standing forward to say that this funding model is not good, are they not? Therefore, those responsible for the formulation of public policies, each and every one of you may need to return to university to take classes. When I was at university, the professors taught us that we must consider the impact of a policy, which is basic to public policy. So, please do not abstractly position yourself on moral highland again in such a way as to be able to exterminate all the people in the world and brutally kill the people of Hong Kong by making use of policies like an emperor did.

President, we have talked about the issues of duty and class just now. For the Government, raising duty means collecting some more money, but it is a matter of course that the impact on relatively poor people is greater. It may be true that the Government can force part of the poor group not to smoke. From the very beginning, we have never totally denied that raising duty will affect some people, but the Government must look at the chain reaction, as well as the problems that the policy would bring about. Among the 800 000 odd current smokers, perhaps an additional 10 000 to 20 000 people would quit smoking following the duty increase, which I am not sure of. If so, it would be a great success, and a brilliant feat for Secretary CHOW, as a drastic increase of tobacco duty may cause more than 10 000 people to quit smoking. However, some of them may quit smoking for just a short time while others may quit forever, right? Therefore, it may not necessarily be his feat, as some people, such as WONG Yuk-man and Ronny TONG, managed to quit smoking without the need to increase tobacco duty. The Government should look back at the after-effects and knock-on effects of duty increase that lead to the suffering of other members of the public, but it failed to do so.

We have mentioned many times the problem of illicit cigarettes. Some illicit cigarettes are fake cigarettes. As a result of increased tobacco duty, some people turn to buy fake cigarettes. Some habitual smokers, such as Long Hair, would know right away with a single puff of smoke that the cigarette is fake, and then throw the whole packet away, but some would still smoke a few puffs more.

Those fake cigarettes damage people's physical health, resulting in more serious problems, right? I call on Hong Kong people to actually take a look at the present absurdity and hypocrisy of this Council.

As far as tobacco is concerned, President, the American Revolution was indeed related to tobacco. "No taxation without representation" led to the American Revolution. Sorry, it should be tea, but tobacco is also related. Both tea and tobacco are related, right? So, I hope that the people of Hong Kong take a look at this Council. Absurd, hegemonic and authoritarian as this Council turns out to be, it is in fact because there is no democratic system. I believe that had there been universal suffrage, under the Chief Executive's governance under the elected Chief Executive's governance York CHOW could neither have been so rude and overbearing, nor done so much "bu gai (*in Putonghua*)", nor formulated so many "bu gai (*in Putonghua*)" policies

PRESIDENT (in Cantonese): Mr Albert CHAN, considering the work of simultaneous interpreters, please do not mix codes.

MR ALBERT CHAN (in Cantonese): I said "bu gai (*in Putonghua*)", President

PRESIDENT (in Cantonese): To facilitate simultaneous interpretation, please do not mix codes.

MR ALBERT CHAN (in Putonghua): President, I really feel that he "bu gai" (*The buzzer sounded*) What he has done were "bu gai". What should not be done should not have been done, should it?

(in Cantonese) I continue to speak in Cantonese, President. My Putonghua is not so good. (*Laughter*)

President, I find today's motion a "demon-spotting mirror" which lets us look into the hypocrisy and absurdity of this Council, the views on certain issues of these Members and political parties who are standing on moral highland, their brutal attitude in ignoring the grassroots, as well as the Government's total

disregard for the seriousness of the problems over this policy. Therefore, for Members who still have a trace of conscience, I hope that when you vote in this Chamber, please think of the families of those 20 000 newspaper vendors, because the vote you cast will affect their future livelihood. Thank you, President.

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

(Members raised their hands)

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

(Members raised their hands)

Mr Albert CHAN rose to claim a division.

PRESIDENT (in Cantonese): Mr Albert CHAN has claimed a division. The division bell will ring for 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 Raymond HO, Dr Margaret NG, Mr CHEUNG Man-kwong, Dr Philip WONG, Ms Miriam LAU, Mr Abraham SHEK, Dr Joseph LEE, Mr Jeffrey LAM, Mr WONG Ting-kwong, Mr CHAN Kin-por, Mr CHEUNG Kwok-che, Mr IP Kwok-him and Dr Samson TAM voted against the motion.

Mr IP Wai-ming and Dr PAN Pey-chyou abstained.

Geographical Constituencies:

Mr LEUNG Yiu-chung, Mr Albert CHAN, Mr LEUNG Kwok-hung and Mr WONG Yuk-man voted for the motion.

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, Ms Audrey EU, Mr LEE Wing-tat, Mr Alan LEONG, Mr CHEUNG Hok-ming, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO, Mr CHAN Hak-kan, Dr Priscilla LEUNG and Mr WONG Sing-chi voted against the motion.

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, 15 were present, 13 were against the motion and two abstained; while among the Members returned by geographical constituencies through direct elections, 25 were present, four were in favour of the motion, 19 against it and one 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.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11.00 am on Wednesday, 22 April 2009.

Adjourned accordingly at Six o'clock.