

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 22 October 2008

The Council met at Eleven o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

THE HONOURABLE ALBERT HO CHUN-YAN

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

THE HONOURABLE LEE CHEUK-YAN

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

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

DR THE HONOURABLE MARGARET NG

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

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

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

THE HONOURABLE LAU KONG-WAH, J.P.

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

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

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

THE HONOURABLE ANDREW CHENG KAR-FOO

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

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

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

THE HONOURABLE ALBERT CHAN WAI-YIP

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

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

THE HONOURABLE VINCENT FANG KANG, S.B.S., J.P.

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

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

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

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

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

THE HONOURABLE TANYA CHAN

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

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

THE HONOURABLE CHAN KIN-POR, J.P.

PUBLIC OFFICERS ATTENDING:

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

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

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

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

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

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

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

CLERKS IN ATTENDANCE:

MS PAULINE NG MAN-WAH, SECRETARY GENERAL

MRS CONSTANCE LI TSOI YEUK-LIN, ASSISTANT SECRETARY
GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

TABLING OF PAPERS

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

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
Employees Retraining Ordinance (Amendment of Schedule 2) (No. 2) Notice 2008	224/2008
Buildings (Amendment) Ordinance 2008 (Commencement) Notice 2008	225/2008
Fugitive Offenders (Piracy and Armed Robbery Against Ships) Order (Commencement) Notice	226/2008

Other Papers

- No. 5 — Environment and Conservation Fund
Trustee Report 2007-2008
- No. 6 — Hong Kong Deposit Protection Board
Annual Report 2007-2008
- No. 7 — Annual Report of the Protection of Wages
on Insolvency Fund Board 2007-2008
- No. 8 — Occupational Safety and Health Council
Annual Report 2007-2008
- No. 9 — The Land Registry Trading Fund Hong Kong
2007-2008 Annual Report
- No. 10 — Companies Registry Trading Fund
Annual Report 2007-2008
- No. 11 — The Government Minute in response to the Report No. 50
of the Public Accounts Committee dated July 2008
- No. 12 — Consumer Council
Annual Report 2007-2008

- No. 13 — Audited Financial Statements and Auditors' Report for the Fish Marketing Organization for the year ended 31 March 2008
- No. 14 — Audited Financial Statements and Auditors' Report for the Vegetable Marketing Organization for the year ended 31 March 2008
- No. 15 — Marine Fish Scholarship Fund Trustee's Report and Audited Financial Statements and Auditors' Report on the Fund for the year ended 31 March 2008
- No. 16 — Agricultural Products Scholarship Fund Trustee's Report and Audited Financial Statements and Auditors' Report on the Fund for the year ended 31 March 2008
- No. 17 — Hong Kong Housing Authority Annual Report 2007-2008
- No. 18 — Hong Kong Housing Authority Financial Statements for the year ended 31 March 2008

ADDRESSES

PRESIDENT (in Cantonese): Address. The Chief Secretary for Administration will address the Council on the "Government Minute in response to the Report No. 50 of the Public Accounts Committee dated July 2008".

The Government Minute in response to the Report No. 50 of the Public Accounts Committee dated July 2008

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, laid on the table today is the Government Minute responding to Report No. 50 of the Public Accounts Committee (PAC).

When presenting the Report No. 50 on 9 July, the Chairman of the PAC set out in detail the comments of the PAC on the two chapters from the Director of

Audit's Report, viz the commercialization and utilization of government properties and The Society for the Aid and Rehabilitation of Drug Abusers (SARDA). The Administration is grateful for the time and efforts that the PAC has devoted. Details of the Government's response to the conclusions and recommendations in the Report are set out in the Minute. Today, I would like to highlight the key measures taken in the relevant areas.

Commercialization and utilization of government properties

In allocating government properties, the Government Property Agency (GPA) has been following the general principle and procedures set out in the Accommodation Circular No. 1/97 that government-owned premises are to be used primarily for providing accommodation for public facilities or as government offices, and that commercial activities would be considered if the premises concerned are surplus to requirement. The Administration is pleased to note that the PAC agreed that GPA should follow the general principle and procedures of the Circular in allocating the surplus accommodation in the Trade and Industry Tower in 2007.

Regarding the government-owned premises within areas originally reserved for the MTR entrance/exit in private developments, GPA, Buildings Department, Department of Justice and other relevant departments are working together to explore options to put the three government-owned premises in Buildings A, B and C to gainful use. That said, the feasibility of alternative uses is affected by many factors. These include the need to comply with the requirements of the Buildings Ordinance, restrictions stipulated in the deed and assignment of the premises concerned, terms and conditions of the Deed of Mutual Covenant of the parent buildings, technical constraints of the parent building structures, availability of necessary building facilities, and so on.

As for resolving the dispute over the responsibility for the water seepage problem of the government premises in Buildings A and B, GPA is seeking legal advice on the matter.

To ensure more cost-effective usage of government premises areas, GPA, Highways Department and Lands Department would make provisions for other gainful uses in the lease conditions in case MTR entrance/exit areas reserved in private developments are no longer required for the designated purposes.

The Society for the Aid and Rehabilitation of Drug Abusers

Provision of drug treatment and rehabilitation for drug abusers is an integral part of Government's overall anti-drug policy. Non-governmental organizations (NGOs) have long been playing a key role in delivering the necessary services. Established in 1961, SARDA is a pioneer on this front. The Administration is committed to maintaining a close partnership with SARDA and other NGOs to enhance drug treatment and rehabilitation services in Hong Kong in response to changing circumstances.

On the management and control of government subvention, the PAC is concerned about the prolonged discussions between SARDA and the Department of Health (DH) about the legitimacy of DH's authority in giving directions to SARDA. On this, SARDA has pledged to ensure compliance with DH's subvention guidelines and other directives and to seek advice from DH where necessary.

The PAC has expressed concern that DH has yet to enter into a Memorandum of Administrative Arrangements or a funding and service agreement (FSA) with SARDA. In this respect, DH has started discussion with SARDA on an FSA and aims at concluding it within this financial year. They would also discuss the need or otherwise for changing the funding mode.

To assist SARDA in enhancing its services and corporate governance, DH has commissioned the Efficiency Unit to conduct a study on the corporate governance of SARDA, the scope of which includes the roles and responsibilities of government representatives on its Executive Committee (EC), so as to clarify whether the government representatives on the EC are full members with voting rights and their future role on the EC. These arrangements will be incorporated in the FSA.

In response to the PAC's concern over the low attendance rate of some members at its various committee meetings, SARDA has taken positive measures to improve members' attendance, including requiring ex officio members to attend all committee meetings, and issuing reminders to members with low attendance rate.

On SARDA's proposal of establishing a Centre for Anti-drug Education and Disciplinary Training at Shek Kwu Chau for young psychotropic substance

abusers, considering the significant capital costs and the recurrent expenditure involved and that SARDA's expertise is mainly in treating opiate abusers, the Security Bureau and DH have been examining in detail its latest submission, including the cost-effectiveness and long-term financial sustainability of the proposal. We will arrive at a considered response to SARDA within this financial year.

I would like to take this opportunity to highlight that since the publication of the Audit Report No. 50 and following the subsequent PAC proceedings, DH and SARDA have been working hand in hand in following up the recommendations. The Security Bureau has also been co-ordinating and promoting their efforts with a view to improving the services and the administration of SARDA.

Finally, I would like to thank the PAC for its constructive comments and recommendations. These comments and recommendations are useful in ensuring value for money in the delivery of public services. The Administration is pleased to accept these criticisms and comments. As always, we stand ready to respond promptly. Thank you.

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. Question Time normally does not exceed 1.5 hours, that is, each question is allocated about 15 minutes on average. After a Member has asked a main question and the relevant official has given a reply, the Member who asks a question has priority to ask the first supplementary question. Other Members who wish to ask supplementary questions will please indicate their wish by pressing the "Request to speak" button and wait for their turn.

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

I wish Members to note that if you have already pressed the "Request to speak" button, then when the Clerk later switches on the electronic queuing

system, your request to speak will be cancelled and the red light beside the "Request to speak" button will also go out. Therefore, will Members please wait until I have asked the Clerk to switch on the queuing system for raising questions before doing so. I also wish Members to note that at the start of each of the following oral questions, the Clerk will switch on the queuing system again.

PRESIDENT (in Cantonese): First Question.

Measures to Safeguard Food Safety

1. **MR TAM YIU-CHUNG** (in Cantonese): *President, as the Government has recently found melamine, which is harmful to the human body, in a number of food products with dairy ingredients, will the Government inform this Council:*

- (a) *whether it will stipulate that each new consignment of those food products which are found to contain melamine must undergo tests conducted by the authorities to ascertain that the level of melamine contained therein does not exceed the prescribed standard, or must be accompanied by an inspection certificate issued by approved authorities before the new consignment may be sold, so as to enhance food safety; if so, of the details; if not, the reasons for that;*
- (b) *as there have been reports that among the food products with satisfactory melamine test results, as announced by the Centre for Food Safety (CFS), some are found to contain a rather high concentration of melamine by the relevant authorities in other places, whether the Government will release the melamine test results of the food samples concerned to enable the public to decide on their own whether to buy these food products; if so, of the details; if not, the reasons for that; and*
- (c) *of the plans to assist private laboratories in obtaining the accreditation for conducting tests on various types of chemical substances in food products, so as to enhance Hong Kong's food testing capacity and upgrade the overall efficiency of conducting food safety tests in Hong Kong?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, melamine is an industrial chemical used for the production of melamine resins, which are used in laminates, glues, paper, textiles, and so on. While melamine has low oral acute toxicity, excessive exposure to melamine has been found to cause bladder stones, crystals in urine and proliferation of epithelial cells of urinary bladder in experimental animals. Melamine should not be used in food production.

The Government is deeply concerned about the melamine incident. We understand the worries of the public, particularly parents. Since the discovery of melamine in mainland infant formula, the Government has taken a series of measures to proactively tackle the issue. These measures include conducting tests on dairy products in the market, only allowing mainland fresh milk which has passed the test to enter the retail market, making announcement on the test results and the latest developments to the public on a daily basis, setting up an Expert Group to conduct an in-depth study on problems that may emerge in the medium to long term, maintaining close liaison with the trade, overseas and the mainland authorities as well as introducing legislation to regulate the level of melamine in food. Moreover, the Government will introduce the Public Health and Municipal Services (Amendment) Bill 2008 to the Legislative Council on 5 November 2008 to empower the Director of Food and Environmental Hygiene to make orders to prohibit the import and supply of any food and direct that any food supplied be recalled in the manner specified in the order, where he has reasonable grounds to believe that the making of the order is necessary to prevent or reduce the possibility of a danger to public health or to mitigate any adverse consequence of a danger to public health.

- (a) All food products that have been tested by the CFS to have unsatisfactory results have been withdrawn from the local market. To strengthen control at source, we have been testing each consignment of raw milk and milk imported from the Mainland for melamine since 25 September 2008. Only food products with satisfactory test results will be allowed for sale in the market.

For food products with unsatisfactory test results of melamine, should the same products of milk, milk beverage and frozen confections be imported again in future, they will be subject to "hold and test" by the CFS until their test results are satisfactory. As for products of other categories, the CFS has written to the importers and sole agents, requiring them to provide quality verification or

laboratory certificate before importing the same products into Hong Kong, so as to ensure that the products concerned are in compliance with our legislation on food safety and food standard. The CFS will also collect samples for testing as necessary.

The above measures will continue to be implemented until the CFS is satisfied that the products concerned meet the statutory food safety requirements. Thereafter, testing on the products will continue under the routine surveillance programme of the CFS.

- (b) Extensive sampling and testing of food available in the local market has been one of the important tools adopted by the Government in handling the melamine incident. The CFS has been conducting tests on various milk and related products on a systematic basis in accordance with the principle of risk assessment, with a view to ensuring food safety and effective monitoring and assessment of the extent of contamination of food products by melamine in the local market.

Currently, milk, any food intended to be consumed principally by children under the age of 36 months and any food intended to be consumed principally by pregnant or lactating women shall not contain melamine exceeding 1 mg/kg. For other food, melamine level shall not exceed 2.5 mg/kg. Our legal limit is set based on risk assessment and is stringent enough to protect the health of both children and adults. With normal food intake, even if all the foods consumed by a person contain melamine, and the melamine levels in all the foods comply with the statutory safety standards, it would still be safe. As such, it is unnecessary to announce the melamine levels of the satisfactory samples. Such arrangement can avoid unnecessary public anxiety and confusion, and is in line with the practices of the CFS's announcement of food test results.

- (c) To enhance the food testing capability of local private laboratories, the Government Laboratory (GL) had organized a total of eight technical seminars on food testing for local private laboratories in 2008. The latest seminar was held in response to the recent melamine incident. Relevant information on testing methodology has also been uploaded onto the GL's website so as to provide private laboratories with information on testing various chemical

items in food. Moreover, laboratory proficiency tests/inter-laboratory comparison studies are frequently organized by the GL to help private laboratories obtain and maintain accreditation under food testing category by the Hong Kong Laboratory Accreditation Scheme (HOKLAS). In addition, a GL Chemist has been seconded to the Innovation and Technology Commission to help speed up the process of giving accreditation for food testing to private laboratories. The GL will continue to keep in view market developments and organize timely and suitable technical seminars and laboratory proficiency tests/inter-laboratory comparison studies as necessary, so as to help enhance the food testing capability of local private laboratories.

MR TAM YIU-CHUNG (in Cantonese): *In respect of tests on dairy products, the Secretary said the other day that the number of samples to be tested would be reduced from 100 per day at present to 100 per week, a 85% reduction, and that dairy products imported from overseas would no longer be tested. This decision has worried the public. Will the substantial reduction in test samples and the test-free arrangement for dairy products imported from overseas affect the work in this respect? As the confidence of the public in these products has not yet been restored, will the substantial reduction in test samples cause any problem?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, the number of test samples will not be reduced abruptly from 100 samples per day to 100 samples per week, and the adjustment will be made gradually over a three-month period. According to past experience, we are now testing dairy products considered carrying the highest risk in Hong Kong, including milk powder, milk beverages and a majority of food items with dairy ingredients, and some of the items, particularly raw milk and milk beverages, have been tested repeatedly and are subject to tests under the standing mechanism. We thus consider that there is adequate room on this front for us to test other food items. We will start shifting our focus to other food items instead of dairy products alone.

Moreover, since we consider that some resources should be deployed to conduct tests on other food items, we must strive for a balance in some measure in terms of resources. Three months later, we will conduct a review to identify which types of food items should be subject to routine tests and which should be

subject to spot checks. For instance, in certain circumstances, a special full-scale test will be carried out of certain type of food items when we learn of certain information. We think that this approach will, first, enable a balanced use of resources to ensure the safety of all food, and second, with the uploading of information of every food test onto the website of the CFS, the database will be enlarged, and the public will learn about expanded choices. Definitely, certain food will not be tested only once without further action. At present, according to the risk assessment, we consider it necessary to focus more on mainland food items. However, if we learn of any information indicating that these ingredients are again imported into Hong Kong from other places or that they are made in other places and imported to Hong Kong, we will adopt a targeted approach to address these problems.

MR WONG YUNG-KAN (in Cantonese): *President, when the Government learnt that mainland milk powder tested was found to contain melamine, it adopted the testing approach last month. Since the implementation of the legislation, the CFS has found some 30 cases exceeding the prescribed standard. I would like to ask the Government one question. At present, when a company discovers some problems with its products during its own tests and requests an immediate recall of the products from the shelves, where the legislation is already in effect, will the Government initiate prosecution against that company? This incident occurs after the legislation has come into effect.*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): *President, if a company discovers some problems with its products of its own accord and calls for an immediate recall, and the products have not reached the market, we surely do not have the evidence to initiate prosecution at the time. However, if tests indicate that the products put on sale in the market have problems, we will have the evidence. We will then consider whether or not the evidence is conclusive, as well as other factors, and initiate prosecution correspondingly. So, it is very clear. In respect of law enforcement, we will decide the course of action according to the availability of the food concerned in the market of Hong Kong. If any manufacturer discovers a problem with its products which have not yet been put on sale in the market, I believe we will not have adequate evidence at the moment to prove that the products are hazardous to the health of the public. A clear definition has been laid down in this aspect. However, concerning individual cases or incidents, we think we have to seek legal advice on the adequacy of evidence before initiating prosecution.*

PRESIDENT (in Cantonese): Mr WONG Yung-kan, which part of your supplementary question has not been answered?

MR WONG YUNG-KAN (in Cantonese): *I would like to ask the Secretary again, for he has not given a clear answer. I said earlier that after the legislation had come into effect, the products were delivered from the factory and put on sale in the market, but when the company discovered some problems with its products during its tests, the Government allowed the company to recall the products. Has the company concerned violated the law? The Secretary said that legal advice had to be sought, but the situation will cause confusion in the future. When a company discovers some problems with its products, it can recall its products immediately. Is there any problem with this practice?*

PRESIDENT (in Cantonese): Mr WONG, your follow-up question is very clear.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, for every case of prosecution, we must consider the evidence concerned and examine whether the evidence complies with the existing legal framework. In other words, we have to consider whether the food concerned will affect human beings and whether it has exceeded the prescribed standard, being harmful to the public. We must base our decision on the evidence available.

MR FRED LI (in Cantonese): *Pardon me, I have pressed the wrong button. Secretary, you have indeed made it very clear that the chemical melamine should not be added to food. This is very clear, for it is not an additive. However, according to the current practice of the Government, President, even if the food is tested to contain melamine, the Government will not disclose the name of the food when the melamine level of the food does not exceed the standard prescribed by the Government, say 2.4 mg or 2.3 mg. Secretary, will this practice deprive the public of the right to information as consumers? They also want to know whether or not certain food contains melamine. Though the concentration may not exceed the prescribed standard, it does not mean an absence of that chemical. Why does it not disclose the food items containing melamine?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, I have explained a number of times that according to the existing law-enforcement and announcement procedure, a maximum limit has been set for all chemicals contained in food, including other substances, such as heavy metal or preservatives, that should not be found in food. When the concentration of these substances exceeds the maximum limit, we will announce the concentration level and inform the public. However, if the concentration level does not exceed the limit, we will not make any announcement, for we do not want to cause confusion to the public and give them the impression that the food concerned is unsafe. Basically, a safety level has been set. We consider this approach correct.

PRESIDENT (in Cantonese): Last supplementary question.

MS CYD HO (in Cantonese): *President, in part (a) of the main reply, the Secretary failed to respond to Mr TAM Yiu-chung's question. If products, which we have tested and confirmed to be safe, are found to contain a high concentration of melamine by tests conducted in other places, will the Government follow up? The least it should do to follow up is to announce the names of those products. To me, I think the products concerned should be tested again. However, the Secretary has not at all mentioned in his reply whether the Hong Kong Government will take follow-up actions when we learn of such incidents in other places from reports. I do not consider this an effective approach to protect the public. President, may I ask whether the Administration will attach importance to overseas reports and include those reports as part of the routine food safety surveillance work? Will it take follow-up actions upon reading such reports and conduct further tests?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, the CFS monitors some 30 worldwide international food safety websites, which are authorized by various governments or official authorities, on a daily basis to obtain information. If any food is found to be unsafe according to the tests of other countries, we will immediately follow up the information in detail while checking at the same time whether those food items have been imported into Hong Kong. We will also check whether those food items are on sale in the Hong Kong market and follow up the issue with suppliers and importers here. On the other hand, if the same food items are available in Hong Kong, we will take immediate action to collect samples for testing. Therefore, on the

melamine incident, whenever announcements are made overseas, we will carry out similar work in this respect, so that overseas information will be incorporated into the information provided in Hong Kong, supplying the public with clear information which enables them to make informed choices. In this connection, we will continue to adopt this approach.

PRESIDENT (in Cantonese): Second question.

Stabilizing Financial System of Hong Kong

2. **MR JEFFREY LAM** (in Cantonese): *President, as the Hong Kong financial market is affected by the financial turmoil in the United States and has become highly volatile recently, the Hong Kong Monetary Authority (HKMA) introduced five measures at the end of last month to provide liquidity assistance to banks so as to stabilize the local financial system. In this connection, will the Government inform this Council:*

- (a) *as banks may use the United States government bonds as collateral for borrowing from the HKMA through the Discount Window, whether the HKMA will ask the banks concerned to provide additional collateral or make partial repayment when the value of the relevant bonds depreciates due to their credit ratings being downgraded; if not, whether the HKMA will fully underwrite the risks concerned;*
- (b) *of the current number of banks to which the HKMA has provided loans and the amounts involved; whether it has assessed, with the introduction of the above measures, if the stability of the Hong Kong dollar will be affected should banks rush to make borrowings and cause the Hong Kong interbank offered rate to surge; if the assessment result is in the affirmative, how the Government will react; and*
- (c) *given that there is criticism that there are loopholes in the existing accounting system of the financial institutions, how the HKMA ensures that, after the introduction of the above measures, the accounts of banks will be effectively monitored and scrutinized to safeguard against malpractices in order to protect the interests of investors?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, my reply to the question raised by Mr Jeffrey LAM is as follows:

- (a) When the HKMA provides liquidity assistance to banks, the latter must provide suitable collateral assets. The HKMA would prudently decide whether these assets are suitable for use as collateral for the relevant loan as well as the applicable haircut having regard to the quality of these assets. The so-called haircut is an arrangement under which the relevant loan amount is adjusted downward in accordance with the possible fluctuation of market value of the collateral. Under normal circumstance, haircut can reduce the risk to be borne by the loan provider in the possible scenario that the value of the collateral falls below the relevant loan amount. Under the arrangements by which the HKMA provides liquidity assistance to banks, while the HKMA is entitled to request supplement of suitable collaterals by banks, it would not lightly resort to requesting banks for immediate repayment of part of the loan.
- (b) During the period from 2 October to 20 October, a number of banks have obtained liquidity assistance from the HKMA through the aforesaid measures, involving an amount of about HK\$7.9 billion. According to the information of the HKMA, such amount is not large when compared with the scale of transaction in the interbank market. The main reason for banks to conduct collateral borrowing with the HKMA is pre-emptive in nature, for preserving liquidity to meet their own contingency needs.

The Hong Kong banking system is fundamentally sound, with capitalization well above international standards. In the light of the instability and tremendous stress in the global financial system and with a view to enhancing the stability framework of the banking system and ensuring that banks are provided with liquidity in case of need, the HKMA announced on 30 September that with effect from 2 October for a period of six months until the end of March 2009, the HKMA will provide liquidity assistance on request from licensed banks through the following five measures:

- First, the eligible securities, for access by individual licensed banks to liquidity assistance through the Discount Window,

will be expanded to include US dollar assets of credit quality acceptable to the HKMA.

- Second, the duration of liquidity assistance provided to individual licensed banks through the Discount Window will be extended, at the request of individual licensed banks and on a case-by-case basis, from overnight money only to maturities of up to three months.
- Third, the 50% threshold for the use of Exchange Fund paper as collateral for borrowing through the Discount Window at the HKMA Base Rate will be raised to 100%. In other words, the 5% premium (or penalty) over the Base Rate for the use of Exchange Fund paper beyond the 50% threshold, as collateral for borrowing through the Discount Window, will be waived. The explanation of this paragraph is relatively long.
- Fourth, the HKMA will, in response to requests from individual licensed banks and when it considers necessary, conduct foreign exchange swaps (between US dollar and Hong Kong dollar) of various durations with licensed banks.
- Fifth, the HKMA will, in response to requests from individual licensed banks and when it considers necessary, lend term money of up to one month to individual licensed banks against collateral of credit quality acceptable to the HKMA.

The HKMA is aware that strain in the interbank market, in particular in the shorter end, has somehow eased after implementation of the aforesaid five temporary measures. As we can see, the new measures are conducive to increasing banks' confidence in the supply for funds, leading to less aggressive biddings for funds by banks and bringing about a positive impact on easing the strain in the interbank market. In the light of the continued nervousness and concern about counterparty risks in the global financial scene, however, there is a sustained elevation of US dollar interest rates. Under this circumstance, it is expected that Hong Kong dollar's term interest rates would unlikely be brought down in the near future.

The Hong Kong money market is currently operating orderly and smoothly. Exchange rate of Hong Kong dollar is also generally stable. The HKMA will continue to closely monitor the development of the Hong Kong dollar market and conduct appropriate market operation in case of need in order to maintain the stability of Hong Kong dollar.

- (c) As regards the requirements of and regulation on monitoring and scrutinizing bank accounts, the HKMA follows the "Core Principles for Effective Banking Supervision" issued by the Basel Committee on Banking Supervision as well as the relevant laws of Hong Kong.

When approving the authorization of authorized institutions (AIs) (including banks), the Monetary Authority (MA) should satisfy that the concerned AI has adhered to or is able to adhere to a series of authorization criteria, including the implementation of an adequate accounting system for complying with the statutory financial reporting requirements under the Companies Ordinance and making timely and accurate reporting of information to the MA; the AIs incorporated in Hong Kong should disclose information on their state of affairs, profit and loss and capital adequacy in their annual accounts; in accordance with the Banking Ordinance, the AIs should have in place standard procedures for periodically reviewing the adequacy of their provisions for losses on financial assets. Failure to maintain adequate provisions is a ground for revocation of the authorization of the concerned institution.

The MA has also issued the Banking (Disclosure) Rules under the Banking Ordinance, setting out the spectrum of information that should be disclosed by the AIs on a regular basis. This includes making robust risk disclosure in the light of the market conditions at the time of disclosure.

On enforcement, the HKMA assesses the adequacy of AIs' accounting systems, information disclosure and provisions for losses through on-site examinations and off-site reviews.

The HKMA will seriously handle non-compliant cases of banks and take appropriate follow-up, with a view to ensuring adequate protection regarding the interests of depositors and investors.

MR JEFFREY LAM (in Cantonese): *President, it seems that the Secretary has not given a complete answer to part (c) of my question. Does the Secretary consider the current accounting system satisfactory that no review is required? Under the current accounting system, market value is used for computation, that is, the mark to market approach is adopted. However, at present, many assets have no market value at all. In that case, how the market value of these assets is worked out? Will these factors affect or increase the risk borne by banks? May I ask the Secretary, given Hong Kong's status as a leading financial centre, whether a review of this model of accounting system is called for?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): I have to thank Mr LAM for his supplementary question. Actually, a lot of discussions on this issue are held currently between regulatory authorities and banks, and in the financial market. As Mr LAM pointed out, in the current market climate where, more often than not, the liquidity of certain assets in the market is low, will the so-called fair value accounting still be achieved? What effect will it have on the capital requirement of banks? In this connection, we notice and know that there are discussions of this kind among international regulatory authorities. I believe the accounting practice now adopted in Hong Kong conforms to those adopted by the international community. For the time being, we will definitely pay attention to the development of the international accounting practice, while international accounting institutions will conduct reviews in response to the prevailing situation. However, how should this be carried out? Should the practice of fair value accounting be abandoned altogether? What system should we switch to? We think there is no consensus at present. However, we will surely keep a watch on the latest development and see whether there is any change in the accounting system in Hong Kong. I notice that the Hong Kong Institute of Certified Public Accountants is also examining this issue.

PRESIDENT (in Cantonese): The Secretary's main reply has taken up a relatively long time, and now seven Members have already indicated a wish to ask supplementary questions. Will Members asking supplementary questions please be as concise as possible, so that more Members can ask questions.

MR RONNY TONG (in Cantonese): *President, these measures will surely be greatly welcomed, but the main purpose of these measures should be maintaining the stability of the operation of the market rather than providing funds to banks at low cost.*

As I read part (b) of the main reply, I find it a bit strange. The Secretary mentioned that a number of banks had applied for about \$7.9 billion and the Secretary stated clearly that it was not a large amount. I believe this is definitely not a large amount in the banking sector. If "a number of" banks — depending on the actual number — if only two banks are involved, the situation is surely different. However, if it involves seven or 10 banks, the amount involves is indeed extremely small. So, why has such a situation arisen? In fact, should the Secretary have been more precise in giving his reply, we would have known whether that amount was used to stabilize the operation of banks in actuality or to provide funds for banks at low cost.

Will the Secretary state clearly what he means by "a number of"? Is the assistance provided in the form of overnight assistance or term money, or any other form? We are keen to learn about this. If banks are in trouble when they are short of only several hundred millions dollars, then the banking system in Hong Kong is really problematic.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Naturally, "a number of" will mean more than three, so "a number of banks" involves "three or more banks". The \$7.9 billion concerned is mainly provided as term money. As I mentioned in the main reply earlier, the amount is not large when compared with the interbank market. But we notice that the confidence in the interbank lending market has been restored after the introduction of this measure, showing a hint of relief in interest rate. Therefore, this is an effective measure.

MR RONNY TONG (in Cantonese): *President, it is because of the small amount involved that another cause of concern is induced*

PRESIDENT (in Cantonese): Please state which part of your supplementary question has not been answered by the Secretary.

MR RONNY TONG (in Cantonese): *He has not answered earlier how the Government can differentiate assistance used for maintaining the stability of banking operation from those used as a source of low-cost fund. The Secretary has not answered this point.*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): In respect of interbank lending, I believe this situation is not unique to Hong Kong, for we noticed that the loans among banks worldwide are in a strained situation. For this reason, many central banks around the world have planned to provide more reserve fund for interbank lending, so that the lending of banks can be made smoother. In this respect, I believe all the means now employed, such as collaterals, have taken into consideration the quality of assets. We have just provided a standby credit mechanism to ease the strain faced by the banking sector.

MS EMILY LAU (in Cantonese): *President, I would like to follow up one point. May I ask the Secretary of the actual number of banks he referred to when he mentioned "a number of banks"? Is the figure so sensitive that transparency has to be forgone and the figure cannot be provided? Will that number keep increasing? Is this a figure recorded the day before yesterday? President, does he not know today's figure? Is the Bank of East Asia (BEA) one of those banks? For a run on the BEA took place earlier. Moreover, \$7.9 billion have already been lent so far, what is the ceiling of the assistance offered? What is the maximum amount we can lend?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): I have to thank Ms Emily LAU for her question. As per the practice in the past, say the provision of assistance through the Discount Window, in general, we only state the amount involved without disclosing the banks concerned, for the objective of the mechanism of the Discount Window is to When they have exchange fund papers, they may bring them forth to the Discount Window to obtain some shorter end money. In the past, we did not disclose the number of banks involved but only the amount.

As for another question: Is there a maximum limit for the entire assistance plan? There is no maximum limit. The HKMA will decide whether money should be lent subject to the availability of suitable collateral.

MS EMILY LAU (in Cantonese): *President, that means the Secretary will use all the "ammunitions". However, my supplementary question is: Why transparency in this respect cannot be maintained? This is a special case, will he inform us*

PRESIDENT (in Cantonese): Ms LAU, I think your supplementary question is very clear and the Secretary has already answered it. Secretary, do you have anything to add?

MS EMILY LAU (in Cantonese): *No, he has not answered why the number is so sensitive that it cannot be disclosed.*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): I think I have already answered this supplementary question. We did not adopt such practice in the past. The number of banks involved is not disclosed mainly out of the consideration that these situations are very sensitive. For this reason, we will only disclose the amount but neither the number of banks involved nor their names.

MR CHAN KAM-LAM (in Cantonese): *President, many small and medium enterprises (SMEs) pointed out recently that banks had suddenly "cut off the money supply", so we support the Government in introducing these five measures to increase their liquidity. However, at issue is the expansion of the so-called eligible securities to include US dollar assets that the Secretary mentioned in part (b) of the main reply. At present, the value of US dollar assets may easily evaporate overnight. As the financial tsunami this time around has come very swiftly, the situation is really critical. For this reason, if banks use this type of US dollar assets to obtain money from the Government and the HKMA through the Discount Window, does it mean that one day we may also have to run this grave risk? How do you do the grading? Moreover, do banks really have a lot of US dollar assets of this kind to use for the exchange of the some \$7 billion this time?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): I have to thank Mr CHAN for his question. When we examine these US dollar assets, we will ensure that these assets must be of good quality. In this connection, the HKMA will definitely handle the issue of risk prudently. With regard to the Discount Window arrangement, the HKMA will only accept treasury notes of the United States as collateral. As for the term money mentioned under the fifth measure, the HKMA will decide whether individual assets can be accepted and give prudent consideration to the quality of these assets, while the haircut rate will also be determined according to the quality. In this connection, I believe we will handle the issue prudently.

PRESIDENT (in Cantonese): We have spent more than 18 minutes and 30 seconds on this question. Last supplementary question.

DR PRISCILLA LEUNG (in Cantonese): *May I ask the Secretary, in handling the current risk borne by the banking sector as a whole, whether the sector will be required to establish a banking indemnity fund in future? As I see it now, the Government will provide full assurance to them when they run into problems. Certainly, the public also hope that the stability of banks can be maintained. But since they operate banks in Hong Kong, should they not undertake certain responsibility together? Should they not make some contributions in times of stability, so that government money will not be used as collateral in every event and that full assurance will only be sought from the Government in special case?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Thank you, Dr LEUNG, I believe the most important assurance is deposit protection. In respect of deposit protection, certainly, a deposit protection mechanism has been put in place already. In view of the recent fluctuations in the financial market, the Government and the HKMA have announced the implementation of a comprehensive deposit protection mechanism until the end of 2009 (Appendix 1). I think this is a short-term measure aiming to address the problems arising from the prevailing financial tsunami.

With regard to the indemnity fund for banks mentioned by you, such an arrangement is not implemented in the international community. I believe the best practice is to impose regulation on banks, while we should monitor properly the adequacy of fund and capital, and risk management. As for the assurance now provided in the international community for banks as observed, I believe this is only an extraordinary measure at unusual times like the financial tsunami.

PRESIDENT (in Cantonese): Third question.

Laboratory Tests on Presence of Melamine in Food Products

3. **MR ANDREW LEUNG** (in Cantonese): *President, in connection with laboratory tests on the presence of melamine in food products, will the Government inform this Council:*

- (a) *whether it knows the number of laboratories in Hong Kong which are capable of conducting laboratory tests on the level of melamine in food products and the maximum number of food samples that they can test per week;*
- (b) *as according to existing legislation, the manufacturers, importers, wholesalers and retailers concerned may be held criminally liable if the concentration of melamine in food products is found to exceed the maximum statutory limit, whether the Government has assessed if the said laboratories can meet the demand for their service in conducting laboratory tests for each consignment of food products; if they cannot, whether the authorities concerned have measures to assist the trade so as to ensure that the supply of food in the market will not be affected; and*
- (c) *as a government official pointed out at the briefing for the trade held by the Centre for Food Safety (CFS) on 6 October that there was room for and possibility of further tightening the regulation on the concentration of melamine in food, whether the Government has presently set a timetable for further tightening such regulation?*

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

- (a) We understand that seven local private laboratories are already offering testing services to the trade on melamine in food. It is estimated that testing on several tens of samples can be completed by each laboratory per day on average. We believe that if more business opportunities are available, these laboratories will consider providing additional manpower and equipment to further enhance their testing capacity.
- (b) Apart from the seven private laboratories mentioned above, it is noted that some other six private laboratories are also interested in providing such testing service and are making the necessary preparations. It is anticipated that they will be able to provide such testing service in the coming months. As pointed out by food traders, the trade and the retailers do not have any difficulties in engaging private laboratories for melamine testing.

The trade must ensure that the food supplied is in compliance with the legislative requirement. In addition to conducting tests by the trade, we have also proactively partnered with the trade to tackle the current melamine issue. We consider strengthening control at source an important step in handling the melamine issue at this stage. As such, we will devote more resources to the surveillance programme to cover testing of mainland raw materials commonly used in local food products. To further enhance our capability to address the problem at source, and to deploy our resources in a more efficient manner, we have secured the support of various food trade associations in appealing to their members to provide us with information and samples on Mainland dairy raw materials that are commonly used in local food products. We have contacted the representatives of relevant trade associations. They have all agreed that our proposal can help address the problem at source and promised to appeal to their members to fully co-operate with the Administration. We believe that our proposal will not only enhance the efficiency of surveillance, but will also help traders to choose suitable raw materials.

- (c) In setting the standard for melamine in food, we have made reference to the risk assessment results and taken into account the possible presence of trace melamine in food due to environmental contamination or migration during food production process. In fact, our legal limit of melamine is well in line with, if not more stringent than, the standards set by other overseas food safety authorities. We will continue to keep abreast of the international developments and the latest scientific evidence and review the current melamine standards from time to time.

MR ANDREW LEUNG (in Cantonese): *The Secretary mentioned in part (b) of the main reply that the Administration will proactively partnered with the trade to tackle the melamine issue; and the Secretary is of the view that strengthening control at source is the best approach. May I ask the Secretary whether he has discussed with the trade on announcing on the website the consignments or the traders of the food products which have passed the test, and on the way of announcing the qualified products so that the traders do not need to repeat the testing? Moreover, will a grading system be established requiring higher risk food products be tested more frequently than lower risk products?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, at present, among the food products which may or may not have passed the testing conducted by the Government each time, the information of some 2 600 food products have been announced on our website. We certainly hope that the trade can provide more information to us so that we can conduct more tests on raw materials. If we upload the information onto the website, food traders can have a clearer idea of which raw material is safe to use. As regards the results of tests conducted by the trade, I believe we have to discuss with them on how to set the public's mind at ease, for example, by stating that the food products have been tested by which types of laboratories or which authorized laboratories. There is room for discussion in this regard. In particular, the trade should understand that efforts can be made to dispel their misgivings, and such efforts can also assure consumers that food products produced by the trade are safe. As for how efforts should be made, I believe we can have discussions with the trade. However, for the time being, I believe the public is most concerned about food tests conducted by the Government. I hope we will take the lead and then proceed to co-operate with the trade to address the issue at the next stage.

DR JOSEPH LEE (in Cantonese): *President, I wish to follow up on the testing of melamine as mentioned by the Secretary because the trade now seems to have the capacity to conduct laboratory tests. As pointed out by some studies, in relation to the cases of melamine-induced kidney stones, if only melamine was present, it might not necessarily lead to kidney stone formation. The chance of kidney stone formation would only be greatly increased if another chemical substance called cyanuric acid was present. In view of the consumption of these two substances together will lead to such result, that is, the risk of kidney stone formation in children or adults will greatly increase, may I ask whether the Government has the capacity to or whether it will also conduct testing on the presence of cyanuric acid in food products or beverages?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, insofar as melamine is concerned, scientific development has established a standardized test on melamine, while globally, there is yet to be a standardized test on melamine analogues or its derivatives. Indeed, some experiments on animals have revealed that if melamine is found present with cyanuric acid, it may cause adverse health problems; for instance, kidney stone is formed with these two substances mixed. At present, apart from information about experiments on animals, we do not have any information about experiments on humans. If the Mainland later finds more such cases, I hope it will announce more information on this later.

The Government Laboratory has gradually mastered the testing of melamine. This testing certainly has to tie in with the practice adopted by internationally-renowned laboratories overseas. Once a standardized test or a safety standard is agreed internationally, we have to make reference to it. I thus have said just now that we now use the level of melamine as the determinant. If more information on cyanuric acid becomes available, we shall then consider this issue.

DR JOSEPH LEE (in Cantonese): *President, my question is whether the Secretary will conduct laboratory tests on food products or beverages which may also contain cyanuric acid. I wish to ask the Secretary, if you say that*

PRESIDENT (in Cantonese): Dr LEE, you can only ask a follow-up on the part of your supplementary question that has not been answered by the Secretary.

DR JOSEPH LEE (in Cantonese): *Will you test whether food products may also contain cyanuric acid?*

PRESIDENT (in Cantonese): You need repeat only the part that has not been answered by the Secretary.

DR JOSEPH LEE (in Cantonese): *This is the part not answered.*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, I said just now that overseas jurisdictions allow the use of the chemical called cyanuric acid, in particular, for pesticides. If we test these products, we will definitely find traces of cyanuric acid. As regards its impact on our health, as I said just now, internationally, there is yet to be a definite finding, nor verification of its level. We will continue to follow up this issue.

MR WONG YUK-MAN (in Cantonese): *President, regarding melamine*

PRESIDENT (in Cantonese): Mr WONG Yuk-man, please stand up.

MR WONG YUK-MAN (in Cantonese): *As regards the standard level set for melamine, is the standard in Hong Kong the same as that of the World Health Organization (WHO)? Moreover, the Minister of the Department of Health in Taiwan had to step down and was criticized for following the standard level in Hong Kong; and even its Deputy Minister and officials in charge of food safety had to step down. Right? Many mainland officials concerned have been reprimanded or removed from office. How can officials in Hong Kong be so confident and indifferent and set such a lenient standard? May I ask the Secretary whether he has contacted Mrs CHAN, the Director-General of the WHO? How do they look at this matter? Mrs CHAN came from one of us. How could our officials think that there is no problem? How strange it is! Are the people of Hong Kong more lenient? As long as people of Hong Kong are not poisoned to death*

PRESIDENT (in Cantonese): Mr WONG Yuk-man, according to the rule regarding the asking of supplementary questions, you can only put one supplementary question. Can you be more specific with your supplementary question?

MR WONG YUK-MAN (in Cantonese): *The Secretary should be very clear about my questions. Let him choose which one to reply then.*

PRESIDENT (in Cantonese): Please sit down. Secretary, please reply.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, first of all, I need to clarify that all along there is no international safety level set for melamine present in food. The level adopted in Hong Kong is determined based on the daily intake set in the United States. Thus, Hong Kong is the first place to set a standard for melamine present in food. As I have already explained, regarding food products for infants of less than 36 months of age and for pregnant mothers, we have set a more stringent standard on melamine, which is 1 PPM; as for other food products, the level is 2.5 PPM. We have also informed the WHO of the standards set by us. The WHO currently has not provided any standard level to any country for reference. However, many countries later also set their standard levels and many of them are similar to ours. The countries having similar standards as ours include New Zealand, Australia, Canada, and so on.

MR LAU KONG-WAH (in Cantonese): *In the past, the public had a general impression that Hong Kong would only take sample checks and discovered the problem after being informed by overseas countries that they had discovered problematic food products. After the melamine issue was revealed, it had taken one to two days or even two to three days before the laboratory results were available. Thus, the public have had the impression that there may not be enough laboratories in Hong Kong. It is mentioned in the main reply that there are seven local laboratories offering testing services and another six laboratories may also provide such services, but they certainly will not offer testing service on melamine alone. May I ask the Secretary, given that there are many publicly-funded universities in Hong Kong, whether he has considered enlisting the support of these universities so that they can conduct large-scale food testing to better protect our food safety?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): I think apart from the melamine issue, we also have to tackle other issues relating to food safety. In particular, Hong Kong mainly relies on imports and the testing is conducted here, and this is a place of free trade, so we definitely have to enhance our own testing capacity. The Food and Environmental Hygiene Department and the Government Laboratory have increased the resources for conducting testing, but subject to the risk assessment in the future, we will increase the resources in this regard when necessary.

As far as the universities are concerned, they have also conducted researches. For instance, special efforts have been made on collating information on food safety and food nutrition. Certainly, they have the freedom to prioritize their work. We have good liaison with a few university laboratories. They may accept requests from commercial organizations to provide testing services in this regard. In the long run, I believe if we remain vigilant in the surveillance of food safety, the trade will have to consider how to commit appropriate resources to management at source.

MRS SOPHIE LEUNG (in Cantonese): *Evident in part (b) of the main reply, apart from joining hands with some laboratories, the trade as well as the Government also intend to enhance the capacity to tackle the problem at source. May I ask the Secretary whether he will further consider, apart from the melamine incident, how to gain an understanding of the problems happened at source sooner so as to conduct laboratory tests at an earlier time? If the trade can provide their views, together with the information from the WHO or other sources, the Government will be able to test at an earlier time food products at source which may have problems or have substances added.*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): The CFS maintains daily surveillance, paying special attention to international and mainland information on food safety, so as to gain an understanding of their announcements on certain risk assessment, and we can then pay attention to these products. Take melamine as an example, in fact, since melamine was found in animal feed imported from the United States last year, we in Hong Kong noted the need to conduct tests in this regard. Thus, after learning about the announcement in the Mainland, we already had such technologies in place to conduct immediate testing. Hence, if we find the development of testing or technology necessary in

other new areas, we will certainly do so. This is largely subject to, first, information provided to us by the trade; and I thus hope that they can inform us earlier if they hold that food products from a certain source or place pose such risk; and secondly, as far as the research and development sector is concerned, they have to be able to grasp the information, be it from formal channels or by studying soft information, so that we can expeditiously develop our own testing technology to grasp the problem as soon as possible. This warrants the support of all parties which have to work in a concerted manner.

MISS TANYA CHAN (in Cantonese): *Apart from melamine, in fact, in the past few years, there have been many incidents of chemicals, such as Sudan red and malachite green, being added to food. Will the Government consider putting in place some long-term policies to assist importers or wholesalers in testing food products so that they do not need to recall food products found problematic and bear unnecessary loss. Will the Secretary consider doing this? If he will, what are the details; and if not, what is the reason?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, first of all, regarding food safety, particularly concerning its source, I hold that the trade bears some measure of responsibility. In Hong Kong, the Government has spent substantial resources on conducting regular examinations and sample tests at the retail level. In this regard, almost 70 000 food samples are tested each year. This is, globally speaking, a very large number. However, overseas experiences show that they often put the responsibility on the trade and the trade is duty-bound to conduct their own tests. In Hong Kong, we hope that both parties can shoulder the responsibility to cope with the needs of the trade. As mentioned just now in part (b) of the main reply, I wish to know the risk of food products at source. If this is feasible, we certainly wish that we can conduct tests in this regard for the trade, or introduce the technology required for conducting the tests. However, I hold that we cannot conduct the tests for individual manufacturers or importers. We have to look at the whole picture, that is, we have to find out the major types of food products which have problems and conduct tests on them. As for individual food products, it is the responsibility of the business sector.

PRESIDENT (in Cantonese): We have spent almost 19 minutes on this question. Fourth question.

Replacement of Ambulances

4. **MR WONG TING-KWONG** (in Cantonese): *It has been reported that over the past several months, there were a number of cases of ambulances breaking down while attending service calls. The situation has given rise to public concern whether emergency ambulance service has been delayed. In this connection, will the Government inform this Council:*

- (a) *of the number of cases of ambulances breaking down while attending service calls since January this year, how this number compares with the average number in each of the past three years, as well as the causes of such incidents;*
- (b) *given that 35 and 88 new ambulances will be commissioned next month and next year respectively, of the expenditure involved, the major criteria for determining the priority of ambulance replacement, and whether priority will be given to replacing ambulances with longer years of service and those which mainly serve districts of larger populations and bigger areas; and*
- (c) *of the results of the inspections carried out by the Electrical and Mechanical Services Department (EMSD) on all ambulances in July and August this year following cases of ambulance breaking down one after another; and whether the Administration will increase the frequency of ambulance inspection and formulate a long-term plan for ambulance replacement?*

SECRETARY FOR SECURITY (in Cantonese): President,

- (a) From January to September this year, there were a total of 680 maintenance cases on ambulances of the Fire Services Department (FSD) arising from mechanical failure, representing an average of 76 cases per month. These cases include breakdowns occurred while the ambulances were attending service calls and those occurred during standby. The figures are comparable to those recorded over the past three years from 2005 to 2007.

From January to September 2005, there were a total of 814 maintenance cases, representing a monthly average of 90 cases.

There were 711 cases within the same period in 2006, or an average of 79 cases per month. Within the same period in 2007, there were 760 cases or 85 cases per month on average.

Generally speaking, the frequency of ambulance breakdown is higher in the summer from July to September in each year. Take the figures in 2005 to 2007 for example, there was an average of 108 ambulance breakdown cases per month in the summer, which was about 40% higher than that in other months. The higher number of ambulance breakdown in the summer may be attributed to the heat and humidity, which makes the air-conditioners on the ambulances more prone to damage, depletes the batteries and wears out engine belts. Vehicle age is also a contributing factor in some cases.

- (b) The Administration has all along been replacing ambulances in accordance with the need. As for the 123 ambulances mentioned in the question, funding for their replacement was secured in previous years (one year ago). The expenditure involved is around \$147 million. In addition, in the resource allocation exercise this year, the Government has provided further funding to the FSD for the procurement of a further 73 ambulances in batches. The expenditure involved is around \$97 million. In other words, the Government has altogether allocated some \$240 million to replace a total of 196 aged ambulances in batches. Of these new vehicles, the first 100 will be put into service before the end of 2009, with the remaining 96 becoming available in Hong Kong within the first half of 2010. After all 196 ambulances have been put into service, 80% of the FSD's new ambulance fleet will be under two years old, and the age of the fleet will be reduced from the current average of 8.4 years to 1.7 years.

Under the current arrangement of the FSD for replacing ambulances, the main criteria include the age, maintenance history and mileage of the vehicles. When the replacement exercise is largely completed by mid-2010, nearly 80% of the ambulance fleet will have been replaced and all ambulance regions in the territory will benefit.

- (c) From 24 to 30 July, the EMSD carried out a round of special inspection on all 250 ambulances in the FSD's fleet. During the inspection, engine belts, batteries and air-conditioner components were replaced immediately, if required. As for preventive maintenance, the frequency of scheduled maintenance on ambulances was increased from three to four times a year. With the commissioning of a large number of new ambulances, more frequent scheduled maintenance, and closer monitoring by FSD staff on the operation and maintenance of ambulances, the Administration is confident that in the long run, the reliability of ambulance service will be enhanced to ensure the provision of quality ambulance service.

MR WONG TING-KWONG (in Cantonese): *President, if an ambulance breaks down while attending a service call, and the injured person is in critical condition, what emergency measures will be taken by the ambulance staff? If the breakdown will affect the life of the patient on board, will the authorities explain who would be held responsible for that in such circumstances?*

SECRETARY FOR SECURITY (in Cantonese): President, according to the performance pledge for ambulance services of the FSD, 92.5% of service calls could be handled within a target response time of 12 minutes. If an ambulance breaks down while taking a patient or casualty to the hospital, a back-up ambulance will be dispatched immediately to the scene to transfer the patient or casualty to the hospital.

In the past few years, we have been very lucky that no patient or casualty has lost his life as a result of ambulance breakdown or failure.

DR RAYMOND HO (in Cantonese): *Ambulance breakdown is a rather serious problem, but in part (a) of the Secretary's main reply, he attributed the blame to the heat and humidity, which made the air-conditioners on the ambulances more prone to damage, depleted batteries and wore out engine belts. In fact, the main problem is ageing, but he only touched on the issue lightly in the last paragraph of the main reply.*

We all know that in Hong Kong, vehicles are seldom prone to damage because automobile technology has now greatly improved. May I ask the Secretary, in view of the fact that the reliability of ambulance service will be enhanced to ensure the quality of ambulance service, will the Secretary also increase the number of ambulances while increasing the frequency of maintenance?

SECRETARY FOR SECURITY (in Cantonese): President, in fact we have a package of measures. Just now I said that we would increase the frequency of maintenance. With regard to the FSD, at present, when ambulance staff of the FSD start their daily shifts, they will inspect the vehicles first, that is, problems will not be found only when the vehicles are on the road. In case they find any minor problem with the vehicle, they will immediately change to another ambulance. Therefore, first, we have strengthened the inspection at source. Second, as I have said just now, the EMSD has increased the frequency of scheduled maintenance, as well as the replacement of engine belts, and so on.

In addition, in the next 20 months, as I have said earlier, nearly 200, or 196 new ambulances will be put into service. The existing number of ambulances is sufficient to meet the demand under normal circumstances. Of these ambulances, 10% are back-up vehicles, that is, not all new ambulances will be put into service immediately, they will only be added in case of any shortfall. We now have 10% of vehicles as back-up, in case the ambulance staff find any problem with the ambulance when they start their daily shifts, they will have another vehicle in good condition as a substitute to attend duty.

Of course, if we find that there is an increase in the demand for ambulance service in future, I will certainly not rule out the possibility of increasing the number of ambulances or even the manpower.

MS LI FUNG-YING (in Cantonese): *In many cases, ambulances provide emergency services to the general public. The Secretary also said that the funding for 123 new ambulances had been secured more than a year ago, but a significant number of them will only be put into service by the end of 2009. Can the Secretary tell us what has happened? Is it because we have the money but we are unable to buy the vehicles, or what exactly has gone wrong?*

SECRETARY FOR SECURITY (in Cantonese): Ms LI Fung-ying has raised a very good supplementary question.

In fact, the procurement of these ambulances has to go through a procedure, which normally takes two to three years because we have to go through an open and fair tendering process. It will normally take 12 months for the preparation of tender documents and public tender, and after a tender is awarded, it generally needs more than a year before the supplier can deliver the ordered ambulances to Hong Kong.

The FSD and relevant departments will make an effort to speed up the tendering process by all means. We look forward to shortening the procurement timeframe in future.

MR WONG KWOK-HING (in Cantonese): *The Secretary mentioned in part (b) of the main reply that although the funding for the replacements of these jalopy ambulances had been secured, they could only be put into running service after three years. Just now the Secretary said that there is a process, but the ageing of ambulances is foreseeable, not something he found out just now. Therefore, may I ask the Secretary, via the President, why the replacement procedure for officials' vehicles could be processed in a faster manner, while the procedure for those vehicles, which are meant to save the lives of the people, is so slow? As it is already known that the process will take so long, why a swifter process is not formulated in advance for the replacement of ambulances which are meant to save the lives of the people? Will the Secretary please explain clearly why there has been a long delay? Why can the Government not replace those ambulances, which are meant to save the lives of the people, more expeditiously?*

SECRETARY FOR SECURITY (in Cantonese): President, in fact, ambulances are also government vehicles. Does Mr WONG mean that the replacement process of Bureau Directors' car is faster than that of ambulances? Is that what he means?

MR WONG KWOK-HING (in Cantonese): *President, my supplementary question is: Why can officials have their cars replaced so fast? If the Secretary*

wishes to give a categorical answer, he had better compare the two. Why can senior officials' cars be replaced in such a speedy manner, while the replacement of ambulances which are meant to save the lives of the people — although they are also "government vehicles" — is processed in such a slow pace?

PRESIDENT (in Cantonese): Secretary, Mr Wong Kwok-hing's question is very clear.

SECRETARY FOR SECURITY (in Cantonese): Okay, I do not have such information at hand, but my personal impression is that regardless of vehicles for officials or Bureau Directors, their timeframe of replacement will not be much faster than that of ambulances.

In fact, the replacement of vehicles falls outside the purview of the Security Bureau, I cannot answer on behalf of the others. However, there is a standing mechanism for the authorities to follow, and ambulances are replaced in accordance with need. The mechanism has been able to take care of a number of factors, including the age of the vehicle, maintenance records and mileage. Generally speaking, the existing mechanism is appropriate. The authorities will monitor more closely the use and maintenance of the ambulances together with colleagues from the FSD, and will make the replacement in a timely manner.

As I said earlier, in the next year or two, we will replace about 196, that is, nearly 200 ambulances for the FSD. When these new ambulances arrive in Hong Kong and are put into service, the average age of the FSD's ambulance fleet will be just more than one year. I believe this figure is far lower than that of the so-called officials' vehicles of any other departments.

PRESIDENT (in Cantonese): Mr Wong Kwok-hing, which part of your supplementary question has not been answered?

MR WONG KWOK-HING (in Cantonese): *President, the Secretary has not answered the part on shortening the process and time for the replacement of jalopy ambulances.*

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

SECRETARY FOR SECURITY (in Cantonese): President, as I said earlier, we consider that ambulance is a type of emergency vehicle — a vehicle responding to emergency calls — and we very much hope that we can have a special, express tendering process or replacement procedure for these so-called emergency vehicles. However, it does not fall into the purview of the Security Bureau. In any case, I would like to thank Mr WONG Kwok-hing for making the suggestion today. We will follow up with the relevant authorities after the meeting.

MRS REGINA IP (in Cantonese): *Although I have held the same post as the Secretary's currently, I have forgotten that it takes two to three years for the replacement of vehicles. I do not know whether it is because the vehicles had not been replaced in those days, or because I cannot remember that as I have grown older, but I was really shocked to hear that the replacement will take two to three years and the approval will also take one year. Nevertheless, the Secretary has already promised to speed up the process as soon as possible.*

I have this supplementary question. Since the fleet is rather aged, but the replacement exercise had only begun three years ago, was it due to the fiscal deficit and that under the straitened circumstances a few years ago, many departments had to implement a measure to suppress their expenditures across-the-board, therefore, the Secretary could not get the necessary resources? If so, I hope that the Secretary can make an undertaking that, just as many colleagues have said, since the emergency services are meant to save the lives of the people, I hope the Secretary will undertake to fight for the necessary resources with the Chief Executive and the Financial Secretary in future no matter how straitened the circumstances are.

SECRETARY FOR SECURITY (in Cantonese): President, I have a predecessor here, she probably knows better than I do.

As I have said earlier, there is a standing mechanism for the Government to replace its fleet, including those criteria mentioned by me just now, such as the age of the vehicles, maintenance records and mileage, and so on. As to whether

we seldom carry out the replacement of ambulances a few years ago because of the fiscal deficit, I am really unable to answer that.

However, I can assure Members here that, as I have said just now, because ambulances are vehicles responding to emergency calls, so do police cars and fire engines, I personally think that priority should be accorded to the replacement of these emergency vehicles. If such a need to replace these emergency vehicles arises in future, I will definitely fight for the relevant department.

PRESIDENT (in Cantonese): Last supplementary question.

MR LEUNG KWOK-HUNG (in Cantonese): *It is actually very easy for you to learn from your predecessor, just like the way she dealt with Article 23 of the Basic Law by saying, "you can trust me", that is the favourite catchphrase of Mrs Regina IP*

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please raise your supplementary question direct.

MR LEUNG KWOK-HUNG (in Cantonese): *Right now they are playing tricks between themselves — their own people, hey old chap, they can do so — two senior officials, a former high-ranking official plays tricks with an incumbent senior official*

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please come to your supplementary question direct.

MR LEUNG KWOK-HUNG (in Cantonese): *..... talking about whatever predecessor. As the saying goes, "government offices are like iron and officials are like running water", he said that he did not have the information on hand, so he therefore evaded the supplementary question.*

In fact, it is very simple. How much had been spent on replacing the vehicles of high-ranking government officials by BMW or whatever brand? Does he have those figures? How much will be spent on replacing those ambulances now? Does he have the figures in this respect? If high-ranking officials had not replaced their vehicles at that time just now Mrs Regina IP (that is, the predecessor of the Secretary) also asked whether it was due to the fiscal deficit. As I recall, it was a time of fiscal deficit, but TUNG Chee-hwa insisted that the vehicles be replaced. May I ask whether it is possible to make a comparison and inform this Council of the result? Can you make a horizontal comparison between the large number of cars replaced for the officials at that time, and the total price for the ambulance replacements now? In so doing, the facts could be revealed. Do you have the relevant figures?

SECRETARY FOR SECURITY (in Cantonese): With regard to Mr LEUNG's supplementary question about the replacement of vehicles and the time of fiscal deficit, I have already assumed the post as Secretary then, that is, in 2003. It seemed to me that at that time, that is, in 2003, 2004 and 2005, the Bureau Directors had not replaced their vehicles. Then, what information do you want me to use for comparison?

MR LEUNG KWOK-HUNG (in Cantonese): *Not 2003, 2004, but there should be a price for comparison purpose.*

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please state your follow-up question clearly.

MR LEUNG KWOK-HUNG (in Cantonese): *At that time, that is, when Mr TUNG was still in office, as far as I can recall, he said that the cars of senior officials were too dilapidated, and at the same time the prices of new cars were rather cheap, so a batch of BMWs or whatever had been procured, and we had been criticizing him at that time. The money had been spent, and there should be a record, we can compare these prices with the money earmarked to buy the ambulance replacements now, then we will be able to find out the difference, just as simple as that. Do you not understand that? Or are you pretending that you do not understand?*

PRESIDENT (in Cantonese): Please sit down. Secretary, do you have anything to add?

SECRETARY FOR SECURITY (in Cantonese): President, I remember that those BMWs were bought as replacements in the 1990s, I do not know whether Secretary IP that is, whether they had been bought before I took office, they were not bought in 2002, 2003, but were bought as replacement in 1996. Sorry, Mr LEUNG, Mr TUNG had not yet assumed the office of Chief Executive at that time.

If you want me to find out the amount approved for the procurement of that batch of BMWs in 1996, I can go back and ask my colleagues to find it out for me. If necessary, I can give Members a reply in writing. (Appendix I)

MR LEUNG KWOK-HUNG (in Cantonese): *President, I would like to ask when the Secretary can furnish the information to us.*

PRESIDENT (in Cantonese): Secretary, can you provide the information after the meeting?

SECRETARY FOR SECURITY (in Cantonese): President, since it falls outside the purview of the Security Bureau, I have to talk with the relevant colleagues first. I will give a reply in writing.

PRESIDENT (in Cantonese): Fifth question.

High Level of Pump Prices of Motor Fuels

5. **MR FRED LI** (in Cantonese): *International crude oil prices have recently fallen from the peak of US\$140 in July this year to below US\$80 a barrel, but local pump prices of motor fuels and diesel have only dropped by about 10% during the period. In this connection, will the Government inform this Council whether:*

- (a) *it has assessed if local oil companies should reduce the current pump prices of motor fuels; if so, of the criteria adopted for the assessment; if the assessment result is in the affirmative, of its means to bring about a reduction in the pump prices of motor fuels immediately, apart from urging oil companies to lower the prices as soon as possible; and*
- (b) *whether it has assessed if the competition law to be introduced in this legislative year by the Government will effectively prevent various oil companies from manipulating fuel prices jointly; if so, of the details; if not, the reasons for that?*

SECRETARY FOR THE ENVIRONMENT (in Cantonese): President, I am grateful to Mr Fred LI for raising this question. Retails prices of auto-fuel in Hong Kong are determined by oil companies having regard to commercial practices and their operating costs. We appreciated the impact of the auto-fuel prices on the local economy. We have been monitoring whether changes in local retail prices of auto-fuel are in line with the trend movements of international oil price (benchmarked against the Singapore free-on-board (FOB) prices for unleaded petrol and motor vehicle diesel). We note that the international oil price has come down continuously since July 2008. We have been in close contact with oil companies and urged them to promptly adjust prices in tandem with international oil price movements to lessen the burden on the public.

In a free market economy, the Government does not have the power to dictate the retail prices of auto-fuels. The Government will endeavour to maintain a stable fuel supply, encourage transparency and enhance competition by removing barriers to entry into the fuel market. To enhance competition in the auto-fuel retail market, the Government has taken a series of measures to facilitate the new market entrants including:

- (a) removing the requirement for bidders of petrol filling station (PFS) sites to hold import licence and supply contract;
- (b) retendering all existing PFS sites upon expiry of their leases, instead of renewing the leases to the existing operators; and
- (c) since June 2003, the Government has tendered PFS sites in batches consisting of two to five sites per batch, depending on the land

supply situation. The new tendering arrangement facilitates the new entrants in acquiring a critical mass of PFS to achieve economy of scale for an effective competition in the auto-fuel retail market.

Since the introduction of the new tendering arrangements, two new operators have obtained 21 out of the 30 PFS sites put up for tender and successfully entered the market. The share of the three biggest operators in terms of the number of PFS has dropped from over 93% to 76%. These figures have demonstrated that the new tendering arrangements have effectively enhanced the competition in auto-fuel retail market.

To assess whether the extent and schedule of adjustments of local auto-fuel retail prices have been reasonable, the following factors should be taken into account:

- (a) Hong Kong has no oil refinery. All auto-fuels sold locally are imported, and they are refined oil products instead of crude oil. It is not appropriate to simply compare the difference between the international crude oil price and local retail prices;
- (b) the comparison between the import prices of auto-fuel and local auto-fuel retail prices is an appropriate indicator. Sorry, here I may have spoken in a confusing way. What I meant is that instead of comparing the retail prices with the international crude oil price, the more accurate and reliable figures are the actual import prices and the pump prices set by the seven oil companies. The comparison of these two prices may enable the public to accurately assess whether there has been any deviation from the trend movements of international oil price;
- (c) apart from the import cost and government duties, the local auto-fuel retail price also covers other operating costs such as labour, land, transportation and promotion costs. Adjustments in these operating costs may not be in tandem with international oil price movements; and
- (d) local oil companies in general replenish their oil stock once to three times a month. They usually maintain an oil stock of around 30 days. According to the analysis on the replenishment frequency data, the actual import cost of auto-fuel currently sold reflects the

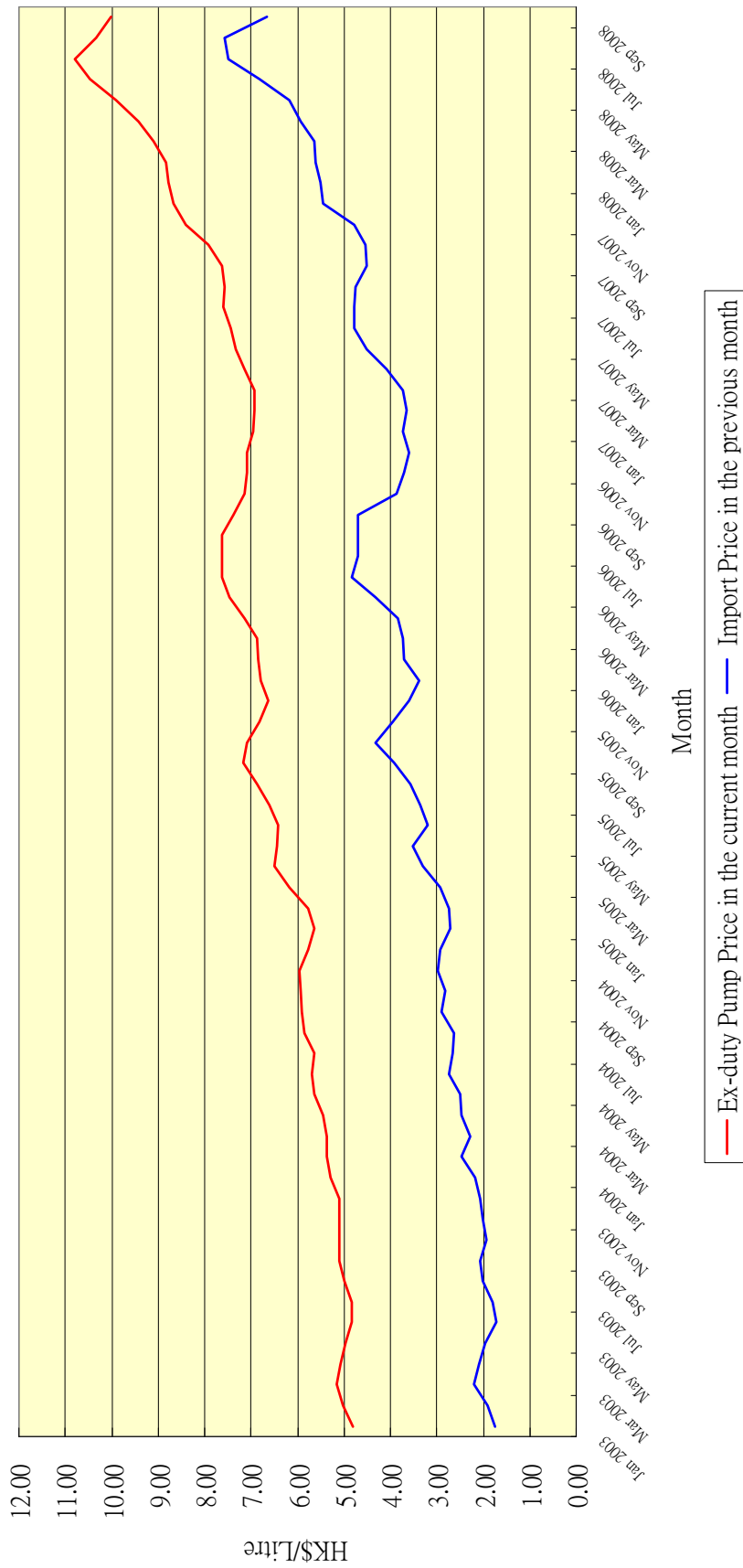
average import prices of the past few weeks, or around four weeks. Hence, there is a time lag for the adjustment of international oil price to be filtered through and be reflected in local auto-fuel retail prices.

Regarding the trend movements of retail prices of auto-fuel in the past few months, we have compared the changes in local retail prices of auto-fuel and the average monthly import prices since January 2003 (related data and graphs for unleaded petrol and diesel are at Annex 1 and Annex 2 respectively). In view of the import and stock-piling pattern of oil companies, there is a time lag for the adjustment of the auto-fuel import prices to be reflected in local retail prices. Therefore, the comparison has been made between the average import prices of the previous month and the local retail prices in the current month. It is noted from the graphs in the Annexes that the trend movements and the extent of adjustments in local retail prices have been broadly in line with the average import prices in the previous month.

We will continue to closely monitor the adjustments of local retail prices of auto-fuel. As mentioned in this year's policy address, we have asked the oil companies to promptly adjust prices in tandem with international oil price movements, and be more transparent in price setting so the public and consumers can monitor their retail prices. To enhance the transparency of retail prices of auto-fuel, we will regularly publish the local import prices and retail prices of auto-fuel in comparison with the trend movements of Singapore FOB prices for unleaded petrol and motor vehicle diesel. In addition, we will get the assistance of the Consumer Council which will publish weekly the local retail prices of auto-fuel and various cash/non-cash discounts from November onwards. Consumers can have a better grasp on the market situation and make a smart choice in consumption.

The Government aims to introduce a Competition Bill into the Legislative Council in the current Legislative Session. The main reason for the Government to introduce a competition law is to combat anti-competitive conduct in all economic sectors and provide a level playing field for business. The question of whether companies in any sector might have engaged in price-fixing could only be determined after investigation. Under the proposed competition law, the independent Competition Commission would be able to commence an investigation as long as it had reasonable cause to believe that price-fixing or any other form of anti-competitive conduct had taken place in any market. If the Commission could prove that anti-competitive conduct had occurred, appropriate remedies could then be applied. I believe we will have further discussions when the competition law is proposed in the future.

Unleaded petrol — Local pump price in the current month vs import price in the previous month

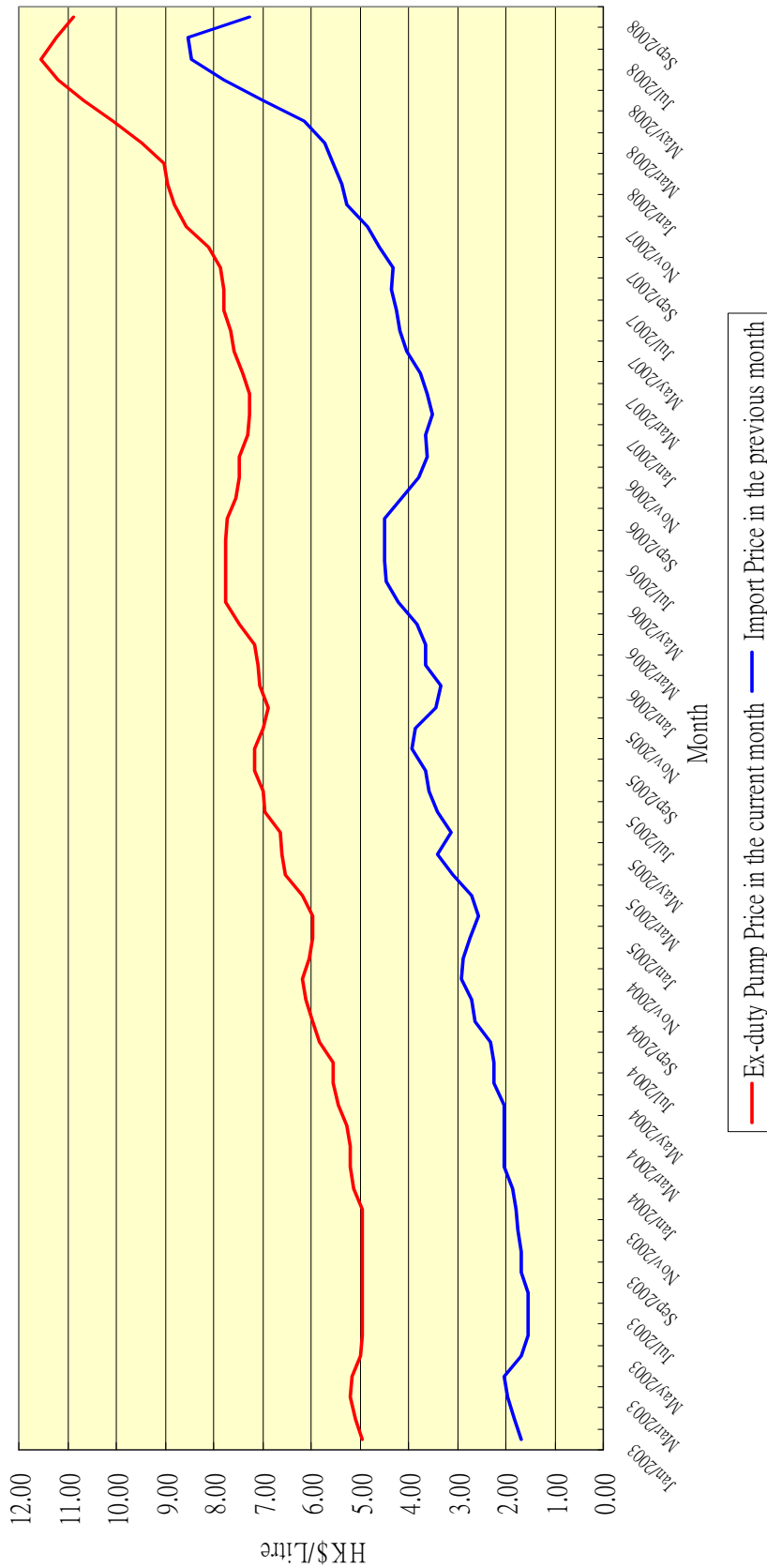


Pump-Import price spread: Unleaded petrol*

	<i>Import prices</i>		<i>Ex duty pump prices</i>		<i>Spread</i>
	<i>(previous month)</i>		<i>(current month)</i>		
	<i>(\$/Litre)</i>	<i>Change (\$/Litre)</i>	<i>(\$/Litre)</i>	<i>Change (\$/Litre)</i>	
2003	1.96		5.00		3.04
2004	2.63	0.67	5.66	0.65	3.02
2005	3.42	0.79	6.51	0.85	3.09
2006	4.09	0.67	7.22	0.71	3.13
2007					
January	3.73	0.12	6.96	-0.12	3.23
February	3.65	-0.08	6.93	-0.03	3.28
March	3.74	0.09	6.93	0.00	3.19
April	4.07	0.33	7.13	0.20	3.06
May	4.50	0.44	7.33	0.20	2.83
June	4.78	0.27	7.44	0.10	2.66
July	4.79	0.01	7.61	0.17	2.82
August	4.76	-0.03	7.57	-0.04	2.81
September	4.52	-0.24	7.62	0.05	3.10
October	4.54	0.01	7.93	0.30	3.39
November	4.78	0.24	8.41	0.48	3.63
December	5.44	0.66	8.66	0.25	3.22
2007 Full year	4.44	0.35	7.54	0.32	3.10
2008					
January	5.50	0.06	8.79	0.13	3.29
February	5.60	0.10	8.82	0.03	3.22
March	5.63	0.02	9.10	0.28	3.47
April	5.94	0.31	9.42	0.32	3.48
May	6.18	0.24	9.90	0.48	3.72
June	6.82	0.64	10.48	0.58	3.66
July	7.50	0.68	10.78	0.30	3.28
August	7.57	0.07	10.33	-0.45	2.76
September	6.67	-0.90	10.02	-0.31	3.35

* For instance, the spread for September 2008 is calculated by subtracting the average pump price in September 2008 by the average import unit value in August 2008. The spread covers a whole host of factors including land price, construction cost, operating cost, credit card commissions, Government rent and rates, terminal storage, transportation cost and profits.

Motor Vehicle Diesel — Local pump price in the current month vs import price in the previous month



Pump-Import price spread: Diesel*

	<i>Import prices</i>		<i>Ex duty pump prices</i>		<i>Spread</i>
	<i>(previous month)</i>		<i>(current month)</i>		
	<i>(\$/Litre)</i>	<i>Change (\$/Litre)</i>	<i>(\$/Litre)</i>	<i>Change (\$/Litre)</i>	
2003	1.73		5.01		3.27
2004	2.33	0.59	5.62	0.62	3.30
2005	3.29	0.96	6.66	1.04	3.37
2006	4.02	0.73	7.50	0.84	3.48
2007					
January	3.64	0.01	7.30	-0.16	3.66
February	3.51	-0.13	7.26	-0.04	3.75
March	3.60	0.10	7.26	0.00	3.66
April	3.75	0.14	7.42	0.16	3.67
May	4.05	0.30	7.57	0.15	3.52
June	4.19	0.14	7.64	0.07	3.45
July	4.26	0.08	7.78	0.14	3.52
August	4.36	0.10	7.79	0.01	3.43
September	4.32	-0.04	7.85	0.06	3.53
October	4.60	0.29	8.12	0.27	3.52
November	4.84	0.24	8.56	0.44	3.72
December	5.25	0.40	8.81	0.25	3.56
2007 Full year	4.20	0.18	7.78	0.28	3.58
2008					
January	5.38	0.14	8.94	0.13	3.56
February	5.55	0.16	9.03	0.09	3.48
March	5.71	0.17	9.47	0.44	3.76
April	6.14	0.43	10.06	0.59	3.92
May	6.98	0.84	10.68	0.61	3.70
June	7.80	0.82	11.18	0.50	3.38
July	8.44	0.64	11.55	0.37	3.11
August	8.51	0.07	11.22	-0.33	2.71
September	7.25	-1.26	10.89	-0.33	3.64

* For instance, the spread for September 2008 is calculated by subtracting the average pump in September 2008 by the average import unit value in August 2008. The spread covers a whole host of factors including land price, construction cost, operating cost, credit card commissions, Government rent and rates, terminal storage, transportation cost and profits.

MR FRED LI (in Cantonese): *President, the oil price dropped by \$0.2 yesterday after this question had been put on the Agenda. I wonder whether the price will slip further if the President allows me to ask this question again next week.*

President, please let me read out some figures before asking a follow-up question because the issue is very complicated and the Secretary has also given us a long reply. The international oil price stands at US\$71 per barrel today in contrast with more than US\$80 a barrel when I drafted this question. Now, it is US\$71 per barrel. International crude oil has dropped by more than 51% compared with the price in July this year, or three months ago, when it was \$147 per barrel. When crude oil futures were traded at US\$71 per barrel in New York on 15 August last year, the same as today, the pump price of unleaded petrol then was \$13.56 per litre in Hong Kong. But today, the pump price still stands at \$15.2 per litre despite a reduction of \$0.2 yesterday. When the international crude oil price still stands at US\$71 per barrel as one year ago, the pump price difference is as much as \$1.64 per litre. May I ask the Secretary if the Government has observed that, as revealed by the figures, oil companies are quick in raising and slow in reducing retail auto-fuel prices?

SECRETARY FOR THE ENVIRONMENT (in Cantonese): I thank Mr Fred LI for his supplementary question. When we say that international oil price has dropped after July, it means the international crude oil price. We can also see that the Singapore prices for refined fuels or auto-fuels used in Hong Kong have dropped after July. As I said earlier, if we wish to have a clear picture of whether or not pump prices in Hong Kong can move in tandem with the trend movement of international oil prices, we should, first of all, make comparison by adopting the Singapore FOB prices because the import from Singapore is similar to the products we use. Secondly, another better evidence is the actual costs of import borne by the seven oil companies in Hong Kong. We hope that a more suitable comparison can be drawn and these are the data for comparison provided by me in the papers. From these data, we can see that there is a time lag between the import price and the international fuel price and this time lag may be due to the difference in products. Besides, there is usually a time lag of four weeks when oil products are imported.

We can see that import prices began to drop in August following the decline in international oil price since July. We can also see that the oil companies have also adjusted the prices downward gradually since August. As regards whether the downward adjustments are in tandem with international oil

prices, I think the easiest way to make comparison is to show these two curves to the public and consumers. If the trend movements of these two curves are more or less the same, we can say that the pump prices are basically adjusted according to the international oil prices or import prices. If these two curves are moving away from each other, it shows that the difference between the two is growing bigger. Of course, consumers will not voice any dissatisfactions if the two curves are moving towards each other. However, at any rate, with these objective data which are fair to both sides, the Government and consumers are better able at monitoring the trend of oil prices. And the same approach will be adopted by the Government. When price reduction by the oil companies cannot reflect the import prices or international oil prices in a timely manner, we will continue to negotiate with the oil companies and urge them to do so.

PRESIDENT (in Cantonese): As there are eight Members waiting for their turns to ask supplementary questions, will Members and the Secretary please be as concise as possible.

MS MIRIAM LAU (in Cantonese): *President, the Secretary's reply has not convinced me at all. I also believe the motorists will not be convinced that the oil companies are not quick in raising and slow in reducing fuel prices. Of course, we are not in a debate today and I will therefore, like Mr Fred LI, cite some figures and discuss them with the Secretary on other occasions to find out the truth.*

President, my supplementary question today is as follows: As the monopolistic position of oil companies is the crux of the issue as a whole, it has been our hope that new entrants can be bought in so that there will be genuine competition. In the main reply, it is also mentioned that the Government will remove barriers to entry into the market so that new entrants can achieve economy of scale. However, Secretary, the problem lies in the fact that both new and old operators will get fuel supplies from one single source. Given this, how can oil prices go down? How can there be genuine competition? So, it is necessary to introduce new entrants. In the past, there had been lots of discussions about the need of providing storage space for fuels to be imported by the new entrants and such fuels might not come from Singapore. However, the Secretary has time and again referred to the prices of imports from Singapore. Can we talk about the import prices of other places? We can ensure genuine

competition if fuel is imported from different places. But we cannot do so because there is no fuel depot for storage purposes.

Secretary, if the Government is really determined to solve the problem, will measures be devised to encourage new entrants to diversify their sources of import, instead of a single source of import of fuel?

SECRETARY FOR THE ENVIRONMENT (in Cantonese): President, I agree with Ms Miriam LAU that the best way to deal with monopolization or price rigging, which are the concerns of the public, is to enhance competition. In the main reply, I also highlighted what concrete measures had been adopted in the past two years in order to bring in new entrants, and ensure more even market shares. Recently, we also discovered that differential pricing has started to emerge. Of course, regarding the sources, we all know that fuel sources around the world are subject to certain limitations and the Government cannot instruct the oil companies to import fuel from any particular source. I believe this matter is directly related to the costs. It is sensible that fuel is imported from the most cost effective source by oil companies for retail purpose because this is directly related to their operation. But are there any other sources of fuel which are worth discussion? We are glad to discuss the issue with the industry.

MR CHAN HAK-KAN (in Cantonese): *President, my supplementary question is similar to Ms Miriam LAU's. But I would like to point out briefly that the Government has only two measures to tackle high oil prices. The first one is the tendering of PFS sites, as mentioned by the Secretary. But this is distant water that cannot put out the fire. The second one is "verbal coercion" employed by the Secretary from day to day. The oil companies may reduce the oil price by \$0.2 after the Secretary has made a comment. My question is: Why does the Government not consider importing refined oil products from the Mainland? In other words, the Government can encourage oil companies to do so. Is it because the quality of refined oil products in the Mainland does not meet the requirements of Hong Kong or because of other reasons? I hope the Secretary can respond to this.*

SECRETARY FOR THE ENVIRONMENT (in Cantonese): President, I thank Mr CHAN for his question. Firstly, our measures to enhance competition should not be regarded as distant water because it is evident that the tendering of sites in

the past two years has successfully brought in two new entrants whose market shares have also jumped from single digit to double digits. On the other hand, in respect of expanding the sources of fuel, as I said earlier, the Government should certainly not make any stipulation unilaterally. But according to the figures available to me, different oil companies have imported fuels from different places other than Singapore. For instance, 13% of the fuels are imported from mainland China. It is the operators who make the choice ultimately. However, in view of the fact that Members are concerned about the operation of the market as a whole, we are prepared to listen to proposals which can enhance competition and transparency. Apart from adopting industry-related measures, the Government also hopes that competition can be enhanced through consumers' wise choice. These are the current measures of the Government.

MR LEE CHEUK-YAN (in Cantonese): *President, if we compare the import prices of diesel and petrol with their respective retail prices with reference to the Annexes, we can see that the differential pocketed by oil companies from diesel ranges from \$3.5 to \$3.9 while the difference pocketed by oil companies from petrol ranges from \$3.2 to \$3.6. Surprisingly, the oil companies can pocket a greater price differential from diesel. This is precisely because the Government has granted duty concession on diesel, thus resulting in a bigger price differential. If the Government does not solve the problem of oil prices, it is meaningless granting the concession.*

President, as reflected by the price spreads, the price differential pocketed by oil companies is more than \$3 a litre, be it petrol or diesel. Has the Government made a calculation in fact, as the spreads cover land premium, construction cost, operating cost, Government rent and net profits, has the Government calculated the amount of net profits? We will be able to see how serious profiteering is if there is such transparency. We are most dissatisfied with the particularly low salaries of oil company employees, and this has substantiated the seriousness of exploitation. Has the Government calculated the net profits so that Hong Kong people can see how unscrupulous the oil companies are? Even though the Government can solve the problem that oil companies are quick in raising and slow in reducing the prices, it remains a long-standing problem that the oil companies have been pocketing the price differential, which is indeed a very big margin. Secretary, is this the situation? Have you made a calculation?

SECRETARY FOR THE ENVIRONMENT (in Cantonese): President, I thank Mr LEE Cheuk-yan for his supplementary question. In fact, this supplementary question should be answered by the oil companies rather than the Government. As commercial entities, the oil companies have compiled their own accounts as those in other industries, and I believe they should deal with their accounts on their own unless they are listed companies.

However, I know that both the Government and the Legislative Council had looked into the issue in the past. In 2006, the Government appointed a committee to find out the situation in this aspect. We tried to outline the basic cost structures of oil companies at that time, enabling us to see what elements had been factored into the spread, as mentioned by Mr LEE Cheuk-yan. First, the spread is not entirely the profit. As I mentioned in the main reply, the spread includes other expenses such as salaries, and so on. In the 2006 study, we could see that land premium, which is Members' concern, accounted for around 8% to 10% and the profit was around 5%, with the remaining portion being essential operating expenses. I am aware that the Economic Development Panel discussed and published these figures in 2006.

PRESIDENT (in Cantonese): A number of Members are gravely concerned about the oil price issue. And yet, this Council has spent more than 20 minutes on this question, so will Members follow it up in the relevant panel. We now proceed to the last oral question.

Fare Concessions Provided by MTR Corporation Limited

6. **MR LAU KONG-WAH** (in Cantonese): *President, regarding the fare concessions currently provided by the MTR Corporation Limited (MTRCL), will the Government inform this Council whether it knows:*

- (a) *the criteria adopted by the MTRCL for setting up Fare Savers, the locations which presently meet such criteria but with no Fare Savers set up, and whether and when Fare Savers will be set up at those locations;*
- (b) *given that the MTRCL has started providing half-fare concessions for full-time students this month, but it has been reported that there*

were cases of the ticketing systems concerned charging excessive fares, the details of such cases, the estimated total of fares overcharged so far, and whether the MTRCL will refund the overcharged amount to the affected students; and

- (c) *given that the monthly ticket scheme is available only at the East Rail and West Rail Lines at present, whether the MTRCL will reconsider providing such scheme at other lines; if it will not, the difficulties involved and whether the MTRCL has made reference to the practices of other places?*

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

- (a) According to the information provided by the MTRCL, it introduced the Fare Saver discount of \$1 to \$2 in 2002. The objective is to encourage people who live or work farther away from MTR stations to walk there to use railway service.

In determining whether to introduce a Fare Saver at a particular location, the MTRCL will take into account the actual number of passengers and potential growth, availability of other transport modes for interchange with railway, distance between the proposed Fare Saver and the railway station (generally the yardstick is about 500 m), market situation and competition with other transport modes in the district. In the past 12 months, the number of Fare Savers has been increased from 21 to 26.

A total of 26 Fare Savers that meet the above criteria are located in different districts. They include:

Hong Kong Island	6
Tsim Sha Tsui, Yau Ma Tei, Mong Kok and Sham Shui Po	5
East Kowloon and Tseung Kwan O	4
Tsuen Wan and Kwai Tsing	8
Islands	3

The MTRCL will continue to introduce new Fare Savers taking into account the above criteria and market conditions. Fare Saver is one

of the MTRCL's promotional measures. The MTRCL will review the Fare Saver Scheme as necessary every year.

- (b) The MTRCL has extended the student fare concessions to all domestic service lines since 28 September 2008. Eligible students with Personalized Octopus cards can enjoy fare concessions of up to 50% off normal fares on all domestic service lines. The MTRCL aims to increase its patronage and broaden its customer base through this marketing strategy.

As regards reported cases of suspected over-deduction of fare for interchange between MTR railway services and MTR Feeder Bus, the MTRCL has already clarified the situation. I also wish to take the opportunity to explain the case.

I would like to use the example of passengers taking MTR from Sha Tin to Tai Po Market and transfer to MTR Feeder Bus as an illustration. The adult fares for the MTR journey and the bus journey are \$4.7 and \$3.4 respectively. With the introduction of student fare concessions, the rail fare is reduced to \$2.4 while the bus fare is still \$3.4.

The MTRCL has all along offered concessions for interchanges with MTR Buses and MTR Feeder Buses under the principle that passengers should pay the higher of the two fares. In other words, in our example, the student should pay the higher of the two fares, that is, \$3.4. Should the student take the rail service first, he needs to pay the student concession fare of \$2.4 but the student is not charged the actual fare difference for the interchange with the bus because of the MTRCL's marketing strategy. As a result, the student enjoys an extra discount of \$1. Should the student take the MTR Feeder Bus first, following the established principle of interchange concessions, he would need to pay the higher of the fares, that is, \$3.4. The MTRCL estimates that fare difference between inbound and outbound journeys could occur for about five MTR Feeder Bus routes.

The MTRCL has emphasized that since the implementation of the new arrangement, there has been no case of over deduction or wrong deduction of student fares.

The MTRCL's recent decision to extend student fare concessions to all railway lines will bring about a saving of \$130 million annually for the public. The number of students being benefited from the concessions has increased from 260 000 to 360 000.

- (c) Railway is a very popular mode of public transport. The Administration understands the concern of the Legislative Council and the public about railway fares including whether individual fare concessions can benefit more passengers. Under the rail merger, 2.8 million passengers have been benefited daily from fare reduction with an annual saving of about \$600 million.

In the past, railway corporations have taken into account the economic situation of Hong Kong, marketing strategy and customer needs and have introduced different kinds of promotions on fares. These include East Rail and West Rail Monthly Passes offered by the Kowloon-Canton Railway Corporation before the merger. The two promotional offers were introduced when West Rail and Ma On Shan Line were opened in order to encourage more passengers to ride on the new lines.

Whether to offer fare concessions and the details of such offers are commercial decisions by the MTRCL. The MTRCL will take into account factors such as its business operation, market situation and customer demand when considering the need to offer promotions to passengers.

MR LAU KONG-WAH (in Cantonese): *President, I am very disappointed with the reply given by the Secretary because she has merely given an explanation.*

In fact, after the Government and the MTRCL announced that students of the New Territories would enjoy half-fare concessions — in this example, students of Tai Po and Sha Tin, who used to pay \$4.7 only, have to pay \$5.8 following the introduction of the so-called concessions. You told the students that the fare would be lower, but it was actually \$1.1 higher. Does the Secretary consider that it has gone too far in this case? This is indeed cheating the students. The Government and the MTRCL have joined hands to cheat the students. How can the Secretary turn a blind eye to this situation?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, just as I have explained, generally speaking, like the previous Feeder Bus service, people are also required to pay the higher fare under this concession scheme. The point is that several bus routes — there are actually five MTR Feeder Bus routes showing the abovementioned fare difference between inbound and outbound journeys. However, other than these five routes, fare concessions are offered across the board following the principle that journeys with higher fares will be free (Appendix 2) whereas MTR rides offer a discount up to 50%.

MR LAU KONG-WAH (in Cantonese): *President, the Secretary has not answered my supplementary question about why only students taking those five bus routes are required to pay more. The fares were lower when there were no concessions. Why is that so? How can the Secretary turn a blind eye to this situation?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, we are actually acting according to the principle. Those buses are operated by the Kowloon Motor Bus, but not the MTRCL. In that case, the feeder bus fare would still be \$3.4. If it is part of the MTRCL, all services including MTR, light rail or feeder bus would be provided with half-fare concessions.

MR WONG SING-CHI (in Cantonese): *President, in the main reply, the Secretary mentioned that there are currently 26 Fare Savers. And yet, all of them are located in districts along the old MTR lines. May I ask if the MTRCL will consider introducing new Fare Savers along the East Rail or West Rail Lines so that people living in the New Territories will also enjoy this concession?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, the MTRCL will introduce different concessions for different routes. The reason for choosing these MTR stations is to encourage members of the public to walk within a distance of 500 m without taking other modes of transport. This is a kind of competitive practice.

In the case of the West Rail or the Light Rail mentioned by the Honourable Member just now, its strategy is to make use of the feeder bus routes. Perhaps I should illustrate with some examples. While there are 13 free feeder bus routes

in Northwest New Territories, offering a concession of about \$3.7, there are 22 green minibus routes offering interchange concessions along the West Rail or Ma On Shan Rail Lines, for instance. Given the different distribution patterns, it would be more appropriate to set up Fare Savers in more densely-populated areas, and provide free or discounted feeder bus services in more scattered areas. Different concession schemes will be introduced in the light of conditions in different areas.

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

MR WONG SING-CHI (in Cantonese): *The Secretary seemed to have failed to explain why no Fare Savers are set up in New Territories East.*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, I have explained it already. Different areas will certainly have different considerations. For the New Territories, in particular, if the situation permits after taking into account the considerations mentioned by me earlier in the main reply, the MTRCL is willing to set up Fare Savers there. Just as I have said, the considerations include the number of passengers, the potential growth after setting up additional Fare Savers, the availability of feeder transportation services and the market situation. The preliminary conclusion is that three locations in the New Territories meet the abovementioned criteria and Fare Savers would therefore be set up.

MR ANDREW CHENG (in Cantonese): *President, in response to the main reply and the follow-up question raised by Mr LAU Kong-wah just now, the Secretary said time and again that those were the commercial principles and decisions of the MTRCL. I nonetheless hope the Secretary will understand that the MTRCL is now a dominant market player. If it only emphasizes commercial decision, this will only make the provision of student concession nothing more than empty talk and a reduction in fare would turn out to be an increase in the end. What is more, it would be reluctant to extend the monthly ticket scheme to other lines I hope that the Secretary will understand that the Government is still the largest shareholder of the MTRCL. Will she request the MTRCL not to make*

decisions purely on commercial principles, but to immediately introduce a monthly ticket scheme similar to that of the East Rail and the West rail at other lines in consideration of public interest and the deteriorating economic environment?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, insofar as students are concerned, we do not agree that the introduction of such concession scheme has increased rather than reduced fares. This is impossible as different concessions are offered. Just now, I have also mentioned some exceptional cases. It is probably those five bus routes have caused confusion. I have already given an explanation earlier on, and it is because of a fare difference between inbound and outbound journeys.

If the MTRCL is said to be a dominant player, it would not have listened to public views. And yet, the offer of student concession is precisely a response to public views. On the other hand, this is offered having regard to the need to broaden its customer base, which will bring about an annual saving of \$130 million for the public. This we should affirm.

As to whether monthly tickets should be introduced across the board, just as I have explained, consideration should be given to the overall business operation and market situation before a decision is made. Certainly, the operation of the existing routes should be taken into account. Judging from the case, since both the West Rail and Ma On Shan Lines are new routes, an introduction of the monthly ticket scheme could promote higher patronage. Monthly concession was therefore offered.

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

MR ANDREW CHENG (in Cantonese): *President, the Secretary has not answered my supplementary question. From the Secretary's angle, the Government is still the largest shareholder of the MTRCL, but she should not merely highlight the MTRCL's commercial principle from its angle. I hope that the Secretary, as a spokesman of the MTRCL's largest shareholder, would take into account public interests as well. You are not a spokesman of the MTRCL, are you?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, we will encourage the MTRCL to adopt some competitive measures. And if these can promote patronage, substantive consideration should surely be given.

MS MIRIAM LAU (in Cantonese): *President, I am not convinced that the Fare Savers have been properly set up. In fact, the Fare Savers are generally welcomed by the public and have greatly enhanced the competitiveness of the MTRCL. Given that no Fare Saver has been set up along the East Rail and West Rail Lines, is this genuinely Sorry, President, let me first put on the microphone properly. Secretary, do I need to repeat? Sure. The Fare Savers are welcomed by passengers and have also enhanced the competitiveness of the MTRCL. As we can see, after the rail merger, no Fare Saver has been set up for the East Rail and West Rail, and I am not convinced that neither of them are suitable for setting up any Fare Saver.*

May I ask the Secretary if such Fare Savers are set up at suitable locations at the initiative of the MTRCL after it has reviewed the overall railway network, or requests are made by the public or a certain district for the consideration of the MTRCL on a case-by-case basis? Can the Secretary advise which case it is?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, the MTRCL will consider the suitability of introducing this on all lines. I have just stated some criteria, and mentioned the setting up of three additional Fare Savers in the New Territories in replying a supplementary question. However, this is not the only way to promote MTR patronage and many different concessions can be offered. Just as I said earlier, it is ready to consider offering interchange concessions for buses and public light buses. Therefore, as long as the abovementioned considerations are met, the MTRCL will be most willing to include the setting up of Fare Savers in its plan. Should Members have any opinion, we are also happy to relay them to the MTRCL.

MR LEUNG KWOK-HUNG (in Cantonese): *President, just now the Secretary said that the competitiveness of the MTRCL should be enhanced. I do not quite understand it as it is now a dominant player in the railway service and has actually monopolized the market.*

I wish to ask the Secretary — this question is actually very similar to the supplementary question raised by Mr Andrew CHENG — if she has considered buying back the shares of the MTRCL, such that it will become wholly owned by the Government and can therefore freely enforce policies in the interest of the people. My question is not ungrounded. The United States have bought back the AIG. The daughter of CITIC Pacific's rich boss engaged in audacious speculations, such that the two tunnels are on the verge of being sold

PRESIDENT (in Cantonese): Your supplementary question is clear enough.

MR LEUNG KWOK-HUNG (in Cantonese): *Right, so will you follow this major international trend and nationalize the railways in the interest of the people?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, the financial condition of the MTRCL is very sound and there is no buyback plan at the moment.

MR LEUNG KWOK-HUNG (in Cantonese): *President, I wish to follow up*

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, you cannot follow up a supplementary question. If you think that the Secretary has not answered any part of the supplementary question that you just raised, you may repeat that part.

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

PRESIDENT (in Cantonese): Which part has the Secretary yet to answer?

MR LEUNG KWOK-HUNG (in Cantonese): *I asked about the CITIC Pacific case. In what position can she say that the CITIC Pacific is not selling the Eastern Harbour Crossing and Western Harbour Crossing? She has not answered this question.*

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, the supplementary question that you raised just now did not mention the CITIC Pacific case. You only alluded to it as reference. Your supplementary question is very clear, which asked the Secretary if she had considered nationalizing the MTRCL by buying back the shares. Do you think that the Secretary has yet to answer this part?

MR LEUNG KWOK-HUNG (in Cantonese): *Does the Secretary know what nationalization is?*

PRESIDENT (in Cantonese): This is not part of the supplementary question raised by you. I think the Secretary has answered it already.

MR LEE CHEUK-YAN (in Cantonese): *President, the reply given by the Secretary just now is most disappointing. No consideration has been made in the interest of the public at all. Just take the proposed introduction of monthly tickets across the board as an example. She said that the MTRCL would have to consider so and so, but she needs not do so. Being the Secretary is such a lucrative job, is that true?*

Judging from the present situation, transportation cost will become a very heavy burden in the face of a gloomy economy. Will the Secretary take this into consideration? Will she request the MTRCL to offer monthly ticket concession, for instance, on behalf of the Government in view of the high transportation cost borne by people commuting between Tung Chung and the Central as well as the low income, so as to relieve the wage earners' heavy burden in transport expenses? Will you take these into consideration? Or you simply do not bother to consider anything? We had better call you the Secretary of no-consideration?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, I do not think that is a fair remark. We hope that the MTRCL will operate according to the principle of prudence. Certainly, in the course of it, either the operation Recently, in the course of removing the turnstiles, our colleagues

have maintained close contact with their staff every day to update on the progress. Also, there had been co-operation between us in a co-ordinated manner when Olympic events were organized by the Equestrian Company.

As to whether the MTRCL should offer concessions under the prudent approach without using government subsidy, I would consider this the general principle and underlying spirit. However, it is an independent corporation after all. I think that it should be allowed to operate independently, but not necessarily operate with public money or under certain instructions. I do not think this is an appropriate approach.

The MTRCL has all along operated very successfully and efficiently, and a fare adjustment was made immediately after the merger. I believe members of the public enjoy riding on the MTR, which is a highly competitive mode of transport. Therefore, I consider that the existing management style and established principle should continue to apply in future operation.

PRESIDENT (in Cantonese): We have spent more than 19 minutes on this question

MR LEE CHEUK-YAN (in Cantonese): *The Secretary has not answered my supplementary question.*

PRESIDENT (in Cantonese): Mr LEE, which part of your supplementary question has the Secretary not answered?

MR LEE CHEUK-YAN (in Cantonese): *The Secretary has not answered the part concerning whether or not she will request the MTRCL to offer monthly ticket concession across the board in the interests of the people in view of the heavy burden of transport expenses arising from a gloomy economy. She has not answered this part.*

PRESIDENT (in Cantonese): Mr LEE, you must understand that

MR LEE CHEUK-YAN (in Cantonese): *She just replied that she had watched the removal of the turnstiles. She is, after all, no more than a Secretary watching the removal of the turnstiles.*

PRESIDENT (in Cantonese): Mr LEE, you must understand that no debate is allowed during Question Time. Secretary, do you have anything to add?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, a framework has been put in place for either its operation or the charging principle, and the Legislative Council had actually carefully examined the reduction of fares upon merger pursuant to the power vested in it by law. We are therefore operating under these principles. I do hope that Members will continue to monitor the operation of the Transport and Housing Bureau or the MTRCL.

PRESIDENT (in Cantonese): We have spent more than 20 minutes on this question. Oral questions end here.

WRITTEN ANSWERS TO QUESTIONS

Review of Deposit Protection Scheme

7. **MR FREDERICK FUNG** (in Chinese): *President, in response to my question about reviewing the Deposit Protection Scheme (DPS) raised on 7 November last year, the Government advised that the Hong Kong Deposit Protection Board (DPB) considered that there was no need to adjust the maximum protection limit of \$100,000 per depositor at that stage, and DPB would continue to closely monitor the effectiveness of DPS as well as review and adjust the relevant arrangements under the scheme, including the limit and scope of protection, according to the need of the community at an appropriate time. Given the recent turmoil in the local financial market and there was even a bank run last month, will the Government inform this Council whether:*

- (a) *it knows the percentage of depositors with deposits of \$100,000 or below among those who had withdrawn the full amount of their deposits in the bank run mentioned above;*

- (b) *it has assessed if the bank run reflects that the existing DPS fails to enhance public confidence in small and medium banks; and*
- (c) *the authorities will make adjustments to the related arrangements of the DPS, including following the practices of other places to immediately increase the maximum protection limit to reinforce the confidence of depositors, extend the protection coverage and raise the level of public awareness of the DPS; if they will, of the implementation timetable; if not, the reasons for that?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Chinese): President, while the Hong Kong banking system is fundamentally sound, with capitalization well above international standards, there is a need for the Administration to enhance the relevant pre-emptive measures in order to maintain depositors' confidence in banks, having regard to the recent nervousness in the global financial scene.

The Financial Secretary announced on 14 October to use the Exchange Fund to guarantee the repayment of all customer deposits held in all authorized institutions in Hong Kong. This arrangement takes immediate effect and will remain in force until the end of 2010, when a decision will be made on whether it should be extended in the light of the international financial conditions. The arrangement is precautionary in nature, the purposes of which are to reinforce the confidence of and protection for depositors and maintain the stability of the Hong Kong financial system. The DPB and the Hong Kong Monetary Authority (HKMA) are launching a new round of publicity in order to enhance the awareness of the public as regards the new measure.

In addition, the Chief Executive has announced in the 2008-2009 policy address that the coverage and protection limit of the DPS will be reviewed in order to provide enhanced protection to depositors. The HKMA is assisting the DPB to conduct this review. The DPB has already started collecting information from DPS members for analysis. It will consider the analysis results and opinions collected by the HKMA and come up with detailed recommendations in the first quarter of 2009, following which consultations with the industry and the public will commence.

Cross-boundary Students

8. **MR CHEUNG HOK-MING** (in Chinese): *President, it has been reported that the number of students who cross the boundary to attend school every day from the Mainland to Hong Kong in this school year has increased substantially as compared to that of last year. Moreover, as cross-boundary school buses have to carry students during specified periods, cross-boundary students taking these buses can neither attend tuition sessions nor participate in other extra-curricular activities, and therefore they are unable to experience a rich and colourful school life. In this connection, will the Government inform this Council:*

- (a) *of the respective numbers of cross-boundary students enrolled in kindergartens, primary schools and secondary schools in Hong Kong in this school year;*
- (b) *of the current quota of cross-boundary coach granted by the authorities of Guangdong and Hong Kong to school buses, and whether they have assessed if the quota is sufficient to cope with the demand; and*
- (c) *whether it will adopt measures to assist cross-boundary students in solving the above problems and improve their quality of school life so that they can learn and grow up happily?*

SECRETARY FOR EDUCATION (in Chinese): President,

- (a) Based on the information provided by schools, the number of cross-boundary students who are Hong Kong residents but are residing in Shenzhen and attending schools in Hong Kong at different levels in the current school year are as follows:

<i>School year</i>	<i>Number of cross-boundary students</i>			
	<i>Kindergarten</i>	<i>Primary</i>	<i>Secondary</i>	<i>Total</i>
2008-2009*	1 780	3 910	1 078	6 768

* The statistics are provided by schools in the districts of Tai Po, North District, Yuen Long and Tuen Mun.

- (b) In late September this year, the Government for the first time issued 20 special quotas to service providers for operating cross-boundary school coach services. These services have commenced operation. We will keep a close watch on students' actual demand for such services and will, if necessary, discuss with the mainland authorities whether the special quotas may be increased.
- (c) Education reform in recent years aims at enhancing the effectiveness of teaching and creating a pleasurable environment for student learning and development. The school life of cross-boundary students is no different from that of local students in that all students have equal access to the teaching resources and facilities in schools, and participate in class activities and extra-curricular activities. However, some cross-boundary students may prefer not to stay behind for school activities because they have to travel long distances back home. In view of this, schools have made necessary arrangements, such as scheduling counselling services before classes or during recesses, and, where suitable, advancing after-school activities to the after-lunch time slot. School coach service operators can arrange their schedules flexibly. For example, they can make use of the "multi-time slot" measure introduced by the Government for the Lok Ma Chau Spur Line Public Transport Interchange to take cross-boundary students to and from their schools at flexible hours. Cross-boundary students may also choose from the trips provided by different operators according to the need of their schooling hours.

Handling of Water Seepage Complaints

9. **MR JAMES TO** (in Chinese): *President, the Office of The Ombudsman released a report in March this year, which made recommendations in respect of the dedicated Joint Office (JO) set up by the Buildings Department (BD) and the Food and Environmental Hygiene Department (FEHD) to handle complaints about water seepage in buildings. It was mentioned in the report that the Administration "has already introduced certain improvement measures to procedures concerning operational timelines, entry to suspected premises and management and monitoring of consultants". In this connection, will the Government inform this Council:*

- (a) *of the details of the above improvement measures, and whether there has been any improvement in the handling of water seepage complaints since the introduction of such measures (including whether the time required for conducting investigations has been shortened, the percentage of successful cases of identifying the source of water seepage has increased, and so on); if so, of the details;*
- (b) *given that the Government has repeatedly indicated that the review on the operation of JO would be completed in mid-2008, whether the review has been completed, and when the outcome is expected to be made public; if the review has been completed, whether the review report has recommended the implementation of improvement measures; if so, of the details; and*
- (c) *given that The Ombudsman had urged the Government in the above report to give priority consideration to the proposal of setting up a Building Affairs Tribunal, and the Government has also indicated that it would follow up the matter, of its progress in considering the proposal?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, as pointed out in The Ombudsman's "Direct Investigation Report on Handling of Water Seepage Complaints" released earlier this year, water seepage in private premises is primarily a matter of building management and maintenance for property owners. However, if it causes public health nuisance, building safety risks or wastage of water, the Government has a statutory responsibility to consider its involvement by exercising the relevant statutory powers. Based on this philosophy, the FEHD and the BD established a JO in 2006 to assist members of the public to resolve some of the water seepage problems. Regarding the three parts of the questions, our replies are as follows:

- (a) and (b)

Since the JO service was extended to cover the whole territory as a pilot scheme in 2006, we have been striving to improve the operation

of the Office. We have completed an interim review of this three-year pilot scheme. Based on the results of the interim review and the recommendations in The Ombudsman's Report, the JO has gradually implemented various improvement measures, including issuing clearer internal guidelines for investigation, establishing milestones to monitor the progress of various stages of investigation, issuing clearer internal circulars for deciding whether to exercise power of entry under the Public Health and Municipal Services Ordinance, enhancing information processing and communications within the various units of the JO, and so on. The JO has also issued clearer guidelines and performance milestones to the consultants it hired and standardized the format of documents. It will also formulate criteria and guidelines for the Office to take over from consultants the investigation of cases with serious delay. We hope these measures will further enhance the efficiency of the JO, and will examine further improvement measures with experience gained.

Another major focus of the interim review is the clarification of the JO's authority under the relevant legislation being administered by the three departments concerned, namely the FEHD, the BD, and the Water Supplies Department. We have to point out that a number of water seepage cases do not involve public health nuisance, building safety risks or wastage of water such that the Government has no statutory power to handle. Such cases include seepage of rain water as well as leaking water pipes which do not cause any noticeable water wastage. These are building management problems that individual owners should be responsible for. In the future publicity actions, the JO will clarify the role and terms of reference of the Office, introduce the implementation of the new measures and stress the importance of proper building management in tackling water seepage problems to the public.

The implementation of the JO scheme has increased the percentage of success in identifying the source of water seepage, from 14% in 2004 to 44% in 2008 (up to July). The JO has also been striving to shorten the time required for investigations and enhance the

efficiency for handling cases. The JO has recently been gradually implementing the aforementioned improvement measures. We expect that the efficiency of operations of the JO will be improved. The combined effects of the measures can yet be assessed, as some measures have only been implemented recently and various measures came into operation at various times. Nevertheless, the JO will continue to monitor the investigation works and the effect of the aforementioned measures on the success rate of and time for investigation.

- (c) The Administration has been examining the proposal of establishing a Building Affairs Tribunal and making reference to the different comments from various stakeholders. During the earlier public consultation on mandatory building inspection, there were concerns over the duplication of work with the existing mechanism if a separate dispute resolution mechanism is established. Barring legal representation in the Tribunal may also involve constitutional and human right implications. The Administration will carefully take into account these comments when considering the way forward.

Poor Ventilation in Some Underground Car Parks

10. **DR RAYMOND HO** (in Chinese): *President, it has been reported that as some underground car parks are poorly ventilated, vehicle emissions easily accumulate therein, which may be hazardous to the health of drivers and car park staff. In this connection, will the Government inform this Council:*

- (a) *whether underground car parks are required to comply with any requirement relating to ventilation design or equipment before they are open to public use; and*
- (b) *what measures it will take to safeguard the health of drivers and car park staff who work for long hours in an environment with poor air quality, and whether regulation of the air quality of underground car parks by way of legislation will be one of them; if not, the reasons for that?*

SECRETARY FOR THE ENVIRONMENT (in Chinese): President,

- (a) To promote the use of good ventilation systems in car parks to protect the health of car park users, the Environmental Protection Department (EPD) issued a "Practice Note on Control of Air Pollution in Car Parks" (Practice Note) in 1996. Apart from air quality guidelines for car parks, which cover the levels of carbon monoxide and nitrogen dioxide, the Practice Note provides guidance on the design, ventilation, operation and monitoring of car parks for reference of operators and design professionals when carrying out related work. Moreover, the EPD will keep abreast of the latest developments in professional and air quality standards, and update the Practice Note when necessary.

- (b) Following the issue of the Practice Note, the EPD measured the air quality of underground car parks on a random basis to assess the effectiveness of the Practice Note. The results showed that the level of pollutants inside 97% of the underground car parks met the air quality guidelines set out in the Practice Note. In the past three years, the EPD received only four complaints about the air quality in car parks. No further complaints have been received after we requested the car park operators concerned to improve the condition according to the Practice Note. We believe that the Practice Note is effective in safeguarding the health of underground car park users and will continue to monitor its implementation.

To safeguard the occupational health of car park staff, the Occupational Safety and Health Ordinance and its subsidiary regulations stipulate that employers must, as far as reasonably practicable, ensure the safety and health at work of all their employees including taking appropriate measures to keep workplaces adequately ventilated. Therefore, it is the responsibility of car park operators to ensure adequate ventilation of their car parks to safeguard the occupational health of car park staff.

The Labour Department (LD) promotes the protection of safety and health of employees at work through the three-pronged strategy of promotion, education and enforcement. In respect of workplace ventilation, the LD has published practical guides pertaining to

workplace ventilation and maintenance of ventilation systems for employers' and employees' reference; organizes large-scale health talks regularly to disseminate occupational safety and health information including tailor-made health talks for employees working in car parks and their employers; and conducts regular inspections of workplaces managed by property management companies and monitors the working environment of car parks in buildings. In the event of violation of relevant legal requirement, the LD will take appropriate enforcement actions.

Regulation on Sale of Dogs

11. **MR FRED LI** (in Chinese): *President, in the middle of this year, the Government proposed, on public health and animal welfare considerations, that the licensing conditions for pet shops which sell dogs be amended to tighten the control on the sources of dogs offered for sale, and had consulted the trade, animal welfare organizations (AWOs) and the Panel on Food Safety and Environmental Hygiene of this Council (the Panel) on the proposal. In this connection, will the Government inform this Council:*

- (a) *given that the Food and Health Bureau has proposed in the paper submitted to the above Panel in May this year that pet shops may only obtain dogs for sale from four specified sources and the seller should only keep a single dog breed with not more than two entire bitches, whether the Administration still maintains these proposals at present; if not, of the details and the reasons for that;*
- (b) *when the new licensing conditions will be implemented; and*
- (c) *given that AWOs have all along been opposed to the sale for profit of offsprings of pet dogs by their owners, whether the amended licensing conditions will prohibit such sale; if so, of the details; if not, the reasons for that?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, the Agriculture, Fisheries and Conservation Department (AFCD) formed a consultative group in 2007 with representatives from the pet trade, kennel clubs

and animal welfare groups to study how the existing animal welfare laws and the conditions of Animal Trader Licence (ATL) could be further improved to better safeguard animal welfare. During the discussions, representatives were generally in support of revising conditions of the existing ATL with a view to tighten control on the sources of dog supply.

In this connection, the Administration briefed the Panel in its meeting in February 2008. In May 2008, we exchanged views again with trade representatives on the relevant revisions in a meeting of the Panel. Panel members generally welcomed the proposed revisions as a means to combat illegal animal trading activities. However, some members were concerned that requiring local dog breeders to obtain an ATL might bring difficulties to the trade. It was hoped that the AFCD could provide assistance to the trade regarding the latter's licence application.

On the three parts of the question, our response is as follows:

- (a) The Administration maintains its proposal whereby pet shops may only obtain dogs from the four designated sources, and that persons selling their pets or offspring of their pets to pet shops should only keep a single dog breed with no more than two entire bitches.
- (b) In response to members' suggestion for the AFCD to assist the trade in applying for ATL, over the past few months, the AFCD has facilitated the communication between government departments concerned and some local dog breeders who intend to apply for ATL, so that the latter can obtain the relevant permissions. For eligible dog breeders who have submitted applications for ATL, licences were also issued. As at mid-October 2008, the AFCD has approved two ATL applications submitted by local dog breeding facilities.

We expect that the revised additional conditions of ATL will come into force in 2009.

- (c) Public Health (Animals and Birds) (Animal Traders) Regulations (Cap. 139B) provides that a person shall not carry on business as an animal trader otherwise than under a licence. An exception is provided where a person sells or offers to sell any animal or bird kept by him as a pet or any offspring thereof.

The requirement for persons selling their dogs to pet shops to keep a single dog breed with no more than two entire bitches will not only prevent illegal commercial breeders from putting themselves forward as ordinary pet owners and thereby evading their statutory responsibility to apply for an ATL, but will also allow pet shops to handle dogs in excess owned by genuine pet dog owners. As the proposal could strike a balance between the two considerations, it would be more reasonable than imposing an across-the-board ban to prohibit dog owners from selling their dogs' offspring.

Caring of Trees

12. **MR LEE WING-TAT** (in Chinese): *President, recently, there were a number of incidents of large trees collapsing, which have aroused public concern about the Government's tree care work. In this connection, will the Government inform this Council:*

- (a) of the names of the government departments currently responsible for tree care, the number of staff concerned in each of these departments and their areas of responsibilities;*
- (b) of the details of the procedure adopted by the Government for routine inspection of trees, including the average number of health assessments conducted for every tree in each of the past three years, the tree health and safety rating system currently adopted and the methods of tree care;*
- (c) of the government departments which have outsourced their tree trimming work and the locations of the trees concerned; the government departments which perform the tree trimming work themselves or entrust the work with other departments; and the relevant professional qualifications possessed by the staff in the departments who perform such work; and*
- (d) whether the Government had reviewed in the past three years the existing methods for trimming trees on Government land; if it had, of the dates and details of such reviews; if not, whether it will conduct a review in the near future so as to avoid endangering the health of trees by using improper tree trimming methods?*

SECRETARY FOR DEVELOPMENT (in Chinese): President,

- (a) The government departments responsible for tree maintenance, the number of their staff involved and their scope of responsibilities are as follows:

<i>Departments</i>	<i>Number of Staff Responsible for Tree Maintenance</i>	<i>Areas of Responsibilities</i>
Agriculture, Fisheries and Conservation Department (AFCD)	About 800 staff are engaged in tree maintenance work. They also perform other duties, including cleansing, weeding, preventing and fighting hill fire, repairing footpaths and amenities, and so on.	Responsible for management of trees in country parks.
Leisure and Cultural Services Department (LCSD)	About 110 staff are responsible for tree maintenance work. Staff in various districts also provide support for routine maintenance and care of trees.	Responsible for management of trees in LCSD venues and landscaped areas along public roads other than expressways outside the boundaries of country parks.
Highways Department (HyD)	About 20 staff co-ordinate tree maintenance work.	Responsible for managing tree maintenance work on slopes, retaining walls and expressways under the HyD.
Housing Department	About 31 staff co-ordinate tree maintenance work. Front-line management staff in 160 housing estates also provide assistance.	Responsible for management of trees in public housing estates.
Architectural Services Department (ArchSD)	About eight staff responsible for slope maintenance also co-ordinate tree maintenance work.	Responsible for management of trees on slopes maintained by the ArchSD.
Drainage Services Department	About 16 staff co-ordinate tree maintenance work.	Responsible for management of trees within drainage facilities.
Water Supplies Department	About 13 staff co-ordinate tree maintenance work.	Responsible for management of trees within waterworks facilities.

Note:

Lands Department carries out ad-hoc maintenance of trees (that is, tree pruning or removal of broken branches upon complaints and referrals) on unallocated Government land not maintained by other departments. About 16 staff co-ordinate such work.

(b) *Inspection of trees*

Concerned departments formulate frequencies and methods of inspection for trees under their purview having regard to practical considerations such as planting environment, species and maturity of trees. For instance, the HyD conducts regular inspection of the trees under their purview at least twice a year. The LCSD also arranges regular inspection at least once each year for normal trees and at least two detailed inspections for trees in the Register of Old and Valuable Trees.

Maintenance of trees

Concerned departments have all prepared guidelines on inspection, examination and pruning of trees under their purview and may also employ approved contractors with horticultural qualifications and appropriate experience to carry out tree inspection, assessment as well as maintenance work (such as watering, fertilizing, disinfesting, pruning withered branches or those which likely affect traffic, trimming overgrown trees and removing withered ones).

Classification of trees according to their conditions

The HyD has adopted the following classification for the health conditions of trees:

- any withered branches;
- any pests and diseases;
- any danger of collapse; or
- already withered (dead).

The LCSD assesses the health conditions of trees on the basis of size of leaves, colour, tree form, any abnormal defoliation, trunk holes, decayed branches and roots, as well as any attack by diseases and pests. Other departments will also take appropriate measures in the light of the health and other conditions of trees. If trees are found to be affected by diseases and pests, departments concerned and their contractors will apply appropriate treatment to make them recover. Removal of trees will only be considered if there is no feasible method to prolong their lives and the trees are posing potential danger to the public.

- (c) All government departments mentioned in Item (a) have outsourced the pruning of trees under their purview. Locations of outsourced work include public housing estates, slopes, retaining walls and highways. The staff of departments concerned will monitor and ensure the quality of the contractors' work.

Apart from outsourcing the pruning work of trees under their purview, the AFCD and LCSD also execute some of the work themselves. The pruning work undertaken in-house by the AFCD is supervised by Forestry Officers belonging to the professional grade and Field Officers with relevant experience. The in-house pruning work of the LCSD is carried out mainly by its tree teams. Tree team staff have received proper training, including horticulture maintenance and arboriculture training programmes organized by the LCSD's training section. The supervisory staff of the tree teams have received more specialized training such as British National Certificate Course in Horticulture (Arboriculture). Some of them also possess the qualification of Certified Arborist of the International Society of Arboriculture.

- (d) In February 2007, the then Environment, Transport and Works Bureau reviewed and compiled the General Guidelines on Tree Pruning. The guidelines describe the types of pruning, safety measures, pruning techniques and points to note in such operations. Departments concerned have also formulated their own guidelines in line with their specific needs. In formulating the guidelines, we have made reference to international standards on arboriculture and taken into account the practical conditions in Hong Kong. In March 2008, the LCSD reviewed their guidelines on tree pruning and enhanced the rules of safety at work to avoid causing danger to the public and staff. The ArchSD and HyD also conducted reviews in May 2007 and July 2008 respectively and introduced the latest international standards on tree maintenance and pruning. We will make appropriate improvements to the pruning guidelines when necessary.

Inspection and Caring of Trees

13. **MR JAMES TO** (in Chinese): *President, following a fatal accident caused by the collapse of an old tree in Stanley at the end of August this year, the Leisure*

and Cultural Services Department (LCSD) and a number of other government departments have immediately stepped up its tree inspection work. However, some people and organizations have criticized the LCSD for the lack of transparency in its tree inspection and removal work, as well as its unsatisfactory performance in the caring of trees. In this connection, will the Government inform this Council:

- (a) of the relevant details of the big trees removed by the Government since 1 January this year (please set out the details in the table below);

<i>Location of the tree</i>	<i>Whether the tree was listed on the Register of Old and Valuable Trees (the Register)</i>	<i>Responsible department</i>	<i>Date of removal</i>	<i>Reasons for removal</i>

- (b) as there have been reports that while only two old trees were removed because of their potential hazards in the past four years, the LCSD has advised that at least four old trees need to be removed upon completion of its recent inspection of those trees on the Register which are within its purview, whether the sudden rise in the number of trees required to be removed is due to the LCSD recently raising the safety standards for trees and adopting a different method for inspecting trees;
- (c) whether it will consider making public the health condition of the trees on the Register on a regular basis, so as to enable the public to understand the Government's work in the caring of trees and monitor its performance;
- (d) among the LCSD staff responsible for inspecting the health condition of trees, of the respective numbers of those holding various relevant professional qualifications; whether the Government has issued guidelines or established standards for assessing the health conditions of trees; if so, the details of such guidelines and standards; and whether the Government will consider increasing the manpower for tree inspection or outsourcing some of the work, so as to support its policy of enhancing urban greening; and

- (e) *as it has been reported that the LCSD will review its existing work in the caring of trees, of the progress of the review, as well as when the details are expected to be made public (for example, whether consideration will be given to enacting legislation on the preservation of trees)?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President,

- (a) The departments responsible for managing trees in Hong Kong include the Agriculture, Fisheries and Conservation Department, the LCSD, the Highways Department, the Housing Department, the Architectural Services Department, the Drainage Services Department, the Water Supplies Department, and so on. Since the beginning of 2008, a total of 17 trees on the Register have been removed. Nine of them were blown over or severely damaged during typhoons while the others had to be removed as they posed hazards of collapsing. Please refer to the Annex for details of the trees removed.
- (b) There are about 510 trees on the Register, of which about 490 are managed by the LCSD. Between 2004 and 2007, a total of three trees on the Register were removed due to the potential hazards posed, while four other trees that were severely damaged in typhoons or rainstorms were also immediately removed.

Since last year, the LCSD has set up an expert group comprising local tree experts to enhance the level of expert consultation in the management of trees. Moreover, after the tree collapse incident on 27 August this year, the LCSD adopted a prudent approach by immediately re-inspecting the trees on the Register under its management. In order to enhance and speed up the inspection work, the LCSD further enlisted the help of United States tree experts. According to the inspection results, nine trees on the Register were deteriorating in health (three of which had been severely damaged during typhoons). After thorough examination and consultation with the local tree expert group, it was confirmed that there was no other feasible way to sustain the healthy growth of these trees. Owing to their potential hazards of collapsing, they should not be retained. The LCSD removed these trees on public

safety grounds. Most of the other trees on the Register have generally maintained healthy growth. Some of them require basic care treatment, such as the application of insecticide, pruning of withered branches, installation of cable bracings on tree trunks, and so on. The LCSD has already started the necessary work, and would continue to monitor the growth of these trees and the progress of their care treatment such that appropriate measures can be taken.

Starting from last year, the LCSD has enhanced the participation of local and overseas tree experts in its management of trees to enhance its tree management work. There have been more typhoons this year than in the past few years, and the force of the typhoons this year has also been much stronger, inflicting comparatively more severe damages on a greater number of trees than in previous years.

- (c) The photographs of the trees on the Register and relevant information on the trees species have been uploaded onto the webpage of the Register managed by the LCSD. Since the beginning of this year, the LCSD has been updating the Register after each tree removal from the Register to keep the public informed of the reasons and the dates of the removal. In conjunction with the tree expert group, the LCSD will review ways to enhance the transparency of information on the Register to enable the public to have a better understanding of the health condition of the trees.
- (d) The Tree Team of the LCSD has a strength of some 110 staff who are charged with tree management work. Moreover, district staff of the LCSD and horticultural contractors also provide routine plant caring and maintenance services. Staff in the Tree Team have all been trained before taking up their work. The training they have received includes attendance at courses on horticultural and tree maintenance provided by the Training Section of the LCSD. Topics like tree inspection, pruning, fertilization, pest control, reinforcement of trunks, and so on, were covered in their training courses. Furthermore, officers at the supervisory level of the Tree Team have attended training courses on arboriculture conducted by overseas experts. Some LCSD's staff have also been sent overseas to attend courses on arboriculture and have obtained the relevant qualifications. At present, 40 of the LCSD's staff have received their certified arborist qualifications awarded by the International Society of Arboriculture.

The Administration introduced an online manual on greening in 2004 for reference by all departments. Reference materials on caring of trees have been included in the manual. Relevant departments have also issued guidelines on caring of trees to their staff according to the requirement of individual cases. We will step up our tree caring work and enlist the assistance of tree experts as and when necessary.

- (e) The LCSD reviews its tree inspection and maintenance work from time to time for continuous improvement. At the present stage, the LCSD will focus its efforts on the necessary tree caring work and conduct a review in conjunction with the tree expert group on ways to enhance the transparency of information on the Register. It is our aim that that more information on the old and valuable trees will be provided on its webpage by early next year. In addition, the LCSD will also step up training for its staff.

Annex

Details of Trees under the Purview of LCSD on the Register Removed since 1 January 2008

	<i>Locations of Tree</i>	<i>Registration Number and Name of Tree on the Register</i>	<i>Date of Removal</i>	<i>Reasons for Removal</i>
1.	Nathan Road, Park Lane Shopper's Boulevard	Registration No.: LCSD YTM/9 Ficus microcarpa	31 January 2008	It is believed that the tree had grown in a naturally inclined form for several decades. The gain in weight and height during its growth had increased the load on the main trunk, aggravating the inclination. Apart from appropriately pruning withered branches to reduce the load on the trunk, the LCSD also tied five cable bracings on the main branches of the tree to temporarily stabilize the trunk and lessen the load on the main trunk, thus reducing its chance of collapsing. At the beginning of 2008, members of the tree expert group conducted thorough inspection and examination of the condition of the tree and agreed that its inclination had become worse and posed a potential hazard of collapsing. As the pedestrian flow on Park Lane Shopper's Boulevard was heavy, the dangerous tree had to be removed to protect public safety.
2.	Upper Albert Road	Registration No.: LCSD CW/83 Ficus virens var. sublanceolata	22 August 2008	The tree was blown over during Typhoon "Nuri" and was subsequently removed.

	<i>Locations of Tree</i>	<i>Registration Number and Name of Tree on the Register</i>	<i>Date of Removal</i>	<i>Reasons for Removal</i>
3.	Victoria Park	Registration No.: LCSD E/25 Eucalyptus salignus	22 August 2008	The tree was blown over during Typhoon "Nuri" and was subsequently removed.
4.	Hong Kong Zoological and Botanical Gardens	Registration No.: LCSD CW/61 Ficus elastica	22 August 2008	The tree possessed a multi-trunk stem. Part of the trunk collapsed during the attack of Typhoon "Prapiroon" on 3 August 2006. The remaining limb was also damaged by a strong windstorm on 8 April 2008. During Typhoon "Nuri", the remaining parts of the tree were irrecoverably damaged and the tree was subsequently removed.
5.	Chater Garden	Registration No.: LCSD CW/119 Woodfordia fruticosa	22 August 2008	The main trunk of the tree was blown over during Typhoon "Fengshen" on 25 June 2008. The remaining parts of the tree were irrecoverably damaged during Typhoon "Nuri" and had to be removed.
6.	Outside Sun Shing Lau, Stanley	Registration No.: LCSD S/33 Erythrina variegata	28 August 2008	Part of the tree trunk collapsed on 27 August 2008. As the remaining parts of the tree posed a hazard of collapsing, the tree was removed for public safety.
7.	San Po Kong Interchange	Registration No.: LCSD WTS/1 Erythrina variegata (Note 1)	30 August 2008	The tree had been attacked by Erythrina Gall Wasp. It did not respond well to insecticide and its health condition deteriorated. As all the leaves had shed, the tree had no aesthetic value and posed a potential hazard of collapsing. After a thorough examination by members of the tree expert group, the LCS D removed the tree to protect public safety.
8.	Kowloon Park	Registration No.: LCSD YTM/71 Albizia lebbek (Note 1)	4 September 2008	The tree had seriously slanted towards the main path for many years. After the passage of recent typhoons, root plate movement and cracked barks at tree base were observed. The tree posed a hazard of collapsing. After a thorough examination by members of the tree expert group, the LCS D removed it to protect public safety.
9.	Shek Kip Mei Park	Registration No.: LCSD SSP/13 Albizia lebbek (Note 1)	22 September 2008	The tree was on a slope next to the car park of Shek Kip Mei Park (Phase 3). Two major branches were torn off by wind during the last two typhoons and the main trunk and tree base also suffered damages. The LCS D had tried to use cables to stabilize it and closely monitored its condition. After a thorough inspection by the LCS D staff, overseas experts and members of the tree expert group, it was observed that the main trunk of the tree was leaning towards the car park. The tree base showed signs of movement. The roots and tree base appeared to be torn, posing danger to the public. The LCS D removed the tree for public safety.

	<i>Locations of Tree</i>	<i>Registration Number and Name of Tree on the Register</i>	<i>Date of Removal</i>	<i>Reasons for Removal</i>
10.	Castle Peak Road — Kwu Tung Section	Registration No.: LCSD N/52 Melaleuca quinquenervia	24 September 2008	The tree was blown over during Typhoon "Hagupit" to a state beyond recovery and was subsequently removed.
11.	Kowloon Park	Registration No.: LCSD YTM/75 Ficus microcarpa	24 September 2008	The tree was blown over during Typhoon "Hagupit" to a state beyond recovery and was subsequently removed.
12.	Castle Peak Road — Kwu Tung Section	Registration No.: LCSD N/48 Melaleuca quinquenervia (Note 1)	6 October 2008	The tree was located in the middle of the busy Castle Peak Road and Fan Ling Highway. Its trunk and trunk bottom extended to Castle Peak Road and its roots were often run over and damaged by heavy vehicles. The growth of the tree was also subject to many environmental constraints. After the recent passage of Typhoon "Hagupit" on 24 September 2008, significant wounds and trunk splits of about 2 m from the tree base were observed. The overall health condition of the tree was deteriorating. Due to site constraint, installation of bracing or propping could not be made to stabilize the tree. After careful deliberation, overseas experts and members of the tree expert group agreed that it had a high risk of collapse and posed imminent danger to the public due to its location in the middle of a busy highway. The LCSD removed the tree for public safety.
13.	Hong Kong Zoological and Botanical Gardens	Registration No.: LCSD CW/45 Ficus lyrata (Note 1)	9 October 2008	The tree was under the attack of wood borers. It did not respond well to the insecticides applied. Its health condition had been deteriorating and the tree was dying gradually. It was located next to a pedestrian pathway and hence posed a potential danger to the public. After a thorough study by overseas experts and members of the tree expert group, the LCSD removed the tree to protect public safety.
14.	Victoria Park	Registration No.: LCSD E/37 Gleditsia fera (Note 1)	9 October 2008	The tree suffered from abnormal defoliation and had almost withered despite treatment. Its health condition had been deteriorating and the tree was dying gradually. It was located next to a major pathway within the park and hence posed a potential danger to the public. After a thorough study by overseas experts and members of the tree expert group, the LCSD removed the tree to protect public safety.

	<i>Locations of Tree</i>	<i>Registration Number and Name of Tree on the Register</i>	<i>Date of Removal</i>	<i>Reasons for Removal</i>
15.	Lei Yue Mun Park near the Orchid House	Registration No.: LCSD E/6 Celtis sinensis (Note 1)	10 October 2008	The tree defoliated abnormally and slime flux was detected on the main trunk. The trunk had also been attacked by fungi. Despite different targeted treatments, the tree gradually withered and posed a potential danger to park visitors. After a thorough examination by overseas experts and members of the tree expert group, the LCSD removed the tree to protect public safety.
16.	South Bay Beach	Registration No.: LCSD S/19 Albizia lebbbeck (Note 1)	10 October 2008	The tree had a cavity near the bottom of the main trunk. The cavity increased in size over the years. The main branch connected to the cavity showed signs of serious internal decay. The hollow branch was so fragile that it posed a potential risk of collapsing. The tree was located on a slope near the road, making it not feasible to install extra support to stabilize the tree. After a thorough examination, overseas experts and members of the tree expert group agreed that it posed imminent danger to the public. The LCSD subsequently removed the tree to protect public safety.
17.	Hong Kong Zoological and Botanical Gardens	Registration No.: LCSD CW/70 Araucaria heterophylla (Note 1)	12 October 2008	The trunk of the tree was seriously damaged by pest. There was no sign of improvement after application of insecticide and cleaning up treatment. The tree had potential danger of collapsing as decay worsened. Due to site constraints, it was not feasible to install extra support to stabilize the tree. After a thorough examination by overseas experts and members of the tree expert group, the LCSD removed the tree to protect public safety.

Note 1: Trees on the Register that were removed after LCSD's inspection following the accident in Stanley.

Designated Clinics and Centres Providing Assessment to Children Affected by Melamine

14. **MR ANDREW CHENG** (in Chinese): *President, in view of the recent incidents on the Mainland involving melamine-tainted milk products, the Hospital Authority (HA) set up 18 designated clinics (DCs) on the 23rd of last month to provide free initial assessment service for children at or under the age of 12, and patients who require further assessment and treatment will be referred to the nine special assessment centres (SACs). In this connection, will the Government inform this Council whether it knows:*

- (a) *the respective average weekly numbers of children to whom the above DCs and SACs have provided service since the launch of the above service, and the number of those who have so far been diagnosed to have renal stones and are in need of treatment;*
- (b) *the waiting time of new cases for the above assessment service, and whether the authorities will consider increasing the service quota on Saturdays and Sundays; and*
- (c) *the reasons why, instead of using the telephone booking service, many parents queued in person at the DCs to book the assessment service for their children, and whether additional resources will be provided to improve the relevant telephone booking service?*

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

- (a) Since 23 September, the HA has set up DCs and SACs to provide free assessment to eligible children at or under the age of 12, particularly those who have consumed the milk products in question and have relevant symptoms. As at 19 October, the 18 DCs and nine SACs provided assessment and follow-up treatment services to 41 748 and 12 394 children respectively. The numbers of consultations provided in each week are set out in Annex.

As at 19 October, the Centre for Health Protection (CHP) has received 10 reports of renal stone cases associated with consumption of Melamine tainted milk products. Eight cases were reported by the HA and two by private hospitals. Of these 10 cases, six of them were discharged from hospitals after treatment, two of them did not require hospitalization and were being followed up at relevant out-patient clinic of the HA, while the remaining two were admitted to the Princess Margaret Hospital. All of them are in satisfactory condition.

- (b) The 18 DCs endeavour to provide screening service for eligible children as soon as possible. At present, consultation can be arranged for most children on the same day. Some DCs would arrange appointment for consultation for children within several days as necessary. As for the SACs, the median waiting time for consultation is 23 days as at 19 October.

The HA has been closely monitoring the utilization of the DCs and SACs. To cope with the service demand, the HA has made flexible arrangements to adjust the service hours of the DCs, such as extending service to cover Sundays and public holidays during the "Golden Week" holiday. Some SACs have also extended their service hours without affecting the normal services offered by the HA. The HA will continue to monitor closely the operation of the DCs and SACs. Their service hours and arrangements will be adjusted appropriately as necessary.

- (c) For the purpose of immediate examination and assessment during consultation, parents are required to queue in person at the DCs as they need to be advised by health care professionals on how to take urine samples from their children. Also, parents are required to provide record on their children's consumption of melamine tainted milk products, and fill in a questionnaire about whether their children have various symptoms.

As mentioned above, the 18 DCs are able to provide consultation to most of the children on the same day, or to arrange an appointment for consultation at a suitable time. The HA will continue to closely monitor the situation and review the service arrangements.

Annex

Number of Consultations provided at HA's DCs and SACs

<i>Week</i>	<i>Date</i>	<i>Number of Consultations at DCs (Daily average)</i>	<i>Number of Consultations at SACs (Daily average)</i>
1	23 September to 28 September	15 017	2 600
		(2 502)	(578)
2	29 September to 5 October	15 435	3 913
		(2 205)	(870)
3	6 October to 12 October	7 209	2 942
		(1 030)	(653)
4	13 October to 19 October	4 087	2 939
		(743)	(534)
	Total	41 748	12 394

Measures to Mitigate Air Pollution

15. **MR JEFFREY LAM** (in Chinese): *President, the Government of the Hong Kong Special Administrative Region reached a consensus with the Guangdong Provincial Government in April 2002 to reduce the emission of four major air pollutants in the region by 2010 and a number of measures have been taken to improve air quality. In this connection, will the Government inform this Council:*

- (a) *given that newly-registered vehicles with low emissions and high fuel efficiency are eligible for concession on first registration tax, of the respective numbers of models of petrol private cars and commercial vehicles, as anticipated by the Environmental Protection Department, which would enjoy tax concession in the next financial year, and whether such tax concession arrangements would be improved to encourage more car owners to purchase vehicle of such models;*
- (b) *whether it has conducted studies on providing special tax concession to Hong Kong businessmen who have set up manufacturing businesses in the Pearl River Delta (PRD) Region to encourage them to purchase machines which are more environmentally-friendly; if it has, of the results; and*
- (c) *when it will set out plans and targets for improving regional air quality in 2010 and beyond, as well as the relevant details, such as emission standards?*

SECRETARY FOR THE ENVIRONMENT (in Chinese): President, my reply to the three parts of the question is set out below:

- (a) There are currently 20 private car models and 10 commercial vehicle models which comply with the qualifying standards¹ of the environmentally-friendly vehicle incentive schemes. We have already uploaded the information on the concerned models and the

¹ The qualifying standards of environmentally-friendly private cars include standards for emissions and fuel efficiency. The current qualifying standards of environmentally-friendly commercial vehicles are Euro V vehicle emission standards.

qualifying standards onto the Environmental Protection Department's website. The number of environmentally-friendly car models for the coming financial year is subject to change as car dealers may from time to time introduce new models onto the local market. We will provide timely update on our website in the light of the supply of such vehicles on the local market.

To attract more vehicle buyers to choose environmentally-friendly vehicles, the crux is to increase the number of environmentally-friendly vehicle models on the local market. We will therefore continue to encourage vehicle importers to provide more environmentally-friendly vehicle models on the local market so as to increase the choice available to prospective vehicle buyers. As a matter of fact, as compared with the position at the beginning of the tax incentive schemes, the respective numbers of environmentally-friendly vehicle models have been increased from 11 to 20 for private cars and from seven to 10 for commercial vehicles. A vehicle buyer is entitled to a tax concession up to \$50,000 for acquiring an environmentally-friendly private car and up to \$78,000 for an environmentally-friendly commercial vehicle, depending on its vehicle class. We have no plan to change the current incentive schemes.

- (b) Government has already implemented the measures announced in the 2008-2009 Budget to encourage the business community (including those Hong Kong companies in the PRD Region) to install environmental protection facilities. A list of eligible environmental protection facilities is provided in Schedule 17 to the Inland Revenue Ordinance. A 100% tax deduction for capital expenditure on environmental protection machinery is being provided, and the depreciation period for environmental protection installation has been reduced from the usual 25 years to five years. Any Hong Kong company in the PRD that owns the eligible environmental protection facilities and uses them for generating profits chargeable to Hong Kong profits tax would be entitled to these tax concessions.
- (c) We reached a consensus with the Guangdong Provincial Government in April 2002 to reduce by 2010, on a best endeavour basis, the

regional emissions of sulphur dioxide, nitrogen oxides, respirable suspended particulates and volatile organic compounds by 40%, 20%, 55% and 55% respectively, using 1997 as the base year. Both Hong Kong and Guangdong are committed to meeting the emission reduction targets. To this end, both sides have implemented a string of emission control and reduction measures under the PRD Regional Air Quality Management Plan.

At the Eleventh Plenary Session of the Hong Kong/Guangdong Co-operation Joint Conference held in August 2008, both sides agreed to map out a strategy to transform the PRD Region into a green and quality living area. Building on the co-operation in improving the regional air quality, both sides will seek to develop a more all-rounded strategy to address the environmental issues facing the PRD Region. Mapping out the post-2010 arrangements for tackling the regional air pollution problems would be amongst the key areas of co-operation. The Guangdong authorities are embarking upon a study to take forward this proposal. Both sides will draw up detailed co-operation arrangements on the basis of the findings of the study.

Assisting Grass-root Elderly People in Improving Their Livelihood

16. **MS STARRY LEE** (in Chinese): *President, employers generally set the retirement age for their staff at 60 but the elderly people must reach the age of 65 before they can apply for senior citizen card, and they will not be granted health care vouchers or the non-means-tested Higher Old Age Allowance (HOAA) until they are 70. Under such situation, some grass-root elderly people with a small amount of savings, and therefore not eligible for Comprehensive Social Security Assistance (CSSA), have to live solely on their savings for several years after their retirement at 60, and they cannot even enjoy the concessions offered by government departments, public organizations and commercial establishments to senior citizen card holders. In this connection, will the Government inform this Council:*

- (a) *of the specific measures in place to assist those grass-root elderly people who are aged above 60 but not eligible for CSSA in improving their livelihood;*

- (b) *whether it will review the existing policy and set the minimum age requirement for recipients of elderly welfare schemes at 60 across the board; if it will, of the details and the additional public funds involved each year; if not, the reasons for that; and*
- (c) *whether it will, in addition to the existing HOAA and CSSA Scheme, consider implementing an "elderly maintenance grant scheme" so that those elderly people who are aged 60 but not eligible for CSSA will receive a certain sum of living supplement each month after passing a simple means test; if it will, of the details and the annual amount of public funds involved in implementing the scheme if the living supplement is set at \$1,200 per month; if not, the reasons for that?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, currently, there is no mandatory retirement age in Hong Kong. Employees and employers are free to negotiate, on a mutual agreement basis, a suitable retirement age, same as for other terms and conditions of employment, when they enter into an employment contract.

My replies to the specific questions are set out below:

- (a) To ensure the sustainable development of our existing non-contributory social security and welfare system, the Government should direct resources to the elderly in genuine need. For the elderly who cannot support themselves financially, the CSSA Scheme has already provided an effective safety net for them to meet their basic needs. As for the elderly who are not eligible for CSSA, the Government has been providing a monthly allowance through the Social Security Allowance Scheme (including Old Age Allowance and Disability Allowance) to Hong Kong residents who are 65 years of age or above, or who are severely disabled, to meet their special needs arising from old age or disability. The Government also provides assistance on their livelihood through other measures, including the provision of elderly services and food assistance.
- (b) Over the years, the Government has invested significantly in providing both non-contributory financial assistance and a range of highly subsidized services for the elderly. These assistance and

services have different aims, target recipients and eligibility criteria, and many of them would serve elderly people aged over 60. Standardizing the eligibility age for all assistance and services across the board may not be the best approach.

- (c) The Government has no intention of implementing such a scheme at this stage as we consider that we should target limited public resources to help those elderly in genuine need.

Loss of Mail Items by Hongkong Post

17. **MR ALBERT CHAN** (in Chinese): *President, I have recently received a complaint from a member of the public who alleged that the Hongkong Post (HKP) had lost a mail item he posted, causing him to suffer loss and inconvenience. However, when he requested the post office concerned to account for the loss of the mail item, the staff of the post office said that the HKP was not required to bear responsibility for the loss of mail items. In this connection, will the Government inform this Council:*

- (a) *of the number of complaints received in each of the past three years about the loss of mail items by the HKP;*
- (b) *whether it has examined the reasons for the loss of mail items by the HKP; if it has, of the results; and*
- (c) *whether the HKP will take measures to avoid losing mail items; if it will, of the details; if not, the reasons for that?*

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

- (a) Over the past three years, the Post Office received 144, 699 and 124 complaints each year about loss of mail items. With an average mail volume of 1.4 billion items handled each year, the ratio of lost items was less than one in a million.
- (b) Past experience of the Post Office shows that the main reason for unsuccessful delivery is incomplete or incorrect addresses provided by senders. In addition, loss of mail items may arise from worn-out

or damaged letterboxes, and mail items may also be accidentally destroyed or may have gone astray at overseas destinations.

- (c) To tackle the above problems, the Post Office has taken various measures to reduce loss of mail items.

To minimize the risks of mail loss arising from the design and conditions of letterboxes, the Post Office has stipulated in its guidelines to postmen that mail items delivered to old buildings have to be inserted into the letterboxes completely. The Post Office has also called upon the public to use larger and lockable letterboxes and clear their letterboxes regularly to avoid mail overflow which may invite theft. In case of oversized mail items that cannot be inserted into letterboxes, the Post Office will inform the recipients to collect the items at post offices.

Separately, the Post Office has often promoted the importance and format of correct mail addresses to the public with a view to reducing misdelivery caused by incomplete addresses.

As there are no detailed delivery records for non-registered mail items, the Post Office will endeavour to trace the item concerned if the sender can provide relevant particulars, such as the time and place of posting as well as the delivery address. As for registered mail items or other items with certificates of posting, the Post Office can track down the item concerned according to the formal records, such as the barcode or the acknowledgement of receipt signed by the recipient.

Installation of Air-conditioning Systems in Public Markets

18. **MR LAU KONG-WAH** (in Chinese): *President, concerning the installation of air-conditioning systems in public markets under the Food and Environmental Hygiene Department (FEHD) and the Hong Kong Housing Authority (HA), will the Government inform this Council:*

- (a) *of the names of the public markets not yet installed with such systems and the districts in which these markets are located, as well as the reasons for not yet installing such systems;*

- (b) *whether the authorities concerned will review the current criteria for installing such systems in public markets and whether such systems will be installed in all public markets in Hong Kong; if there will be no review or such systems will not be installed, of the reasons for that; and*
- (c) *whether the authorities concerned have evaluated the impact of not having such systems installed in public markets on their competitiveness against private superstores, and whether the room for survival of public markets will be reduced indirectly?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, whilst the project costs for installing air-conditioning systems in the existing public/public housing estate markets are borne by the Government or the HA, the market tenants are responsible for paying the subsequent recurrent costs such as electricity charges and maintenance fees. Besides, full co-operation from market tenants during the construction period is also needed as partial closure of the market may be required during the installation works. Therefore, the installation of air-conditioning systems in public/public housing estate markets is not only due to technical feasibility, but also support from the majority of market tenants and their agreement to bear the recurrent expenditure.

Our reply to the three-part question raised by the Honourable LAU Kong-wah is as follows:

- (a) At present, the FEHD manages a total of 80 public markets, of which 60 are not provided with air-conditioning. Of the 40 public markets with built-in cooked food centres (CFCs), 19 are not provided with air-conditioning. As for the 19 public housing estate markets managed by the HA, 16 are not provided with air-conditioning. Details are at Annex.

Most of the public/public housing estate markets with no air-conditioning were built in the 1970s and 1980s, and air-conditioning systems or supporting facilities for installing such systems were not included in the original market design. For some markets, proposals to install air-conditioning systems were not supported by the majority of market tenants.

- (b) The Administration will review from time to time whether the existing policy on installing air-conditioning systems in public markets remains appropriate. As mentioned above, the project costs for installing air-conditioning systems in the existing public markets are borne by the Government or HA. The project costs are also quite substantial. Take public markets under the FEHD as an example, depending on the size of the market and complexity of the installation works, the installation works for each market can cost tens of millions. In fact, there are divergent views in the community on whether air-conditioning systems should be installed in public markets. Some opine that installing air-conditioning systems would enhance the attractiveness of public markets. However, some market tenants are of the view that installing air-conditioning systems would increase their operating cost. In view of the huge amount of project costs involved, when the Legislative Council considered proposals in the past to install air-conditioning systems in public markets and CFCs, there were comments that due care should be exercised when considering such proposals in view of the substantial amount of public money involved in installing air-conditioning systems.
- (c) The viability of public markets is affected by a myriad of factors, including the location of the market, demographic mix in the district, competition from fresh provision shops in the vicinity, the price and quality of the products offered for sale, the varieties of products available in the markets, and so on. As pointed out in Report No. 41 by the Director of Audit, evidence indicating that the retrofitting of air-conditioning systems can improve the viability of a public market has yet to be found. As a matter of fact, the market stall vacancy rates of some public markets retrofitted with air-conditioning systems remain high.

The FEHD and the HA have been keeping in view the viability of public/public housing estate markets and will continue to carry out improvement works to enhance their attractiveness. Such improvement works include enhancing the effectiveness of the ventilation and lighting system, improving drainage system, modifying the design and sizes of market stalls, renovation of ceiling, provision of new signage, renovation of market toilets, upgrading of fire services installations, replacement of wall/floor tiles, and so on.

A. Public Markets/CFCs under FEHD
without Installation of Air-conditioning Systems

<i>District</i>	<i>Name of Market</i>	<i>District</i>	<i>Name of Market</i>
Central and Western	Bridges Street Market	Yau Tsim Mong	Fa Yuen Street Market and Cooked Food Centre
	Sheung Wan Market		Mong Kok Market
	Smithfield Market		Haiphong Road Temporary Market
	Shek Tong Tsui Market and Cooked Food Centre		Kwun Chung Market and Cooked Food Centre
Southern	Aberdeen Market and Cooked Food Centre	Wong Tai Sin	Yau Ma Tei Market
	Tin Wan Market and Cooked Food Centre		Ngau Chi Wan Market and Cooked Food Centre
	Yue Kwong Road Market and Cooked Food Centre		Choi Hung Road Market and Cooked Food Centre
	Stanley Waterfront Mart		Sheung Fung Street Market
Eastern	Causeway Bay Market	Tsuen Wan	Tai Shing Street Market
	Electric Road Market and Cooked Food Centre		Heung Che Street Market and Cooked Food Centre
	Java Road Market		Sham Tseng Temporary Market and Cooked Food Centre
	North Point Market		Tsuen King Circuit Market
	Sai Wan Ho Market		Tsuen Wan Market
	Shau Kei Wan Market		Yeung Uk Road Market
	Quarry Bay Market and Cooked Food Centre		North
Wan Chai	Bowrington Road Market	Sai Kung	Sha Tau Kok Market and Cooked Food Centre
	Lockhart Road Market		Sai Kung Market
	Tang Lung Chau Market		Tui Min Hoi Market
	Wong Nai Chung Market		Sha Tin

<i>District</i>	<i>Name of Market</i>	<i>District</i>	<i>Name of Market</i>
Kowloon City	Hung Hom Market	Tai Po	Plover Cove Road Market
	Kowloon City Market and Cooked Food Centre	Yuen Long	Hung Shui Kiu Temporary Market
	To Kwa Wan Market		Kam Tin Market and Cooked Food Centre
	On Ching Road Flower Market		Lau Fau Shan Market
Kwun Tong	Ngau Tau Kok Market and Cooked Food Centre	Tuen Mun	Tung Yick Market
	Shui Wo Street Market and Cooked Food Centre		Kwong Choi Market
Sham Shui Po	Lai Wan Market	Islands	Lam Tei Market
	Pei Ho Street Market		Cheung Chau Market
	Po On Road Market and Cooked Food Centre		Mui Wo Market
	Tung Chau Street Temporary Market		Tai O Market
Kwai Tsing	North Kwai Chung Market		
	Wing Fong Street Market		

B. Markets in Public Housing Estates
without Installation of Air-conditioning Systems

<i>District</i>	<i>Name of Market</i>
Southern	Wah Fu (I) Estate Market
	Wah Fu (II) Estate Market
Sham Shui Po	Nam Shan Estate Market
	Pak Tin Estate Market
	Shek Kip Mei Estate Market
	Chak On Estate Market
Wong Tai Sin	Choi Hung Estate Market
	Fu Shan Estate Market
Kwun Tong	Ping Shek Estate Market
Kwai Tsing	Cheung Ching Estate Market
	Kwai Shing West Estate Market
	Lai King Estate Market
	Lai Yiu Estate Market
Tsuen Wan	Cheung Shan Estate Market
Sha Tin	Pok Hong Estate Market
Tuen Mun	Siu Hong Court Market

Public Consultation on Health Care Reform

19. **MR FREDERICK FUNG** (in Chinese): *President, the first stage of public consultation on health care reform ended in mid-June this year. In this connection, will the Government inform this Council:*

- (a) *when the public consultation results are expected to be made public, and of the preliminary summary of public views;*
- (b) *of the preliminary details of the second stage of public consultation and the relevant funding proposals; and*
- (c) *as it has been reported that the recent turmoil in the financial market has exposed loopholes in its monitoring and risk management mechanism, which allows high-risk investment products to be presented and sold as low-risk products, resulting in huge losses by investors and a sudden collapse of public confidence in the investment market, as well as dealing a blow to the investment and insurance markets, and given that certain health care funding options proposed by the Government in the consultation document of the first stage public consultation require members of the public to make contributions for investment and to take out health insurance, whether the Government will review, in the light of the above, if such health care funding options should be included in the second stage of public consultation on health care reform; if it will not, of the reasons for that?*

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

- (a) and (b)

The Government published the Healthcare Reform Consultation Document entitled "Your Health, Your Life" early this year to launch the first-stage public consultation on health care reform and financing. During the consultation period, various sectors in the community and the general public actively put forward their views to the Government.

Overall, there is a broad consensus in the community about implementing the health care reform without delay so as to enhance the quality of health care services and ensure the sustainable development of the health care system. The public and the stakeholders generally agree with the various proposals put forward by the Government on service and market structure reforms, including enhancing primary care, promoting public-private partnership, developing electronic health record sharing and strengthening the public health care safety net. Many are also of the view that the Government should expedite and put in more effort in the implementation of such service reforms. As pledged by the Chief Executive in the policy address, we are committed to making the best use of the increased government funding over the next few years to implement those service reforms for which there is clear public support before finalizing the health care financing arrangements.

On health care financing, we understand that there are diverse views in the community. There are views subscribing to the need to address the issue and supporting the Government to work out solutions before the problem gets out of hand. The community is generally supportive of the Government's pledge to increase its commitment to health care financing by increasing its expenditure on health care from 15% to 17% of the total recurrent expenditure and earmarking \$50 billion from the fiscal reserve for the health care reform. However, no mainstream consensus has yet been reached in the community on the introduction of supplementary financing and the option to be adopted. Members of the public and different sectors have put forward insightful views on a number of important issues, including the future development of health care services and sustainability of health care financing, the Government's commitment to public health care and funding capability of public finance, overall medical protection for and affordability of our citizens, freedom of choice of individuals and their responsibility for their own health, and so on.

We are now collating the public's views on these issues and conducting an in-depth analysis. We will formulate more concrete proposals on service reforms and supplementary financing that can

strike a balance between different social values. We aim to conduct the second-stage public consultation in the first half of 2009 to encourage further discussion and seek to forge a consensus. At the present stage, the Government does not have any determined proposal for the second-stage public consultation.

- (c) Health care financing arrangements are related to the long-term development and sustainability of our health care system. In the first-stage consultation on health care reform, the Government kept an open mind on the various supplementary health care financing options and collected public views on their pros and cons. In formulating proposals on supplementary health care financing options for the second-stage consultation, we will take full account of the circumstances of the society and different views of various sectors in order to further forge a consensus in the community.

Implementation of Education (Amendment) Ordinance 2004

20. **MR CHEUNG MAN-KWONG** (in Chinese): *President, during the resumption of the Second Reading debate on the Education (Amendment) Bill 2002 in July 2004, the then Secretary for Education and Manpower undertook that upon the passage of the Bill, the Government would closely monitor the implementation of the Ordinance; if loopholes or deficiencies in the provisions of the Ordinance causing major implementation difficulties were identified, the Government would take the initiative to propose amendments to the relevant provisions for improvement. The Legislative Council could, when necessary, pass a resolution to extend the deadline for the establishment of incorporated management committees (IMCs) in aided schools by two years. In this connection, will the Government inform this Council:*

- (a) *of the names, number and percentage of schools which have established IMCs, as well as those applying and those which have yet to apply for the establishment of IMCs, with a breakdown by school type and school sponsoring body (SSB);*
- (b) *whether the authorities have taken the initiative to contact those SSBs which have raised objection to the establishment of IMCs with a view to seeking better solutions;*

- (c) *whether it has assessed the number of aided schools which will not submit by 1 July 2009 the relevant papers for the establishment of IMCs;*
- (d) *of the progress and specific details of the review on the implementation of the above Ordinance; when the report of the review will be made available to this Council and the public so that this Council and the Government may consider whether it is necessary to propose the abovementioned resolution or amendments to the provisions of the Ordinance; and*
- (e) *whether the Government will move a resolution to extend the deadline for the establishment of IMCs in aided schools by two years; the rationale for making such decision; and whether the Government supports Members of this Council to move the relevant resolution so as to ease any possible conflicts arising from the implementation of the Ordinance?*

SECRETARY FOR EDUCATION (in Chinese): President,

- (a) As at 20 October 2008, 374 aided schools operated by 135 SSBs have established IMCs, accounting for 43% of all aided schools. Each of these SSBs operates one to 32 schools with IMCs. Sixty-one schools (7%) have submitted or undertaken to submit applications, while 436 schools (50%) have yet to apply for the establishment of IMCs.

A list of schools which have established IMCs, as well as those applying (including those which have submitted or undertaken to submit applications) and those which have yet to apply for the establishment of IMCs is at Annex 1.

A breakdown by SSB and school type of the number of schools which have established IMCs, as well as those applying (including those which have submitted or undertaken to submit applications) and those which have yet to apply for the establishment of IMCs is at Annex 2.

- (b) Since the IMC provisions of the Education Ordinance came into effect, the Education Bureau has been actively contacting SSBs and aided schools to provide them with appropriate support, including holding meetings with SSBs with dissenting views to discuss the establishment of IMCs in their schools with a view to identifying feasible solutions.
- (c) The Education Bureau has written to all SSBs for information on the establishment of IMCs in their schools, including tentative implementation timetables. Following receipt of their returns, an analysis will be conducted. We will continue to support and help those schools which have not yet established IMCs.
- (d) In 2005, the Education Bureau engaged a professional consultant to conduct a three-year review study on the implementation of IMCs, covering the three school years from 2005-2006 to 2007-2008. The objectives of the study are:
 - (i) to assess the operation of IMCs and collect examples of best practice;
 - (ii) to review the support measures provided by the Education Bureau to see if there is a need for further support; and
 - (iii) to review the implementation of school-based management in IMC schools.

The review is in its final stage, and the report is expected to be completed by the end of this year. The Education Bureau will brief the Panel on Education of the Legislative Council on the report and take follow-up actions as appropriate in the light of the recommendations of the report. The report will also be uploaded onto the Education Bureau's website.

- (e) The Government will assess the situation, including the operation of schools and the recommendations of the study report, and consider whether to move a resolution to extend by two years the deadline for submitting draft IMC constitutions by aided schools. The Education Bureau will brief the Panel on Education on our decision in due course.

Annex 1

1. List of schools which have established IMCs

Aided Primary Schools

AD&FD OF POK OI HOSPITAL MRS CHENG YAM ON MILLENNIUM SCHOOL
ALLIANCE PRIMARY SCHOOL, SHEUNG SHUI
ALLIANCE PRIMARY SCHOOL, TAI HANG TUNG
ALLIANCE PRIMARY SCHOOL, WHAMPOA
APLICHAU KAIFONG PRIMARY SCHOOL
BAPTIST (SHA TIN WAI) LUI MING CHOI PRIMARY SCHOOL
BAPTIST LUI MING CHOI PRIMARY SCHOOL
BAPTIST RAINBOW PRIMARY SCHOOL
BISHOP PASCHANG CATHOLIC SCHOOL
BUDDHIST CHI KING PRIMARY SCHOOL
BUDDHIST CHUNG WAH KORNHILL PRIMARY SCHOOL
BUDDHIST LAM BING YIM MEMORIAL SCHOOL (SPONSORED BY THE HONG KONG BUDDHIST ASSOCIATION)
BUDDHIST LIM KIM TIAN MEMORIAL PRIMARY SCHOOL
BUDDHIST WONG CHEUK UM PRIMARY SCHOOL
CARMEL ALISON LAM PRIMARY SCHOOL
CHI HONG PRIMARY SCHOOL
CHING CHUNG HAU PO WOON PRIMARY SCHOOL
CHIU SHEUNG SCHOOL, HONG KONG
CHIU YANG POR YEN PRIMARY SCHOOL
CHIU YANG PRIMARY SCHOOL OF HONG KONG
CHRISTIAN ALLIANCE H. C. CHAN PRIMARY SCHOOL OF THE KOWLOON TONG CHURCH OF THE CHINESE CHRISTIAN AND MISSIONARY ALLIANCE, HONG KONG
CHRISTIAN ALLIANCE S Y YEH MEMORIAL PRIMARY SCHOOL
CHRISTIAN ALLIANCE TOI SHAN H. C. CHAN PRIMARY SCHOOL OF THE KOWLOON TONG CHURCH OF THE CHINESE CHRISTIAN AND MISSIONARY ALLIANCE, HONG KONG
CHUNG SING SCHOOL
CNEC LUI MING CHOI PRIMARY SCHOOL
CNEC TA TUNG SCHOOL
CONFUCIAN TAI SHING PRIMARY SCHOOL
CONSERVATIVE BAPTIST LUI MING CHOI PRIMARY SCHOOL
CUHK FEDERATION OF ALUMNI ASSOCIATION THOMAS CHEUNG SCHOOL
CUMBERLAND PRESBYTERIAN CHURCH YAO DAO PRIMARY SCHOOL
EMMANUEL PRIMARY SCHOOL
EMMANUEL PRIMARY SCHOOL, KOWLOON
FANLING ASSEMBLY OF GOD CHURCH PRIMARY SCHOOL
FIVE DISTRICTS BUSINESS WELFARE ASSOCIATION CHOW CHIN YAU SCHOOL
FIVE DISTRICTS BUSINESS WELFARE ASSOCIATION SCHOOL
FRESH FISH TRADERS' SCHOOL
FUNG KAI LIU YUN-SUM MEMORIAL SCHOOL
FUNG KAI NO. 1 PRIMARY SCHOOL
FUNG KAI NO. 2 PRIMARY SCHOOL
HHCKLA BUDDHIST CHAN SHI WAN PRIMARY SCHOOL
HHCKLA BUDDHIST CHING KOK LIN ASSOCIATION SCHOOL
HHCKLA BUDDHIST WISDOM PRIMARY SCHOOL
HHCKLA BUDDHIST WONG CHO SUM SCHOOL

HING TAK SCHOOL
HKFEW WONG CHO BAU SCHOOL
HKFYG LEE SHAU KEE PRIMARY SCHOOL
HO LAP PRIMARY SCHOOL (SPONSORED BY SIK SIK YUEN)
HO MING PRIMARY SCHOOL (SPONSORED BY SIK SIK YUEN)
HO SHUN PRIMARY SCHOOL (SPONSORED BY THE SIK SIK YUEN)
HOI PING CHAMBER OF COMMERCE PRIMARY SCHOOL
HOLY CROSS LUTHERAN SCHOOL
HONG KONG AND MACAU LUTHERAN CHURCH MING TAO PRIMARY SCHOOL
HONG KONG AND MACAU LUTHERAN CHURCH PRIMARY SCHOOL
HONG KONG AND MACAU LUTHERAN CHURCH WONG CHAN SOOK YING MEMORIAL SCHOOL
HONG KONG BAPTIST CONVENTION PRIMARY SCHOOL
HONG KONG RED SWASTIKA SOCIETY TUEN MUN PRIMARY SCHOOL
HONG KONG STUDENT AID SOCIETY PRIMARY SCHOOL
HONG KONG TAOIST ASSOCIATION NG LAI WO MEMORIAL SCHOOL
HONG KONG TAOIST ASSOCIATION SHUN YEUNG PRIMARY SCHOOL
HONG KONG TAOIST ASSOCIATION THE YUEN YUEN INSTITUTE CHAN LUI CHUNG TAK
MEMORIAL SCHOOL
HONG KONG TAOIST ASSOCIATION THE YUEN YUEN INSTITUTE SHEK WAI KOK PRIMARY
SCHOOL
HOP YAT CHURCH SCHOOL
ISLAMIC DHARWOOD PAU MEMORIAL PRIMARY SCHOOL
ISLAMIC PRIMARY SCHOOL
KAM TIN MUNG YEUNG PUBLIC SCHOOL
KAM TSIN VILLAGE HO TUNG SCHOOL
KING'S COLLEGE OLD BOYS' ASSOCIATION PRIMARY SCHOOL
KING'S COLLEGE OLD BOYS' ASSOCIATION PRIMARY SCHOOL NO. 2
KWOK MAN SCHOOL
KWONG MING SCHOOL
KWONG MING YING LOI SCHOOL
LAM TSUEN PUBLIC WONG FOOK LUEN MEMORIAL SCHOOL
LEE CHI TAT MEMORIAL SCHOOL
LEUNG KUI KAU LUTHERAN PRIMARY SCHOOL
LI SING TAI HANG SCHOOL
LING LIANG CHURCH SAU TAK PRIMARY SCHOOL
LIONS CLUBS INTERNATIONAL HO TAK SUM PRIMARY SCHOOL
LOK SIN TONG CHAN CHO CHAK PRIMARY SCHOOL
LOK SIN TONG LAU TAK PRIMARY SCHOOL
LOK SIN TONG LEUNG KAU KUI PRIMARY SCHOOL
LOK SIN TONG LEUNG KAU KUI PRIMARY SCHOOL (BRANCH)
LOK SIN TONG LEUNG WONG WAI FONG MEMORIAL SCHOOL
LOK SIN TONG PRIMARY SCHOOL
LOK SIN TONG YEUNG CHUNG MING PRIMARY SCHOOL
LUI CHEUNG KWONG LUTHERAN PRIMARY SCHOOL
LUNG KONG WORLD FEDERATION SCHOOL LIMITED LAU TAK YUNG MEMORIAL PRIMARY
SCHOOL
LUNG KONG WORLD FEDERATION SCHOOL LTD. WONG YIU NAM PRIMARY SCHOOL
LUTHERAN TSANG SHING SIU LEUN SCHOOL
MUI WO SCHOOL
NEW TERRITORIES WOMEN & JUVENILES WELFARE ASSOCIATION LTD. LEUNG SING TAK
PRIMARY SCHOOL
NORTH POINT KAI-FONG ASSOCIATION MADAM CHAN WAI CHOW MEMORIAL SCHOOL
NORTHERN LAMMA SCHOOL

PO KOK BRANCH SCHOOL
PO KOK PRIMARY SCHOOL
PO LEUNG KUK CASTAR PRIMARY SCHOOL
PO LEUNG KUK CHEE JING YIN PRIMARY SCHOOL
PO LEUNG KUK DR. JIMMY WONG CHI-HO (TIN SUM VALLEY) PRIMARY SCHOOL
PO LEUNG KUK FUNG CHING MEMORIAL PRIMARY SCHOOL
PO LEUNG KUK GOLD & SILVER EXCHANGE SOCIETY PERSHING TSANG SCHOOL
PO LEUNG KUK GRANDMONT PRIMARY SCHOOL
PO LEUNG KUK HORIZON EAST PRIMARY SCHOOL
PO LEUNG KUK RIVERAIN PRIMARY SCHOOL
PO LEUNG KUK TIN KA PING MILLENNIUM PRIMARY SCHOOL
PO LEUNG KUK TIN KA PING PRIMARY SCHOOL
POK OI HOSPITAL CHAN KWOK WAI PRIMARY SCHOOL
PORTUGUESE COMMUNITY SCHOOL
PUI KIU PRIMARY SCHOOL
QUEEN ELIZABETH SCHOOL OLD STUDENTS' ASSOCIATION BRANCH PRIMARY SCHOOL
QUEEN ELIZABETH SCHOOL OLD STUDENTS' ASSOCIATION PRIMARY SCHOOL
SAI KUNG CENTRAL LEE SIU YAM MEMORIAL SCHOOL
SAM SHUI NATIVES ASSOCIATION HUEN KING WING SCHOOL
SAU MING PRIMARY SCHOOL
SHA TAU KOK CENTRAL PRIMARY SCHOOL
SHAMSHUIPO KAIFONG WELFARE ASSOCIATION PRIMARY SCHOOL
SHAN TSUI PUBLIC SCHOOL
SHANGHAI ALUMNI PRIMARY SCHOOL
SHAP PAT HEUNG RURAL COMMITTEE KUNG YIK SHE PRIMARY SCHOOL
SHARON LUTHERAN SCHOOL
SHATIN TSUNG TSIN SCHOOL
SHAUKIWAN TSUNG TSIN SCHOOL
SHUN TAK FRATERNAL ASSOCIATION HO YAT TUNG PRIMARY SCHOOL
SHUN TAK FRATERNAL ASSOCIATION LEUNG KIT WAH PRIMARY SCHOOL
SHUN TAK FRATERNAL ASSOCIATION WU MIEN TUEN PRIMARY SCHOOL
SHUN TAK FRATERNAL ASSOCIATION WU SIU KUI MEMORIAL PRIMARY SCHOOL
SIR ROBERT BLACK COLLEGE OF EDUCATION PAST STUDENTS' ASSOCIATION HO SAU KI SCHOOL
SIR ROBERT BLACK COLLEGE OF EDUCATION PAST STUDENTS' ASSOCIATION LEE YAT NGOK MEMORIAL SCHOOL
ST. MATTHEW'S LUTHERAN SCHOOL (SAU MAU PING)
STEWARDS POOI KEI PRIMARY SCHOOL
T. W. G. HS KO HO NING MEMORIAL PRIMARY SCHOOL
TAI PO BAPTIST PUBLIC SCHOOL
TAI PO OLD MARKET PUBLIC SCHOOL
TAI PO OLD MARKET PUBLIC SCHOOL (PLOVER COVE)
TAIKOO PRIMARY SCHOOL
TAOIST CHING CHUNG PRIMARY SCHOOL
TAOIST CHING CHUNG PRIMARY SCHOOL (WU KING ESTATE)
THE ASSOCIATION OF DIRECTORS & FORMER DIRECTORS OF POK OI HOSPITAL LTD MRS CHENG YAM ON SCHOOL
THE CHURCH OF CHRIST IN CHINA BUT SAN PRIMARY SCHOOL
THE CHURCH OF CHRIST IN CHINA CHEUNG CHAU CHURCH KAM KONG PRIMARY SCHOOL
THE CHURCH OF CHRIST IN CHINA CHUN KWONG PRIMARY SCHOOL
THE CHURCH OF CHRIST IN CHINA FONG YUN WAH PRIMARY SCHOOL
THE CHURCH OF CHRIST IN CHINA HOH FUK TONG PRIMARY SCHOOL
THE CHURCH OF CHRIST IN CHINA KEI CHUN PRIMARY SCHOOL
THE CHURCH OF CHRIST IN CHINA KEI FAAT PRIMARY SCHOOL

THE CHURCH OF CHRIST IN CHINA KEI FAAT PRIMARY SCHOOL (YAU TONG)
THE CHURCH OF CHRIST IN CHINA KEI TSUN PRIMARY SCHOOL
THE CHURCH OF CHRIST IN CHINA KEI TSZ PRIMARY SCHOOL
THE CHURCH OF CHRIST IN CHINA KEI WA PRIMARY SCHOOL
THE CHURCH OF CHRIST IN CHINA KEI WA PRIMARY SCHOOL (KOWLOON TONG)
THE CHURCH OF CHRIST IN CHINA KEI WAI PRIMARY SCHOOL (MA WAN)
THE CHURCH OF CHRIST IN CHINA KEI WAN PRIMARY SCHOOL
THE CHURCH OF CHRIST IN CHINA KEI WAN PRIMARY SCHOOL (ALDRICH BAY)
THE CHURCH OF CHRIST IN CHINA MONG WONG FAR YOK MEMORIAL PRIMARY SCHOOL
THE CHURCH OF CHRIST IN CHINA WANCHAI CHURCH KEI TO PRIMARY SCHOOL
THE CHURCH OF CHRIST IN CHINA WANCHAI CHURCH KEI TO PRIMARY SCHOOL (KOWLOON CITY)
THE HONG KONG CHINESE WOMEN'S CLUB HIOE TJO YOENG PRIMARY SCHOOL
THE HONG KONG ENG CLANSMAN ASSOCIATION WU SI CHONG MEMORIAL SCHOOL
THE HONG KONG SZE YAP COMMERCIAL & INDUSTRIAL ASSOCIATION SAN WUI COMMERCIAL SOCIETY SCHOOL
THE HONG KONG TAOIST ASSOCIATION SCHOOL
THE MISSION COVENANT CHURCH HOLM GLAD PRIMARY SCHOOL
THE NEW TERRITORIES WOMEN & JUVENILES WELFARE ASSOCIATION LIMITED LEUNG SING TAK PRIMARY SCHOOL (TSEUNG KWAN O)
THE SALVATION ARMY LAM BUTT CHUNG MEMORIAL SCHOOL
THE SALVATION ARMY SAM SHING CHUEN LAU NG YING SCHOOL
THE SALVATION ARMY TIN KA PING SCHOOL
TSANG MUI MILLENNIUM SCHOOL
TSING YI TRADE ASSOCIATION PRIMARY SCHOOL
TSUEN WAN PUBLIC HO CHUEN YIU MEMORIAL PRIMARY SCHOOL
TSUEN WAN TRADE ASSOCIATION PRIMARY SCHOOL
TUN YU SCHOOL
TUNG TAK SCHOOL
TUNG WAH GROUP OF HOSPITALS CHOW YIN SUM PRIMARY SCHOOL
TUNG WAH GROUP OF HOSPITALS HONG KONG & KOWLOON ELECTRICAL APPLIANCES MERCHANTS ASSOCIATION LTD. SCHOOL
TUNG WAH GROUP OF HOSPITALS LEE CHI HUNG MEMORIAL PRIMARY SCHOOL (CHAI WAN)
TUNG WAH GROUP OF HOSPITALS LEO TUNG-HAI LEE PRIMARY SCHOOL
TUNG WAH GROUP OF HOSPITALS LI CHI HO PRIMARY SCHOOL
TUNG WAH GROUP OF HOSPITALS LO YU CHIK PRIMARY SCHOOL
TUNG WAH GROUP OF HOSPITALS SIN CHU WAN PRIMARY SCHOOL
TUNG WAH GROUP OF HOSPITALS TANG SHIU KIN PRIMARY SCHOOL
TUNG WAH GROUP OF HOSPITALS WONG SEE SUM PRIMARY SCHOOL
TUNG WAH GROUP OF HOSPITALS WONG YEE JAR JAT MEMORIAL PRIMARY SCHOOL
TUNG WAH GROUP OF HOSPITALS YIU DAK CHI MEMORIAL PRIMARY SCHOOL (YUEN LONG)
WAI CHOW PUBLIC SCHOOL (SHEUNG SHUI)
XIANGGANG PUTONGHUA YANXISHE PRIMARY SCHOOL OF SCIENCE AND CREATIVITY
YAN CHAI HOSPITAL CHAN IU SENG PRIMARY SCHOOL
YAN CHAI HOSPITAL CHIU TSANG HOK WAN PRIMARY SCHOOL
YAN CHAI HOSPITAL CHOI HIN TO PRIMARY SCHOOL
YAN CHAI HOSPITAL HO SIK NAM PRIMARY SCHOOL
YAN CHAI HOSPITAL LAW CHAN CHOR SI PRIMARY SCHOOL
YAN OI TONG MADAM LAU WONG FAT PRIMARY SCHOOL
YAN OI TONG TIN KA PING PRIMARY SCHOOL
YUEN LONG LONG PING ESTATE WAI CHOW SCHOOL
YUEN LONG PUBLIC MIDDLE SCHOOL ALUMNI ASSOCIATION PRIMARY SCHOOL
YUEN LONG PUBLIC MIDDLE SCHOOL ALUMNI ASSOCIATION YING YIP PRIMARY SCHOOL
YUK YIN SCHOOL

Aided Secondary Schools

ABERDEEN BAPTIST LUI MING CHOI COLLEGE
BAPTIST LUI MING CHOI SECONDARY SCHOOL
BAPTIST WING LUNG SECONDARY SCHOOL
BETHEL HIGH SCHOOL
BUDDHIST HUI YUAN COLLEGE (SPONSORED BY HONG KONG BUDDHIST SANGHA ASSOCIATION)
BUDDHIST KOK KWONG SECONDARY SCHOOL
BUDDHIST WONG FUNG LING COLLEGE
CARMEL ALISON LAM FOUNDATION SECONDARY SCHOOL
CARMEL BUNNAN TONG MEMORIAL SECONDARY SCHOOL
CARMEL DIVINE GRACE FOUNDATION SECONDARY SCHOOL
CARMEL HOLY WORD SECONDARY SCHOOL
CHENG CHEK CHEE SECONDARY SCHOOL OF SAI KUNG AND HANG HAU DISTRICT, N. T.
CHEUNG CHUK SHAN COLLEGE
CHING CHUNG HAU PO WOON SECONDARY SCHOOL
CHIU CHOW ASSOCIATION SECONDARY SCHOOL
CHRIST COLLEGE
CHRISTIAN ALLIANCE CHENG WING GEE COLLEGE OF THE KOWLOON TONG
CHURCH OF THE CHINESE CHRISTIAN AND MISSIONARY ALLIANCE, HONG KONG
CHRISTIAN ALLIANCE COLLEGE
CHRISTIAN ALLIANCE S W CHAN MEMORIAL COLLEGE
CHRISTIAN ALLIANCE S. C. CHAN MEMORIAL COLLEGE
CHRISTIAN NATIONALS' EVANGELISM COMMISSION LAU WING SANG SECONDARY SCHOOL
CHUNG SING BENEVOLENT SOCIETY MRS. AW BOON HAW SECONDARY SCHOOL
CMA SECONDARY SCHOOL
CNEC CHRISTIAN COLLEGE
CNEC LEE I YAO MEMORIAL SECONDARY SCHOOL
COGNITIO COLLEGE (HONG KONG)
COGNITIO COLLEGE (KOWLOON)
CONCORDIA LUTHERAN SCHOOL
CONCORDIA LUTHERAN SCHOOL — NORTH POINT
CONFUCIAN HO KWOK PUI CHUN COLLEGE
COTTON SPINNERS ASSOCIATION SECONDARY SCHOOL
CUHK FAA CHAN CHUN HA SECONDARY SCHOOL
CUHK FEDERATION OF ALUMNI ASSOCIATIONS THOMAS CHEUNG SECONDARY SCHOOL
CUMBERLAND PRESBYTERIAN CHURCH YAO DAO SECONDARY SCHOOL
ELEGANTIA COLLEGE (SPONSORED BY EDUCATION CONVERGENCE)
F. D. B. W. A. SZETO HO SECONDARY SCHOOL
FANLING KAU YAN COLLEGE
FUKIEN SECONDARY SCHOOL (SIU SAI WAN)
FUNG KAI LIU MAN SHEK TONG SECONDARY SCHOOL
FUNG KAI NO. 1 SECONDARY SCHOOL
GERTRUDE SIMON LUTHERAN COLLEGE
HHCKLA BUDDHIST CHING KOK SECONDARY SCHOOL
HHCKLA BUDDHIST LEUNG CHIK WAI COLLEGE
HHCKLA BUDDHIST MA KAM CHAN MEMORIAL ENGLISH SECONDARY SCHOOL
HKFEW WONG CHO BAU SECONDARY SCHOOL

HO DAO COLLEGE (SPONSORED BY SIK SIK YUEN)
HO FUNG COLLEGE (SPONSORED BY THE SIK SIK YUEN)
HO KOON NATURE EDUCATION CUM ASTRONOMICAL CENTRE
HO LAP COLLEGE (SPONSORED BY THE SIK SIK YUEN)
HO NGAI COLLEGE (SPONSORED BY SIK SIK YUEN)
HO YU COLLEGE AND PRIMARY SCHOOL (SPONSORED BY SIK SIK YUEN)
HOI PING CHAMBER OF COMMERCE SECONDARY SCHOOL
HONG KONG AND KOWLOON KAIFONG WOMEN'S ASSOCIATION SUN FONG CHUNG COLLEGE
HONG KONG AND MACAU LUTHERAN CHURCH QUEEN MAUD SECONDARY SCHOOL
HONG KONG CHINESE WOMEN'S CLUB COLLEGE
HONG KONG RED SWASTIKA SOCIETY TAI PO SECONDARY SCHOOL
HONG KONG SEA SCHOOL
HONG KONG TAOIST ASSOCIATION TANG HIN MEMORIAL SECONDARY SCHOOL
HONG KONG TAOIST ASSOCIATION THE YUEN YUEN INSTITUTE NO. 1 SECONDARY SCHOOL
HONG KONG TAOIST ASSOCIATION THE YUEN YUEN INSTITUTE NO. 2 SECONDARY SCHOOL
HONG KONG WEAVING MILLS ASSOCIATION CHU SHEK LUN SECONDARY SCHOOL
ISLAMIC KASIM TUET MEMORIAL COLLEGE
KAU YAN COLLEGE
LAI CHACK MIDDLE SCHOOL
LING LIANG CHURCH E WUN SECONDARY SCHOOL
LIONS COLLEGE
LOCK TAO SECONDARY SCHOOL
LOK SIN TONG KU CHIU MAN SECONDARY SCHOOL
LOK SIN TONG LEUNG CHIK WAI MEMORIAL SCHOOL
LOK SIN TONG LEUNG KAU KUI COLLEGE
LOK SIN TONG WONG CHUNG MING SECONDARY SCHOOL
LOK SIN TONG YOUNG KO HSIAO LIN SECONDARY SCHOOL
LOK SIN TONG YU KAN HING SECONDARY SCHOOL
LUI CHEUNG KWONG LUTHERAN COLLEGE
LUI MING CHOI LUTHERAN COLLEGE
LUNG KONG WORLD FEDERATION SCHOOL LIMITED LAU WONG FAT SECONDARY SCHOOL
MA KAM MING CHARITABLE FOUNDATION MA CHAN DUEN HEY MEMORIAL COLLEGE
MA ON SHAN TSUNG TSIN SECONDARY SCHOOL
MUNSANG COLLEGE (HONG KONG ISLAND)
NEW ASIA MIDDLE SCHOOL
NEW LIFE SCHOOLS INCORPORATION LUI KWOK PAT FONG COLLEGE
NG YUK SECONDARY SCHOOL
PAOC KA CHI SECONDARY SCHOOL
PO KOK SECONDARY SCHOOL
PO LEUNG KUK CELINE HO YAM TONG COLLEGE
PO LEUNG KUK WAI YIN COLLEGE
POK OI HOSPITAL 80TH ANNIVERSARY TANG YING HEI COLLEGE
POK OI HOSPITAL CHAN KAI MEMORIAL COLLEGE
POK OI HOSPITAL TANG PUI KING MEMORIAL COLLEGE
POOI TO MIDDLE SCHOOL
QUEEN ELIZABETH SCHOOL OLD STUDENTS' ASSOCIATION SECONDARY SCHOOL
QUEEN ELIZABETH SCHOOL OLD STUDENTS' ASSOCIATION TONG KWOK WAH SECONDARY SCHOOL
QUEEN'S COLLEGE OLD BOYS' ASSOCIATION SECONDARY SCHOOL

SAN WUI COMMERCIAL SOCIETY CHAN PAK SHA SCHOOL
SAN WUI COMMERCIAL SOCIETY SECONDARY SCHOOL
SEMPLE MEMORIAL SECONDARY SCHOOL
SHAP PAT HEUNG RURAL COMMITTEE KUNG YIK SHE SECONDARY SCHOOL
SHATIN TSUNG TSIN SECONDARY SCHOOL
SHI HUI WEN SECONDARY SCHOOL
SHUN TAK FRATERNAL ASSOCIATION CHENG YU TUNG SECONDARY SCHOOL
SHUN TAK FRATERNAL ASSOCIATION LEE SHAU KEE COLLEGE
SHUN TAK FRATERNAL ASSOCIATION LEUNG KAU KUI COLLEGE
SHUN TAK FRATERNAL ASSOCIATION SEAWARD WOO COLLEGE
SHUN TAK FRATERNAL ASSOCIATION TAM PAK YU COLLEGE
SHUN TAK FRATERNAL ASSOCIATION YUNG YAU COLLEGE
STEWARDS MA KAM MING CHARITABLE FOUNDATION MA KO PAN MEMORIAL COLLEGE
STEWARDS POOI TUN SECONDARY SCHOOL
TACK CHING GIRLS' SECONDARY SCHOOL
THE ASSOCIATION OF DIRECTORS & FORMER DIRECTORS OF POK OI HOSPITAL LTD. LEUNG SING TAK COLLEGE
THE CHURCH OF CHRIST IN CHINA FONG YUN WAH SECONDARY SCHOOL
THE CHURCH OF CHRIST IN CHINA FUNG LEUNG KIT MEMORIAL SECONDARY SCHOOL
THE CHURCH OF CHRIST IN CHINA KEI TO SECONDARY SCHOOL
THE CHURCH OF CHRIST IN CHINA KWEI WAH SHAN COLLEGE
THE CHURCH OF CHRIST IN CHINA YENCHING COLLEGE
THE HONG KONG CHINESE WOMEN'S CLUB FUNG YIU KING MEMORIAL SECONDARY SCHOOL
THE HONG KONG MANAGEMENT ASSOCIATION K. S. LO COLLEGE
THE HONG KONG S. Y. C. & I. A. CHAN NAM CHONG MEMORIAL COLLEGE
THE HONG KONG SZE YAP COMMERCIAL & INDUSTRIAL ASSOCIATION WONG TAI SHAN MEMORIAL COLLEGE
THE HONG KONG TAOIST ASSOCIATION CHING CHUNG SECONDARY SCHOOL
THE HONG KONG TAOIST ASSOCIATION THE YUEN YUEN INSTITUTE NO. 3 SECONDARY SCHOOL
THE MISSION COVENANT CHURCH HOLM GLAD COLLEGE
THE PENTECOSTAL HOLINESS CHURCH WING KWONG COLLEGE
THE SALVATION ARMY WILLIAM BOOTH SECONDARY SCHOOL
THE Y. W. C. A. HIOE TJO YOENG COLLEGE
TIN KA PING SECONDARY SCHOOL
TSUEN WAN PUBLIC HO CHUEN YIU MEMORIAL COLLEGE
TSUNG TSIN COLLEGE
TUNG WAH GROUP OF HOSPITALS KWOK YAT WAI COLLEGE
TUNG WAH GROUP OF HOSPITALS C. Y. MA MEMORIAL COLLEGE
TUNG WAH GROUP OF HOSPITALS CHANG MING THIEN COLLEGE
TUNG WAH GROUP OF HOSPITALS CHEN ZAO MEN COLLEGE
TUNG WAH GROUP OF HOSPITALS KAP YAN DIRECTORS' COLLEGE
TUNG WAH GROUP OF HOSPITALS LEE CHING DEA MEMORIAL COLLEGE
TUNG WAH GROUP OF HOSPITALS LI KA SHING COLLEGE
TUNG WAH GROUP OF HOSPITALS LO KON TING MEMORIAL COLLEGE
TUNG WAH GROUP OF HOSPITALS LUI YUN CHOY MEMORIAL COLLEGE
TUNG WAH GROUP OF HOSPITALS MR & MRS KWONG SIK KWAN COLLEGE

TUNG WAH GROUP OF HOSPITALS MRS FUNG WONG FUNG TING COLLEGE
TUNG WAH GROUP OF HOSPITALS MRS. WU YORK YU MEMORIAL COLLEGE
TUNG WAH GROUP OF HOSPITALS S. C. GAW MEMORIAL COLLEGE
TUNG WAH GROUP OF HOSPITALS SUN HOI DIRECTORS' COLLEGE
TUNG WAH GROUP OF HOSPITALS WONG FUNG LING COLLEGE
TUNG WAH GROUP OF HOSPITALS WONG FUT NAM COLLEGE
TUNG WAH GROUP OF HOSPITALS YAU TZE TIN MEMORIAL COLLEGE
TUNG WAH GROUP OF HOSPITALS YOW KAM YUEN COLLEGE
WELLINGTON EDUCATION ORGANIZATION CHANG PUI CHUNG MEMORIAL SCHOOL
WONG SHIU CHI SECONDARY SCHOOL
YAN CHAI HOSPITAL LAN CHI PAT MEMORIAL SECONDARY SCHOOL
YAN CHAI HOSPITAL LAW CHAN CHOR SI COLLEGE
YAN CHAI HOSPITAL LIM POR YEN SECONDARY SCHOOL
YAN CHAI HOSPITAL NO. 2 SECONDARY SCHOOL
YAN CHAI HOSPITAL TUNG CHI YING MEMORIAL SECONDARY SCHOOL
YAN CHAI HOSPITAL WONG WHA SAN SECONDARY SCHOOL
YAN OI TONG TIN KA PING SECONDARY SCHOOL
YUEN LONG PUBLIC MIDDLE SCHOOL ALUMNI ASSOCIATION TANG SIU TONG SECONDARY SCHOOL

Aided Special Schools

BUDDHIST TO CHI FAT SHE YEUNG YAT LAM MEMORIAL SCHOOL
CHI YUN SCHOOL
CHOI JUN SCHOOL
EVANGELIZE CHINA FELLOWSHIP HOLY WORD SCHOOL
HHCKLA BUDDHIST PO KWONG SCHOOL
HKSVC&IA CHAN NAM CHONG MEMORIAL SCHOOL
HONG CHI PINEHILL NO. 2 SCHOOL
HONG CHI PINEHILL NO. 3 SCHOOL
HONG CHI PINEHILL SCHOOL
HONG CHI WINIFRED MARY CHEUNG MORNINGHOPE SCHOOL
LUTHERAN SCHOOL FOR THE DEAF
SAHK B M KOTEWALL MEMORIAL SCHOOL
SAHK JOCKEY CLUB ELAINE FIELD SCHOOL
SAHK KO FOOK IU MEMORIAL SCHOOL
SAM SHUI NATIVES ASSOCIATION LAU PUN CHEUNG SCHOOL
SAVIOUR LUTHERAN SCHOOL
SHATIN PUBLIC SCHOOL
SOCIETY OF BOYS' CENTRES — HUI CHUNG SING MEMORIAL SCHOOL
SOCIETY OF BOYS' CENTRES SHING TAK CENTRE SCHOOL
THE CHURCH OF CHRIST IN CHINA KEI SHUN SPECIAL SCHOOL
THE CHURCH OF CHRIST IN CHINA, MONGKOK CHURCH KAI OI SCHOOL
THE SALVATION ARMY SHEK WU SCHOOL
THE SOCIETY OF BOYS' CENTRES — CHAK YAN CENTRE SCHOOL
TUNG WAH GROUP OF HOSPITALS KWAN FONG KAI CHI SCHOOL
TUNG WAH GROUP OF HOSPITALS TSUI TSIN TONG SCHOOL
TUNG WAN MOK LAW SHUI WAH SCHOOL

2. List of schools applying (including those which have submitted or undertaken to submit applications) for the establishment of IMCs

Aided Primary Schools

BUDDHIST WING YAN SCHOOL
FANLING PUBLIC SCHOOL
FREE METHODIST MEI LAM PRIMARY SCHOOL
IU SHAN SCHOOL
PAT HEUNG CENTRAL PRIMARY SCHOOL
PENTECOSTAL GIN MAO SHENG PRIMARY SCHOOL
PO LEUNG KUK WONG WING SHU PRIMARY SCHOOL
PO LEUNG KUK CHONG KEE TING PRIMARY SCHOOL
PO LEUNG KUK FONG WONG KAM CHUEN PRIMARY SCHOOL
PO LEUNG KUK MRS. CHAN NAM CHONG MEMORIAL PRIMARY SCHOOL
PO LEUNG KUK SIU HON-SUM PRIMARY SCHOOL
SAN WUI COMMERCIAL SOCIETY SCHOOL
TA KU LING LING YING PUBLIC SCHOOL
THE ASSOCIATION OF THE DIRECTORS AND FORMER DIRECTORS OF POK OI HOSPITAL LTD.
LEUNG SING TAK SCHOOL
THE HONG KONG INSTITUTE OF EDUCATION JOCKEY CLUB PRIMARY SCHOOL
TSUEN WAN CHIU CHOW PUBLIC SCHOOL
TUNG WAH GROUP OF HOSPITALS HOK SHAN SCHOOL
YUEN LONG LONG PING ESTATE TUNG KOON PRIMARY SCHOOL

Aided Secondary Schools

ASSEMBLY OF GOD HEBRON SECONDARY SCHOOL
BUDDHIST CHI HONG CHI LAM MEMORIAL COLLEGE
BUDDHIST FAT HO MEMORIAL COLLEGE
BUDDHIST HO NAM KAM COLLEGE
BUDDHIST HUNG SEAN CHAU MEMORIAL COLLEGE
BUDDHIST MAU FUNG MEMORIAL COLLEGE
BUDDHIST SIN TAK COLLEGE
BUDDHIST SUM HEUNG LAM MEMORIAL COLLEGE
BUDDHIST TAI HUNG COLLEGE

BUDDHIST TAI KWONG MIDDLE SCHOOL
BUDDHIST WAI YAN MEMORIAL COLLEGE
BUDDHIST WONG WAN TIN COLLEGE
BUDDHIST YIP KEI NAM MEMORIAL COLLEGE
CARMEL SECONDARY SCHOOL
CHINESE Y. M. C. A. COLLEGE
CMA CHOI CHEUNG KOK SECONDARY SCHOOL
FANLING RHENISH CHURCH SECONDARY SCHOOL
HENRIETTA SECONDARY SCHOOL
IMMANUEL LUTHERAN COLLEGE
JU CHING CHU SECONDARY SCHOOL (KWAI CHUNG)
JU CHING CHU SECONDARY SCHOOL (TUEN MUN)
JU CHING CHU SECONDARY SCHOOL (YUEN LONG)
KIANGSU-CHEKIANG COLLEGE (KWAI CHUNG)
KIANGSU-CHEKIANG COLLEGE (SHATIN)
LIU PO SHAN MEMORIAL COLLEGE
MARYKNOLL SECONDARY SCHOOL
MUNSANG COLLEGE
NLSI PEACE EVANGELICAL SECONDARY SCHOOL
PENTECOSTAL SCHOOL
PO LEUNG KUK NO. 1 W. H. CHEUNG COLLEGE
PO LEUNG KUK 1983 BOARD OF DIRECTORS' COLLEGE
PO LEUNG KUK C. W. CHU COLLEGE
PO LEUNG KUK MA KAM MING COLLEGE
PO LEUNG KUK WU CHUNG COLLEGE
TEXTILE INSTITUTE AMERICAN CHAMBER OF COMMERCE WOO HON FAI SECONDARY SCHOOL

Aided Special Schools

EBENEZER NEW HOPE SCHOOL
EBENEZER SCHOOL
HONG KONG JUVENILE CARE CENTRE CHAN NAM CHEONG MEMORIAL SCHOOL
MARGARET TRENCH RED CROSS SCHOOL
PRINCESS ALEXANDRA RED CROSS RESIDENTIAL SCHOOL
RHENISH CHURCH GRACE SCHOOL
THE JOHN F. KENNEDY CENTRE
TSEUNG KWAN O PUI CHI SCHOOL

3. List of schools which have yet to apply for the establishment of IMCs

Aided Primary Schools

ABERDEEN ST PETER'S CATHOLIC PRIMARY SCHOOL
APLEICHAU ST. PETER'S CATHOLIC PRIMARY SCHOOL
ASBURY METHODIST PRIMARY SCHOOL
BISHOP FORD MEMORIAL SCHOOL
BISHOP WALSH PRIMARY SCHOOL
BUDDHIST BRIGHT PEARL PRIMARY SCHOOL
BUDDHIST LAU TIN SANG PRIMARY SCHOOL
BUDDHIST WONG SEWAI MEMORIAL SCHOOL
BUI O PUBLIC SCHOOL
CANOSSA PRIMARY SCHOOL
CANOSSA PRIMARY SCHOOL (SAN PO KONG)
CANOSSA SCHOOL (HONG KONG)
CARMEL LEUNG SING TAK SCHOOL
CASTLE PEAK CATHOLIC PRIMARY SCHOOL
CATHOLIC MISSION SCHOOL
CENTRAL & WESTERN DISTRICT ST. ANTHONY'S SCHOOL
CHAI WAN FAITH LOVE LUTHERAN SCHOOL
CHAI WAN KOK CATHOLIC PRIMARY SCHOOL
CHAI WAN STAR OF THE SEA CATHOLIC PRIMARY SCHOOL
CHAN SUI KI (LA SALLE) PRIMARY SCHOOL
CHEUNG CHAU FISHERIES JOINT ASSOCIATION PUBLIC SCHOOL
CHEUNG CHAU SACRED HEART SCHOOL
CHI KIT SCHOOL
CHI LIN BUDDHIST PRIMARY SCHOOL
CHINESE METHODIST SCHOOL (NORTH POINT)
CHINESE Y. M. C. A. PRIMARY SCHOOL
CHO YIU CATHOLIC PRIMARY SCHOOL
CHOI WAN ST JOSEPH'S PRIMARY SCHOOL
CHOW CLANSMEN ASSOCIATION SCHOOL
CHRISTIAN & MISSIONARY ALLIANCE CHUI CHAK LAM MEMORIAL SCHOOL
CHRISTIAN & MISSIONARY ALLIANCE SUN KEI PRIMARY SCHOOL
DIOCESAN PREPARATORY SCHOOL
DR. CATHERINE F. WOO MEMORIAL SCHOOL
ELCHK HUNG HOM LUTHERAN PRIMARY SCHOOL
FAITH LUTHERAN SCHOOL
FIVE DISTRICTS BUSINESS WELFARE ASSOCIATION MRS. FUNG PING SHAN PRIMARY SCHOOL
FONG SHU FOOK TONG FOUNDATION FONG SHU CHUEN PRIMARY SCHOOL
FR. CUCCHIARA MEMORIAL SCHOOL
FREE METHODIST BRADBURY CHUN LEI PRIMARY SCHOOL
GENERAL CHAMBER OF COMMERCE & INDUSTRY OF THE TUNG KUN DISTRICT CHEONG WONG WAI PRIMARY SCHOOL
GOOD COUNSEL CATHOLIC PRIMARY SCHOOL
GOOD SHEPHERD PRIMARY SCHOOL, P. M. SESSION
GRANTHAM COLLEGE OF EDUCATION PAST STUDENTS' ASSOCIATION WHAMPOA PRIMARY SCHOOL

HEEP YUNN PRIMARY SCHOOL
HOLY ANGELS CANOSSIAN SCHOOL
HOLY CARPENTER PRIMARY SCHOOL
HOLY FAMILY CANOSSIAN SCHOOL
HOLY FAMILY CANOSSIAN SCHOOL (KOWLOON TONG)
HOLY FAMILY SCHOOL
HONG KONG TAOIST ASSOCIATION YUEN YUEN PRIMARY SCHOOL
IMMACULATE HEART OF MARY SCHOOL
KA LING SCHOOL OF THE PRECIOUS BLOOD
KING LAM CATHOLIC PRIMARY SCHOOL
KOWLOON BAY ST. JOHN THE BAPTIST CATHOLIC PRIMARY SCHOOL
KOWLOON CITY BAPTIST CHURCH HAY NIEN (YAN PING) PRIMARY SCHOOL
KOWLOON CITY BAPTIST CHURCH HAY NIEN PRIMARY SCHOOL
KOWLOON WOMEN'S WELFARE CLUB LI PING MEMORIAL SCHOOL
KWAI-MING WU MEMORIAL SCHOOL OF THE PRECIOUS BLOOD
LA SALLE PRIMARY SCHOOL
LAICHIKOK CATHOLIC PRIMARY SCHOOL
LAM TIN METHODIST PRIMARY SCHOOL
LEI MUK SHUE CATHOLIC PRIMARY SCHOOL
LING TO CATHOLIC PRIMARY SCHOOL
LINGNAN UNIVERSITY ALUMNI ASSOCIATION PRIMARY SCHOOL
LOK WAH CATHOLIC PRIMARY SCHOOL
MA ON SHAN LING LIANG PRIMARY SCHOOL
MA ON SHAN LUTHERAN PRIMARY SCHOOL
MA ON SHAN METHODIST PRIMARY SCHOOL
MA ON SHAN ST. JOSEPH'S PRIMARY SCHOOL
MAN KIU ASSOCIATION PRIMARY SCHOOL
MAN KIU ASSOCIATION PRIMARY SCHOOL NO. 2
MARY OF PROVIDENCE PRIMARY SCHOOL
MARYKNOLL CONVENT SCHOOL (PRIMARY SECTION)
MARYMOUNT PRIMARY SCHOOL
MENG TAK CATHOLIC SCHOOL
METHODIST SCHOOL
NG WAH CATHOLIC PRIMARY SCHOOL
NG CLAN'S ASSOCIATION TAI PAK MEMORIAL SCHOOL
NORTH POINT METHODIST PRIMARY SCHOOL
OBLATE PRIMARY SCHOOL
OUR LADY OF CHINA CATHOLIC PRIMARY SCHOOL
PAK TIN CATHOLIC PRIMARY SCHOOL
PENTECOSTAL YU LEUNG FAT PRIMARY SCHOOL
PING SHEK ESTATE CATHOLIC PRIMARY SCHOOL
PO LEUNG KUK CHAN YAT PRIMARY SCHOOL
PO LEUNG KUK LEUNG CHOW SHUN KAM PRIMARY SCHOOL
PO LEUNG KUK PRIMARY SCHOOL
PO LEUNG KUK STANLEY HO SAU NAN PRIMARY SCHOOL
PO LEUNG KUK VICWOOD K.T. CHONG NO. 2 PRIMARY SCHOOL
PO ON COMMERCIAL ASSOCIATION WAN HO KAN PRIMARY SCHOOL
PO YAN CATHOLIC PRIMARY SCHOOL
PRECIOUS BLOOD PRIMARY SCHOOL
PRECIOUS BLOOD PRIMARY SCHOOL (SOUTH HORIZONS)
PRECIOUS BLOOD PRIMARY SCHOOL (WAH FU ESTATE)
PRICE MEMORIAL CATHOLIC PRIMARY SCHOOL

PUI LING SCHOOL OF THE PRECIOUS BLOOD
PUI TAK CANOSSIAN PRIMARY SCHOOL
PUN U ASSOCIATION WAH YAN PRIMARY SCHOOL
S. K. H. CHAI WAN ST. MICHAEL'S PRIMARY SCHOOL
S. K. H. CHI FU CHI NAM PRIMARY SCHOOL
S. K. H. CHING SHAN PRIMARY SCHOOL
S. K. H. CHU OI PRIMARY SCHOOL
S. K. H. CHU OI PRIMARY SCHOOL (LEI MUK SHUE)
S. K. H. CHU YAN PRIMARY SCHOOL
S. K. H. FUNG KEI MILLENNIUM PRIMARY SCHOOL
S. K. H. FUNG KEI PRIMARY SCHOOL
S. K. H. HO CHAK WAN PRIMARY SCHOOL
S. K. H. HOLY SPIRIT PRIMARY SCHOOL (SHATIN)
S. K. H. KA FUK WING CHUN PRIMARY SCHOOL
S. K. H. KAM TIN ST. JOSEPH'S PRIMARY SCHOOL
S. K. H. KEI FOOK PRIMARY SCHOOL
S. K. H. KEI HIN PRIMARY SCHOOL
S. K. H. KEI LOK PRIMARY SCHOOL
S. K. H. KEI OI PRIMARY SCHOOL
S. K. H. KEI SUM PRIMARY SCHOOL
S. K. H. KEI TAK PRIMARY SCHOOL
S. K. H. KEI WING PRIMARY SCHOOL
S. K. H. KEI YAN PRIMARY SCHOOL
S. K. H. KOWLOON BAY KEI LOK PRIMARY SCHOOL
S. K. H. LEE SHIU KEUNG PRIMARY SCHOOL
S. K. H. LING OI PRIMARY SCHOOL
S. K. H. LUI MING CHOI MEMORIAL PRIMARY SCHOOL
S. K. H. MA ON SHAN HOLY SPIRIT PRIMARY SCHOOL
S. K. H. MUNG YAN PRIMARY SCHOOL
S. K. H. ST. ANDREW'S PRIMARY SCHOOL
S. K. H. ST. CLEMENT'S PRIMARY SCHOOL
S. K. H. ST. JAMES' PRIMARY SCHOOL
S. K. H. ST. JOHN'S PRIMARY SCHOOL
S. K. H. ST. MATTHEW'S PRIMARY SCHOOL
S. K. H. ST. MICHAEL'S PRIMARY SCHOOL
S. K. H. ST. PETER'S PRIMARY SCHOOL
S. K. H. ST. THOMAS' PRIMARY SCHOOL
S. K. H. ST. TIMOTHY'S PRIMARY SCHOOL
S. K. H. TAK TIN LEE SHIU KEUNG PRIMARY SCHOOL
S. K. H. TIN SHUI WAI LING OI PRIMARY SCHOOL
S. K. H. TIN WAN CHI NAM PRIMARY SCHOOL
S. K. H. TSEUNG KWAN O KEI TAK PRIMARY SCHOOL
S. K. H. TSING YI CHU YAN PRIMARY SCHOOL
S. K. H. TSING YI ESTATE HO CHAK WAN PRIMARY SCHOOL
S. K. H. WEI LUN PRIMARY SCHOOL
S. K. H. WING CHUN PRIMARY SCHOOL
S. K. H. YAN LAAP MEMORIAL PRIMARY SCHOOL
S. K. H. YAN LAAP PRIMARY SCHOOL
S. K. H. YAT SAU PRIMARY SCHOOL
S. K. H. YAUTONG KEI HIN PRIMARY SCHOOL
S. K. H. YUEN CHEN MAUN CHEN PRIMARY SCHOOL
SACRED HEART CANOSSIAN SCHOOL
SACRED HEART OF MARY CATHOLIC PRIMARY SCHOOL

SAI KUNG SUNG TSUN CATHOLIC SCHOOL (PRIMARY SECTION)
SALESIAN SCHOOL
SALESIAN YIP HON MILLENNIUM PRIMARY SCHOOL
SALESIAN YIP HON PRIMARY SCHOOL
SAU MAU PING CATHOLIC PRIMARY SCHOOL
SHA TIN METHODIST PRIMARY SCHOOL
SHAK CHUNG SHAN MEMORIAL CATHOLIC PRIMARY SCHOOL
SHEK LEI CATHOLIC PRIMARY SCHOOL
SHEK WU HUI PUBLIC SCHOOL
SHENG KUNG HUI ALL SAINTS' PRIMARY SCHOOL
ST ANDREW'S CATHOLIC PRIMARY SCHOOL
ST CHARLES SCHOOL
ST PATRICK'S CATHOLIC PRIMARY SCHOOL (PO KONG VILLAGE ROAD)
ST. ANTHONY'S SCHOOL
ST. ANTONIUS PRIMARY SCHOOL
ST. BONAVENTURE CATHOLIC PRIMARY SCHOOL
ST. EDWARD'S CATHOLIC PRIMARY SCHOOL
ST. EUGENE DE MAZENOD OBLATE PRIMARY SCHOOL
ST. FRANCIS' CANOSSIAN SCHOOL
ST. FRANCIS OF ASSISI'S CARITAS SCHOOL
ST. JOHN THE BAPTIST CATHOLIC PRIMARY SCHOOL
ST. JOSEPH'S PRIMARY SCHOOL
ST. MARK'S PRIMARY SCHOOL
ST. MARY'S CANOSSIAN SCHOOL
ST. PATRICK'S SCHOOL
ST. PAUL'S PRIMARY CATHOLIC SCHOOL
ST. PETER'S CATHOLIC PRIMARY SCHOOL
ST. ROSE OF LIMA'S SCHOOL
ST. STEPHEN'S GIRLS' PRIMARY SCHOOL
ST. TERESA'S SCHOOL
STEWARDS POOI YIN PRIMARY SCHOOL
SUN FONG CHUNG PRIMARY SCHOOL
SUNG TAK WONG KIN SHEUNG MEMORIAL SCHOOL
TAI KOK TSUI CATHOLIC PRIMARY SCHOOL
TAI KOK TSUI CATHOLIC PRIMARY SCHOOL (HOI FAN ROAD)
TAI PO METHODIST SCHOOL
TAK SUN SCHOOL
THE CHURCH OF CHRIST IN CHINA CHUEN YUEN FIRST PRIMARY SCHOOL
THE CHURCH OF CHRIST IN CHINA CHUEN YUEN SECOND PRIMARY SCHOOL
THE CHURCH OF CHRIST IN CHINA HEEP WOH PRIMARY SCHOOL
THE CHURCH OF CHRIST IN CHINA KEI CHING PRIMARY SCHOOL
THE CHURCH OF CHRIST IN CHINA KEI KOK PRIMARY SCHOOL
THE CHURCH OF CHRIST IN CHINA KEI WAI PRIMARY SCHOOL
THE CHURCH OF CHRIST IN CHINA TAI O PRIMARY SCHOOL
THE ENDEAVOURERS LEUNG LEE SAU YU MEMORIAL PRIMARY SCHOOL
THE EVANGELICAL LUTHERAN CHURCH OF HONG KONG KWAI SHING LUTHERAN PRIMARY SCHOOL
THE LITTLE FLOWER'S CATHOLIC PRIMARY SCHOOL
THE SALVATION ARMY ANN WYLLIE MEMORIAL PRIMARY SCHOOL
THE SALVATION ARMY CENTALINE CHARITY FUND SCHOOL
TIN SHUI WAI CATHOLIC PRIMARY SCHOOL
TIN SHUI WAI METHODIST PRIMARY SCHOOL
TOI SHAN ASSOCIATION PRIMARY SCHOOL

TSEUNG KWAN O CATHOLIC PRIMARY SCHOOL
TSEUNG KWAN O METHODIST PRIMARY SCHOOL
TSUEN WAN CATHOLIC PRIMARY SCHOOL
TSUEN WAN LUTHERAN SCHOOL
TSZ WAN SHAN CATHOLIC PRIMARY SCHOOL
TSZ WAN SHAN ST BONAVENTURE CATHOLIC PRIMARY SCHOOL
TUNG KOON DISTRICT SOCIETY FONG SHU CHUEN SCHOOL
TUNG KOON SCHOOL
TWGHS & LKWFSL MRS FUNG YIU HING MEMORIAL PRIMARY SCHOOL
WO CHE LUTHERAN SCHOOL
WONG TAI SIN CATHOLIC PRIMARY SCHOOL
YAN TAK CATHOLIC PRIMARY SCHOOL
YAUMATI CATHOLIC PRIMARY SCHOOL
YAUMATI CATHOLIC PRIMARY SCHOOL (HOI WANG ROAD)
YAUMATI KAIFONG ASSOCIATION SCHOOL
YUEN LONG MERCHANTS ASSOCIATION PRIMARY SCHOOL

Aided Secondary Schools

ABERDEEN TECHNICAL SCHOOL
CANOSSA COLLEGE
CARITAS CHAI WAN MARDEN FOUNDATION SECONDARY SCHOOL
CARITAS CHAN CHUN HA FIELD STUDIES CENTRE
CARITAS CHONG YUET MING SECONDARY SCHOOL
CARITAS FANLING CHAN CHUN HA SECONDARY SCHOOL
CARITAS MA ON SHAN SECONDARY SCHOOL
CARITAS ST. JOSEPH SECONDARY SCHOOL
CARITAS TUEN MUN MARDEN FOUNDATION SECONDARY SCHOOL
CARITAS WU CHENG-CHUNG SECONDARY SCHOOL
CARITAS YUEN LONG CHAN CHUN HA SECONDARY SCHOOL
CARMEL PAK U SECONDARY SCHOOL
CATHOLIC MING YUEN SECONDARY SCHOOL
CHAN SUI KI (LA SALLE) COLLEGE
CHEUNG SHA WAN CATHOLIC SECONDARY SCHOOL
CHI LIN BUDDHIST SECONDARY SCHOOL
CHINA HOLINESS CHURCH LIVING SPIRIT COLLEGE
CHOI HUNG ESTATE CATHOLIC SECONDARY SCHOOL
CHONG GENE HANG COLLEGE
CHRISTIAN & MISSIONARY ALLIANCE SUN KEI SECONDARY SCHOOL
DAUGHTERS OF MARY HELP OF CHRISTIANS SIU MING CATHOLIC SECONDARY SCHOOL
DE LA SALLE SECONDARY SCHOOL N T
ELCHK LUTHERAN SECONDARY SCHOOL
FORTRESS HILL METHODIST SECONDARY SCHOOL
GENERAL CHAMBER OF COMMERCE AND INDUSTRY OF THE TUNG KUN DISTRICT LAU PAK LOK
SECONDARY SCHOOL
HEEP YUNN SCHOOL
HOLY CARPENTER SECONDARY SCHOOL
HOLY FAMILY CANOSSIAN COLLEGE
HOLY TRINITY COLLEGE
HONG KONG & KOWLOON CHIU CHOW PUBLIC ASSOCIATION MA CHUNG SUM SECONDARY
SCHOOL

HONG KONG & KOWLOON CHIU CHOW PUBLIC ASSOCIATION SECONDARY SCHOOL
HONG KONG SHENG KUNG HUI BISHOP HALL SECONDARY SCHOOL
HONG KONG TANG KING PO COLLEGE
HONG KONG TEACHERS' ASSOCIATION LEE HENG KWEI SECONDARY SCHOOL
HONG KONG TRUE LIGHT COLLEGE
IMMACULATE HEART OF MARY COLLEGE
JOCKEY CLUB TI-I COLLEGE
KING LING COLLEGE
KIT SAM LAM BING YIM SECONDARY SCHOOL
KO LUI SECONDARY SCHOOL
KOWLOON TONG SCHOOL (SECONDARY SECTION)
KOWLOON TRUE LIGHT MIDDLE SCHOOL
KWAI CHUNG METHODIST COLLEGE
KWOK TAK SENG CATHOLIC SECONDARY SCHOOL
KWUN TONG MARYKNOLL COLLEGE
LA SALLE COLLEGE
LAI KING CATHOLIC SECONDARY SCHOOL
LEE KAU YAN MEMORIAL SCHOOL
LEUNG SHEK CHEE COLLEGE
LING LIANG CHURCH M H LAU SECONDARY SCHOOL
LINGNAN DR. CHUNG WING KWONG MEMORIAL SECONDARY SCHOOL
LINGNAN HANG YEE MEMORIAL SECONDARY SCHOOL
LINGNAN SECONDARY SCHOOL
MA ON SHAN ST. JOSEPH'S SECONDARY SCHOOL
MADAM LAU KAM LUNG SECONDARY SCHOOL OF MIU FAT BUDDHIST MONASTERY
MAN KIU COLLEGE
MARYKNOLL CONVENT SCHOOL (SECONDARY SECTION)
MARYKNOLL FATHERS' SCHOOL
MARYMOUNT SECONDARY SCHOOL
METHODIST COLLEGE
MFBM CHAN LUI CHUNG TAK MEMORIAL COLLEGE
NAM WAH CATHOLIC SECONDARY SCHOOL
NEWMAN CATHOLIC COLLEGE
NG WAH CATHOLIC SECONDARY SCHOOL
NING PO COLLEGE
NING PO NO. 2 COLLEGE
NOTRE DAME COLLEGE
OUR LADY OF THE ROSARY COLLEGE
OUR LADY'S COLLEGE
PENTECOSTAL LAM HON KWONG SCHOOL
PO CHIU CATHOLIC SECONDARY SCHOOL
PO LEUNG KUK 1984 COLLEGE
PO LEUNG KUK CENTENARY LI SHIU CHUNG MEMORIAL COLLEGE
PO LEUNG KUK LEE SHING PIK COLLEGE
PO LEUNG KUK MRS MA KAM MING-CHEUNG FOOK SIEN COLLEGE
PO LEUNG KUK TANG YUK TIEN COLLEGE
PO LEUNG KUK TONG NAI KAN COLLEGE
PO LEUNG KUK VICWOOD K. T. CHONG SIXTH FORM COLLEGE
PO LEUNG KUK YAO LING SUN COLLEGE

PO ON COMMERCIAL ASSOCIATION WONG SIU CHING SECONDARY SCHOOL
POPE PAUL VI COLLEGE
PRECIOUS BLOOD SECONDARY SCHOOL
PUI CHING MIDDLE SCHOOL
PUI SHING CATHOLIC SECONDARY SCHOOL
PUI TAK CANOSSIAN COLLEGE
PUI YING SECONDARY SCHOOL
RAIMONDI COLLEGE
RHENISH CHURCH PANG HOK-KO MEMORIAL COLLEGE
ROSARYHILL SCHOOL
S. K. H. CHAN YOUNG SECONDARY SCHOOL
S. K. H. LAM WOO MEMORIAL SECONDARY SCHOOL
S. K. H. LEUNG KWAI YEE SECONDARY SCHOOL
S. K. H. ST. MARY'S CHURCH MOK HING YIU COLLEGE
S. K. H. ST. SIMON'S LUI MING CHOI SECONDARY SCHOOL
SACRED HEART CANOSSIAN COLLEGE
SAI KUNG SUNG TSUN CATHOLIC SCHOOL (SECONDARY SECTION)
SALESIAN ENGLISH SCHOOL
SALESIANS OF DON BOSCO NG SIU MUI SECONDARY SCHOOL
SHA TIN METHODIST COLLEGE
SHATIN PUI YING COLLEGE
SHEK LEI CATHOLIC SECONDARY SCHOOL
SHENG KUNG HUI BISHOP BAKER SECONDARY SCHOOL
SHENG KUNG HUI BISHOP MOK SAU TSENG SECONDARY SCHOOL
SHENG KUNG HUI HOLY TRINITY CHURCH SECONDARY SCHOOL
SHENG KUNG HUI KEI HAU SECONDARY SCHOOL
SHENG KUNG HUI LAM KAU MOW SECONDARY SCHOOL
SHENG KUNG HUI LI PING SECONDARY SCHOOL
SHENG KUNG HUI LUI MING CHOI SECONDARY SCHOOL
SHENG KUNG HUI ST. BENEDICT'S SCHOOL
SHENG KUNG HUI TANG SHIU KIN SECONDARY SCHOOL
SHENG KUNG HUI TSANG SHIU TIM SECONDARY SCHOOL
SHENG KUNG HUI TSOI KUNG PO SECONDARY SCHOOL
SHUN LEE CATHOLIC SECONDARY SCHOOL
SHUNG TAK CATHOLIC ENGLISH COLLEGE
SING YIN SECONDARY SCHOOL
SKH LI FOOK HING SECONDARY SCHOOL
ST STEPHEN'S GIRLS' COLLEGE
ST. ANTONIUS GIRLS' COLLEGE
ST. BONAVENTURE COLLEGE AND HIGH SCHOOL
ST. CATHARINE'S SCHOOL FOR GIRLS, KWUN TONG
ST. CLARE'S GIRLS' SCHOOL
ST. FRANCIS' CANOSSIAN COLLEGE
ST. FRANCIS OF ASSISI'S COLLEGE
ST. FRANCIS XAVIER'S COLLEGE
ST. FRANCIS XAVIER'S SCHOOL, TSUEN WAN
ST. JOAN OF ARC SECONDARY SCHOOL
ST. JOSEPH'S ANGLO-CHINESE SCHOOL
ST. JOSEPH'S COLLEGE

ST. LOUIS SCHOOL
ST. MARK'S SCHOOL
ST. MARY'S CANOSSIAN COLLEGE
ST. PAUL'S SCHOOL (LAM TIN)
ST. PAUL'S SECONDARY SCHOOL
ST. PETER'S SECONDARY SCHOOL
ST. ROSE OF LIMA'S COLLEGE
ST. STEPHEN'S CHURCH COLLEGE
ST. TERESA SECONDARY SCHOOL
SUNG LAN MIDDLE SCHOOL
TAK NGA SECONDARY SCHOOL
TAK OI SECONDARY SCHOOL
TANG KING PO SCHOOL
THE BISHOP HALL JUBILEE SCHOOL
THE CHURCH OF CHRIST IN CHINA CHUEN YUEN COLLEGE
THE CHURCH OF CHRIST IN CHINA HEEP WOH COLLEGE
THE CHURCH OF CHRIST IN CHINA HOH FUK TONG COLLEGE
THE CHURCH OF CHRIST IN CHINA KEI CHI SECONDARY SCHOOL
THE CHURCH OF CHRIST IN CHINA KEI HEEP SECONDARY SCHOOL
THE CHURCH OF CHRIST IN CHINA KEI LONG COLLEGE
THE CHURCH OF CHRIST IN CHINA KEI SAN SECONDARY SCHOOL
THE CHURCH OF CHRIST IN CHINA KEI YUEN COLLEGE
THE CHURCH OF CHRIST IN CHINA MING KEI COLLEGE
THE CHURCH OF CHRIST IN CHINA MING YIN COLLEGE
THE CHURCH OF CHRIST IN CHINA MONG MAN WAI COLLEGE
THE CHURCH OF CHRIST IN CHINA ROTARY SECONDARY SCHOOL
THE CHURCH OF CHRIST IN CHINA TAM LEE LAI FUN MEMORIAL SECONDARY SCHOOL
THE JOCKEY CLUB EDUYOUNG COLLEGE
THE METHODIST CHURCH HONG KONG WESLEY COLLEGE
THE METHODIST LEE WAI LEE COLLEGE
THE TRUE LIGHT MIDDLE SCHOOL OF HONG KONG
TIN SHUI WAI METHODIST COLLEGE
TOI SHAN ASSOCIATION COLLEGE
TRUE LIGHT GIRLS' COLLEGE
TSANG PIK SHAN SECONDARY SCHOOL
TUEN MUN CATHOLIC SECONDARY SCHOOL
TUNG CHUNG CATHOLIC SCHOOL
VALTORTA COLLEGE
WA YING COLLEGE
WAH YAN COLLEGE, HONG KONG
WAH YAN COLLEGE, KOWLOON
YAN OI TONG CHAN WONG SUK FONG MEMORIAL SECONDARY SCHOOL
YAN PING INDUSTRIAL & COMMERCIAL ASSOCIATION LEE LIM MING COLLEGE
YING WA GIRLS' SCHOOL
YU CHUN KEUNG MEMORIAL COLLEGE
YU CHUN KEUNG MEMORIAL COLLEGE NO. 2
YUEN LONG CATHOLIC SECONDARY SCHOOL
YUEN LONG LUTHERAN SECONDARY SCHOOL
YUEN LONG MERCHANTS ASSOCIATION SECONDARY SCHOOL

Aided Special Schools

ALICE HO MIU LING NETHERSOLE HOSPITAL RED CROSS SCHOOL
CARITAS JOCKEY CLUB LOK YAN SCHOOL
CARITAS LOK JUN SCHOOL
CARITAS LOK KAN SCHOOL
CARITAS LOK YI SCHOOL
CARITAS MEDICAL CENTRE RED CROSS SCHOOL
CARITAS PELLETIER SCHOOL
CARITAS RESURRECTION SCHOOL
CASTLE PEAK HOSPITAL RED CROSS SCHOOL
CHUN TOK SCHOOL
DUCHESS OF KENT HOSPITAL RED CROSS SCHOOL
HAVEN OF HOPE SUNNYSIDE SCHOOL
HONG CHI MORNINGHILL SCHOOL, TSUI LAM
HONG CHI MORNINGHILL SCHOOL, TUEN MUN
HONG CHI MORNINGHOPE SCHOOL, TUEN MUN
HONG CHI MORNINGJOY SCHOOL, YUEN LONG
HONG CHI LIONS MORNINGHILL SCHOOL
HONG CHI MORNINGLIGHT SCHOOL, TUEN MUN
HONG CHI MORNINGLIGHT SCHOOL, YUEN LONG
HONG KONG CHRISTIAN SERVICE PUI OI SCHOOL
KOWLOON HOSPITAL RED CROSS SCHOOL
KWAI CHUNG HOSPITAL RED CROSS SCHOOL
KWONG WAH HOSPITAL RED CROSS SCHOOL
MARY ROSE SCHOOL
MARYCOVE SCHOOL
MENTAL HEALTH ASSOCIATION OF HONG KONG — PAK TIN CHILDREN'S CENTRE
NORTH DISTRICT HOSPITAL RED CROSS SCHOOL
PAMELA YOUDE NETHERSOLE EASTERN HOSPITAL RED CROSS SCHOOL
PO LEUNG KUK CENTENARY SCHOOL
PO LEUNG KUK LAW'S FOUNDATION SCHOOL
PO LEUNG KUK MR. & MRS. CHAN PAK KEUNG TSING YI SCHOOL
PO LEUNG KUK YU LEE MO FAN MEMORIAL SCHOOL
PRINCE OF WALES HOSPITAL RED CROSS SCHOOL
PRINCESS MARGARET HOSPITAL RED CROSS SCHOOL
QUEEN ELIZABETH HOSPITAL RED CROSS SCHOOL
QUEEN MARY HOSPITAL RED CROSS SCHOOL
ROTARY CLUB OF HONG KONG ISLAND WEST HONG CHI MORNINGHOPE SCHOOL
THE JOCKEY CLUB HONG CHI SCHOOL
TSEUNG KWAN O HOSPITAL RED CROSS SCHOOL
TUEN MUN HOSPITAL RED CROSS SCHOOL
UNITED CHRISTIAN HOSPITAL RED CROSS SCHOOL
YAN CHAI HOSPITAL RED CROSS SCHOOL
YAUMATEI CHILD PSYCHIATRIC CENTRE RED CROSS SCHOOL

Annex 2

Breakdown by SSB and school type of the number of schools which have established IMCs, as well as those applying (including those which have submitted or undertaken to submit applications) and those which have yet to apply for the establishment of IMCs

<i>Name of Sponsoring Body</i>	<i>School Type</i>	<i>IMC established</i>	<i>Applying</i>	<i>Not yet apply</i>	<i>Total</i>
ABERDEEN BAPTIST CHURCH	Aided Primary	0	0	0	0
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	0	1
ALL SAINTS' CHURCH	Aided Primary	0	0	1	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	1	1
ANGLICAN (HONG KONG) PRIMARY SCHOOLS COUNCIL LIMITED	Aided Primary	0	0	29	29
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	29	29
ANGLICAN (HONG KONG) SECONDARY SCHOOLS COUNCIL LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	0	0	6	6
	Aided Special	0	0	0	0
	Total	0	0	6	6
BETHEL MISSION OF CHINA, (HONG KONG) LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	0	1
BUDDHIST TO CHI FAT SHE LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	0	0	0	0
	Aided Special	1	0	0	1
	Total	1	0	0	1
BUI O PUBLIC SCHOOL MANAGEMENT COMMITTEE	Aided Primary	0	0	1	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	1	1
CARITAS — HONG KONG	Aided Primary	0	0	0	0
	Aided Secondary	0	0	9	9
	Aided Special	0	0	6	6
	Total	0	0	15	15
CATHOLIC FOREIGN MISSION SOCIETY OF AMERICA, INC	Aided Primary	1	0	0	1
	Aided Secondary	0	1	1	2
	Aided Special	0	0	0	0
	Total	1	1	1	3
CHEUNG CHAU FISHERIES JOINT ASSOCIATION	Aided Primary	0	0	1	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	1	1

<i>Name of Sponsoring Body</i>	<i>School Type</i>	<i>IMC established</i>	<i>Applying</i>	<i>Not yet apply</i>	<i>Total</i>
CHI HONG CHING YUEN LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
CHI KIT SCHOOL	Aided Primary	0	0	1	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	1	1
CHI LIN NUNNERY	Aided Primary	0	0	1	1
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	2	2
CHING CHUNG TAOIST ASSOCIATION OF HONG KONG LIMITED	Aided Primary	3	0	0	3
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	4	0	0	4
CHIU CHOW ASSOCIATION BUILDING (PROPERTY HOLDING), LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	0	1
CHIU YANG RESIDENTS' ASSOCIATION OF HONG KONG LIMITED	Aided Primary	2	0	0	2
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	2	0	0	2
CHOW CLANSMEN ASSOCIATION HONG KONG	Aided Primary	0	0	1	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	1	1
CHRIST CHURCH	Aided Primary	0	0	0	0
	Aided Secondary	0	0	0	0
	Aided Special	0	0	1	1
	Total	0	0	1	1
CHRISTIAN & MISSIONARY ALLIANCE CHURCH UNION HONG KONG LIMITED	Aided Primary	0	0	2	2
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	3	3
CHRISTIAN EDUCATION CARMEL ASSOCIATION LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	0	1	0	1
	Aided Special	0	0	0	0
	Total	0	1	0	1
CHUN TOK SCHOOL	Aided Primary	0	0	0	0
	Aided Secondary	0	0	0	0
	Aided Special	0	0	1	1
	Total	0	0	1	1

<i>Name of Sponsoring Body</i>	<i>School Type</i>	<i>IMC established</i>	<i>Applying</i>	<i>Not yet apply</i>	<i>Total</i>
CHUNG SING BENEVOLENT SOCIETY	Aided Primary	0	0	0	0
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	0	1
CHUNG SING SCHOOL, LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
CHURCH BODY OF THE HONG KONG SHENG KUNG HUI	Aided Primary	0	0	18	18
	Aided Secondary	0	0	18	18
	Aided Special	0	0	0	0
	Total	0	0	36	36
CHURCH OF THE GOOD SHEPHERD	Aided Primary	0	0	1	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	1	1
COGNITIO COLLEGE (1979) LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	2	0	0	2
	Aided Special	0	0	0	0
	Total	2	0	0	2
CUMBERLAND PRESBYTERIAN CHURCH HONG KONG PRESBYTERY	Aided Primary	1	0	0	1
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	2	0	0	2
DIVINE WORD MISSIONARIES	Aided Primary	0	0	0	0
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	1	1
EAST ASIAN EDUCATIONAL ASSOCIATION	Aided Primary	0	0	1	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	1	1
EDUCATION CONVERGENCE EDUCATION FOUNDATION LTD.	Aided Primary	0	0	0	0
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	0	1
EDUYOUNG EDUCATIONAL ORGANIZATION LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	1	1
EVANGELICAL SCHOOL DEVELOPMENT INCORPORATION LIMITED	Aided Primary	1	0	1	2
	Aided Secondary	4	0	1	5
	Aided Special	0	0	0	0
	Total	5	0	2	7
EVANGELIZE CHINA FELLOWSHIP	Aided Primary	0	0	0	0
	Aided Secondary	0	0	0	0
	Aided Special	1	0	0	1
	Total	1	0	0	1

<i>Name of Sponsoring Body</i>	<i>School Type</i>	<i>IMC established</i>	<i>Applying</i>	<i>Not yet apply</i>	<i>Total</i>
FANLING ASSEMBLY OF GOD CHURCH LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
FANLING PUBLIC SCHOOL (SCHOOL BOARD OF DIRECTORS) LIMITED	Aided Primary	0	1	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	1	0	1
FIVE DISTRICTS BUSINESS WELFARE ASSOCIATION	Aided Primary	2	0	1	3
	Aided Secondary	2	0	0	2
	Aided Special	0	0	0	0
	Total	4	0	1	5
FONG SHU FOOK TONG FOUNDATION	Aided Primary	0	0	1	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	1	1
FREE METHODIST MEI LAM PRIMARY SCHOOL LIMITED	Aided Primary	0	1	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	1	0	1
FUKIEN CHAMBER OF COMMERCE EDUCATION FUND LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	0	1
FUNG KAI PUBLIC SCHOOL	Aided Primary	3	0	0	3
	Aided Secondary	2	0	0	2
	Aided Special	0	0	0	0
	Total	5	0	0	5
GENERAL CHAMBER OF COMMERCE AND INDUSTRY OF THE TUNG KUN DISTRICT	Aided Primary	0	0	1	1
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	2	2
GRANTHAM COLLEGE OF EDUCATION PAST STUDENTS' ASSOCIATION	Aided Primary	0	0	1	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	1	1
H.K. & KOWLOON FRESH FISH TRADE GENERAL ASSOCIATION	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
HAVEN OF HOPE CHRISTIAN SERVICE	Aided Primary	0	0	0	0
	Aided Secondary	0	0	0	0
	Aided Special	0	0	1	1
	Total	0	0	1	1
HEUNG HOI CHING KOK LIN ASSOCIATION	Aided Primary	4	0	0	4
	Aided Secondary	3	0	0	3
	Aided Special	1	0	0	1
	Total	8	0	0	8

<i>Name of Sponsoring Body</i>	<i>School Type</i>	<i>IMC established</i>	<i>Applying</i>	<i>Not yet apply</i>	<i>Total</i>
HING TAK PUBLIC SCHOOL LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
HKCLC EDUCATION INSTITUTE COMPANY LIMITED	Aided Primary	0	0	1	1
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	2	2
HONG CHI ASSOCIATION	Aided Primary	0	0	0	0
	Aided Secondary	0	0	0	0
	Aided Special	4	0	9	13
	Total	4	0	9	13
HONG KONG & KOWLOON CHIU CHOW PUBLIC ASSOCIATION	Aided Primary	0	0	0	0
	Aided Secondary	0	0	2	2
	Aided Special	0	0	0	0
	Total	0	0	2	2
HONG KONG & KOWLOON JOINT KAI-FONG EDUCATION COMMITTEE LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	0	0	0	0
	Aided Special	0	1	0	1
	Total	0	1	0	1
HONG KONG & KOWLOON KAIFONG WOMEN'S ASSOCIATION LIMITED	Aided Primary	0	0	1	1
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	1	2
HONG KONG AND MACAU LUTHERAN CHURCH LIMITED	Aided Primary	3	0	0	3
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	4	0	0	4
HONG KONG ANGLICAN CHURCH	Aided Primary	0	0	1	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	1	1
HONG KONG CHIU CHOW CHAMBER OF COMMERCE LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
HONG KONG CHRISTIAN SERVICE	Aided Primary	0	0	0	0
	Aided Secondary	0	0	0	0
	Aided Special	0	0	1	1
	Total	0	0	1	1
HONG KONG CONSERVATIVE BAPTIST CHURCH ASSOCIATION LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
HONG KONG FEDERATION OF EDUCATION WORKERS EDUCATION ORGANISATION LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	2	0	0	2

<i>Name of Sponsoring Body</i>	<i>School Type</i>	<i>IMC established</i>	<i>Applying</i>	<i>Not yet apply</i>	<i>Total</i>
HONG KONG PROVINCE FRANCISCAN MISSIONARY SISTERS OF OUR LADY OF SORROWS	Aided Primary	0	0	1	1
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	2	2
HONG KONG RED CROSS	Aided Primary	0	0	0	0
	Aided Secondary	0	0	0	0
	Aided Special	0	3	18	21
	Total	0	3	18	21
HONG KONG RED SWASTIKA SOCIETY	Aided Primary	1	0	0	1
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	2	0	0	2
HONG KONG STUDENT AID SOCIETY LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
HONG KONG WORKERS' SCHOOL EDUCATIONAL ORGANISATION LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
HONG KONG YOUNG WOMEN'S CHRISTIAN ASSOCIATION	Aided Primary	0	0	0	0
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	0	1
INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL — HONG KONG DISTRICT LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	0	1
JU CHING CHU ENGLISH COLLEGE LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	0	3	0	3
	Aided Special	0	0	0	0
	Total	0	3	0	3
K. P. TIN FOUNDATION LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	0	1
KAM TIN MUNG YEUNG PUBLIC SCHOOL	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
KAM TSIN VILLAGE (SCHOOL BOARD OF DIRECTORS) COMPANY LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
KIANGSU CHEKIANG AND SHANGHAI RESIDENTS (HONG KONG) ASSOCIATION	Aided Primary	0	0	0	0
	Aided Secondary	0	2	0	2
	Aided Special	0	0	0	0
	Total	0	2	0	2

<i>Name of Sponsoring Body</i>	<i>School Type</i>	<i>IMC established</i>	<i>Applying</i>	<i>Not yet apply</i>	<i>Total</i>
KING LING FOUNDATION FOR EDUCATION AND CULTURE LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	1	1
KING'S COLLEGE OLD BOYS' ASSOCIATION SCHOOL LIMITED	Aided Primary	2	0	0	2
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	2	0	0	2
KOCHOW AND LUICHOW RESIDENTS (HONG KONG) ASSOCIATION LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	1	1
KOWLOON PENTECOSTAL CHURCH LIMITED	Aided Primary	0	1	1	2
	Aided Secondary	0	1	1	2
	Aided Special	0	0	0	0
	Total	0	2	2	4
KOWLOON TONG SCHOOL	Aided Primary	0	0	0	0
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	1	1
KWOK MAN SCHOOL MANAGEMENT COMMITTEE	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
KWONG MING SCHOOL, LIMITED	Aided Primary	2	0	0	2
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	2	0	0	2
LAI CHACK MIDDLE SCHOOL LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	0	1
LAMMA ISLAND NORTH RURAL COMMITTEE	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
LEE CHI TAT MEMORIAL FUND LIMITED	Aided Primary	2	0	0	2
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	2	0	0	2
LES SOEURS MISSIONNAIRES DE L'IMMACULEE CONCEPTION	Aided Primary	0	0	0	0
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	1	1
LINGNAN EDUCATION ORGANIZATION LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	0	0	3	3
	Aided Special	0	0	0	0
	Total	0	0	3	3

<i>Name of Sponsoring Body</i>	<i>School Type</i>	<i>IMC established</i>	<i>Applying</i>	<i>Not yet apply</i>	<i>Total</i>
LINGNAN UNIVERSITY ALUMNI ASSOCIATION (HONG KONG) LIMITED	Aided Primary	0	0	1	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	1	1
LIONS EDUCATION FOUNDATION	Aided Primary	1	0	0	1
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	2	0	0	2
LIU PO SHAN EDUCATION FOUNDATION LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	0	1	0	1
	Aided Special	0	0	0	0
	Total	0	1	0	1
LOCK TAO SECONDARY SCHOOL LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	0	1
LUNG KONG WORLD FEDERATION SCHOOL (HONG KONG) LTD	Aided Primary	2	0	0	2
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	3	0	0	3
MAN KIU ASSOCIATION, LIMITED	Aided Primary	0	0	2	2
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	3	3
MARYKNOLL CONVENT SCHOOL FOUNDATION LIMITED	Aided Primary	0	0	1	1
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	2	2
MISSIONARY SISTERS OF OUR LADY OF THE ANGELS	Aided Primary	0	0	0	0
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	1	1
MISSIONARY SISTERS OF THE IMMACULATE (P. I. M .E. SISTERS) HONG KONG	Aided Primary	0	0	0	0
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	1	1
MIU FAT BUDDHIST MONASTERY	Aided Primary	0	0	0	0
	Aided Secondary	0	0	2	2
	Aided Special	0	0	0	0
	Total	0	0	2	2
MUI WO SCHOOL MANAGEMENT COMMITTEE	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
MUNSANG COLLEGE (SSB) LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	1	1	0	2
	Aided Special	0	0	0	0
	Total	1	1	0	2

<i>Name of Sponsoring Body</i>	<i>School Type</i>	<i>IMC established</i>	<i>Applying</i>	<i>Not yet apply</i>	<i>Total</i>
NEW ASIA EDUCATIONAL & CULTURAL ASSOCIATION LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	0	1
NEW LIFE SCHOOLS INCORPORATION LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	1	1	0	2
	Aided Special	0	0	0	0
	Total	1	1	0	2
NEW TERRITORIES WOMEN & JUVENILES WELFARE ASSOCIATION LTD	Aided Primary	2	0	0	2
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	2	0	0	2
NG CLAN'S ASSOCIATION	Aided Primary	0	0	1	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	1	1
NG YUK SECONDARY SCHOOL GOVERNING BOARD LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	0	1
NING PO RESIDENTS ASSOCIATION (HONG KONG) LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	0	0	2	2
	Aided Special	0	0	0	0
	Total	0	0	2	2
PENTECOSTAL ASSEMBLIES OF CANADA (SOUTH EAST ASIA DISTRICT) LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	0	1
PENTECOSTAL CHURCH OF HONG KONG	Aided Primary	0	0	0	0
	Aided Secondary	0	1	0	1
	Aided Special	0	0	0	0
	Total	0	1	0	1
PO LEUNG KUK	Aided Primary	11	5	4	20
	Aided Secondary	2	5	8	15
	Aided Special	0	0	4	4
	Total	13	10	16	39
PO ON COMMERCIAL ASSOCIATION NON-PROFIT MAKING SCHOOLS LIMITED	Aided Primary	0	0	1	1
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	2	2
POK OI HOSPITAL	Aided Primary	1	0	0	1
	Aided Secondary	3	0	0	3
	Aided Special	0	0	0	0
	Total	4	0	0	4
PUI KIU EDUCATION FOUNDATION LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1

<i>Name of Sponsoring Body</i>	<i>School Type</i>	<i>IMC established</i>	<i>Applying</i>	<i>Not yet apply</i>	<i>Total</i>
QUEEN ELIZABETH SCHOOL OLD STUDENTS' ASSOCIATION EDUCATION PROMOTION ORGANIZATION LIMITED	Aided Primary	2	0	0	2
	Aided Secondary	2	0	0	2
	Aided Special	0	0	0	0
	Total	4	0	0	4
QUEEN'S COLLEGE OLD BOYS' ASSOCIATION SECONDARY SCHOOL LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	0	1
S. K. H. PRIMARY SCHOOLS COUNCIL	Aided Primary	0	0	1	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	1	1
SAM SHUI NATIVES ASSOCIATION SCHOOL FUND LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	1	0	0	1
	Total	2	0	0	2
SECONDARY SCHOOL OF SAI KUNG AND HANG HOU DISTRICT NT LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	0	1
SHA TAU KOK CENTRAL PRIMARY SCHOOL LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
SHAMSHUIPO KAIFONG WELFARE ADVANCEMENT ASSOCIATION	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
SHAN TSUI PUBLIC SCHOOL	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
SHAP PAT HEUNG RURAL COMMITTEE SCHOOL LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	2	0	0	2
SHATIN PUBLIC SCHOOL ASSOCIATION LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	0	0	0	0
	Aided Special	1	0	0	1
	Total	1	0	0	1
SHEKWU PUBLIC SCHOOL LIMITED	Aided Primary	0	0	1	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	1	1
SHUN TAK FRATERNAL ASSOCIATION	Aided Primary	4	0	0	4
	Aided Secondary	6	0	0	6
	Aided Special	0	0	0	0
	Total	10	0	0	10

<i>Name of Sponsoring Body</i>	<i>School Type</i>	<i>IMC established</i>	<i>Applying</i>	<i>Not yet apply</i>	<i>Total</i>
SIK SIK YUEN	Aided Primary	3	0	0	3
	Aided Secondary	6	0	0	6
	Aided Special	0	0	0	0
	Total	9	0	0	9
SIR ROBERT BLACK COLLEGE OF EDUCATION PAST STUDENTS' ASSOCIATION LIMITED	Aided Primary	2	0	0	2
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	2	0	0	2
SKH HOLY CARPENTER CHURCH	Aided Primary	0	0	1	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	1	1
SOCIETY OF BOYS' CENTRES	Aided Primary	0	0	0	0
	Aided Secondary	0	0	0	0
	Aided Special	3	0	0	3
	Total	3	0	0	3
SOCIETY OF ST. FRANCIS DE SALES	Aided Primary	0	0	5	5
	Aided Secondary	0	0	6	6
	Aided Special	0	0	0	0
	Total	0	0	11	11
SOUTH ASIAN LUTHERAN EVANGELICAL MISSION LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	0	1	0	1
	Aided Special	0	0	0	0
	Total	0	1	0	1
STEWARDS LIMITED	Aided Primary	1	0	1	2
	Aided Secondary	2	0	0	2
	Aided Special	0	0	0	0
	Total	3	0	1	4
SUNG LAN MIDDLE SCHOOL	Aided Primary	0	0	0	0
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	1	1
SWIRE PACIFIC LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
TA KU LING LING YING PUBLIC SCHOOL SCHOOL MANAGEMENT COMMITTEE	Aided Primary	0	1	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	1	0	1
TAI HANG RESIDENTS' WELFARE ASSOCIATION	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
TAI KWONG YUEN LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	0	1	0	1
	Aided Special	0	0	0	0
	Total	0	1	0	1

<i>Name of Sponsoring Body</i>	<i>School Type</i>	<i>IMC established</i>	<i>Applying</i>	<i>Not yet apply</i>	<i>Total</i>
TAI PO BAPTIST CHURCH	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
TAI PO LAM TSUEN HEUNG EDUCATIONAL DEVELOPMENT COMPANY LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
TAI PO OLD MARKET PUBLIC SCHOOL LIMITED	Aided Primary	2	0	0	2
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	2	0	0	2
TAI PO SHUNG TAK SCHOOL LIMITED	Aided Primary	0	0	1	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	1	1
TATA BUDDHIST ASSOCIATION, THE	Aided Primary	0	1	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	1	0	1
THE FREE METHODIST CHURCH OF HONG KONG	Aided Primary	0	0	1	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	1	1
THE APLICHAU KAIFONG WELFARE ASSOCIATION	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
THE ASSOCIATION OF THE DIRECTORS AND FORMER DIRECTORS OF POK OI HOSPITAL LIMITED	Aided Primary	2	1	0	3
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	3	1	0	4
THE BAPTIST CONVENTION OF HONG KONG	Aided Primary	4	0	0	4
	Aided Secondary	3	0	1	4
	Aided Special	0	0	0	0
	Total	7	0	1	8
THE CATHOLIC DIOCESE OF HONG KONG	Aided Primary	0	0	50	50
	Aided Secondary	0	0	26	26
	Aided Special	0	0	0	0
	Total	0	0	76	76
THE CHINA HOLINESS CHURCH	Aided Primary	0	0	0	0
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	1	1
THE CHINESE MANUFACTURERS' ASSOCIATION OF HONG KONG	Aided Primary	0	0	0	0
	Aided Secondary	1	1	0	2
	Aided Special	0	0	0	0
	Total	1	1	0	2

<i>Name of Sponsoring Body</i>	<i>School Type</i>	<i>IMC established</i>	<i>Applying</i>	<i>Not yet apply</i>	<i>Total</i>
THE CHINESE MUSLIM CULTURAL & FRATERNAL ASSOCIATION	Aided Primary	2	0	0	2
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	3	0	0	3
THE CHINESE RHENISH CHURCH, HONG KONG SYNOD	Aided Primary	0	0	0	0
	Aided Secondary	0	1	1	2
	Aided Special	0	1	0	1
	Total	0	2	1	3
THE CHINESE SISTERS OF THE IMMACULATE CONCEPTION	Aided Primary	0	0	1	1
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	2	2
THE CHRISTIAN NATIONALS' EVANGELISM COMMISSION (HONG KONG) LIMITED	Aided Primary	2	0	0	2
	Aided Secondary	3	0	0	3
	Aided Special	0	0	0	0
	Total	5	0	0	5
THE CHURCH OF CHRIST IN CHINA, CHEUNG CHAU CHURCH	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
THE CONFUCIAN ACADEMY	Aided Primary	1	0	0	1
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	2	0	0	2
THE CONGREGATION OF THE IMMACULATE HEART OF MARY SCHEUT MISSION HONG KONG LIMITED	Aided Primary	0	0	2	2
	Aided Secondary	0	0	2	2
	Aided Special	0	0	0	0
	Total	0	0	4	4
THE COUNCIL OF HEEP YUNN SCHOOL	Aided Primary	0	0	1	1
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	2	2
THE COUNCIL OF LING LIANG WORLD-WIDE EVANGELISTIC MISSION HONG KONG LING LIANG CHURCH	Aided Primary	1	0	1	2
	Aided Secondary	1	0	1	2
	Aided Special	0	0	0	0
	Total	2	0	2	4
THE COUNCIL OF REPRESENTATIVES OF HOP YAT CHURCH OF THE CHURCH OF CHRIST IN CHINA	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
THE DIOCESAN PREPARATORY SCHOOL COUNCIL	Aided Primary	0	0	1	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	1	1
THE DIRECTOR IN HONG KONG OF ST. JOSEPH'S COLLEGE	Aided Primary	0	0	3	3
	Aided Secondary	0	0	5	5
	Aided Special	0	0	0	0
	Total	0	0	8	8

<i>Name of Sponsoring Body</i>	<i>School Type</i>	<i>IMC established</i>	<i>Applying</i>	<i>Not yet apply</i>	<i>Total</i>
THE DIRECTORS OF THE CHINESE YOUNG MEN'S CHRISTIAN ASSOCIATION OF HONG KONG	Aided Primary	0	0	1	1
	Aided Secondary	0	1	0	1
	Aided Special	0	0	0	0
	Total	0	1	1	2
THE EBENEZER SCHOOL AND HOME FOR THE VISUALLY IMPAIRED LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	0	0	0	0
	Aided Special	0	2	0	2
	Total	0	2	0	2
THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI ASSOCIATIONS OF THE CUHK LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	2	0	0	2
	Aided Special	0	0	0	0
	Total	3	0	0	3
THE EMMANUEL CHURCH	Aided Primary	2	0	0	2
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	2	0	0	2
THE ENCOURAGEMENT OF CHARACTER TRAINING FOR THE YOUTHS OF HONG KONG, LIMITED	Aided Primary	0	0	1	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	1	1
THE ENDEAVOURERS, HONG KONG	Aided Primary	0	0	1	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	1	1
THE EVANGELICAL LUTHERAN CHURCH OF HONG KONG	Aided Primary	0	0	7	7
	Aided Secondary	0	0	2	2
	Aided Special	0	0	0	0
	Total	0	0	9	9
THE GENERAL OF THE SALVATION ARMY	Aided Primary	3	0	2	5
	Aided Secondary	1	0	0	1
	Aided Special	1	0	0	1
	Total	5	0	2	7
THE HKIED SCHOOLS LIMITED	Aided Primary	0	1	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	1	0	1
THE HOI PING CHAMBER OF COMMERCE OF HONG KONG	Aided Primary	1	0	0	1
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	2	0	0	2
THE HONG KONG CHINESE WOMEN'S CLUB	Aided Primary	1	0	0	1
	Aided Secondary	2	0	0	2
	Aided Special	0	0	0	0
	Total	3	0	0	3
THE HONG KONG JUVENILE CARE CENTRE	Aided Primary	0	0	0	0
	Aided Secondary	0	0	0	0
	Aided Special	0	1	0	1
	Total	0	1	0	1

<i>Name of Sponsoring Body</i>	<i>School Type</i>	<i>IMC established</i>	<i>Applying</i>	<i>Not yet apply</i>	<i>Total</i>
THE HONG KONG BUDDHIST ASSOCIATION	Aided Primary	5	1	2	8
	Aided Secondary	2	11	0	13
	Aided Special	0	0	0	0
	Total	7	12	2	21
THE HONG KONG BUDDHIST SANGHA ASSOCIATION, LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	2	0	0	2
	Aided Special	0	0	0	0
	Total	2	0	0	2
THE HONG KONG COUNCIL OF THE CHURCH OF CHRIST IN CHINA	Aided Primary	15	0	7	22
	Aided Secondary	5	0	18	23
	Aided Special	1	0	0	1
	Total	21	0	25	46
THE HONG KONG ENG CLANSMAN ASSOCIATION SCHOOL LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
THE HONG KONG FEDERATION OF YOUTH GROUPS	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
THE HONG KONG MANAGEMENT ASSOCIATION SCHOOL LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	0	1
THE HONG KONG SEA SCHOOL	Aided Primary	0	0	0	0
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	0	1
THE HONG KONG SZE YAP COMMERCIAL AND INDUSTRIAL ASSOCIATION	Aided Primary	1	0	0	1
	Aided Secondary	2	0	0	2
	Aided Special	1	0	0	1
	Total	4	0	0	4
THE HONG KONG TAOIST ASSOCIATION	Aided Primary	5	0	1	6
	Aided Secondary	5	0	0	5
	Aided Special	0	0	0	0
	Total	10	0	1	11
THE HONG KONG TEACHERS' ASSOCIATION EDUCATION DEVELOPMENT COMPANY LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	1	1
THE HONG KONG WEAVING MILLS ASSOCIATION	Aided Primary	0	0	0	0
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	0	1
THE HONGKONG COTTON SPINNERS ASSOCIATION	Aided Primary	0	0	0	0
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	0	1

<i>Name of Sponsoring Body</i>	<i>School Type</i>	<i>IMC established</i>	<i>Applying</i>	<i>Not yet apply</i>	<i>Total</i>
THE INCORPORATED TRUSTEES OF HONG KONG STUDENT AID SOCIETY	Aided Primary	0	0	0	0
	Aided Secondary	0	0	0	0
	Aided Special	1	0	0	1
	Total	1	0	0	1
THE KOWLOON CITY CHRISTIANS' CHURCH	Aided Primary	0	0	0	0
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	0	1
THE KOWLOON WOMEN'S WELFARE CLUB	Aided Primary	0	0	1	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	1	1
THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON	Aided Primary	7	0	0	7
	Aided Secondary	6	0	0	6
	Aided Special	0	0	0	0
	Total	13	0	0	13
THE LOTUS ASSOCIATION OF HONG KONG	Aided Primary	0	0	1	1
	Aided Secondary	0	0	1	1
	Aided Special	1	0	0	1
	Total	1	0	2	3
THE LUTHERAN CHURCH — HONG KONG SYNOD LIMITED	Aided Primary	6	0	0	6
	Aided Secondary	6	0	0	6
	Aided Special	2	0	0	2
	Total	14	0	0	14
THE MANAGEMENT COMMITTEE OF SAI KUNG CENTRAL LEE SIU YAM MEMORIAL SCHOOL LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
THE MENTAL HEALTH ASSOCIATION OF HONG KONG	Aided Primary	0	0	0	0
	Aided Secondary	0	0	0	0
	Aided Special	0	0	1	1
	Total	0	0	1	1
THE METHODIST CHURCH, HONG KONG	Aided Primary	0	0	10	10
	Aided Secondary	0	0	8	8
	Aided Special	0	0	0	0
	Total	0	0	18	18
THE MINISTER IN HONG KONG OF THE ORDER OF FRIARS MINOR	Aided Primary	0	0	3	3
	Aided Secondary	0	0	2	2
	Aided Special	0	0	0	0
	Total	0	0	5	5
THE MISSION COVENANT CHURCH LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	2	0	0	2
THE MISSIONARY SISTERS OF THE IMMACULATE HEART OF MARY LIMITED	Aided Primary	0	0	1	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	1	1

<i>Name of Sponsoring Body</i>	<i>School Type</i>	<i>IMC established</i>	<i>Applying</i>	<i>Not yet apply</i>	<i>Total</i>
THE MOTHER PROVINCIAL OF THE DAUGHTERS OF MARY HELP OF CHRISTIANS (HONG KONG)	Aided Primary	0	0	0	0
	Aided Secondary	0	0	2	2
	Aided Special	0	0	0	0
	Total	0	0	2	2
THE MOTHER SUPERIOR IN HONG KONG OF THE FRANCISCAN MISSIONARIES OF MARY	Aided Primary	0	0	1	1
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	2	2
THE MOTHER SUPERIOR OF THE CONGREGATION OF OUR LADY OF CHARITY OF THE GOOD SHEPHERD OF ANGERS AT HK	Aided Primary	0	0	0	0
	Aided Secondary	0	0	0	0
	Aided Special	0	0	1	1
	Total	0	0	1	1
THE MOTHER SUPERIOR OF THE SOEURS DE SAINT PAUL DE CHARTRES (HONG KONG)	Aided Primary	0	0	1	1
	Aided Secondary	0	0	2	2
	Aided Special	0	0	0	0
	Total	0	0	3	3
THE MOTHER SUPERIORESS OF THE DAUGHTERS OF CHARITY OF THE CANOSSIAN INSTITUTE (HONG KONG)	Aided Primary	0	0	10	10
	Aided Secondary	0	0	6	6
	Aided Special	0	0	0	0
	Total	0	0	16	16
THE NORTH POINT KAI-FONG WELFARE ADVANCEMENT ASSOCIATION	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
THE OBLATES OF MARY IMMACULATE HONG KONG	Aided Primary	0	0	2	2
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	3	3
THE PRESIDENT IN HONG KONG OF THE TSUNG TSIN MISSION OF HONG KONG INCORPORATED	Aided Primary	2	0	0	2
	Aided Secondary	5	0	0	5
	Aided Special	0	0	0	0
	Total	7	0	0	7
THE PROCURATOR IN HONG KONG FOR THE DOMINICAN MISSIONS IN THE FAR EAST	Aided Primary	0	0	0	0
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	1	1
THE PROCURATOR IN HONG KONG OF THE ENGLISH ASSISTANCY OF THE JESUIT ORDER	Aided Primary	0	0	0	0
	Aided Secondary	0	0	2	2
	Aided Special	0	0	0	0
	Total	0	0	2	2
THE PUN U DISTRICT ASSOCIATION OF HONG KONG	Aided Primary	0	0	1	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	1	1
THE SAN WUI COMMERCIAL ASSOCIATION OF HONG KONG EDUCATION ORGANIZATION LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	0	1

<i>Name of Sponsoring Body</i>	<i>School Type</i>	<i>IMC established</i>	<i>Applying</i>	<i>Not yet apply</i>	<i>Total</i>
THE SAN WUI COMMERCIAL SOCIETY OF HONG KONG	Aided Primary	0	1	0	1
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	1	0	2
THE SISTERS ANNOUNCERS OF THE LORD	Aided Primary	0	0	0	0
	Aided Secondary	0	0	2	2
	Aided Special	0	0	0	0
	Total	0	0	2	2
THE SISTERS OF THE IMMACULATE HEART OF MARY	Aided Primary	0	0	0	0
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	1	1
THE SPASTICS ASSOCIATION OF HONG KONG	Aided Primary	0	0	0	0
	Aided Secondary	0	0	0	0
	Aided Special	3	0	0	3
	Total	3	0	0	3
THE ST STEPHEN'S GIRLS' COLLEGE COUNCIL	Aided Primary	0	0	1	1
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	2	2
THE SUPERINTENDENT IN HONG KONG OF THE PENTECOSTAL HOLINESS CHURCH	Aided Primary	0	0	0	0
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	0	1
THE SUPERIORESS OF THE SISTERS OF THE PRECIOUS BLOOD	Aided Primary	0	0	6	6
	Aided Secondary	1	0	2	3
	Aided Special	0	0	0	0
	Total	1	0	8	9
THE TEXTILE INSTITUTE SECTION IN HONG KONG (EDUCATION) LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	0	1	0	1
	Aided Special	0	0	0	0
	Total	0	1	0	1
THE TRUE LIGHT MIDDLE SCHOOL OF HONG KONG	Aided Primary	0	0	0	0
	Aided Secondary	0	0	2	2
	Aided Special	0	0	0	0
	Total	0	0	2	2
THE TRUSTEES OF THE CHURCH OF CHRIST IN CHINA, MONGKOK CHURCH, HONG KONG INCORPORATED	Aided Primary	0	0	0	0
	Aided Secondary	0	0	0	0
	Aided Special	1	0	0	1
	Total	1	0	0	1
THE TRUSTEES OF THE CHURCH OF CHRIST IN CHINA, WANCHAI CHURCH	Aided Primary	2	0	0	2
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	2	0	0	2
THE TRUSTEES OF THE HONG KONG BAPTIST CHURCH	Aided Primary	0	0	0	0
	Aided Secondary	0	1	0	1
	Aided Special	0	0	0	0
	Total	0	1	0	1

<i>Name of Sponsoring Body</i>	<i>School Type</i>	<i>IMC established</i>	<i>Applying</i>	<i>Not yet apply</i>	<i>Total</i>
THE TRUSTEES OF THE KOWLOON CITY BAPTIST CHURCH	Aided Primary	0	0	2	2
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	2	2
THE TRUSTEES OF THE KOWLOON TONG CHURCH OF THE CHINESE CHRISTIAN AND MISSIONARY ALLIANCE	Aided Primary	6	0	0	6
	Aided Secondary	4	0	0	4
	Aided Special	0	0	0	0
	Total	10	0	0	10
THE TUNG KOON DISTRICT GENERAL ASSOCIATION	Aided Primary	0	0	3	3
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	3	3
THE VISITOR IN HONG KONG OF THE INSTITUTE OF THE MARIST BROTHERS (THE SCHOOLS)	Aided Primary	0	0	0	0
	Aided Secondary	0	0	2	2
	Aided Special	0	0	0	0
	Total	0	0	2	2
TI-I EDUCATION FOUNDATION LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	1	1
TOI SHAN ASSOCIATION EDUCATION ORGANISATION LIMITED	Aided Primary	0	0	1	1
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	2	2
TSING YI TRADE ASSOCIATION (SCHOOLS) LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
TSUEN WAN CHIU CHOW WELFARE ASSOCIATION LIMITED	Aided Primary	0	1	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	1	0	1
TSUEN WAN PUBLIC SCHOOL	Aided Primary	1	0	0	1
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	2	0	0	2
TSUEN WAN TRADE ASSOCIATION EDUCATION FOUNDATION LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
TSZ WAN SHAN KAIFONG WELFARE ASSOCIATION LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	0	0	0	0
	Aided Special	1	0	0	1
	Total	1	0	0	1
TUN YU SCHOOL MANAGEMENT COMMITTEE	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1

<i>Name of Sponsoring Body</i>	<i>School Type</i>	<i>IMC established</i>	<i>Applying</i>	<i>Not yet apply</i>	<i>Total</i>
TUNG LIN KOK YUEN	Aided Primary	2	0	0	2
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	3	0	0	3
TUNG TAK SCHOOL	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
TUNG WAH GROUP OF HOSPITALS	Aided Primary	12	1	1	14
	Aided Secondary	18	0	0	18
	Aided Special	2	0	0	2
	Total	32	1	1	34
TUNG YIK TONG	Aided Primary	0	1	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	1	0	1
UNIVERSITY OF SHANGHAI ALUMNI ASSOCIATION OF HONG KONG LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
WAI CHOW SHEUNG SHUI CLANSMEN ASSOCIATION LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
WELLINGTON EDUCATION ORGANIZATION LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	0	1
WONG SHIU CHI SECONDARY SCHOOL	Aided Primary	0	0	0	0
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	1	0	0	1
XIANGGANG PUTONGHUA XANXISHE LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
YAN CHAI HOSPITAL	Aided Primary	5	0	0	5
	Aided Secondary	6	0	0	6
	Aided Special	0	0	0	0
	Total	11	0	0	11
YAN OI TONG LIMITED	Aided Primary	2	0	0	2
	Aided Secondary	1	0	1	2
	Aided Special	0	0	0	0
	Total	3	0	1	4
YAN PING INDUSTRIAL AND COMMERCIAL ASSOCIATION SCHOOL LIMITED	Aided Primary	0	0	0	0
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	1	1

<i>Name of Sponsoring Body</i>	<i>School Type</i>	<i>IMC established</i>	<i>Applying</i>	<i>Not yet apply</i>	<i>Total</i>
YAUMATI KAI FONG WELFARE ADVANCEMENT ASSOCIATION LIMITED	Aided Primary	0	0	1	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	0	1	1
YUEN LONG MERCHANTS EDUCATION PROMOTION LIMITED	Aided Primary	0	0	1	1
	Aided Secondary	0	0	1	1
	Aided Special	0	0	0	0
	Total	0	0	2	2
YUEN LONG PUBLIC MIDDLE SCHOOL ALUMNI ASSOCIATION	Aided Primary	2	0	0	2
	Aided Secondary	1	0	0	1
	Aided Special	0	0	0	0
	Total	3	0	0	3
YUEN LONG TUNG KOON SCHOOL, LIMITED	Aided Primary	0	1	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	0	1	0	1
YUEN LONG WAI CHOW SCHOOL LIMITED	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
YUK YIN SCHOOL MANAGEMENT COMMITTEE	Aided Primary	1	0	0	1
	Aided Secondary	0	0	0	0
	Aided Special	0	0	0	0
	Total	1	0	0	1
Total		374	61	436	871

MOTIONS

PRESIDENT (in Cantonese): Motion. Proposed resolution under the Pharmacy and Poisons Ordinance to approve the Pharmacy and Poisons (Amendment) (No. 4) Regulation 2008 and the Poisons List (Amendment) (No. 4) Regulation 2008.

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

PROPOSED RESOLUTION UNDER THE PHARMACY AND POISONS ORDINANCE

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, I move that the motion under my name, as printed on the Agenda, be passed.

Currently, we regulate the sale and supply of pharmaceutical products through a registration and monitoring system set up in accordance with the Pharmacy and Poisons Ordinance. The Ordinance maintains a Poisons List under the Poisons List Regulations and several Schedules under the Pharmacy and Poisons Regulations. Pharmaceutical products put on different parts of the Poisons List and different Schedules are subject to different levels of control in regard to the conditions of sale and keeping of records.

For the protection of public health, some pharmaceutical products can only be sold in pharmacies under the supervision of registered pharmacists and in their presence. For certain pharmaceutical products, proper records of the particulars of the sale must be kept, including the date of sale, the name and address of the purchaser, the name and quantity of the medicine and the purpose for which it is required. The sale of some pharmaceutical products must be authorized by prescription from a registered medical practitioner, dentist or veterinary surgeon.

Arising from an application for registration of six pharmaceutical products, the Pharmacy and Poisons Board proposes to add the following six substances to Part I of the Poisons List and the First and Third Schedules to the Pharmacy and Poisons Regulations:

- (a) Anidulafungin; its salts; its esters; their salts;
- (b) Etravirine;
- (c) Fosaprepitant; its salts;
- (d) Fulvestrant;
- (e) Idursulfase; and
- (f) Palonosetron; its salts.

Pharmaceutical products containing these six substances must then be sold in pharmacies under the supervision of registered pharmacists and in their presence, with the support of prescriptions.

In addition, the Pharmacy and Poisons Board proposes to relax the control of gum and lozenges intended to be used in nicotine replacement therapy which contain not more than 4 mg of Nicotine per piece as well as patches (for external application) intended to be used in nicotine replacement therapy. At present, they are classified in Part I of the Poisons List, and can only be sold in pharmacies in the presence and under the supervision of a registered pharmacist. These products have been studied in detail and have been found to be sufficiently safe to be available for self-selection by smokers who wish to quit smoking. As such, we propose reclassifying gum and lozenges intended to be used in nicotine replacement therapy which contain not more than 4 mg of Nicotine per piece and patches (for external application) intended to be used in nicotine replacement therapy as Part II poisons, so that they can be sold by pharmacies as well as medicine companies, and their sale would not be required to be conducted in the presence and under the supervision of registered pharmacists.

We propose that these amendment regulations take immediate effect upon gazettal on 24 October 2008 to allow early control and sale of the relevant medicine.

The two Amendment Regulations are made by the Pharmacy and Poisons Board, which is a statutory authority established under the Ordinance to regulate pharmaceutical products. The Board comprises members engaged in the pharmacy, medical and academic professions. The Board considers the proposed amendments necessary in view of the potency, toxicity and potential side-effects of the medicines concerned.

With these remarks, President, I move the motion.

The Secretary for Food and Health moved the following motion:

"Resolved that the following Regulations, made by the Pharmacy and Poisons Board on 29 September 2008, be approved –

- (a) the Pharmacy and Poisons (Amendment) (No. 4) Regulation 2008; and
- (b) the Poisons List (Amendment) (No. 4) Regulation 2008."

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

(Members raised their hands)

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

(No hands raised)

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

MEMBERS' MOTIONS

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

PRESIDENT (in Cantonese): First motion: Assisting the victims of the Lehman Brothers incident.

Members who wish to speak in a debate on a motion will please indicate their wish by pressing the "Request to speak" button.

I now call upon Mr Jeffrey LAM to speak and move his motion.

ASSISTING THE VICTIMS OF THE LEHMAN BROTHERS INCIDENT

MR JEFFREY LAM (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed.

President, the Lehman Brothers' Minibonds incident does not only involve a group of innocent investors who have been misled and eventually lost the savings of their entire life. More importantly, it has evolved into a social issue that dampens public confidence in the financial system as a whole, and calls into question the supervisory ability of the regulatory authorities, the Government and the financial system, thereby seriously undermining Hong Kong's reputation as an international financial centre.

As evident in the reports of different media, many victims of the Lehman Minibonds incident are elderly and retired people with a low level of education. Worse still, some are either illiterate and aged over 80 or mental patients. In addition, there is an elderly couple whose husband is deaf whereas the wife is an illiterate who can only write her own name.

Believing in the words of the people selling the products, they spent their life savings, which they had earned with their blood and sweat, on buying these low-risk bond to preserve their savings and even "funeral savings" from depreciation. All they would like to have in return was the 4% to 5% coupon payment. Most of them are not greedy investors, and they just wish to preserve their capital. Seeing all these cases makes me feel very sad. How could those people selling these products sell such high-risk derivatives to people who have no knowledge of these products and cannot bear any risk at all? Apparently, there is something wrong with the sales practices.

In fact, this incident is only the tip of the iceberg as a large number of high-risk structured products have been packaged as low-risk products for sale in the market. Just the number of people who have bought Lehman minibonds amounted to some 33 000 and involved a sum of \$11.2 billion. Over 12 000 complaints have been received so far, and among them more than 800 relate to elderly people aged over 65. The amount of credit-linked notes (including minibonds) on sale in the market reaches as high as \$36-odd billion. This figure should not be taken lightly. Should we just sit by with folded arms, more people

will fall victim to these products in the future. This will deal a heavy blow to the entire financial system of Hong Kong. I have proposed this motion "Assisting the victims of the Lehman Brothers Incident" today in the hope that the authorities will resolve the problem from three perspectives. Firstly, to promote reconciliation between the victims and the banks so as to assist the victims in reclaiming the most of their capital as early as possible; secondly, to thoroughly investigate the distributors of the products, and to take proper actions and seek compensation for the victims if non-compliance is proved; and thirdly, to investigate if there is dereliction of duty on the part of the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC), and to review the monitoring mechanism of financial institutions.

In order to look into the responsibility for this incident and effectively help the victims to reclaim their capital, we must go to the root of the problem. Now that many people know the Lehman minibonds are not bonds at all, and they are nothing more than fabrications, but very few people know exactly what these products are. These so-called "minibonds" are actually "structured notes", a kind of derivative backed by a basket of high-risk derivative instruments, including collateralized debt obligations (CDO) and credit default swap (CDS). The latter has almost led to the collapse of the century-old AIG. In fact, CDO are merely bonds backed by subordinated debentures and derivative instruments for transferring risks. When the property market bubble burst, the United States' default rate on substandard loans increased significantly. All of a sudden, similar to the poisonous milk powder with melamine added, CDO appear like poisonous drugs which everyone tries hard to avoid and the price is not supported by actual transactions. A product as complicated as this is not fully comprehensible to even investment experts within a short period of time, let alone front-line bank staff selling the product and ordinary depositors.

These structured financial products are subject to stringent control in the United States and are mainly sold to professional investors instead of the average clients. Actually, bonds are notes issued by a government, quasi-government organizations and private enterprises to raise funds. They carry extremely low risk, in stark contrast to these Lehman derivatives. Surprisingly, the HKMA had approved the sales of these products in the market under the name of "minibonds". This is downright misleading to members of the public. Why would the SFC allow this to happen? Should anyone be held responsible for this?

On the other hand, being the supervisory authority of banks, the HKMA had merely issued guidelines requiring banks to carry out self-auditing without making it a mandatory requirement for staff selling securities to be licensed. Does the bank management understand the features of and the risk borne by these products? Have the banks provided sufficient training for the front-line sales staff? President, just as I said earlier on, many professional investors also fail to fully comprehend what these products are, let alone the bank staff concerned, still less the average people who have no knowledge of finance. According to the guidelines issued by the HKMA, given that clients aged over 65 or people belonging to the disadvantaged groups are assessed to be of low-risk tolerance, banks should make an extra effort to explain clearly to them the risks and detailed information of the products, and carefully consider if the products are suitable for their clients. Notwithstanding this, how many banks or their staff did strictly adhere to these guidelines? The wordings of many promotional leaflets are obviously misleading, which claim that the minibonds are linked to the credit of some well-known blue chips. The terms and conditions are printed in a very small font size, which can hardly be read even with a magnifying glass. Neither is there any mention of the high-risk nature of the Lehman minibonds.

As evident in many cases, not only were the sales staff ignorant of the structure and risks of the products, they had even unscrupulously misled the public, making them believe that the notes concerned are long-term investment of low risk. Some of victims are totally unaware that the products are indeed related to the Lehman Brothers. In order to boost sales, some sales staff even asked their clients to rashly sign the subscription forms before the latter had a chance to read through the prospectus. Many victims only received and had a chance to look at the prospectus long after they had signed the contract. Indeed, these violations had existed for some time. Why did the HKMA not regulate such malpractices? Joseph YAM, Chief Executive of the HKMA, pointed out that he had called on the banks as early as the end of last year to revise the risk rating of their CDO products from medium to high. But is mere advice sufficient? President, given that Joseph YAM had realized with foresight the risk of these products, and the HKMA as the supervisory authority of banks knew that mere advice was ineffective, why no tougher action was taken to investigate or even stop the sales of these products? Furthermore, there are 15 confirmed cases of violation on the part of the banks since last year, but why prosecution was instituted against two of them only? Was the HKMA being excessively lenient in dealing with such malpractices?

Since things have developed to such a stage, the most important thing now is to minimize the loss of victims of the Lehman Brothers incident and help them get back the most principal as early as possible.

The Administration should exhaust every possible means, which include the setting up of an inter-departmental response team to provide one-stop assistance to small investors in a comprehensive manner, bringing reconciliation between the victims and the banks and subsidizing the payment of reconciliation fee. For cases where the victims were obviously misled, such as the illiterate elderly people and the disadvantaged groups, special arrangements should be made by the Government to urge the banks to expeditiously return the principals. I hope that the banks will act according to their conscience and will not inflict mental torture on these elderly people anymore. What is more, the Government should investigate and inquire into the improper sales practices of the banks, and seek compensation on behalf of the misled victims. When necessary, the Government should provide funds for the Consumer Legal Action Fund so as to assist the victims in taking legal action.

On the other hand, the banks should be urged to expeditiously finalize the buyback or compensation proposal. This is because given the extremely volatile market currently, the longer the issue drags on, the lower the value of the collaterals of the minibonds will become. If neither the banks nor the victims would compromise, I suggest that the authorities urge the distributors concerned to appoint an independent notary to expeditiously conduct a valuation of the collaterals, with a view to fostering an agreement between both parties on the buyback proposal as early as possible.

To prevent the crisis from expanding and to strengthen the protection of investors, the Government should conduct an investigation into whether there is a dereliction of duty on the part of the two major monitoring authorities — the SFC and the HKMA — in this incident and a comprehensive review of the monitoring mechanism of the financial institutions for improvement. Many people of the trade attributed such ineffective supervision to the practice of "subjecting one industry to two supervisory bodies", where the sales of investment products of securities companies and banks are placed under the supervision of the SFC and the HKMA separately, resulting in double standard. In addition, the authorities should review if the financial institutions should be allowed to continue selling those high-risk derivatives to the average clients, how enhanced professional

training can be provided to the sales staff and the supervision of the licensing system. Furthermore, the SFC should also make public the lists of and relevant information of the structured products that are actually high risk but have been packaged as low-risk products, so that members of the public know the actual risk of the products.

With these remarks, President, I hope that colleagues, members of the public and the Government will support this motion, and that corresponding actions will be expeditiously taken by the Government and the banks. Thank you, President.

Mr Jeffrey LAM moved the following motion: (Translation)

"That, as a large number of investors have complained against the banks and securities companies using misleading marketing practices, which have led to their purchasing of financial products such as Lehman Minibonds without knowing the potential risks, resulting in their suffering substantial losses when the company went bankrupt; this incident has not only caused many members of the public to lose confidence in the above financial institutions, but has also seriously affected Hong Kong's reputation as an international financial centre; in this connection, this Council urges the Government to immediately take the following actions:

- (a) using all possible means, including setting up an inter-departmental response team to assume overall responsibility for providing comprehensive assistance to affected small investors and protecting their interest;
- (b) expeditiously completing a comprehensive investigation into whether the distributors of Lehman Minibonds and related financial products have violated the relevant regulatory rules or guidelines, including whether these distributors have used improper sales practices to mislead the investors, if it is proved that they have violated the relevant rules or guidelines, the Government should pursue the matter and seek compensation on behalf of the victims;
- (c) supporting the Consumer Council to conduct a study of the suspected cases involving misleading practices and, where necessary, use the Consumer Legal Action Fund to seek

compensation from the banks and securities companies concerned for the small investors;

- (d) demanding the authorities to urge the trustees and distributors concerned to appoint an independent notary agency to properly handle the assets of holders of Lehman Minibonds or related financial products, thereby providing the best protection for the interest of small investors; and
- (e) at the same time conducting an investigation into whether there is dereliction of duty on the part of the Hong Kong Monetary Authority and the Securities and Futures Commission in this incident, and making recommendations on how to improve the mechanism for monitoring the sales of financial products, strengthen the protection of investors' interests and prevent the recurrence of similar incidents."

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

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

I now call upon Mr KAM Nai-wai to speak first, to be followed by Mr WONG Kwok-hing and Mr Alan LEONG; but no amendments are to be moved at this stage.

MR KAM NAI-WAI (in Cantonese): President, before delivering my speech, I would like to reiterate that I own such derivative products as Equity Linked Notes. But they are not issued by Lehman Brothers.

President, as we may be aware, the HKMA has received more than 12 000 complaints relating to Lehman Brothers' financial products as at 16 October and the amount involved is estimated to be tens of billions of dollars. As at 21 October, the Democratic Party has received more than 6 000 complaints, involving \$3.6 billion, more than 20 retail banks and a securities company.

Judging from the number of affected bank clients and investors, the number of financial institutions involved, the loss incurred or the nature of the sales problem, it is believed that the incident is most uncommon in recent years. We have every reason to believe the existence of systematic flaws in the sales of financial products, and supervision is extremely ineffective. The Government should not tolerate such improper, misleading and even fraudulent sales practices of financial products. Or else not only will the soundness of our banking system and the governance of the Government be called into question, Hong Kong's reputation as an international finance centre will also be eroded.

In fact, the spate of incidents was exposed by a group of victims of the Lehman Brothers incident, who were dissatisfied with the sales practices of the banks concerned. Just now, Mr Jeffrey LAM has already briefed us on the improper sales practices. Among the victims is an elderly person aged over 80. We have handled a case of a 91-year-old victim, who was lured by the bank staff to buy some five-year bonds. Needless to say, it is obvious to all whether or not the product is suitable for this elderly person.

As Members may be aware, and according to what the victims told us, they only intended to place their money as fixed deposits in many cases, but it turned out that they had bought some high-risk products. What is more, some victims told us that they had not read the relevant prospectus before buying the products. We can see that furore surrounding the Lehman Brothers incident has continued in the trade for quite some time, and everyone knows that the company is in trouble. The question is some banks still promoted the Lehman products in August and even mid-September. Seeing that Hong Kong people's long trusted banks have employed such sales practices, we have lost our confidence in them.

All along, the Democratic Party has been helping the victims of this incident. However, one month has passed, what response has been made by the monitoring authority, the Government and the banks so far? The Government proposed that the banks should buy back the bonds at market value, but the Hong Kong Association of Banks (HKAB) has been procrastinating and did not accept the proposal until last week. But neither the actual buyback value nor a timetable has been provided. It was not until this moment that 24 such cases were referred by the HKMA to the SFC for decision on sanctions. Is this pace, time arrangement and handling method acceptable to Hong Kong people?

So far, no financial official or monitoring authority has publicly admitted their fault nor apologized for approving the sale of such high-risk and

complicated structured financial products by retail banks in the first place, allowing the distribution of misleading promotional leaflets and slack supervision. Worse still, the authorities even said that "minibond is just a brand name". Or, just as Joseph YAM said, "I have given an advance warning that the banks should upgrade the risk rating of this kind of products". These are little more than excuses to shirk responsibilities. Not long ago, the Chief Executive pointed out that "minibonds" are actually not bonds, but a kind of complicated derivative. The Chief Executive's remark is indeed a slap on the face of these financial officials and the honchos of the monitoring authorities, who are only shirking their responsibilities actually.

The Democratic Party proposed that the Government should be denounced for slack supervision. While Mr Jeffrey LAM suggested that only the monitoring authorities, either the HKMA or the SFC, should be investigated, the Democratic Party considers that not only the monitoring authorities should be investigated, such principal officials as the Financial Secretary and the Secretary for Financial Services and the Treasury should also be included to examine if there is any dereliction of duty on their parts. Meanwhile, we have proposed an amendment to request the distributing banks to expeditiously disclose information on the Lehman collaterals. Over the past week, requests for information on collaterals have been turned down by the banks for various reasons. I opine that the relevant information should be expeditiously provided to the bank clients or bond-holders concerned as this is their legitimate rights.

Secondly, we consider that the monitoring authorities should expeditiously disclose the nature and number of cases involving improper sales practices and violation of the regulations, so that the victims would know what is meant by violation. Furthermore, distributors should expeditiously propose to their clients' compensation options for improper sales practices. Instead of waiting for the findings of individual cases, they should take the initiative to make some compensation proposals. Certainly, the police should also expeditiously investigate the illegal acts, so as to institute prosecutions and penalize such acts.

Just as Mr Jeffrey LAM said earlier, among the tens of thousands of victims of the Lehman Brothers incident, many are elderly or people with a low level of education. Some are misled by the bank staff because they were too busy. Under the existing system, the necessary procedure of seeking compensation for loss is very complicated. Worse still, the cost incurred in such legal proceedings as civil claims is considerable, so is the time. Therefore, the

Democratic Party proposes that the Government should consider setting up an independent mechanism to provide one-stop service for mediation and adjudication to handle the victims' compensation claims. In the long run, the authorities should also establish a more independent, fair and simple mechanism to deal with financial disputes.

Hong Kong can make reference to the practice of Singapore in handling disputes resolution of the financial sector. In 2005, Singapore officially launched the independent Financial Industry Disputes Resolution Centre Ltd. (FIDReC) to directly resolve disputes between individual or companies and financial institutions (including banks and insurance companies). The Board of the FIDReC, which is now chaired by a retired Supreme Court Judge, consists of a retired auditor, the President of the Consumers Association, a representative of appointed mediators and adjudicators, an accountant, as well as representatives of the banking and insurance sectors. FIDReC's service can be divided into two stages: first, mediation will be arranged; if the case cannot be settled, it will proceed to the second stage of adjudication, during which the adjudicators and panel appointed by the FIDReC will make a determination based on the facts and justifications of the dispute. The determinations are binding on the financial institutions. But if the complainants are dissatisfied with the determination, they may still resort to other resolutions.

In fact, the Lehman Brothers incident has revealed the numerous problems underlying the sales of financial products by retail banks in Hong Kong and the monitoring mechanism. This warrants thorough investigation, and reform and supervision should be stepped up to prevent the recurrence of similar incidents. Likewise, improvements should be made to the existing mechanism to assist the victims, that is, the bank clients, so that both justice and money will be returned to the victims, and their rights as consumers will be protected. This will not only minimize the time and financial costs required of the public, but will also relieve the heavy burden of the Judiciary. It therefore serves a two-fold purpose.

With these remarks, I propose my amendment. The Democratic Party will also support the other amendments and the original motion. Thank you, President.

MR WONG KWOK-HING (in Cantonese): President, we support the original motion and all the amendments. My amendment mainly reflects our views in three areas.

Firstly, we hope that the authorities will expeditiously present the details of implementing the plan for distributors to buy back the minibonds from the bond-holders and the implementation timetable. We consider this the greatest concern of all the victims of this incident. Since the Financial Secretary has given an advance warning that the second wave of the financial tsunami is around the corner, the minibonds issue must be resolved as early as possible. Notwithstanding that the Hong Kong Association of Banks appointed Ernst & Young as the independent financial adviser on 17 October 2008, so far there has been no news of when the findings will be released and what will be done thereafter. Honestly speaking, without a timetable, we have no idea of how long the incident will drag on. The longer it takes, the more complicated it will become. No one knows what the residual value of the minibonds will be, and this is why time is money. Hence, the Government must state clearly to the relevant parties that they have to race against time and give a response expeditiously. Should the Government still not do anything about it, I believe the victims will become very agitated. I therefore eagerly hope that the Government will provide a timetable as early as possible.

On the other hand, we have liaised with the banks and bodies concerned on receipt of the victims' appeals for help. For example, yesterday, the Bank of China (BOC) Group undertook to inform us of the investigation findings within one month and to look squarely at each case. If it is proved that there is violation of regulation, the BOC Group would not dismiss the possibility of making compensation. We welcome its proactive attitude, and I hope that all the relevant sales institutions can adopt a proactive attitude like the BOC Group. In my opinion, taking a proactive attitude towards the matter will make things easier to handle. No matter what, I hope that the Secretary and the Government will genuinely urge all parties concerned to present a timetable and the necessary details. I also hope that the Secretary will give a response later today and tell us the implementation timetable.

President, secondly, I demand the HKMA to inquire into the issue concerning the banks coercing their employees to achieve sales targets and their unreasonable management measures. If the HKMA does not conduct any investigation, we are afraid that the truth will never be uncovered. Were the minibonds sold by qualified bank staff? Have they attended the necessary training courses? Are the training courses carefully designed? Do the staff selling the minibonds know how the minibonds operate? Do they know exactly

what CDS or CDO is? How about the meaning of "reference entity"? Should they be allowed to sell the minibonds if they do not know much about the products, or if they have not obtained the relevant licences nor certification? In this case, there is no way the HKMA can shirk its responsibility.

Furthermore, I also hope that the Government will establish some channels for the front-line staff to express views and make complaints. It is indeed very sad that these staff have been made the scapegoats. Even though they have bought the products without knowing what they are and become victims themselves, they dared not disclose the details of the issue for fear of being sacked as a result. For this reason, I hope that the Government will establish some channels for front-line bank staff to express views and make complaints. More importantly, the Government should protect the source of information, so that people making the reports or complaints will not be penalized, or even sacked and suppressed afterwards. If the HKMA is serious about it and responsible, it should consider expeditiously establishing such channels. In particular, the Government should exercise monitoring on the bank management to prevent them from coercing front-line staff into selling these products by setting unreasonable targets in a high-handed manner.

Thirdly, in my amendment, I propose that a comprehensive investigation should be conducted to examine if there is any dereliction of duty on the part of the Securities and Futures Commission (SFC) and the HKMA apart from the distributors. I think that the issuers and sponsors should also be investigated as they are the linkages of the entire marketing system. For example, why would banks be allowed to sell these products to those target clients? Take the victims who approached me as an example. The amount of money at stake ranges from \$40,000 to \$800,000, which belong to those long-standing bank clients who have earned their money through hard toil. They originally intended to deposit their money as fixed deposits, but given their low level of education, some are even new immigrants, they were made into believing that the fixed deposits that were due to expire would yield better return by shifting to high-interest but capital-preservation products that would offer 5% to 6% coupon payment each year. With biannual coupon payments, these products are definitely more attractive than fixed deposits. They were then lured into buying the products. With regard to the selling of minibonds to some non-professional investors, is the Government duty-bound to exercise supervision? Is it duty-bound to conduct a review of this?

Furthermore, why were the promotional leaflets of minibonds allowed to be packaged in this way? President, I have in hand a leaflet on minibonds given to a victim after he bought the product. Frankly, the words "Lehman Brothers" are nowhere to be found in these leaflets even with the help of a magnifying glass. And even if they could be found, the terms and phrases used are actually incomprehensible to the readers. However, some words are printed in large font size, stating that the issuance was approved by the SFC. So, I think that the SFC is obliged to give an account on this incident. For example, this leaflet entitled "The Smart Bonds Series V" (精明債券系列五) stated that the minibonds are linked to the credit performance of reputed institutions in China and three others in Asia. Even the "People's Republic of China" was mentioned.

In that case, why would the target clients be suspicious? With the name of our nation written, everyone would definitely have confidence in the products. Some leaflets even claimed that they are linked to a certain institution and six reputed banks in Hong Kong. Is the SFC not duty-bound in this case? Why would the HKMA give the green light to the SFC to sell those products? At a meeting of this Council the other day, an official of the HKMA was silent on this question. I think, however, the Secretary should answer this question today.

President, in order for the local financial industry to prosper, I think that we must first reform the monitoring authorities and improve the monitoring mechanism. Only by rectifying these irregularities can our financial industry develop in the right direction. Thank you, President.

MR ALAN LEONG (in Cantonese): President, after investment bank Lehman Brothers went bankrupt, many investors who have purchased Lehman-related financial products have sought assistance from the Civic Party. Over the past few weeks, I have been to many banks to assist the victims in their discussion with banks over matters relating to compensation. President, many of these cases have made us rethink what role the Government should play in this incident. There is a typical case of an 80-year-old elderly person who had a fixed deposit of over \$1 million. When he was going to renew his fixed deposit, an employee of the bank told him that the fixed deposit interest rate was very low and suggested him to purchase minibonds. The bank employee said that minibonds would definitely yield a higher return of interest than fixed deposit and carried very low risks. Therefore, this elderly person purchased these minibonds

with all the money in his fixed deposit. President, this incident had dealt a blow so heavy to this old man that he fell sick and in the end, only his son went with me to meet with the bank.

President, to most Hong Kong people, bonds are an investment product with very low risks and relatively stable returns. This is why they had mistakenly thought that minibonds are a kind of bonds derived from breaking bonds of larger denomination into smaller units to make investment easier for small investors. President, the name "minibonds" is most misleading. A couple of days ago, the Chief Executive Officer of the Securities and Futures Commission (SFC), Martin WHEATLEY, admitted when he attended a meeting of this Council that minibonds were merely the name of a product, not a kind of bonds, and the Chief Executive had also said the same thing. Certainly, it was only after this rather late clarification by Mr WHEATLEY that the victims suddenly realized the truth. They finally came to realize the whole process of the incident: The SFC first approved a product with a misleading name; then the product was marketed by banks using misleading practices and finally, the victims purchased these beautifully packaged but poisonous financial products. The SFC was thought to be the first gate to bar poisonous products from coming into the market but serious dereliction of duty was eventually found on the part of the SFC, and this has greatly undermined public confidence in investment in future.

President, as I explained earlier, apart from the SFC's failure to fulfil its duty of exercising proper monitoring over the naming of investment products, this incident is also attributed to the marketing practices of banks. Most of the victims are older in age. They put their lifelong savings in fixed deposits, hoping that they would have the means to support a secured life after retirement. However, they were misled by employees of banks and finally came to realize that these capital-preservation products are not capital-preservation and minibonds are not bonds at all. No wonder the victims would say that this is a swindle. The Chief Executive of the Hong Kong Monetary Authority (HKMA), Mr Joseph YAM, said when he answered questions from Members in this Council earlier that the HKMA is investigating into cases relating to the marketing of Lehman-related products. But he also pointed out at the same time that even if there is evidence of breach of rules or regulations by banks in selling these products, so long as the banks can prove that they have internal policy documents and they have provided adequate training to their employees, the harshest penalty that can be imposed by the authorities is an open reprimand only and the

authorities cannot directly require the banks to make compensation to the victims. Now we realize that the HKMA only appears on the surface to be taking a positive attitude but is actually incompetent in exercising monitoring. From this policy of the HKMA of giving banks a free hand without exercising any monitoring on them, we can see that it has failed to meet the public's expectation by effectively monitoring the operation of banks, so as to prevent banks from selling high-risk investment products to the public indiscreetly on the one hand and monitor the marketing practices used by front-line bank employees on the other. The public has all along hoped that the HKMA can effectively protect their interests and now, they found that they can turn to nobody for assistance.

President, the Civic Party very much sympathizes with the situation of these victims. Recently, the Government has repeatedly taken initiatives, and one of them is to call on banks to buy back these financial products. President, these steps taken by the Government actually may not fully answer the aspirations of the victims. In fact, most of the victims with whom I have contacted only demand that justice be done to them. They are not asking for compensation to be made out of public coffers, as some political parties have said. Their demand is very clear. They demand that those people who should be held responsible for this incident be identified under the framework of the rule of law, in order to do them justice. But the Government, in an attempt to demonstrate its strength when public sentiments are intensifying, called on banks in a high profile to buy back the relevant financial products. This has not only circumvented the proper procedures for pursuing responsibilities, but also neglected the fact that the background and relevant facts in individual cases do vary from one case to another. President, I am very concerned that this would not be of any help to the victims and what is more, this would even cost Hong Kong its reputation as a free trade port where the rule of law and procedural justice have long been upheld.

President, I propose this amendment today because the Civic Party believes that if independent persons of credibility are appointed and authorized to monitor the investigation conducted by banks into these cases and act as a mediator between banks and their customers, the handling of this incident can be brought back to the right track speedily while balancing the interests between the disadvantaged victims and major banks. This would be a fairer approach capable of producing instant results. Certainly, President, in the event that mediation is ultimately unsuccessful, the relevant cases can still be put through arbitration, which can save the time and efforts required for judicial proceedings, so that customers would not be caught in distress for years.

President, from our experience in meeting with the banks, most banks have already launched their investigations to ascertain whether there are irregularities in the marketing practices of the banks themselves. But the victims have already lost their confidence in the banks, thinking that the banks' investigation, which is conducted by their own people, is untrustworthy. It can be envisaged that the results of the banks' investigations would hardly be convincing to the public, but if the Government can appoint independent persons of credibility and authorize them to monitor the process of the investigations, this could restore public confidence in the mechanism of investigation and make up for the lack of mutual trust, and only in this way can the results of investigation provide a basis for future mediation and arbitration. President, mediation and arbitration are common channels for resolving disputes in business activities, which can obviate prolonged proceedings and the need to spend a great deal of time and money on the proceedings. The process of mediation is confidential and this can, therefore, prevent negative reports on the case. When both the affected parties are directly involved in the course of negotiation, the mediator must be fair and objective, endeavouring to help both parties arrive at a viable option to solve the problem. For cases that cannot be settled by way of mediation, arbitration can be provided by independent persons with the consent of both parties, in order to settle the issue.

President, I understand that the Government hopes to resolve this incident as soon as possible but if it adopts a wrong approach, the result would backfire. Faced with the impact of the financial tsunami, it is all the more necessary to have a cool-headed, efficient and forward-looking government to lead Hong Kong out of the predicament.

President, the Civic Party supports the original motion and all the amendments today.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, Honourable Members, first of all, I am very grateful to Mr Jeffrey LAM for moving the motion on assisting the investors of financial products such as Lehman Minibonds today to give me the opportunity to discuss in detail here with Members on this issue of social concern.

Since the happening of the incident of the Lehman Brothers Minibonds (Lehman Brothers incident), the Government has attached great importance to its

development and made every possible effort to explore feasible approaches through various means to assist the investors.

In response to the concerns of Members of the Legislative Council, the Government has reported the development of the incident thrice to Members of the Legislative Council last month and at the beginning of this month. We will also actively co-operate with the work of the subcommittee to be formed very soon by the House Committee.

There has been great progress in the Lehman Brothers incident in the past week or so. Today, besides listening to Members' views, I also wish to take this opportunity to report to Members the most recent development of the incident and explain the current market monitoring mechanism and the direction of the review.

In handling this incident, the Special Administrative Region (SAR) Government has been playing a facilitator role by co-ordinating and mediating among the relevant parties to secure the best arrangements for the affected investors.

In early October, the Government made a proposal to the distributing banks and brokerages of the Lehman Minibonds to buy back the bonds from the bond-holders at the market value of the bond collaterals, in order to enable them to recover the present value of their investment as soon as possible without going through the complicated and lengthy liquidation process. If the redemption price of the minibonds to be paid by the banks is higher than the present value paid to investors in the buyback arrangement, the banks will return the difference to the investors and will not make any benefit from it.

The Task Force formed by the Hong Kong Association of Banks (HKAB) to deal with the Lehman Brothers incident and various distributing banks accepted our proposal last Friday and agreed to buy back the Lehman Minibonds at market value and expeditiously proceed with the relevant work, including appointing a legal advisor and an independent financial advisor in a bid to establish the concrete steps for implementing the buyback proposal within a short period of time. I welcome the prompt and positive response made by HKAB to the Government's proposal. To ensure the equity and transparency of the buyback process of the distributing banks, the Hong Kong Monetary Authority (HKMA) has also commissioned an independent consultant to monitor the relevant process.

We believe that this market-led initiative can provide the best assistance to affected investors of minibonds in a pragmatic manner. Just as a few Members have also mentioned just now, the liquidation process may be lengthy, and the value of the collaterals may change. As to how the value can be recovered expeditiously in order to protect investors, we consider it an urgent task, and consider that banks can play a role in providing assistance in this regard. That is why the Government has made this proposal and we also welcome the positive response made by the banks.

Concerning the timetable, I believe the banks are making active efforts in this. From our wide range of contacts with them, we know that they are working at full steam about this. Of course, banks have to go through the process of conducting certain investigations and examining the collaterals before drawing up a timetable.

However, I wish to stress that the buyback proposal put forward by the Government is not subject to any condition. That is to say, minibond holders who accept the buyback proposal can still reserve the right to complain and take appropriate actions against individual banks. I think these are two separate issues, that is to seek the value of the collaterals and "recovering money" are two different issues.

In handling complaints, I wish to stress that both the HKMA and the Securities and Futures Commission (SFC) will adopt a serious approach and deploy additional resources for such purpose. Last Friday, that is, 17 October, the HKMA referred the first batch of 24 cases to the SFC for investigation. Those in breach of the Code of Conduct for Persons Licensed by or Registered with SFC (the Code of Conduct) will be penalized by the SFC in consultation with the HKMA. The sanctions include open reprimands, fines, suspension of registration or removal of the persons who have breached the Code of Conduct from the list of licensed or registered persons. With the commencement of the complaint handling work, we expect that more cases of investigation will be referred to the SFC by the HKMA.

Besides, the HKMA has contacted the relevant mediation institutions. If such an approach is agreed by both the relevant banks and the minibond-holders, the mediation institutions can provide service in a few weeks' time at the earliest. We will also consider providing financial assistance on mediation charges for investors in need.

Besides the HKMA and the SFC, the Consumer Council (CC) has also received complaints involving Lehman financial products. The CC plans to select some sales cases of obvious breach with relatively stronger grounds for referral to the Trustee of the Consumer Legal Action Fund so that consideration can be given to assisting the complainants to institute litigation. At the same time, 50 complaints involving the sale of Lehman structured investment products by banks or securities firms allegedly using improper practices have been referred by the police to the HKMA and the SFC on 20 October for follow-up actions. I can assure Members that the HKMA, the SFC and the CC will seriously and expeditiously handle the relevant complaints in the shortest time.

As for the existing monitoring framework, to my understanding, the current legislation in Hong Kong has not imposed any restriction on the specific types of structured investment products that can be sold to retail investors, similar to major financial centres all over the world, such as the United Kingdom, the United States, Australia, Germany, Japan and Singapore. Compared with places in Europe and North America, Hong Kong's share in the global retail market of structured investment products is rather small. This does not only cover Lehman Minibonds but also all retail structured investment products. At present, a similar regulatory approach for structured investment products has been adopted by various major overseas jurisdictions, that is, to exercise monitoring with a two-thronged approach through (a) disclosure; and (b) the conduct of intermediaries.

However, this global financial crisis has exposed the need for improvement in the monitoring system of the financial industries in various countries. Earlier, the Financial Secretary has requested the SFC and the HKMA to submit a report setting out the problems identified and the lessons learnt in the process of handling the complaints about the Lehman products and make recommendations for improvement. The Financial Services and the Treasury Bureau will undertake a comprehensive and in-depth systemic review to examine any area that warrants improvement. If it is found that the relevant legislation requires amendment, we will introduce the relevant bill to the Legislative Council as soon as possible.

I wish to set our eyes on the future and further exchange views with Members on the important subject of reviewing the current monitoring system. I will listen carefully to Members' speeches and make a response later.

Thank you.

MR CHIM PUI-CHUNG (in Cantonese): President, I will try to analyse the responsibilities of all the parties concerned in this incident. First, the Financial Secretary and the Secretary. Both of them took up office only last year. Do they have any responsibility? I will leave the judgment to Members.

Second, the responsibility of banks. Before we look at the responsibility of banks, let me first talk about the responsibility of the Securities and Futures Commission (SFC). No doubt these products were approved by the SFC, but on what basis did the SFC give its approval? It was the documents submitted by the issuers and sponsors to the SFC. The SFC granted approval after reading the documents. I personally think that theoretically there is nothing wrong to grant approval based on the information in the documents, and this is the duty of the SFC. The only fault lies in the promotional pamphlets. Is the information presented in the pamphlets true? Did it take any follow-up action to ascertain whether the information is true?

Well, let us come back to banks. In fact, we understand that 16 or 17 banks are involved in the sale of these so-called minibonds in Hong Kong. Two major banks in Hong Kong did not dare to take part in selling this product after looking into the details, and this is proof that some banks do have foresight. In this circumstance, there is nothing wrong, theoretically speaking, for banks to engage in trading derivatives in the hope of doing more business. The problem is Banks were indeed very, very wrong, as they had been doing big business with the connivance of the Hong Kong Monetary Authority (HKMA). They should understand the background of the issuers and sponsors of these products. But do they understand it? The employees of banks used illegal practices to promote these products to their customers. We understand that in Hong Kong, there is a very close relationship between customers and their banks. In the past, bank customers of the older generations were actually in the same boat with the banks, but now, these derivatives are founded on a dichotomy instead. Sometimes when the issuers make money, customers will lose money. Of course, what most banks can earn is just the commission pitched at 4% to 5% in some cases, and they committed these acts unintentionally. I think a major review of banks in Hong Kong is necessary in future.

Right. I have just discussed the fault of the SFC. The SFC is not a watchdog of banks. It is the duty of the HKMA to play the role of a watchdog. For this reason, the HKMA should bear the lion's share of the blame. We heard

Mr Joseph YAM say that he knew a long time ago that this would happen, and he had foresight. Since he had envisaged this to happen and this is something within his remit, why did he not exercise monitoring over this? That he had allowed them to deviate from the market rules means that he was covering them up. Even if he did not have the ability to stop this although he knew it, he still had to report this or persuade the banks to specify that the product carried high risks. Although banks might have different views, it does not mean that he does not have powers or he does not have any responsibility to bear, because when banks under the monitoring of Mr YAM of the HKMA committed mistakes, it is like the case that a son has done something wrong. Can the father look on with apathy? How can he justify what he did? He made that comment to show that he was smart and clever but in fact, it only reveals that he is arrogant, haughty and irresponsible. He should take all the responsibilities, and he should be the first to be blamed. He may be listening to me now but I will still take him to task because this is the truth. I cannot speak against my conscience.

When the legislation on securities was passed in 2002, many colleagues had participated in the deliberations. I did not take part in the deliberations, but it does not mean that I am not concerned about this or I do not care about this or I have nothing to do with this. The thing is that after the enactment of the legislation, he gave assurances to Members about the actions that he would take, but in fact, he has not played his role in exercising monitoring, thus leading to this incident.

Now, the problem has emerged. Our topic of discussion today is how assistance can be provided to the victims. I am pleased to see that it is Mr Jeffrey LAM who proposes this motion for debate today. He has three votes, and these three votes are their obligations. What is he going to do next Monday to help the victims of the Lehman Brothers incident? He cannot go back on these three votes. As for WONG Kwok-hing who sponsors an amendment, the Federation of Trade Unions to which he belongs has four votes. So, I strongly believe that adding up those three votes and these four votes, plus the two votes from me and Paul TSE, which will make a total of nine votes, and together with other votes, this motion will certainly be passed in the Legislative Council to provide assistance to the victims. I hope that Mr Jeffrey LAM who proposes this motion today will not pass the buck to others. He cannot pass the buck to others. As for the remaining 12 Members, how many of them will express their support and provide assistance, rather than doing the Government a favour by

skimming over the issue? Members should speak more cleverly when stating their positions in their speeches and they have to be accountable to the voters.

President, we understand that many people may speak courageously but when it comes to the time to vote, they will shift the responsibility to society and this is absolutely unreasonable. We must reach a conclusion on this incident because Hong Kong is a financial centre and if we allow this incident to drag on unreasonably, it would not be in the interest of society as a whole. We can see that this incident is most important to Hong Kong and Singapore. Hong Kong and Singapore are competing with each other. How can Singapore solve this problem? Why do we allow people to pass the buck to each other in Hong Kong? That Members of the Legislative Council have brought up this issue for discussion today is almost an indication that Members are keen and duty-bound to maintain Hong Kong's position as a financial centre and that we do go by our conscience.

In any case, as a responsible government — We must understand that anyone who has made a mistake must admit his mistake. Could the blame be shifted to others, saying that this is all the fault of society or the fault of the institution? It is most important for all senior officials to admit their mistakes. We must understand that banks only want to do more business, and they may not necessarily have absolutely clear knowledge of the relevant issues. President, a majority of banks, especially foreign banks, are engaging in two kinds of business with the connivance of the HKMA: one is warrant, and the other is the so-called minibonds; and more importantly, there is the Accumulator, and this thing is developing into a very, very big furore in Hong Kong, just that the problem has not yet emerged. But we must pay particular attention to it.

MR CHAN KAM-LAM (in Cantonese): President, when the Lehman Brothers incident first occurred, some people did think that the victims are only people who suffer losses in their investment but now, as everyone knows the ins and outs and some true sides of the story, the public is more sympathetic towards the victims.

Speaking of the victims of the Lehman Brothers incident, I can say that they have many stories to tell, stories of blood and tears. What happened to some victims has left a very deep impression on us. After the incident had

broken out, a woman who is approaching retirement age found that she had bought some Lehman-related notes from a bank. Her mother, after finding out what happened, was in great anxiety and she tripped and broke her leg and was sent to hospital. This woman said that she had thought of killing herself in order to get away from all the troubles but, as her mother lost her son when she was young, she promised to herself that she would take good care of her mother and she absolutely must not die before her mother. Over the years, not even once has she gone on vacation, and every cent of her money was the result of many years of scrimping and saving. Many of us were touched by her story.

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

It is true that there are many similar cases in which the victims' money is their hard-earned savings over the years. They thought that they could rely on the interest return of these fixed deposits at banks to support their living in the next half of their life or send their children to study abroad. But it finally turned out that they were wrongly persuaded by employees of banks to purchase these structured products which are complicated and subject to multiple corporate credit risks and as a result, they may possibly lose all their investment overnight. In view of their ordeal, it is indeed necessary for the Government to lend them a helping hand, in order to do them justice.

In fact, many victims have complained to us that when they purchased these products, the banks had never provided the detailed terms and the prospectus of the products to them throughout the entire process. Moreover, some victims had heard some news from television or the media a few days before Lehman Brothers announced its bankruptcy and so, they took the initiative to make enquiries with the bank staff but the banks replied that there would not be any problem with their investment and told them that their worries were totally unwarranted. It was only until they learned from the press later of the eventual bankruptcy of Lehman Brothers that they realized that they are facing a catastrophic disaster.

The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) stresses that there were indeed a lot of problems with the practices and attitude adopted by banks when they vigorously promoted the structured products

to customers. Recently, when we went with the victims to meet senior management of the banks, the banks gave us the impression that they maintained that they had not done anything wrong. We strongly urge the Government and banks to learn a lesson from this incident and review in detail and thoroughly reform the overall financial market in Hong Kong, the sales practices and attitude of banks, as well as the regulatory regime, in order not to unintentionally increase the systematic risks in the market when launching new financial products in future.

Deputy President, why have we seen only three Chinese securities companies engaging in the distribution of minibonds, but not the majority of securities companies? One reason is that when promoting this product, some companies which took part in marketing this product had already chosen bank depositors as the main target of sales. Besides, according to members of the industry, this also has a lot to do with the different clientele of securities companies. The main type of customers of securities companies are people who earn commission from daily stock trading. If these customers purchased these long-term investment products, their capital on hand with which they could conduct trading activities in securities companies would hence drop substantially, leading to a decline of the business of securities companies.

From the above analysis, coupled with the point that a great majority of the \$14 billion-worth Lehman-related notes and bonds were sold by banks, we can see that significant changes have actually taken place in the securities market in Hong Kong. The respective market shares of banks and securities companies, which used to be 20% and 80%, may now be 40% and 60%, or even each taking up 50% of the market. Therefore, after the Accumulator and the Lehman Brothers incidents, the DAB once again urges the Government to review the existing mode of monitoring which subjects one industry to supervision by two watchdogs. It is the duty of the SFC to protect the interest of investors, while the HKMA still adopts the institution-based principle in monitoring the securities business of banks. That the standard of staff working in the securities divisions of banks is gauged on the principle of whether the HKMA is satisfied that the bank has sufficient means to bear responsibilities can no longer tie in with the current development in the market. So, we hope to see that the Government of the Special Administrative Region will expeditiously conduct a review in this respect, so as to facilitate the healthy development of the market in Hong Kong. Thank you, Deputy President.

MS LI FUNG-YING (in Cantonese): Deputy President, in recent years, the interest rate of bank deposits has been near-zero. Coupled with high inflation, people who have some savings all hope to find ways to preserve the value of their own assets. If there appears in the market a low-risk financial product capable of yielding an interest return that is more attractive than that of fixed deposits, it would naturally become very popular with the public. The emergence of Lehman Minibonds was basically the result of some banks or financial institutions, exploiting this mentality of the public of preserving the value of their assets, packaging some high-risk financial products as low-risk bonds and then extensively promoting them and persuading customers to purchase them, in order to reap huge profits.

When victims took actions to seek compensation in the wake of the collapse of investment bank Lehman Brothers, there were views in the community that those people had purchased the Minibonds out of greed and so, they must be held responsible for their own investment. I take exception to this view and at least I think this is not the case for some of those people who had purchased Lehman Minibonds. As a popular saying goes, "He who risks nothing gains nothing". If investors wish to reap a high return, I think they would not opt for bonds which are known to be "steady" but invest in other products. According to information, over 33 000 investment accounts are involved in Lehman Minibonds with the amount exceeding \$11.2 billion. Those who have purchased these bonds come from different social strata. There are professionals in the industrial and commercial sectors, grassroots, and retired elderly. I find it difficult to believe that the retired elderly had spent their entire life savings on Lehman Minibonds out of greed, rather than just hoping to preserve their hard-earned savings from being eaten up by inflation.

That the Lehman Minibonds could be sold widely and smoothly in the market involves the responsibilities of multiple parties. There is, of course, the Securities and Futures Commission which gave approval to the sale of these misleading, high-risk products packaged as low-risk bonds; there is also the Hong Kong Monetary Authority, the watchdog over the daily operations of banks, which allowed banks to promote these financial products to customers indiscriminately. Certainly, there are the banks which neglected the rights and interests of their customers in order to reap more profits, and their responsibilities are simply unshirkable.

After repeated urging by the Government, the banks have now agreed to buy back these products. Yet, they have taken a very sluggish manner, and their

attitude of setting eyes only on profit but refusing to bear responsibilities when problems emerged is regrettable. But even if banks agree to buy back the Lehman Minibonds, that would only be a small step taken to solve the problems. The crux of the issue is that if these Minibonds are bought back at market value, given that these assets have devalued considerably after the collapse of Lehman Brothers, how much the victims of Lehman Minibonds can get back under this buyback option? That is not optimistic at all. I understand that it is very difficult to properly resolve the problems arising from Lehman Minibonds and any compensation proposal may lead to great controversies, but I am particularly concerned about the retirees who were misled into buying Lehman Minibonds. I hope that their cases can be handled with priority and that they can be given the greatest compensation possible under whatever compensation proposal.

Deputy President, it is a shame that this incident has occurred in a city which claims to be an international financial centre in Asia. The clearance of the aftermath will be very complicated, but the reason for the incident is simple. It was because the banks were insatiably avaricious; it was because of red tape in the operation of monitoring bodies; it was because the ordinary public has been helpless in the face of inflation. But at the special meeting of the House Committee of the Legislative Council last week, none of the attending officials, representatives of banks, government officials responsible for financial and monetary affairs and heads of monitoring bodies had subscribed to this very simple fact.

Deputy President, I am not conversant with financial and monetary affairs but I support that victims of Lehman Minibonds should recover their capital and that a review be expeditiously conducted of the operation of the financial market to plug loopholes, in order to prevent the recurrence of similar incidents.

Thank you, Deputy President.

DR PAN PEY-CHYOU (in Cantonese): Deputy President, the onslaught of the financial tsunami has not only plunged Hong Kong people into great misfortune, but also exposed loopholes in the monitoring regime for financial products. From the past measures adopted by the Hong Kong Monetary Authority (HKMA), we can see that they have adopted a non-intervention attitude towards the sale of products. So far as banks have made detailed explanation to their customers and adequately disclosed the risks involved, the products will be given

the green light. However, participation in the financial market now has become so popular that even members of the ordinary public are involved. Participants in investment in the financial market can be the cream or elites in the investment sector, and they can also be elderly persons living in public housing estates. So, the saying that everyone is an investor in the stock market is no longer a tongue-in-cheek remark, but a true reflection of the reality.

People invest in the financial market for different reasons. As some colleagues said earlier, some may do so in order to preserve the value of their assets but there are also smart investors. In fact, all of us are actually involved in it in varying degrees as individuals, as citizens of Hong Kong, and as wage earners. For instance, all wage earners in Hong Kong have to subscribe to a Mandatory Provident Fund scheme which is, in fact, a kind of financial investment. So, while detailed explanation and adequate disclosure may perhaps enable experts to make wise decisions, it is open to question as to whether members of the general public can likewise make wise decisions based on such disclosure and explanation.

When investment tools become more and more complicated and when the computing formulae for investment products become more and more difficult, even a very learned person with a lot of knowledge in this field may not necessarily make a good choice. As Warren BUFFETT, who is nicknamed "god of stock investing", has said, he does not buy these products because he does not understand them at all. That is a remark by such an expert in investment, can members of the ordinary public be smarter? If, under such circumstances, we still believe that detailed explanation and adequate disclosure can prevent the emergence of the next batch of victims of the Lehman Brothers incident, then we are far too naïve indeed. Who among us here can tell which investment bank is going to become the second Lehman Brothers tomorrow?

We, therefore, consider that the regulation of financial products should be tightened and the level of risks of financial products clearly defined. Given information inequality, the general public actually does not have adequate information, techniques and knowledge to analyse or interpret the thick books of prospectuses and rules. They can only base on those thin loose sheets of papers, such as those shown to us by Mr WONG Kwok-hing earlier, in making decisions. Elderly persons with presbyopia or cataract cannot even see clearly the words printed in small fonts. Therefore, what they need in making decisions or what can really help them make decisions is what they can hear and understand in their

own language, so that they can be told of the risks and types of these products and after the details are explained to them, they will know whether or not they should buy these products. They must understand the details before they can make a decision as to whether they can bear those risks.

The responsibility of making such explanations should not fall only on front-line bank staff, as they have already borne a very heavy burden. The HKMA should take the lead and play the role of the first gate-keeper by assessing the risks of the products to determine their risk levels, how they differ from fixed deposits, the rate of return, and how high the risks can be. After the assessments are made, they should, using such information, make commentaries or introductions on the products in the language and words that are comprehensible to members of the general public.

Meanwhile, the HKMA should require banks to follow its guidelines stringently while tightening the standard of the risk assessment forms used to ascertain the level of risks that the public can take. The trade union of bank employees holds the same view and is exploring the feasibility of including in the risk assessment form questions about, say, the experience and education of investors. An example is to ask whether or not the customer has purchased any high-risk product in the past three years and if not, he can choose to buy high-risk products only in the company of friends and relatives or after listening to the explanation made by at least two employees of the bank. We consider that this can prevent members of the ordinary public from mistakenly and unknowingly buying high-risk products.

Financial derivatives products have given a strong boost to the market over the past two years but the bubbles cannot sustain. While Hong Kong can still maintain a firm foothold in the midst of this financial tsunami, and the Lehman Minibonds incident has so far been the only more serious problem, these financial derivatives products absolutely cannot continue to develop in such a totally unregulated manner, or else the consequences would be disastrous. As we can see, the United States have to provide US\$850 billion to rescue the market, Britain has injected equity amounting to £37 billion into three banks, and the Iceland Government is even on the verge of bankruptcy as a result of its takeover of the "failed" banks in Iceland. Although Hong Kong has a fiscal reserve of \$100 billion, the financial market is like a bottomless pit. While the United States Government has already spent US\$850 billion, last week saw another

equity injection of US\$250 billion into the financial institutions in the United States. From these incidents we can see that sometimes, a hopeless situation may not necessarily be revived however much money is spent. For this reason, the Government of the Hong Kong Special Administrative Region must act with prudence.

Deputy President, I so submit. Thank you.

DR JOSEPH LEE (in Cantonese): Deputy President, it has been almost a month since the Lehman Minibonds incident broke out, and thousands of people have been affected. Some slight progress was seen last week as the banks at least indicated that they are willing to explore the possibility of a buyback. In spite of this, most of the victims still have no idea about how much of their principal they can recover, or whether they can recover their principal in full. These are issues of concern to them. So, the proposals made in the original motion of setting up an inter-departmental response team to assume all responsibility for providing assistance to these small investors and calling on the Government to urge the banks to expeditiously come up with proposals for buying back the bonds are essential measures which, I think, merit support.

Besides, in respect of investigation into the sales practices, there is the view that some banks had employed improper sales practices. According to the Government, some of the cases have been referred to the Consumer Council, some to the Securities and Futures Commission (SFC) and some to the Hong Kong Monetary Authority (HKMA), each handling different types of cases. Such being the case, what may happen is that some cases are handled by you, some by me and some by him, and if each of these bodies is given some cases to handle, who should be the ultimate responsible body and what should it be handling? If we review the past practices of the technocrats, it may eventually turn out that nobody is handling the problem and yet, everyone is saying that he is handling the cases. In that case, what should these small depositors and small investors do? This is precisely our worry.

In this connection, it is very important to set up a select committee to play the role of a co-ordinator, in order to monitor the progress of the entire incident. Certainly, apart from setting up an inter-departmental team, I think a select committee must also be established to conduct an inquiry. I, therefore, support the proposal in the original motion.

The third point that I wish to make is that in this incident, we found that there are loopholes in the overall monitoring system for the sale of financial products. Who should be held responsible for these loopholes? Should the HKMA be held responsible, or should the SFC be held responsible, or should complaints be lodged with the Consumer Council? What we must do for the time being is to find out what actually the loopholes are. Certainly, we all know that there is currently no legislation in place to regulate these practices, and only some guidelines are set out. Every financial institution Should the HKMA issue guidelines, or as HKMA Chief Executive Joseph YAM said that he had already known it and that he had told them but they did not listen — Is it better to do it in this way or should we do it by way of legislation? The Government is duty-bound to look into the need to enact legislation.

Certainly, the Secretary may say that legislation is not an option, for it may have many consequences. This, I agree. But a loophole that has been found at this stage is that, insofar as the sale of these products is concerned, it appears that it is unknown as to who should exercise monitoring. What should we do then? Can we simply rely on the codes of practice in the industry to provide protection to small depositors and inspire confidence in ourselves in upholding Hong Kong's status as a financial centre? This is a question for us to ponder. So, the Government should examine how monitoring can be strengthened on these derivatives or how the recurrence of incidents similar to this Minibonds incident can be prevented, so that members of the public will know how problems should be handled when they arise.

Moreover, Deputy President, we also see that insofar as the current legislation is concerned, it appears that the Government does not have a specific and stringent procedure for considering and approving the sale of these derivatives in the market, and the decision solely rests with the banks. Obviously, some banks did not sell these financial products because after conducting risk assessments, they considered the risks too high and so, they did not sell these products. But some banks did sell them, and I do not care whether they did so out of their greed for money or for other reasons. But under such circumstances, how should the Government monitor them? If the Government just takes a carefree attitude and allows different bodies to handle these cases in their own ways, or relies only on guidelines as I have just said, how can Hong Kong maintain its firm foothold as an international financial market?

Second, to Hong Kong people who are depositors and investors, how can their confidence in banks be restored? This is indeed an unshirkable duty of the Government. In this connection, the Government should expeditiously implement the relevant measures to exercise monitoring while exploring the way forward, with a view to restoring the confidence of the public and the international community in Hong Kong as a financial centre.

Furthermore, according to a survey conducted a short time ago, over the past decade or so the Government has actually done something in promoting public education among Hong Kong people, and I think Members must have watched the announcement of public interest (API) on television telling people not to be a "sheep". But the survey found that of the 1 033 interviewees, 46% considered that they do not have a good understanding of what financial products mean, while 32% even said that they know nothing about financial products. This shows that the Government has done very badly in terms of public education. While the Government has produced APIs similar to the one about "sheep" over the past few years, it seems that members of the public have paid little attention to them as they would still buy these products; they would buy them so far as people in uniform at banks tell them that these products are safe, that they are the same as fixed deposits and that they do not have to worry because they carry no risks. The Government should do more in this regard by promoting public education, focusing on how the public can look at these products positively and advising the public to seek clarification of anything that they do not understand or any problem that they may have, and not to believe what the staff say when they promote these products to them, or else they would be dragged into troubles, just as what is happening now when the people do not know what to do when problems have emerged.

So, I think the Government should step up education in this regard. It should duly attach importance to this area of work to ensure that members of the public have a correct concept of investment, so that they can protect themselves. This is a basic task of the Government.

Mr KAM's amendment stresses that transparency be enhanced and the officials concerned be penalized. This, I support. As for WONG Kwok-hing's amendment — He is not in the Chamber now — it mainly calls for the provision of a timetable, while stressing that the responsibility should not be shifted onto the employees who would be made scapegoats after some banks said that they had nothing to do with such sales practices and that these practices were only

employed by the employees themselves in order to shift the blame to their employees. This is an absolutely unforgivable act. I, therefore, also support Mr WONG Kwok-hing's amendment. Finally, Mr Alan LEONG's amendment mainly calls for the appointment of independent persons of credibility or a working group to provide arbitration or conciliation. This is exactly what we should do. It is better than involving everyone and every department in the investigation but ending up in no one knowing exactly what should be done.

So, to put it simply, I hope that after listening to this debate today, the Government will implement measures to provide assistance to the victims and restore Hong Kong's position as an international financial centre, and most importantly, step up efforts in monitoring. I, therefore, support the original motion and the amendments.

Thank you, Deputy President.

MR TOMMY CHEUNG (in Cantonese): Deputy President, the collapse of the United State investment bank Lehman Brothers Holdings Inc on 15 September instantly caused the minibonds which had been trumpeted as principal-protected, "safe" and low-risk by local banks to become "minibombs" overnight, thereby causing numerous victims to suffer serious injuries all over the body from the blast. It is still uncertain how much is left of the investment principal or whether all of it has been flushed down the drain.

There are as many as 43 000 plus victims in the incident of the Lehman Minibonds (the Lehman Brothers incident), and the capital involved is over \$20 billion. The main reason for the massive destruction caused by these toxic minibonds is that banks have allegedly employed improper practices in the sale of financial products. Quite a number of bank clients, including victims who have complained to the Liberal Party, have pointed out that being misled by bank staff who highlighted that those toxic minibonds were as safe as time deposits, they thought that banks must be honest and reliable, but only to be swindled in the end.

Hong Kong, which is known to be an international financial centre and has claimed to exercise stringent monitoring on the financial system, has turned out to be a centre of financial "meltdown". It is a centre of "financial meltdown" as a huge amount of the hard-earned money of more than 40 000 victims — even the

savings over their lifetime — has vanished overnight. There are as many as 21 banks selling these toxic minibonds, covering almost all the registered banks, which has indeed brought Hong Kong into disrepute.

What actions have been taken by the Securities and Futures Commission (SFC), as the front-line regulator for financial products? What actions have been taken by the Hong Kong Monetary Authority (HKMA), as the regulator for banks? The SFC did not exercise any monitoring and HKMA did not undertake any regulation, just allowing such "minibombs" to be planted all over the place, thereby causing a lot of people to become victims. This is indeed worthy of criticism.

Therefore, we consider that the authorities should learn a lesson from the Lehman Brothers incident and conduct a comprehensive review of the current monitoring mechanism and examine whether or not a unified super financial regulator should be introduced to improve the monitoring mechanism for the sale of financial products, enhance investor protection and prevent the recurrence of similar incidents.

Similarly, as supervisors of these regulators, the financial officials of the Government cannot shirk the blame for allowing the monitoring mechanism to be riddled with loopholes while only taking care of their own business. Therefore, the Liberal Party agrees that it is necessary for the Legislative Council to form a subcommittee to look into the incident, to see to it that justice is done to the victims, to find out the people who should be held responsible for the incident and to make recommendations on how the monitoring system can be perfected.

Deputy President, at the initial stage when the Lehman Brothers incident was exposed, banks adopted an indifferent attitude in handling the complaints lodged by the victims, in strong contrast with the enthusiasm they have all along been displaying in promoting their products. Regulators also tried to shift the responsibility onto each other and displayed an attitude as if this was not their business, thus causing the victims to taste the bitterness of having no one to turn to.

In the light of this, the Liberal Party was the first political party to make an instant request to the Chief Executive on 23 September, when meeting with him to discuss its expectations on the policy address, for establishing a response team to provide comprehensive one-stop assistance to victims in a unified manner.

Subsequently, the Liberal Party further put forward to the Financial Secretary the request for the Government to appoint a notary agency to assure the best protection to the interests of the victims and enable them to recover the largest amount of principal, and to request parties including the banks to clearly explain to victims their current situation, including the products they are holding and the outcome they will face. Unfortunately, the Government did not respond positively in that instance and therefore missed the golden chance of solving the problem, causing the escalation of the incident.

It is not until the victims have repeatedly taken to the streets, and the Liberal Party and various political parties have continuously exerted pressure on the authorities, and even the outbreak of conflicts between the victims and bank staff when the authorities realized the magnitude of the problem and began to take an active approach to expedite the handling of the complaints and put forward a buyback proposal.

Although the authorities have responded slowly in this incident, "it is better later than never". The Liberal Party also welcomes the fact that the authorities have in principle taken on board a number of our recommendations, including establishing a perfunctory response team headed by Financial Secretary John TSANG to handle the incident, and appointing an independent auditor on 10 October to carry out valuation for the buyback proposal in order to protect the assets of the victims.

Now, although the banks have accepted the Government's buyback proposal, another question is when the proposal will be implemented. Therefore, the Liberal Party considers that: First, the Government has to fight for a proposal that benefits the victims most in terms of the consideration for buying back the minibonds and set another deadline for the implementation of the proposal. The buyback proposal should not carry any condition requiring the victims to give up seeking compensation. Neither should it be used as a delaying tactic for banks to defer paying compensation.

Secondly, an independent and credible mediation organization should be set up expeditiously to spare victims of entangling with the banks in Court. That is, the authorities can provide one-stop services for the victims with reference to the practice adopted by Singapore so as to enable victims to receive compensation as soon as possible. Another point which is also very important is that the SFC

should finish processing the 24 complaints referred by the HKMA expeditiously in order to establish court cases and provide adequate support for victims in the event that litigation is instituted. If no settlement is reached, the Government should provide full support to the Consumer Council in seeking compensation for the victims using the Consumer Legal Action Fund.

Deputy President, the Liberal Party considers that although more specific requests have been proposed in the three amendments today than in the original motion, the broad direction is to request the authorities to properly handle the aspirations of the victims expeditiously and seek compensation for the victims using all possible means, and to clarify the role played by the authorities in this incident of toxic minibonds. Therefore, the Liberal Party supports the original motion and all the amendments.

I so submit.

MS AUDREY EU (in Cantonese): Deputy President, yesterday, that is, 21 October, a pro-establishment newspaper reported that the mass media had disclosed that I had bought Lehman-related investment products. I have to point out very clearly that actually before 21 October, I had on several occasions made related disclosures. When a number of friends from the Civic Party and I accompanied victims of the Lehman Brothers incident to various banks and the Consumer Council (CC) in September, I had also disclosed that I held Lehman Brothers-related products. Referring to those recorded disclosures, my first disclosure that I had bought Lehman products was made in the airwaves in the Commercial Radio interview on 3 October, but these products are not the same as those bought by the victims.

At the meeting of the House Committee of the Legislative Council on 13 October, I also repeatedly indicated in my speech that I had bought Lehman products, but the banks under complaint were not involved, neither had I lodged any complaint. In fact, I also explained that these Lehman Brothers-related products were actually not bought by me personally but by my agent. These products were not purchased from the banks under complaint, and I have not submitted any claim for compensation in respect of such products. I am accountable for my own investment. Therefore, I do not have any direct or indirect pecuniary interest in the matters raised in the motion today as well as those in the past.

In fact, I have sought the advice of the legal adviser of the Legislative Council on this, and he shared my view. I have carefully studied today's motion, and the parts involving money, for example, providing assistance to the victims, and pursuing the matter and seeking compensation on behalf of the victims, or urging various distributors to expeditiously propose to their clients compensation options for improper sales practices and violation of regulations, and so on, have nothing to do with me. For the other parts, as Dr PAN Pey-chyou has mentioned in his speech just now, since the community is so involved in stock investment now, if all those who have bought investment products are regarded as victims, I believe there must be a lot of victims here. As for the other parts, such as protecting the interests of small investors, urging the monitoring authorities to exercise regulation or to restore the confidence of the public in the banks, and so on, these are absolutely public interests. I do not have any conflict of interest in this regard. Therefore, Deputy President, I think such a problem does not exist at all.

Deputy President, let us come back to this motion. In fact, many Members have said that this problem is probably caused by inadequate supervision. When the so-called securities law was passed by the Legislative Council in 2002, the Government insisted on the policy of "two regulatory authorities for one industry", and the Government also undertook to provide for a so-called MOU, that is, Memorandum of Understanding, to regulate both industries. However, we now find that first of all, under the principle of a "disclosure-based" regime, the Securities and Futures Commission considers it acceptable as long as disclosure is made. However, why are such high-risk and complicated derivative financial products allowed to be sold to retail investors in the name of "minibonds"? In fact, Members will find out where the problems lie referring to the codes. That is, investors have to read through the entire prospectus and listen to the explanation of the sales agent. As Dr PAN Pey-chyou has pointed out in his speech just now, how can an explanation be given to them in a language intelligible to them? Deputy President, when I went to a bank with the victims yesterday, one of the victims requested a senior bank staff, that is, the Chief Manager responsible for finance management, to explain these products to him right on the spot as if he was promoting such products to him. The situation was very amusing because apparently the financial consultant was unable to explain them. From this, we can see that the problem is how the contents of such voluminous prospectuses can be explained to clients, especially when a lot of them are the elderly, or even illiterate or do not know English.

Besides, there is another problem. According to my friends from the banking industry, those heads of banks will ask their subordinates in the morning, in the afternoon and at about 4.30 pm every day how many products they have sold. Under such circumstances, how can banks expect their front-line employees to give a clear explanation and disclose the risks to clients? How can this system work?

Although I have listened to a lot of speeches today, no one has raised the issue of a cooling-off period. I think this should be considered. When banks promote such complicated financial products to retail investors, should these retail investors be given a cooling-off period? I think this should be taken into consideration.

Besides, there is also the issue relating to the Hong Kong Monetary Authority (HKMA). Actually, the HKMA should not have indicated that now that it has received complaints, investigations will be carried out. Under the legislation passed at that time, regular investigations should be conducted. As so many products have been sold since 2003, how can it not have informed us that such an extensive problem has occurred until now? Secretary Prof K C CHAN mentioned in his speech just now that he is very concerned about this incident and has listened very carefully to our opinions. I wish to say that after the exposure of this problem, we have continuously given our views to him; I do not care whether this is the case with the other political parties, at least this is the case with the Civic Party. Right at the start, we have written to many banks setting out many questions and requesting them to explain them. However, many of the banks have failed to give any explanation so far. On 3 October, we we should be the first political party to put forward the request of following the example of Singapore to appoint an independent individual to conduct an investigation. On 10 October, we proposed providing funding to the CC and we thought that independent mediation and arbitration should be introduced. We wrote to the Chief Executive on 11 October pointing out that he had not spoken on this incident and expressing our hope that he would take the opportunity of the policy address presentation to speak on the issue.

Mr Tommy CHEUNG said in his speech just now that political parties should exert pressure on the authorities, and the stance adopted by us in the Civic Party is that there should be equity, procedures and justice. So, we consider that the best solution is mediation, but as there are so many investors with different situations, mediation may not be possible, so the quickest and the most specific approach is to establish a dedicated arbitration mechanism to deal with this issue,

and it must be funded by the Government. We have repeatedly said that we think this is the only way to achieve procedural justice for the banks and the consumers. We hope that the Government can promptly respond to this idea. Thank you, Deputy President.

DR DAVID LI: Deputy President, may I declare my interest. I personally hold no Lehman Brothers minibonds. The Bank of East Asia, of which I am Chairman and Chief Executive, acted as agent for the sale of some Lehman Brothers minibonds.

First, I wish to state how saddened I am at the losses suffered by retail investors who purchased Lehman Brothers minibonds.

I am particularly distressed by allegations that some holders were the victims of mis-selling. I therefore fully support efforts to accelerate the proper investigation of any mis-selling activity on the part of Lehman Brothers agents.

However, I must emphasize that banks are in business to develop a long-term relationship with their customers. No bank would sacrifice that long-term relationship by intentionally mis-selling retail financial products for short-term gains.

For the benefit of all concerned, and in particular for the benefit of those who are the victims of mis-selling, our goal must be to achieve the quickest possible resolution to the distress caused by the collapse of Lehman Brothers.

Therefore, I support the Honourable Alan LEONG's proposal that independent persons be appointed to assist in the resolution of disputes. The appointment of respected and credible individuals, capable to mediate and even arbitrate where there is joint consent, will ensure that disputes are resolved quickly and fairly.

Some people have said that minibonds are a high-risk investment product.

Every investment bears risk, even a bank savings account. With a savings account, investors risk of having their principal eaten away by inflation.

That is precisely why minibonds have proven so attractive to so many individuals.

In recent years, bank interest rates fell to their lowest level in more than 50 years. Individual investors made a rational decision to improve their rate of return by purchasing financial products, including Lehman Brothers minibonds.

These products were backed by the most powerful and reputable companies in Hong Kong and the world. They bore the highest ratings from leading ratings agencies, and were rightly considered low-risk investments. Many still have high ratings.

We are now in the midst of the worst global financial crisis that any of us has seen in our lifetimes.

Who could have foreseen that a firm with the impeccable reputation of Lehman Brothers — a firm that had weathered the great financial storms and the great wars of the past 158 years — would collapse?

Who could have foreseen that the mighty investment banking industry would be brought to its knees?

As we seek a way forward, it is important that we do not lose sight of the fact that we are in the midst of an unprecedented global financial upheaval.

We must set our sights on achieving two clear goals:

1. Speed up the resolution of claims of mis-selling; and
2. Restore trust.

I must highlight that the Hong Kong banking industry is as much a victim of the collapse of Lehman Brothers as the holders of the minibonds. Local banks have made considerable investments in recent years to enhance their ability to offer financial management consulting to their clients.

The need for these services remains as important today — if not more important — than ever.

Therefore, it is in the interests of everyone concerned — banks, their clients and the entire Hong Kong community — that our regulatory environment is working, and is seen to be working — well.

Only if confidence is restored can banks continue to perform their essential role of assisting their clients to invest and plan for the future.

We already have excellent regulations in place. The Securities and Futures Ordinance provides a thoroughly modern framework for the supervision of our financial markets.

However, despite our best efforts, there may be lapses in the system. If there are any lapses, these must be identified and rooted out.

We must restore trust and confidence.

As Members are aware, the banks announced last Friday that they had agreed to purchase minibonds held by their own clients at market rates.

This offer is without precedent.

I must emphasize that it is not a buyback.

Banks were only sales agents for the minibonds; they have never owned these products. Now, they have offered to make a market, purchase the minibonds, and take any future risk onto their own books. They had no obligation to do so.

These products were sold with full disclosure in order to meet a market demand. They were sold with the full approval of the regulatory authorities. The banks have acted in good faith all along.

For all those who are contemplating the purchase offer, I must advise patience. I would also advise that they discuss their decision with their bankers before acting.

It will take time to develop a pricing mechanism for all outstanding series of these minibonds. Accounting firm Ernst & Young has been appointed to carry out this work.

I understand that the purchase offer for the first group of minibonds could be launched as early as December.

As we move forward, we must be very careful that nothing we do in this Council sows further worry and concern.

Politics has no role — whatsoever — to play. The banks are doing everything in their power to achieve a quick and fair resolution.

Let us now focus on assisting the real victims, and restoring trust.

Thank you, Deputy President.

DR LAM TAI-FAI (in Cantonese): Deputy President, first of all, I wish to declare that I do not hold any Lehman Brothers Minibonds and I have not directly bought any Lehman-related investment products, but from my consultant from a private investment bank, I know that a small portion of the investment he has made on my behalf includes the products of Lehman Brothers Holdings Inc..

Lehman Brothers' application for liquidation on 15 September has affected people in all parts of the world, and Hong Kong has been no exception. Recently, members of the public who have bought Lehman products or the so-called victims have taken to the streets and staged processions repeatedly. They have also lodged strong complaints to the Legislative Council and banks. According to the information of the Hong Kong Monetary Authority (HKMA), \$20 billion of Lehman-related products have been sold to some 43 000 investors through different banks. To my knowledge, many of the numerous victims do not have much knowledge of these products, and some of them are elderly people and retirees who initially just put their money in the bank as time deposits to gain interest earnings. Now they have put the savings over their lifetime on these Lehman products. When they find that their hard-earned money over a lifetime may go down the drain, they must feel very distressed and desperate. I understand and sympathize with them. Therefore, I think that in consideration of justice and public sentiments, the Government and the relevant authorities should conduct a thorough investigation into the incident and look into the circumstances surrounding it in great detail. Of course, after identifying the victims, every effort has to be made to do them justice. Those people who have made any mistake in this incident — definitely including government officials — have to bear the necessary responsibility or even be subject to sanction once they are found to have made such mistakes.

Besides, I think the progress to date has been too slow. Therefore, I think all institutions, including the HKMA, the Securities and Futures Commission (SFC), the Financial Services and the Treasury Bureau and even the banks

themselves should escalate and expedite their actions. No further delay should be allowed in either the investigation or the proposal of resolution. Actually, the incident has occurred for more than one month now and no proper resolution has been proposed yet. I believe further delay will only bring the victims more negative emotions and put them under greater pressure, while the credibility of the Government will deteriorate as a result.

When presenting the policy address earlier, Chief Executive Donald TSANG said that public opinion underpins the strength of leadership, and enhancing people's well-being is the first order of business of good governance. I believe that any further delay will only serve as the strongest proof that he has been talking hot air.

In fact, at the meeting of the House Committee on the 13th this month, I have expressed my aspiration of "two tables and one mechanism". That is to say, there should be a timetable for releasing the results of the investigation into the complaints and another timetable for proposing specific resolutions, and there should also be a mechanism for announcing the progress of the investigation. However, after dancing around the question, Chief Executive Joseph YAM only half-heartedly gave me an answer that the investigation into the first complaint about Lehman Minibonds would be completed within that week. I remember that the answer he gave that day had almost disappointed and offended every Honourable colleague. Therefore, I support the amendment proposed by Mr WONG Kwok-hing to request the authorities to immediately present details of the plan and an implementation timetable for buying back the bonds. I also hope that the Secretary and Chief Executive Joseph YAM will not respond to our aspiration with words such as "actively" and "soon" anymore.

Besides, I maintain that there should be a concrete and clear timetable regarding the investigations and complaints about other aspects. For one thing, this can give the victims greater peace of mind so that they do not have a feeling that they will have to wait forever, and for another, it can show the sincerity and resolve of the Government in handling this incident. I would like to advise against waiting until another massive procession is staged by the victims before taking expeditious actions, or waiting until there is bloodshed before finalizing the timetables.

Deputy President, actually, I can sense that the Government and the banks are beginning to shirk their responsibilities and trying to delay the matter. I am

afraid that with this, the victims cannot but shift the focus to the bank staff who promoted the products to them back then. Therefore, there are two major concerns about this incident which we hope can be clarified in the investigation. First, did the bank staff responsible for promoting the products receive proper professional training? Before promoting these minibonds to clients, did they acquire a clear understanding of the nature, background, components and risks of these products? Was there any employee who promoted these products on his own initiative only with the information in the brochure of the products or according to the simple internal guideline of the bank?

Secondly, I would like to know and find out whether banks have put in place any mechanism to ensure that when giving explanations to clients, their employees have to enable clients to gain a full understanding of the components and risks; and whether there is any specific guideline to assess the risk of clients?

Recently, I have heard Chief Executive Donald TSANG say that he does not think that these minibonds are bonds. Rather, he thinks that they are a kind of complicated derivative. Therefore, there is certain truth and ground in the victims' complaint that the banks have employed improper sales practices.

A couple of days ago, the mass media received a letter from a bank stating that even the bank employees themselves had promoted the products to clients only with the information in the brochure of the products and simple internal guidelines, and they had never received any professional training or attended any courses. It is also stated in the letter that initially, the banks had not even mentioned that the risk could be so high, neither had it requested the employees to conduct risk assessment for the clients, nor had they mentioned that Lehman (*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Dr LAM Tai-fai, the speaking time is up.

MS STARRY LEE (in Cantonese): Deputy President, before the collapse of Lehman Brothers, all members of the general public believed that banks would not deceive people. However, one need only ask the victims who have bought the minibonds, especially those who have bought the Great Wall Minibonds, one

will know how some of the bank staff answered their questions. Most of them would ask whether the products were safe and whether they were principal-protected. The staff would then take out some sales brochures and ask the clients whether they would think even the People's Republic of China would collapse, and they would then say that our country would definitely not collapse. Of course, the victims would then invest their savings over a lifetime or even their "funeral expenses" in the minibonds as a result of their being misled by such sales practice, and their savings may go down the drain at any time.

Now that the incident has developed to the present state, it is necessary to find out who should be held responsible for it. However, I have repeatedly stressed and I believe that it will be to the best interest of the victims to recover the money before all else. The incident has occurred for some time now and the Hong Kong Association of Banks has finally undertaken to buy back the minibonds. At present, the most urgent task is, Secretary and friends from the banking sector, to fight for the banks' expeditious presentation of the concrete details of the timetables for implementing the buyback proposal of the minibonds and for collateral valuation, including such proposals as whether or not the victims can choose the timing for selling their collaterals, to enable the victims to know the manner of implementation at an early time. Besides, the Hong Kong Monetary Authority (HKMA) should expedite the investigation and process the more than 12 000 complaints about improper sales practices in hand.

Thirdly, the Government should use every possible means to help those victims who have been affected by improper sales practices to fight for "refund" by the banks. I can still remember that at our nine-hour marathon meeting, I asked Secretary Prof K C CHAN whether the Government would consider assisting the victims to institute litigation, and whether it would help the co-ordination and mediation between both parties. At that time, the Secretary responded in the negative. However, the Government has taken Members' views on board. The Chief Executive has advised subsequently that consideration will be given to assisting the victims to institute litigation and establishing a litigation mechanism. Therefore, may the Secretary and Principle Officials of the Special Administrative Region (SAR) please inform the public of the details in this respect as soon as possible?

Besides recovering the money, future reviews are equally important. How can investor confidence in the financial system and the monitoring system be

restored, especially when the loss of more than 40 000 Lehman Minibonds victims amounts to over \$20 billion? The Chief Executive of HKMA, Mr Joseph YAM is still arguing against the allegation concerning inadequate monitoring. He has also said that instead of being lacking in perception, the HKMA has foresight. I believe the Lehman victims, Members as well as the public will not be convinced of this because facts speak louder than words, and the monitoring loopholes are evident to all.

Earlier in the debate, a lot of Honourable colleagues have pointed out that besides engaging in their core business, banks are constantly moving towards the *modus operandi* of securities companies. In order to compete for business and achieve better performance, insurance and minibond sales have become one of the core businesses of their staff. At present, banking business is monitored by both the HKMA and the Securities and Futures Commission (SFC), resulting in "two regulatory authorities for one industry". As the major function of the HKMA is to maintain the stability of the financial system instead of providing investor protection, there is inadequate monitoring in the sales of products by banks. It is thus not surprising that when minibonds are available in the market, (Appendix 3) various major banks have employed proactive sales practices. I believe that people present must have received telephone calls from banks promoting various products. If the HKMA does not dial up its investigation effort, I believe minibonds are just the beginning of the story.

Another monitoring problem is that there is a serious lack of protection for small investors. Secretary Prof K C CHAN also pointed out earlier that Hong Kong is currently not the city which holds or sells the most structured products, and our statutes are actually similar to that of the other advanced countries. However, I cannot help asking why Lehman Brothers Minibonds are available only in some Asian places such as Hong Kong and Singapore? Is it because the Lehman Brothers were so smart that they knew the financial officials in Hong Kong would give them the green light, or they knew that the sale of such products would not be allowed in the United States and Europe? Will the Secretary please answer these questions?

Actually, the HKMA is also aware of the risks involved in these products. Chief Executive Joseph YAM has also indicated that in March 2006, various guidelines were issued to banks requesting that prudence be exercised and

additional measures taken especially when selling high-risk products to the underprivileged groups. However, the fact that it has only paid lip-service without exercising monitoring at all has ultimately led to the outbreak of the minibond incident. I think there is indeed inadequate monitoring on the part of the Government.

Besides, the SFC which has very little knowledge of the plight of the masses is also duty-bound. I still remember that at the nine-hour marathon meeting, when asked whether the name of minibond is misleading, the Chief Executive Officer of SFC even indicated that no one would buy products by their names. He also said that every investor should go through the sales prospectus of the products carefully. Subsequently, even the Chief Executive commented in public that minibonds were absolutely not the kind of bonds known to the public. I very much hope that the SFC will learn from this experience and make considerations from the investors' perspective in approving products, especially publicity materials. Consideration should also be given as to whether the public will be misled by these publicity materials. If such considerations are not made, I believe this attitude is no longer acceptable to the public nowadays.

In approving publicity materials, I suggest that consideration be given to making reference to the practice adopted for cigarette advertisements and specifying that part of the area should be used to enable investors to know the real structure of this type of product, including whether it is principal-protected, whether it is a kind of bond or how much interest will be generated, so that investors can understand the true details of these products at a glance.

Finally, I am especially concerned about a group of non-minibond victims. They have bought Lehman Brothers-related products but are unable to benefit from this buyback proposal. The problem they are facing now is that even the banks are unable to find out clearly the collaterals of the products they have bought. I have repeatedly expressed my hope for the officials to help (*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Ms Starry LEE, the speaking time is up.

MS STARRY LEE (in Cantonese): Okay.

MRS REGINA IP (in Cantonese): Deputy President, I have paid great attention to the speeches delivered by Honourable colleagues and studied the wordings of the original motion and the amendments. I find that the original motion moved by Mr Jeffrey LAM and the amendments proposed by other Honourable colleagues share the same goal. All of them seek to help the victims, resolve this crisis and complete the investigation in an expeditious manner.

The major difference lies in the fact that Mr KAM Nai-wai proposes to condemn the Government for its inadequate monitoring. In this connection, I have consulted some Honourable colleagues in order to gain an understanding of the past situations in which motions condemning the Government were passed. There were only very few such instances. Therefore, I have pondered on the question over and over again: Is the issue of the minibonds so serious that it warrants a condemnation of the Government? I may disappoint Secretary Prof K C CHAN because my conclusion is that I also consider that the Government should bear a large part of the responsibility. As an elected Member, I can hardly but hold the Government responsible for it.

According to government statistics, the financial loss caused by the minibond incident is some \$20 billion. While the impact on the economy as a whole is not significant, the impact on individual investors is enormous. At the same time, it has a profound impact on the governance of the Special Administrative Region (SAR) Government and the overall confidence. It can thus be said that the consequence of the minibond incident is very devastating.

Which aspect of monitoring is there dereliction of duty on the part of the Government? I think this can be found in two aspects. In the first place, how many people really understand minibonds or "ELN", "CLN" as structured products? Has the Government really helped members of the public to acquire such an understanding? Personally, I do not understand them. I have said that I have not made any such investment because I do not invest into things I do not understand.

After the occurrence of this incident, I have sought the advice of an alumnus, who is a Doctor of Philosophy in mathematics. Actually, he works with the Lehman Brothers and is responsible for the pricing of these products. He clearly explained to me that banks are only responsible for the promotion and sales but not the issuance of these products, as Dr David LI pointed out. Therefore, he does not think that banks have the obligation to buy them back.

He also considers that no reference institutions could have foreseen that companies like Lehman Brothers would be unsound. He is right in this.

However, after listening to the explanation of an expert and going through the small print on the brochures, you will find that the reference institutions are rated as Triple A a lot of these notes or minibonds are not rated, that is, they have no rating. Why? From these tiny words, we know that the responsibility of the note issuer to return money to us is "subordinate", being the lowest priority. He has to return the money to the "senior" and then the "unsubordinated" before finally returning the money to us.

In other words, all these so-called structured products are in fact high-risk and not principal-protected. Yet our regulatory authorities have granted approval to the banks for selling these high-risk products as low-risk products, and clients were urged to subscribe to these products with sales practices employed in the sales of vehicles and high-definitive televisions and the offering of gifts. This is a most unethical and irresponsible practice. I believe many bank staff responsible for the promotion did not understand the products.

Another risk factor is of course the economic environment of the United States. This is also why, according to this Doctor of Philosophy, such a serious incident has occurred. It is because Americans encourage spending, and banks and mortgage firms may, out of greed, encourage people who cannot afford buying any property, such as the blue-collar workers with a low level of education, to buy properties. They can obtain loans without having to pay any interest until two years later.

What do banks and mortgage firms do after obtaining these business? They will securitize the debts and break them into tranches. Just look at the information on various products provided by the securities regulatory authorities. There are also tranche A and tranche B products, classified according to their risk level. Those with the highest risk will be sold to hedge funds because they can take high-risk products, while the low-risk tranches will be sold to universities for investment. They can then do big business and make out loans at \$100 for \$1, with the risk getting higher and higher. As a result, a big bubble is formed, eventually leading to the burst of the sub-prime market bubble in the United States last year. In March this year, we witnessed the plunge of the Lehman Brothers stock prices. In June and July this summer, news about Lehman Brothers' struggle for survival were spreading.

Under such circumstances, besides frequently issuing notices on the Internet for the perusal of the highly-educated, our financial officials with foresight have not employed more assertive and proactive means to caution banks and members of the general public against buying such high-risk products. Regarding their inadequate monitoring, I think they can hardly shirk their responsibility. We have to find out who should be held responsible for this, sooner or later.

For the time being, I think the most important task is to help the victims. I will have to discuss something with Chief Executive Joseph YAM later. I remember he has mentioned that a buyback of the minibonds now may not necessarily be beneficial to the victims because their market values are very low and there is no secondary market for them.

What is the best way to help the victims? Is it the setting up of an inter-departmental response team or an independent commission, or the provision of a one-stop mediation service by an independent person with credibility? I maintain an open attitude towards these approaches. Anyhow, I think the immediate task is to conduct an investigation and examine how best help can be provided to the victims in resolving the numerous complaints in an expeditious manner, including for which cases the banks should be held responsible and how the buyback arrangement and valuation should be made, in order to quiet down the storm as soon as possible. Then, we definitely have to examine in which aspects the regulatory authorities have gone wrong, how improvement can be made in the future, and whether there should be a cooling-off period, as suggested by Honourable colleagues. These are all subjects to be examined. Thank you, Deputy President.

MR PAUL CHAN (in Cantonese): Deputy President, I support in general the motion moved and amendments proposed by Mr Jeffrey LAM, Mr KAM Nai-wai, Mr WONG Kwok-hing and Mr Alan LEONG respectively. However, there are a few areas I am not very sure of or have reservation about, and I wish to take this opportunity to speak on them. Perhaps, some Members may provide supplementary information later on.

The first area relates to part (d) of the amendment proposed by Mr KAM Nai-wai, that is, "urging the police to expeditiously complete their investigations for the authorities concerned to institute prosecutions against illegal acts, so as to severely penalize such acts". In the incident of the Lehman Minibonds (Lehman

Brothers incident), I think it is right to refer to the police cases which fall within the scope of commercial crimes. However, according to the information available, we can see that the Lehman Brothers incident was caused by problems in product approval, misleading practices in the process of sales, inadequate risk disclosure, or the failure to adequately consider the risk bearing ability of the clients in the course of promotion and sales. These are under the regulatory scope of the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC), which are already investigating into them. Follow-up actions are also being taken by the Consumer Council. At the present stage, is it really necessary to involve the police in the investigation? Will this take the focus away from resolving the Lehman Brothers incident and bring undesirable effects?

As for the amendment proposed by Mr WONG Kwok-hing, among other things, it proposes the establishment of channels for bank employees to reflect to the HKMA unreasonable measures for achieving sales targets. About this, in my opinion, a channel for employees to lodge complaints should be established in every bank. Besides, such channels should be standing mechanisms, and most importantly, the HKMA should ensure that such channels and mechanisms are established in every bank, and that these mechanisms are effective and earnestly implemented. Generally speaking, if bank employees are dissatisfied with some policies or practices adopted by the management of the bank, lodging complaints to the HKMA should only be the last resort. When they come across these problems in the daily operation, they should reflect them to their supervisors through the standing mechanism, or reflect them to the higher level bypassing their supervisors when they face difficulties in reflecting such problems to their supervisors. As for reporting to external institutions, I consider that this action should only be taken when the internal mechanism is ineffective or when their complaint is not properly handled.

I raise this point not because I oppose the setting up of complaint channels by the regulatory authorities. To my knowledge, the Financial Services Authority of the United Kingdom has also set up such channels. I raise this point in order to remind the HKMA again that it should find out whether these channels and standing mechanisms are established in the banking sector in Hong Kong and urge for the establishment of such channels and mechanisms; and it should find out whether there is any proper internal whistle-blowing system in these banks to ensure that on the one hand, banks can listen to the voices from within, and on the other, their operation will not be hindered and no unnecessary workload will be created for our regulators.

The third point I wish to raise concerns the amendment proposed by Mr Alan LEONG. I agree with the principle, direction and most of the suggestions in the amendment. I only find some degree of difficulty in putting item (d) into practice. I have examined the practice adopted by Singapore in this regard. They have appointed some independent persons mainly to review the independence, equity and transparency of the complaint handling procedures of various financial institutions. They do not deal with the complaints direct. If complainants are dissatisfied with the resolution proposed by the financial institutions, these independent persons can refer such cases to the Financial Industry Dispute Resolution Centre of Singapore. In this regard, it can be said that Hong Kong is lacking in foresight. We have not established any mechanism for this at all.

Let me point out some operational concerns. If these independent persons are only responsible for monitoring the fairness, equity and transparency of the complaint handling process or procedures of the banks, as suggested in the motion, I think there should not be any serious problem. However, if they have to carry out actual mediation or even be involved in the handling of the cases, I think there will be great difficulties. For one thing, such cases are numerous. How many independent persons are required? And for another, some independent persons with credibility may not have the expertise and training in this area. Therefore, it is difficult to a certain extent to gather a certain number of such persons.

Secondly, in the amendment proposed by Mr LEONG, it is mentioned that with the consent of the parties concerned, the independent person appointed can arbitrate cases which cannot be settled by way of conciliation. Regarding this, I think a role conflict or unfairness may arise. Therefore, I suggest that besides considering this motion, the Government should also actively engage the Hong Kong International Arbitration Centre, mediation centres, and professional associations of the legal, financial and accounting sectors to provide resources and assistance in mediation personnel and training, and to provide support to society at this time and in the midst of this major incident. Thank you, Deputy President.

MR RONNY TONG (in Cantonese): Deputy President, now people are saying on the Internet that "mini mooncakes are mooncakes, miniskirts are skirts, but minibonds are not bonds". Some people even say that minibonds should

actually be called mystifying non-bonds. A lot of people, with the benefit of hindsight, have explained what minibonds are. One of the most impressive explanations is that this so-called minibond as a derivative product is only the transfer of investment risk from mortgage companies to small investors, that is, they are trying to take out insurance at the expense of small investors, and to put it in a harsh way, they are trying to find scapegoats.

These comments are of course a bit funny, but in fact they have expressed the community's perception of these products. As these products are such as they are, we have to think about why they are sold to the aged and the weak in our sophisticated financial system.

Deputy President, I believe that before this incident, few people in Hong Kong understood what minibonds and derivatives were. I believe even the Securities and Futures Commission (SFC) and the Hong Kong Monetary Authority (HKMA) may not understand what they are. If they do, why have they granted approval for banks to sell these high-risk products to ordinary small investors and members of the public with such sales practices? Indications are that there is some truth in the comment I made just now. Recently, some bank staff even complained to the mass media that they are also the victims in this incident. In other words, those people who promoted the products also suffered great losses. If even they themselves do not understand that these are high-risk products and have also suffered losses, how can we expect them to fulfil their due obligation under the law? It can be said that this is a matter of tens of billion dollars. At the meeting last Friday, HKMA Chief Executive Joseph YAM said with a stern face in the Chamber that "we must assume that bank employees who promoted and sold such products have fully met the legal requirements". However, this is not the case in reality.

From the cases available and the cases we have come across, we can see that the process is actually very lax. For example, the SFC required that questionnaire surveys be conducted and questionnaires had to be completed, but we find that the questionnaires were very ridiculous, and apparently they were completed by the sales personnel for the small investors in advance. In one of the items which is about age, the range of the option is as wide as 20 to 50 years of age, which means that almost everyone is covered. Why was the HKMA not concerned when it received these questionnaires or when it read these documents? Perhaps it did not read through them. If there was no need to read through them, why did it require bank employees to complete them?

An even more ridiculous case is that in one of the cases we came across, the bank employee responsible for the transaction might not even be a recognized person in law. Why do I have such a suspicion? It is because the client concerned told us that, in the first place, the name card of this employee does not carry any registration number recognized by the HKMA or any description of his title. Besides, he is reluctant to sign on the subscription form during the transaction.

It proves that, by allowing this employee to handle the transaction, the bank has definitely breached the regulation. And we are talking about tens of thousands of people, and a few dozens of banks are involved. That is to say, a breach of such a scale has actually existed for a very long time. However, under the so-called sophisticated financial system, as described by the HKMA, these situations have gone unnoticed for a long time. It is not until now when the incident surfaced and everyone suffered losses that the Government officials came to the Legislative Council, but they still said with their stern face that "We have not made any mistake".

Deputy President, I am not sure whether you still remember that at the meeting on Friday, I think you were also present, I asked the SFC why approvals were given to banks for publishing brochures. It is because the word "minibonds" was printed on these brochures but there was not any explanation of what they are, which is obviously misleading. Although there was information on this and that about the minibonds at the bottom of the brochures, but sorry, providing information at the bottom is not helpful at all. Apparently, these brochures are misleading. When I asked the SFC why approval was given, there was no answer. The SFC's response was that it does not exercise bank supervision, which is the responsibility of the HKMA. As a representative of the HKMA was present, I turned to ask him why the HKMA, after receiving these brochures, still allowed the banks to use such brochures for promotion. The HKMA representative was very ridiculous. He said that if the SFC had granted approval, there was no reason for the HKMA not to allow their sale. That is to say, they were passing the buck to each other. Actually, the most terrible thing about our financial system is that not only are there these two different institutions, but there is also a third one — no problem has surfaced yet — that is, the institution for the insurance industry. Very often, the products sold by the insurance industry contain elements of investment products. If a comprehensive review of the mechanism of the retail sale and monitoring of financial products is not conducted immediately, history will repeat itself at any time.

Deputy President, this incident is disheartening and saddening, yet it has highlighted the serious loophole in our so-called sound financial system — to express it in English, it is a hole big enough for a truck to drive through. If this is the case, I think the Government must address this problem at once instead of evading the responsibilities anymore.

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

MR LEUNG YIU-CHUNG (in Cantonese): Deputy President, the Lehman Minibonds incident (Lehman Brothers incident) and the incidents involving associated products have made around 44 000 victims. The incidents may be described as our humiliation as an Asian financial centre and a big scandal for our banking sector as distributors of Lehman financial products.

In fact, the Lehman Brothers incident was brought about by the global financial tsunami triggered by the sub-prime mortgage crisis. Lehman Brothers' bankruptcy was only the fuse that exploded the minibond scandal and the crux of the problem was obviously the lack of effective monitoring by the SAR Government. Tens of thousands of innocent people misled into buying complicated financial products of extremely high risks ultimately became victims. I trust that the higher echelons of the SAR Government, regulators such as the Hong Kong Monetary Authority (HKMA) and Securities and Futures Commission (SFC), and the distributing banks are duty-bound; they have to respond to the demands of tens of thousands of victims and make reasonable compensation. Moreover, they have to account for and be accountable for the incident, otherwise, they can hardly put out the people's fire.

(THE PRESIDENT resumed the Chair)

President, it is not at all excessive for me to say that the Lehman Minibonds scandal is the humiliation of our financial sector because the sale of complicated structured financial products like Lehman Minibonds is restricted to institutional investors even in the United States which is known as the base camp of capitalism and these products cannot be sold to retail investors. Only the Government and regulators in Hong Kong and Singapore, competing against each

other to be the prime financial centre in Asia, would keep allowing the indiscriminate sale of these complicated derivative products to retail investors. This is pure negligence that makes no sense.

Mr Frederick MA, the former Secretary for Commerce and Economic Development who has left office for a few months, has recently said in public that he already reminded investors to do their homework and act according to their capabilities when he was a Bureau Director. It was great for Secretary Frederick MA to give investors the reminder then, but I really do not understand why Mr Frederick MA who was the Principal Official in charge of financial affairs then had only verbally reminded investors to be careful but not formulated measures or introduced legislation for regulating and monitoring these financial products for the protection of small investors. I remain perplexed despite some hard thinking. However, my impression is that the then Secretary Frederick MA; the incumbent Secretary, Prof K C CHAN; and the Financial Secretary, Mr John TSANG, have not done their job well. How can they attain smooth administration and social harmony?

President, the Lehman Brothers incident is most heartrending because many of the victims are elderly people who have not intentionally invested in high-risk financial products to make a fortune. Instead, they have entrusted in faith the banks with their lifelong savings because they have all along believed that banks are reliable and closely monitored by the Government. They have firmly believed in what bank employees have told them, but it is a great pity that they have lost their lifelong savings because of their trust in the Government and the banks, which makes no sense at all. Therefore, the Government is duty-bound to seek compensations on behalf of the victims.

Actually, the Government's ineffective monitoring and the deterioration of the banking services do not happen only today. Back in 2001 when the interest rate agreement among banks was abolished, the banking sector's image of always serving the public and being stable and reliable started to change gradually. There were small depositor charges, lower interest rates for small depositors and reducing bank branches, reflecting that banks tended to sell various financial products and put profit-making before everything else. Banks no longer had the image they used to have. As far as I can recall, the Honourable LAU Chin-shek moved a motion debate in February 2001 urging the Government to regulate banking services so as to protect the interests of depositors and consumers. That being said, it is a pity that the Government has not done anything so far. If it has

done something, the time bomb would not have been planted and there would not be so many victims today. Thus, the Government is culpable and it must seek justice for the victims.

President, many Honourable colleagues have earlier said that a similar phenomenon is found in Singapore not far away from Hong Kong. About 10 000 victims in Singapore have invested in similar products at a total value of around S\$400 million. There is definitely a big difference between the amounts lost by the victims in Singapore and those by the victims in Hong Kong. Nevertheless, there is a similar situation in both places. In competing to become the financial centre in Asia, the two places kept selling such financial products, misleading consumers and causing the current consequence. Fortunately, the way in which the Singapore Government has handled the matter is completely different from that of the Hong Kong Government. In Singapore, banks must make responses and evaluations within a certain period of time and determine reasonable compensations. But people in Hong Kong are given the impression that the Government has so far been sloppy and has failed to provide an explicit timetable for solving the problem. My remarks a short while ago prove that the Government has all along failed in monitoring the sector effectively, so it should bear responsibilities. In addition, to seek justice for the public, it must make policies to enable the victims to get compensations. Yet, there are apparently no effective measures now. For this reason, our debate today is very useful and I wish to give the Government an explicit message that it must seek justice and compensations for the victims as quickly as possible.

President, I so submit.

MR IP WAI-MING (in Cantonese): Quite a number of Honourable colleagues have earlier talked about the Lehman Brothers incident, and everyone finds himself threatened in this financial tsunami. I do not know if I should declare that I have bought these products because I am not too sure if my Mandatory Provident Fund (MPF) manager has bought Lehman Brothers products at a time when everyone invests in stocks and makes MPF contributions.

However, when Lehman Brothers went bankrupt, some Hong Kong people became victims and lost everything overnight. As we all know, many of these victims are the elderly or retirees, who have lived a very thrifty life to make the savings. They unknowingly thought that they had put their money in schemes as

stable and steady as fixed deposits. Actually, they put their money in high-risk investments unawares. This arouses concern about the sales practices of banks and some liken such banks to "fake medicine scammers". Quite a few people put the blame on the front-line bank staff, and as we have observed, the senior management of banks may have the intention of shirking responsibilities onto front-line colleagues, criticizing that they might have misled and even cheated the clients.

However, our trade unions have received a lot of cases seeking help. It was stated that many front-line employees were under enormous pressure because of the Lehman Brothers incident. When the incident first happened, banks did not give the public an account or give their colleagues instructions about the ways in which the complaints should be handled. Therefore, these victims very often vent their discontents and angers on front-line bank staff; they wanted their money back from the banks and even used violence on these front-line employees. These employees, pressurized by the victims and senior officers, being called "fake medicine scammers" and vicious salesmen, and being blamed for cheating the elderly out of their hard-earned money, have to suffer in silence. There have been years of relationship between these front-line employees and these old people and retirees and they do not want the incident to take place; they are victims as well.

Many front-line employees have told us that they are not too sure about the types of financial investment products they sold to clients. Some of them had asked their supervisors to clarify what the products exactly were and the extent of risks involved but they were only told not to ask too much and to follow the guidelines issued by the companies. Quotas come first. Being pressurized by senior officers to meet the quotas, they forced themselves to sell such investment products to clients, not knowing the risks such products carried. Therefore, many employees and their relatives have bought these minibonds for the sake of meeting the quotas.

Criticisms of front-line employees misleading clients have overlooked the responsibilities of the management. The management has put pressure on such employees and evaluates their performance in terms of sales. These employees have to sell these products as instructed to keep their jobs. Actually, quite a large number of employees are regretful after the incident and some of them suffer from insomnia, for which they are still receiving psychological counselling.

There have been changes in the culture of the banking sector in recent years, and mechanical operations have more often been adopted to replace manual operations. For instance, cheque deposits and withdrawals are handled by machines while employees are more heavily involved in product sales. As there are more and more investment products, banks put pressure on employees and set sales targets for them to attract more clients. Employees who have attained targets will be commended and their achievements would even be celebrated with champagne. But employees who have failed to attain targets will be dismissed at any time even though they have worked there for more than 20 years. Under such circumstances, front-line employees are under tremendous pressure.

After the incident, banks have not said anything to do front-line employees justice or given the public an account, but they have just considered front-line employees as scapegoats. We feel most indignant about this indeed. It shows that banks are irresponsible and ruthless in dealing with their clients and employees. The long-standing harmonious relationship between industry players and clients, who were just like trusted friends and relatives, has collapsed after the incident, and some industry players who cannot put up with the pressure have even switched to other occupations. Such a low morale will victimize banks at the end of the day. Should the banking sector not take the opportunity to review anew this approach of putting multi-level pressure on employees for product sales? The banking sector needs to change now and to re-establish its culture that will inspire confidence in clients and employees.

Lastly, the Administration and the sector should again set up certain mechanisms restricting some people from buying high-risk investment products. Although the HKMA has a provision regarding the procedure for handling the purchase of high-risk investment products by old people aged over 65, this incident clearly shows that the provision is ineffective and I am not sure if the banks have observed the provision or regulated the sale. Hence, we suggest formulating procedures and imposing safeguards such as a cooling-off period so that the general public would not buy high-risk investment products too easily or in unclear circumstances in order to prevent the recurrence of the Lehman Brothers saga.

Thank you, President, I so submit.

MR LEE CHEUK-YAN (in Cantonese): President, I am very disappointed with the remarks made by Dr David LEE earlier. Whenever this Council has a debate concerning the retention or otherwise of functional constituencies, a lot of Members would support the retention because functional constituencies offer professional advice though they have actually not done so. What professional advice have banks given today? Dr David LEE has not offered any professional advice and he only asked investors to have confidence in banks again. He has mentioned not a word about the responsibilities of banks, and he has also shirked responsibilities. Moreover, he has told us that banks are only selling products which do not belong to banks. In other words, the sellers, just as the Sanlu Group selling tainted milk, do not have to shoulder responsibilities. Do banks selling "toxic bonds" not have responsibilities? I am really disappointed by Dr LEE's remarks, which reflected that the banking sector as a whole has not made any introspection. Why have people lost all trust in banks nowadays?

We had high regard for banks when we were small, and we considered banks as our good neighbours. Banks changed very soon. As we may recall, banks started levying charges on small depositors whose monthly balances are less than \$5,000. They bullied old people and levied charges on them, gradually showing their ugly face. Even more, they sold "toxic" minibonds. Some victims told me that, when an elderly person queued up at a bank to put his money in a fixed deposit, a bank employee approached him telling him not to do so for a fixed deposit had a low return while minibonds were stable investments with high returns, and suggested that he should buy such products. All victims have recounted again and again that they intended to put their money in a fixed deposit but were persuaded by bank employees into buying minibonds expressly described as stable investments with low risks and high returns. The SFC said the other day in a detached manner that investors should not trust bank employees insofar as minibonds are concerned; product names did not mean anything and product contents were most important. How many investors would have a thorough understanding of the product contents? Banks have to a certain extent abused people's trust in them. People have trust in banks as they think that such large organizations as banks would not deceive them. How could they imagine that banks really deceived them and had not told them the product contents? Today, the public have totally lost confidence in the banking sector as a whole.

When the representatives of the banking sector had a meeting with us, they told us that banks and clients were in the same boat. I agreed that they were in the same boat, but the clients deceived by banks had boarded a gambling ship and purchased minibonds. They might easily lose their lifelong savings in a

bet they had not gambled voluntarily, and they did not know it was gambling. They were unknowingly cheated into gambling by banks and they have been unjustly treated. Certainly, banks should bear responsibilities and the sales practices of banks are problematic. Yet, I am very disgusted with banks that seemingly tend to put responsibilities or, the Hong Kong Monetary Authority (HKMA) has said that investigations should be carried out on front-line employees of banks. It is most important to investigate how the senior management of banks instructed front-line employees to sell such products. Such employees have very often complained to us that they have not been trained and they have only given clients information as instructed by their supervisors. So, the biggest problem actually lies in the fact that banks sell the relevant products through front-line employees while the senior management of banks are responsible for making the final decisions. To what extent has the HKMA conducted an investigation on the senior management of banks? We have not seen any relevant investigations and we earnestly hope that investigations would be conducted into the system and the senior management instead of making the front-line employees of some banks scapegoats because they have been coerced into selling the products. It is very important to conduct an investigation to ascertain the responsibilities of banks for the sales practice. This is the first point.

Second, I would like to focus on the Government. Mr Joseph YAM of the HKMA told us that he had already foreseen that those were high-risk products and had issued guidelines to banks. However, the significant loophole and problem with the whole system is that despite people's awareness of the high risks at stake, nobody had stated that the products should not be sold to retail investors. When the representative of the SFC attended our meeting, he was asked why minibonds were only sold in Singapore and Hong Kong but not the United States, and he indicated clearly that the United States as an intermediary was vigilant, so it would not sell minibonds to retail investors but only institutional investors. Nevertheless, if the HKMA was that brilliant, and Mr Joseph YAM was vigilant as he told us, had he told Prof K C CHAN that there was something wrong such that the Administration might tackle the problem in advance? Some may say that Legislative Council Members are only wise after the event; if I take up their jobs, I would have to take the blame. I have to take the blame if I am the one to examine such matters. Since that is not my duty, I am only wise after the event certainly. Honestly, how could I ever know in advance what would happen. But those concerned should know and they should have considered in advance how protection could be given. If the HKMA found that there was something wrong, why had it not stopped the sale and informed the SFC that there was

something wrong? The HKMA had not done so and the finance officials had not done anything. Hence, banks, the HKMA and finance officials are responsible for the loss of \$20 billion by 40 000 victims.

Now we would like to help the victims recover their money. The whole incident and the financial tsunami calls for introspection by the whole world. There has so far been excessive development of capitalism. In the *Economist*, the most conservative and "rightist" economists have argued that as capitalism is questioned a lot, the whole world should reconsider the finance industry bubble problem. Introspection is needed and it is my hope that the incident would not recur in Hong Kong. Thank you, President.

DR PRISCILLA LEUNG (in Cantonese): President, the Lehman Brothers Minibonds incident (Lehman Brothers incident) primarily reflects that there are problems with the integrity of the banking sector as a whole in people's eyes. I would like to present my views in five aspects.

First, Hong Kong laws are lagging far behind those of other countries. Our studies revealed that, according to United States legislation, it is impossible for there to be excessive advertising on such minibonds in the United States. The promotional methods of general goods applied to these products are also subject to stringent provisions.

Second, small investors making investments of less than \$1 million are not allowed to purchase such minibonds or high-risk derivatives. The relevant Hong Kong laws must be amended. Also, in respect of professional standard, some front-line bank employees I am acquainted with had applied for transfer to administrative departments in the past few years because they did not want to become salespersons. In other words, a lot of bank employees are basically aware that there would be serious problems if they are forced to meet quotas when they do not understand the contents of the products they are selling. Thus, the problem today is predictable. There has been a significant professional conduct problem in the whole world and our banking sector since a few years ago.

Third, regarding professional standard, to handle such large-scale investment products, we have to consider whether ordinary bank employees who have received so little training are capable of selling such products to investors. A comprehensive review is essential.

Fourth, in view of the present and the future, there are so many victims and the Secretary, Prof K C CHAN, said this morning that no banks in the world have set up indemnity funds. But can we consider establishing such funds? The so-called financial tsunami has happened only in this year. Can the banking sector establish a contingency fund for dealing with the Lehman Brothers incident or similar problems? For instance, the Hong Kong Government can take the initiative to put pressure on banks so that they would allocate to the fund the expenses on legal proceedings with the victims and placing advertisements, for handling certain cases involving the disadvantaged, before considering arbitration or conciliation as proposed in the amendments by some Honourable colleagues. Some Members have said that the conciliation mechanisms for financial disputes in Hong Kong are lagging far behind those of many other countries. In relation to the current proposal, I have questions and reservations about various amendments. Mr KAM Nai-wai suggested making reference to the practice of Singapore, but I do not think the scope should be so narrow. According to my understanding, there are very good mechanisms in European countries, so the amendment that suggests making reference to the practice of Singapore is excessively narrow in terms of scope.

Mr Paul CHAN and I happen to hold the same view on Mr Alan LEONG's amendment, and I have reservations about the arbitration mechanism he referred to because I was an arbitrator for the CITIC case. Both parties have ample rights to choose under an arbitration mechanism, and they are allowed to choose arbitrators from among a list of arbitrators sufficiently trained or very conversant with the arbitration system. Under the current proposal, it seems the Government is going to appoint an arbitration team. Will there be enough arbitrators for the parties to choose from? Each and every party may raise opposition to certain persons acting as their arbitrators.

Second, arbitration procedures are very important. There are arbitration centres and conciliation centres in Hong Kong which may have devised over a long period of time the relevant procedures to enable the parties to present their arguments in a reasonable manner. Can these centres be replaced by an arbitration team? This requires clarification, I believe.

Third, victims and both parties to arbitration must agree to adopt the arbitration approach. Thus, it is essential to secure mutual agreement that legal proceedings are not required. How are the parties going to present their evidence in the process? The relevant procedure must be set out in detail or else the party not conversant with the procedure will not be able to make use of the

arbitration process. Experience tells me that both parties to arbitration and conciliation need legal assistance, otherwise, they cannot play this game for they would not have a chance to appeal when the arbitration or conciliation has been finalized. The parties need the assistance of professional lawyers in obtaining evidence and making representations throughout the arbitration process, failing which they would easily lose their arbitration cases in terms of procedure or presentation of evidence. In this regard, I think that the relevant procedures must be set out in detail. Insofar as the appointment of an arbitration team by the authorities concerned is concerned, what actually does it mean? We must consider this in detail.

Fourth, concerning Mr WONG Kwok-hing's amendment, and in respect of the Consumer Legal Action Fund, the kind of assistance referred means not only legal actions, and all of us hope that the victims do not have to take legal actions. We think that we may have to provide financial assistance in cases other than legal actions on top of providing comprehensive assistance. I have made the points above for Members' consideration when we discuss three amendments.

On the whole, I agree to the setting up of an inter-departmental team to expeditiously resolve the large-scale complaints lodged and actions taken by the Lehman Brothers victims. With respect to the technical issues we have discussed, will another solution to the problem be introduced after a vote is taken by this Council? We have to consider that. Thank you.

PROF PATRICK LAU (in Cantonese): President, first of all, I declare that I have supported without close examination the development of Hong Kong into an international financial centre and I have purchased structured investment products. Fortunately, they are not Lehman-linked but quite a few relatives and friends of mine have purchased financial products like Lehman Brothers' financial products, for example, Equity-linked Notes. I agree with Mr LEE Cheuk-yan that it was all because of our trust in famous banks.

The Lehman Minibonds incident (Lehman Brothers incident) has brought many Hong Kong people heavy pecuniary losses and shaken our confidence in banks, the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC). The handling of the matter brooks no delay and I am very grateful to Dr Margaret NG for suggesting that the House Committee of this Council should hold special meetings for the expeditious solution of the problem and in this course I have been enabled to get a grasp of similar problems.

I agree to setting up an inter-departmental response team to assume overall responsibility for providing comprehensive assistance to affected small investors and protecting their interests as stated in the motion.

I have listened to the views of quite a lot of industry players on the Lehman Brothers incident. Their prime concern is whether such institutions as banks have used improper sales practices to mislead investors when selling derivatives, thus constituting violations, and whether the HKMA and SFC have sound monitoring mechanisms.

Lots of people (including professionals, university professors and Honourable colleagues) have remarked that it is not easy to fully understand such complicated financial products as minibonds, and even the financial experts from some institutions do not have clear ideas of such products and they gained a better understanding only after the incident. Even more astonishing is the fact that Mr HO, a senior officer of the SFC, said in this Council the other day that, as the United States authorities were vigilant towards minibonds, many banks in the United States were not allowed to sell to the public these complicated products of high risks. I really wish to get from banks answers to these complicated questions. Banks have plenty of information on their clients and are well aware of their amounts of deposits, that is why they keep calling their clients, urging them to purchase these products. Is the practice appropriate? I believe many people including Members must have received such phone calls, right?

Also, I like the word "detached" used by Dr Margaret NG a while ago, which best describes the way in which banks responded after the incident. Banks were slow in responding and failed to give any explanations, and clients were most dissatisfied with the "detached" attitude of banks. "Detached" is an appropriate word to use because banks cared a lot about their clients before but declined to have conversations with them after the incident. Banks wrote to their clients after the Lehman Brothers incident, informing them that, firstly, they could consider claiming compensations from the bankruptcy trustees through legal channels. How could small investors handle these matters and what were they supposed to do? Secondly, clients could sell their instruments in the secondary market (I believe those instruments are now worthless). Lastly, clients were asked to wait patiently.

After examining such incidents, I finally realize that the investments of small investors are very much disadvantaged. The crux of the problem lies in the fact that the substantial investments by big investors and banks manipulated

the market. Therefore, we should focus our attention on the investigations that seek to rectify the directions; conduct a comprehensive study on the whole banking and securities regulatory system and the cases concerned through consumer bodies; and seek compensation and explanations from the relevant institutions on behalf of investors.

As a matter of principle, however, I agree that investors should be partly responsible for their investments and respect the spirit of contract. Almost everybody has suffered losses to varying degrees as the Lehman Brothers incident is basically a part of the global financial tsunami, but the investment losses should not be transferred onto taxpayers under the principle of fairness. We have to uphold this core value of Hong Kong to ensure that our reputation and position as an international financial centre is maintained.

President, on the grounds discussed above, I believe that distributing banks, investors and the Government should bear responsibilities to different degrees. Taking into account the complexity of minibonds, distributors should be urged to expeditiously release asset information on the relevant financial products, including the nature, prices and liquidity of the assets. Furthermore, the amendment proposed by Mr WONG Kwok-hing urges protecting front-line employees from becoming scapegoats, but I think the relevant body should carry out an investigation and examine if the principle of professional conduct has been violated and whether they can protect investors by helping them take out professional indemnity insurance.

Affixing responsibilities for improper sales practices that violated the relevant rules and misled investors, and ensuring the soundness of the monitoring mechanisms of the HKMA and the SFC, are desirable ways to restore the confidence of the public and international investors in our financial system. I hope the HKMA would make good use of this opportunity to solve as quickly as possible the fundamental problems of our financial system in order to maintain our position as an international financial centre.

Thank you, President.

DR MARGARET NG (in Cantonese): President, I believe all of us must have heard the story about "cutting off the arrow". A man was shot by an arrow and critically injured. He went to a doctor who assured him that there was no

problem. Then, the doctor cut off the shaft of the arrow with a saw and told the man that it was all right. The man had doubts but the doctor told him that he was a surgeon and asked the man to look for an internist to deal with the remaining part of the arrow still in his body. Certainly, the surgeon and internist shifted responsibilities onto one another. In the Lehman Brothers Minibonds incident (Lehman Brothers incident), we heard that the Securities and Futures Commission (SFC) and the Hong Kong Monetary Authority (HKMA) had also shifted responsibilities onto one another, which is very disappointing indeed. But apart from affixing responsibilities, it is more important to offer treatment to those shot by arrows and the injured. Therefore, I strongly support Mr Alan LEONG's amendment about appointing independent persons to conduct conciliation so that the victims can at least be partially compensated.

The Secretary for Justice revealed at a panel meeting last week that he was prepared to put forward some procedural proposals to institutions that intended to conduct conciliation. President, this is a unique incident; in the long run, we must consider whether permanent and independent conciliation mechanisms and bodies should be established for one-stop handling of complaints. In particular, conciliation should be offered to the complainants to enable them to be duly compensated.

Between 2000 and 2002, this Council scrutinized the Securities and Futures Bill and the Banking (Amendment) Bill 2000; we also made study visits to Britain and the United States which focused on their financial monitoring systems. We paid special attention to the protection of the interests of depositors, especially retail investors. The British system as we observed comprises a Banking Services Ombudsman Scheme. First, there is an independent statutory body for the resolution of disputes. For example, if a buyer of financial investment tools has complaints, he can lodge complaints with the Ombudsman who would resolve disputes and conduct conciliation with financial institutions for him. If both parties are willing to settle their dispute through conciliation, the Ombudsman can resolve it and his ruling is binding. The Banking Services Ombudsman Office is financed by trade levies from banks, the insurance industry, and financial and securities companies. The system has been very popular.

We think Hong Kong should also consider establishing such a mechanism. If we ultimately have to resort to legal proceedings, it would be time-consuming and costly. This mode of conciliation is worth consideration. Unfortunately,

the HKMA objected when we proposed opening detailed discussions over this mechanism at a meeting of the Financial Services Panel. The HKMA told us then that a review would be conducted from time to time, but it has been lip-service only. President, it is essential to revisit the issue after the Lehman Brothers incident. Mr LEE Cheuk-yan has asked if we are only wise after the incident. We could actually foresee at that time that we had to establish a complaints mechanism but the authorities concerned were not willing to do so. We would like the authorities concerned to reconsider this and this Council should discuss the issue again.

Let us take a look at the Ombudsman mechanism. We wished that the mechanism would be established in 2000, what progress has been made so far? The relevant annual report showed that it is doing quite well. There is an especially important point and it applies aptly to the Lehman Brothers incident. In 2002, the Ombudsman received a lot of complaints from various places against a very big financial institution which sold high-risk investment tools to people who could only bear lower risks. When the complaints were made, the institution was indifferent and claimed that the complaints were not established. These people subsequently lodged complaints with the Ombudsman. The Ombudsman discovered after examining the complaints that such cases were also found in many places. It was held that the institution might have systematically sold these high-risk products; in particular, they might have directly sold the products to clients who could only bear lower risks. Hence, he notified the Financial Services Authority (FSA) at once to facilitate its investigation. The FSA subsequently discovered that the financial institution concerned was not subject to stringent procedures and control, and its practice was undesirable.

Notwithstanding that, the institution still refused to make compensations to its clients and even asked them to institute prosecutions. The clients lodged complaints with the Ombudsman who finally handled the case. At the end, the institution was fined and clients in similar situations might also get compensations. The Ombudsman has handled lots of similar cases.

President, if an ombudsman mechanism were put in place at that time, we would not be at a loss as to what to do now. I urge the Government to reconsider the matter for this reason. Thank you.

MR ALBERT HO (in Cantonese): President, after the outbreak of the Lehman Minibonds incident (Lehman Brothers incident), some of my friends of leftist or

advanced economic and political thoughts have once again commented that financial capitalism is the most extreme and ugliest face of capitalism when the West holds a *laissez-faire* attitude towards regulation and when there are large capital flows, low interest rates and deregulation. The Lehman Brothers incident is a specific example demonstrating how greedy capitalists exploited and deceived the general public using capital and financial skills. Their ideological remarks make some sense today. We are looking forward to the emergence of a new financial order after the financial tsunami has subsided. We must review and examine the problems faced by Hong Kong and identify the lessons to be learnt.

After listening to the explanations given by the regulatory bodies and finance and monetary officials, and the remarks made by Dr David LEE (whom I believe represented the trade), I have an impression that the parties concerned are only shifting responsibilities onto one another. According to the banks, they used approved leaflets and were selling such products under a regulated system; they have observed all the rules. Even if there were problems, the banks would say that those were just individual cases. I am going to discuss further the monitoring system later on.

I would like to focus on banks first. The performance of banks has been most disappointing because they have ruined their reputations gained over the past decade or dozens of years as the credible and reliable bankers of long-term clients. The Lehman Brothers incident affected more than 43 000 people and around 10 000 of them complained against banks. The banks have really taken advantage of clients' trust and the client information in hand to conduct hard selling, which misled lots of clients. These clients believed that they had put money into safe and stable investments as an alternative to deposits. A large number of old people I seldom find cases as miserable. There were so many old people aged 70 to 80 crying bitterly at the gathering of Lehman victims, claiming that their pensions and "coffin money" (provisions for funeral arrangements) disappeared all of a sudden, and they were on tenterhooks about life in the future. They were so helpless and terrified, and all those who heard them felt sad and had a deep feeling of grief.

Banks, front-line employees and the management alike, have long been using such sales tactics as, being privy to client information, explaining in unduly simple ways products of high risks that are very complicated. These simple explanations are very often misleading statements and even misrepresentations. How could it be risky when there were seven linked institutions? Hong Kong

would collapse once these institutions close down. Banks have gone too far in making such simple statements. I wonder how many people understand clearly clients' needs and can recommend suitable investment products to them. If they really have the interests of clients at heart, how could they have sold such complicated products with Collateralized Debt Obligation (CDO) components to the elderly aged 80 to 90, not releasing their capital until a few years later and only yielding 2% to 3% of extra interests? Banks are certainly to blame.

Summing up, the sales practices of a lot of banks have violated the codes of conduct and they may be subject to claims for compensation and even civil proceedings. A large number of banks are suspected of professional negligence and some people may be suspected of violating section 298 of the Securities and Futures Ordinance related to disclosure of false or misleading information. Why reports should be made to the Commercial Crime Bureau? As I have told Mr Paul CHAN, it is because a group of people is suspected of having violated this Ordinance. We have reported to the police and the police have actively carried out investigations into 1 000 cases or so. We are not sure if the cases would be placed on file for investigation and prosecution, but I believe on the basis of available information and *prima facie* evidence investigation and prosecution could be pursued.

The Hong Kong Monetary Authority (HKMA) has the responsibility of monitoring industry players and those selling securities. It emphasized the mode of "two regulatory authorities for one industry" then and that it could do so, yet, so many people are suspected of improper sales practices today. There is definitely a systemic problem, how can the HKMA shirk its responsibilities?

Mr Joseph YAM said that he could foresee that these were high-risk products. Why could he not convince banks to accept his views and to upgrade regulatory standard and enhance risk management? The responsible officer from the SFC the other day seemed very detached. We think after reading the leaflets that there are misleading representations about the so-called minibonds, and the terminologies used are not comprehensible to ordinary people. Strong emphasis is put on gifts to attract clients and significant risks have not been explained or disclosed. How can this mode of disclosure convince us that it can meet current needs? There are those finance officials to blame. The incident certainly has not occurred overnight. Why have our finance and monetary officials never reminded the public to raise their awareness of risks? (*The buzzer sounded*)

MS CYD HO (in Cantonese): Many investors, quite a few then being old people, have suffered losses in Lehman Brothers Minibonds. With not much information on the details and the risks involved, they were persuaded to invest their lifelong savings, as a result, they could not live in contentment in their later years as a result. On behalf of the public, this Council should urge the Government to be accountable and we are duty-bound to pursue responsibilities for the incident.

A small number of countries permit the retail sales of such high-risk investment products to investors at banks, and Hong Kong is one of them. In Europe and the United States, these products are offered to investors only through fund managers. Instead, banks in Hong Kong called up elderly depositors and solicited them to make such investments by giving out supermarket cash coupons or televisions.

Why has this happened in Hong Kong? How can there be such high-risk investments? When officials and the representatives of the regulatory body gave us explanations in this Council, they pointed out that there were two principles for the approval of the launch of investment products, namely risk disclosure and quality assessment. Since Hong Kong is a free place, so decisions were not made for people and investors were given the right to choose, so they said. And for that matter risk disclosure is required in Hong Kong.

As a couple of Honourable colleagues have pointed out, in the course of selling such investment products, many small investors evidently could not appreciate the risks of the products involved; and in the whole course of sale, there were many questionable aspects that might not be comprehensible even to those selling such products. Therefore, there was obviously very inadequate disclosure of risks to a small investor who just wanted to complete formalities for a fixed deposit or fixed deposit renewal or to exchange US dollars for Euros at a bank. Mr Joseph YAM just could put things right by making relevant remarks in his column or blog, or by giving banks instructions every now and then. We need more detailed information and explanations for we can definitely not expect a presentation of half an hour or even an hour at a bank to make small investors understand everything. Given inadequate risk disclosure, we have to focus on quality assessment, which is the responsibility of the Securities and Futures Commission (SFC).

I believe the President has a clear idea about the two functions of the SFC, namely protecting the interests of investors and promoting Hong Kong as an international financial centre. These are contradictory functions in some

measure. With the products in the international financial market getting increasingly complex, the so-called "financial geniuses" or "Wall Street pirates" have turned the market into a very complicated place, and they are zealously selling these products so as to improve the performance of their institutions and get high salaries and emoluments. Whilst they are zealously selling these products, should Hong Kong refuse nobody and arbitrarily allow the emergence of such high-risk products in the retail market, ignoring its responsibility of protecting investors? A large number of such financial geniuses keep flaunting their plans to retire at 40; they were offered high salaries contracts when they joined an organization and given the so-called "golden parachutes" or "golden handshakes" when they left the organization after failing to satisfy investors. Where is the money from? Does our regulatory body have the responsibility to advise small investors against becoming the desserts of "Wall Street pirates"?

President, during the previous financial turmoil, our first Chief Executive attached great importance to the development of Hong Kong into an international financial centre. Mr Antony LEUNG, well-versed in the operation of the banking and financial sectors, was the remarkable aide-de-camp to the Chief Executive at that time. He was also well-known for his emphasis on flexible practices. A lot of high-risk investment products such as hedge funds were approved for launch in the market around 2000.

I would like to ask the Administration if the officials and regulatory body at that time who were eager for success had blindly approved the launch of these products in the market regardless of the fact that the risks of these products were higher than those small investors could understand and bear. In the course of pursuing responsibilities, I trust that we should not only focus our attention on the incumbent Financial Secretary, officials and senior management of the existing regulatory body, but also summon officials at that time who emphasized the importance of developing Hong Kong into a financial centre. Mr Antony LEUNG who has already left office is definitely one of them.

I agree that an ombudsman mechanism should be set up in Hong Kong as soon as possible. The Ombudsman should be empowered to handle complaints and impose mild punishments such as levying fines such that small investors can have a channel for complaints and their complaints will be handled by a sound authority. There will no longer be a vacuum in which small investors are at a loss as to what to do. These investors have met with a rebuff even though they have the assistance of political parties. Such a mechanism will also avoid high prosecution expenses of litigations and allow cases to be sensibly handled at low costs.

President, the confidence of the community is on the verge of a collapse. The tainted milk incident made us disturbed and restless and we do not know how we can rest assured about having our money properly handled. When the Government, the regulatory body and system fail to keep the gate properly, people's confidence will not be maintained and social order will be disrupted. With everybody running in his own way and fending for himself, there would be even more chaos in society.

Therefore, the responsibility of this Council I am really glad that we have set up a subcommittee. When we discuss the terms of reference of this subcommittee in the future, I hope we would not introduce restraints ourselves. We have to bear in mind our responsibility of seeking the truth for the public and we should dare pull the tiger's tail and never quail. This Council has the responsibilities of seeking the truth and maintaining a mechanism of credibility so that the public would still believe that keeping social order is the most effective way to protect people's interests. Thank you, President.

MR WONG KWOK-KIN (in Cantonese): President, on the 15th of last month, the fourth biggest investment bank in the United States, Lehman Brothers, filed a bankruptcy protection application after its sales failure. When we learnt about this piece of news, on the one hand, we could only lament why a bank with 150 years of history can fold overnight; while on the other, we were also concerned that the global financial crisis may have an impact on the economy. However, it probably did not occur to anyone at that time that a mishap that happened to a financial institution thousands of miles away in the United States could have such a great impact on Hong Kong.

Originally, the term "bond" always gives the impression that it is a safer investment tool and Lehman Brothers used the word "minibond" to package some high-risk derivatives. People had the impression that what they had bought were the bonds of large corporations broken down. Little did they realize that minibond was in fact a sugar-coated poison. Some academics explained that to buy minibonds was tantamount to having a gamble with financial institutions on whether the bonds of large corporations would run into troubles. However, before the large corporations linked to these minibonds had run into any problem, the investment banks that enticed the public to gamble with these large corporations folded. This is just like a rogue banker at a gaming table who ran away without paying out the winnings.

If a member of the public chooses to place high stakes in this gamble of his own accord, he only have himself to blame if he loses. The problem is that now many of the people who bought these minibonds are elderly people who wish to preserve their capital. They have lost their lifelong savings and they had no idea that they had been coaxed into a gamble and that in the end, they may lose all their money. This is totally unreasonable. Now, the Hong Kong Association of Banks (HKAB) will buy back these financial products at the request of the Government. However, how much money will be used in the buyback? When will the buyback take place? The latest news is that some of the products will perhaps be bought back in early December, but there is still more than a month to go before early December, so can these victims endure for such a long time? Now, we are still facing a situation in which we have no idea whatsoever. The victims in the minibond saga can neither eat nor sleep well. Can our government officials appreciate this?

After the occurrence of this incident, of course, our priority request now is that the Government monitors the progress of the buyback closely and request banks to buy back the minibonds at a reasonable price. Of course, we hope that the HKAB will announce today that action will be taken in early December. If this is really the case, can the Government give greater impetus to this matter to speed up the progress because to wait until December is far too long. In future, we also have to step up the regulation of financial products because the recurrence of similar incidents in Hong Kong should not be tolerated.

Apart from the minibond saga, the financial tsunami also has had great impact on the Hong Kong economy and employment. On 9 October, the U-Right chain store was taken over by a provisional liquidator because of its debts. A couple of days ago, another company with a long history of 60 years, Tai Lin, closed down and its employees, numbering over 260 people, joined the ranks of the unemployed. The FTU and the Hong Kong Department Stores and Commercial Staff General Union are helping its employees to recover close to \$10 million of wages in arrears and severance pay. As far as I know, more unemployed people may approach us for assistance in succession in these two days.

The latest unemployment rate in Hong Kong has risen by 0.2% to 3.4% and the number of unemployed people has increased by 5 000. This rise in unemployment rate is a cause for concern and reflects the fact that the impact of the financial tsunami on employment has surfaced. The closure of retail shops

in these few days is just a sign of things to come. We foresee that at the end of this year or after the Chinese New Year next year, a spate of closures in the catering industry will occur and the unemployment rate will definitely rise. Some academics even predicted that the unemployment rate might rise to more than 5%.

Several days ago, the Financial Secretary said it was estimated that such infrastructure projects as the Tamar Project and the Hong Kong-Zhuhai-Macau Bridge would create 10 000 jobs between 2009 and 2011. However, in this quarter, the number of the unemployed stands at 134 000 people. May we ask the Administration if these 10 000 jobs amount to a drop in the ocean?

In addition, the Secretary for Labour and Welfare has given us a lot of assurances, saying that the fundamentals of the Hong Kong economy are sound and the unemployment rate will not rise rapidly. Even if the unemployment rate does not soar, as the Secretary said, the experience of the SARS epidemic in 2003 tells us that some employees, apart from facing layoffs and unemployment, may still have to face the plight of reduced pay and fringe benefits even if some of them can keep their jobs.

The FTU will certainly continue to assist employees in dealing with labour disputes. However, it also hopes that the Government will not underestimate the impact of the financial tsunami on the employment market. Moreover, it has to re-examine whether or not the economic structure of Hong Kong is overly reliant on the financial service industry to the neglect of the employment needs of the public at large.

With these remarks, President, I will support the original motion and all amendments. Thank you, President.

MR JAMES TO (in Cantonese): President, having got the general drift of the speeches of the great majority of Honourable colleagues, I think I should, and I also want to, voice my views on these bigger issues. One of the points that I heard Mr CHIM Pui-chung and Ms Cyd HO mention was whether, after the occurrence of this incident, Hong Kong could remain a financial centre. Put another way, since Hong Kong has been a financial centre, as a result of which we could sell this kind of products offered by Lehman Brothers, should we conduct a further review now?

Prof Patrick LAU pointed out and indeed, we have also put the question to the Government, that it seemed this kind of products could not be sold in the United States. After investigation, the Government said that legally, this kind of products could be sold in the United States because the regulatory framework there was more or less the same as that in Hong Kong. However, in reality, no intermediary would sell them in this way in the United States. Why? Because it would face serious legal actions. In the United States, if one sells such products to small investors in this way, including people of backgrounds similar to the victims here, one should thank one's lucky stars if one does not face serious legal actions.

Therefore, although the laws and regulations of the United States have enabled it to become a global financial centre that allows international financial predators, the funds of various countries and even any major investor to have a share of the cake, so that its employment situation and economy can be greatly boosted, various approaches are actually taken — in fact, this may be some kind of supervision or in some cases, it is the legal system — as complementary measures, so that intermediaries will not sell this kind of products. This is made possible by the overall co-ordination efforts of the financial centre, including the relevant culture and whether investors would make such purchases.

Looking back at the situation in Hong Kong, I think Hong Kong cannot have any development in future if it does not play the role of a financial centre, nor can it support the living of so many people. Therefore, Hong Kong must serve as a financial centre and the present wrangle is only about whether or not we are the only although the justifications cited by us are most tenuous, it is absolutely necessary for us to take this course of action. The question remains whether or not it is necessary for us to protect the general public in certain ways, as the case should have been in this incident.

A very interesting old man told me that recently, we had asked the President of the Legislative Council if he was a member of the Communist Party and the old man said he himself was a member of the Communist Party. For several decades, he had patronized Chinese banks because their staff were people on his side and comrades in arms. Several decades ago, together with these people, he tossed homemade bombs in the streets. In this incident, he had lost hundreds of thousands of dollars and he had come to grief. For this reason, he felt very angry because he had been deceived by the state-owned bank he had trusted. Those people were the comrades trusted by him. I told him jokingly

that he should write to the Chairman of his Communist Party, HU Jintao, saying that President HU would probably fix this for him and that he should not be cheated. Moreover, the bank was controlled by the Communist Party.

However, what do I mean in saying this? I hope that the Government can reflect on what the overall situation is in this incident involving many members of the public. By overall situation, does it mean that many people have staged rallies together with political parties and plan to fish in troubled waters by saying that they are the victims, whereas they knew full well the risks of these investment tools but still bought them all the same in order to earn higher interests and when in the end they lost, they say that they want to get compensation and the Government has to assume responsibility? Do these people make up the majority or the overwhelming majority? Or is it the case that the people concerned bought these products with all their assets, that it was practically impossible for them to understand the details, a lot of misleading and irresponsible conduct was involved and it is said that even some bank employees did not understand the products? In fact, most of the people involved were misled — I will not say deceived — so it is necessary to sort this out. This is because if we say that most people are astute, that they bought those products out of greed, that they should accept the consequences readily and should not kick up a fuss after losing, if this is really the case, I think the present proposal put forward by the Government, that is, the so-called buyback proposal at market value is generally speaking OK. It may even be more than what these people have bargained for. However, if we believe that most of these people are not like this but were misled, I think the present buyback proposal is biased in favour of banks.

Several days ago, the *Hong Kong Economic Journal* named and criticized me, saying that James TO had gone over the top in saying that banks had to pay an extra 20% as the premium in the buyback, that doing so was tantamount to punishing the banks. In fact, that was not what I said in the news conference. However, many reporters paraphrased my remarks and the reports came out like that. My original remarks were that in fact, banks had to think about this matter. For example, individual banks should look closely at the cases of some victims and they should be able to see that some of the victims had exercised moderation. As a result, the banks may think that they themselves were rather of course, the Government or the banks may now tell these victims that the cases have to be resolved individually. In some cases, legal action may be taken, while in others,

conciliation or mediation may be acceptable. However, I think that be it mediation, conciliation or dealing with the cases individually, all these are possible approaches but I believe that in fact, some banks had assigned their front-line employees to carry out monitoring systematically. When the fixed deposits of some customers were about to mature, these employees would promote this kind of products to them. Alternatively, employees were trained to use marketing techniques to say how secure the companies concerned behind these minibonds were, for example, by saying that even if one of the seven companies closed down, only one seventh of the money would be lost and that it was impossible for all seven to fold all at once, so on, and so forth, thus dismissing all other risks completely. I hope these banks can really consider whether the problems can be solved by buying the minibonds back with a premium.

The Government has intimated that according to the figures, 70% of these people, that is, over 30 000 of them, can get back 70% of their capital and 30% of them can probably get back only 10% or less, that is, the number of minibonds they hold were minimal. I think that the majority of these people, that is, the 70% of people, have only lost 30% of their money. In that event, frankly speaking, if both sides can shoulder this 30%, that is, if each side can shoulder half of this amount, each side will have to shoulder 15%. If this course of action is not taken, all the cases numbering at over 20 000 have to be resolved through mediation. I think that given the present economic and social situation, this is not the best approach. In contrast, frankly speaking, if 70% of the money can be refunded — if the Government is correct in its calculation and the figure is indeed 70%, if an extra 15% is paid on top and all cases are settled in this way, so that everyone will lose just a little money and if this proposal is put forward for all people concerned to consider, many victims will in fact accept it. The hardest part is the remaining 30% of people. I believe these people, even if an additional 20% is offered, will still refuse to accept it, so these cases should be dealt with individually.

DR RAYMOND HO (in Cantonese): President, I quote, "Minibonds are not bonds, but derivatives". This is not a definition of the Lehman Minibonds that I found in some dictionary of financial terms. In fact, it was said by the Chief Executive when he was the guest of a radio programme last Thursday. Of course, in the past month, the Lehman Brothers incident has aroused widespread

concern in society. As a result, more people have gained a better understanding of this kind of financial products. However, to investors who purchased the Lehman Minibonds and related financial products, one can say that they have learned their lesson in the hard way. Through banks, without knowing it or having been misled, they thought they had invested their life-time savings in low-risk bonds. However, after the investment bank Lehman Brothers had gone bust, they suddenly found that they had in fact invested in some high-risk derivatives and suffered heavy losses.

After this incident came to light, one of the focuses of concern of society is the role and responsibilities assumed by the authorities in monitoring financial institutions, particularly banks, in selling these high-risk investment products. It is reported that the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC) signed a Memorandum of Understanding in December 2002, in which an agreement was reached on ways to implement the regulatory regime stipulated by the Securities and Futures Ordinance. In the regulatory system spelt out in the agreement, a licence from the SFC is still required for the sale of investment products by bank employees but front-line monitoring will be the responsibility of the HKMA.

In the urgent special meeting of the House Committee lasting eight hours held on 13 October 2008, the officials attending the meeting responded to questions about the responsibility of monitoring the institutions concerned. The HKMA claimed that it was prescient and had raised the issue of risks with banks long ago, whereas product promotion was regulated by the SFC. However, the representative of the SFC pointed out that investors should not decide on their choice of investment products by looking at their names alone. The Financial Secretary even said forthright that our financial system and regulatory regime were sound. Without knowing it, with such comments, they shovelled the question of where the responsibility laid into a black hole.

If our system is so sound, why are minibonds, not sold to small investors at the retail level but traded only among financial institutions and professional investors, for example, among investment banks or funds in Europe or in America, found in the retail market and sold to small investors in Hong Kong? Does this reflect the fact that the standard of monitoring in Hong Kong is different from those places? No matter how the authorities tried to shift the responsibility to one another, the general public, in particular, the investors of

Lehman Minibonds and related financial products, have a better idea. It is precisely out of this consideration that in the meeting of the House Committee last Friday, I supported the establishment of a subcommittee to discuss the incident of Lehman Minibonds.

Apart from establishing a subcommittee to uncover all the truth in this incident, what matters even more now is to assist the victims in seeking compensation, and setting up an inter-departmental response team is one of the feasible approaches. This arrangement can show the Government's sincerity and resolve in solving this problem, as well as obviating the need for victims to approach various government departments and financial regulatory institutions for assistance. In addition, the authorities should complete as soon as possible the investigation of complaints cases about irregular or improper sales practices. If it is found on investigation that the allegations are substantiated, the SAR Government should pursue responsibility with the financial institutions concerned and offer assistance to victims in claiming compensation. If necessary, consideration can also be given to using the Consumer Legal Action Fund to help victims take legal action against the financial institutions concerned and claim compensation. However, since legal actions often take a rather long time and involve high costs, the Government can also encourage victims to adopt the approach of arbitration or conciliation and offer relevant assistance to them. At the same time, the Government should also review the existing regulatory arrangements for the sale of financial products by banks and financial institutions to prevent a repeat of such mistakes.

President, it is incumbent upon the SAR Government to offer assistance to the victims. However, it should by no means give them any unrealistic hope, including the possibility of the Government "underwriting the difference", thus making them hold false hopes and insist on getting back all their capital and making it more difficult to resolve this incident. To other members of the public, the "underwriting" proposal does not seem to be a fair and responsible solution. I so submit. Thank you, President.

MR FREDERICK FUNG (in Cantonese): President, I still remember that the Securities and Futures Commission (SFC) once used the title "Investors First" on the cover of its annual report to underline its role of monitoring and promoting market operation with a view to protecting the interests of investors. Unfortunately, following the liquidation of Lehman Brothers, a financial tsunami

has swept through the world, exposing the vulnerability of our monitoring mechanism and the skew of the system in favour of banks and financial institutions to the neglect of the interests of small investors and the general public.

It turned out that the supervisory bodies in Hong Kong only require intermediaries selling financial products to inform investors of the risks of products and ensure that the products are sold to the appropriate people having regard to their financial position and risk tolerance level. However, they do not monitor whether the products are suitable for sale in the market or not. This encourages a venal group of so-called financial experts to design a raft of complicated, mind-boggling and even "toxic" financial derivatives far removed from the real economy. They ended up being a scourge for the world. Not only did they cause a collapse of confidence in the global financial market, in Hong Kong, the bitter consequences also have to be borne by ordinary investors and members of the public.

President, furthermore, the conduct of these banks is not regulated by the SFC in any way. Quite the contrary, it is obvious that the Hong Kong Monetary Authority (HKMA) which is responsible for monitoring banks is only concerned about the financial soundness of banks and preserving the stability of the financial system but overlooks the supervision on the conduct of banks. In fact, after the abolition of the Interest Rate Agreement, banks joined the ranks of selling investment products one after another because this can help banks tap other sources of income, so that their finance can be more robust. Of course, the HKMA was pleased to see such a situation and it even adopted a hands-free attitude and did not step up its supervision of the sales practices adopted by banks simultaneously. Obviously, the HKMA did not put equal effort into protecting the interests of banks and those of customers and greater emphasis was placed on the profits of banks than on the rights of customers. Those profit-minded banks held all the information relating to the accounts of their clients, so how possibly would they not seize the opportunity to launch a vigorous promotion of these complicated derivatives to their clients, so as to earn more income than the conventional interest rate differential?

In addition, the problem of the orders of the HKMA not being enforced also exists in the so-called supervision by the HKMA. I still remember that the representatives of the HKMA were very smug in the special meeting of the House Committee held earlier on, saying that they were far-sighted and were aware of

the problem, that they had issued guidelines frequently to remind banks to sell high-risk products prudently. Moreover, before the sub-prime crisis, banks were requested to raise the risk rating of products having an element of CDO, or collateralized debt obligations. However, the question is why, before the liquidation of Lehman Brothers, some members of the public with fairly low risk tolerance and clients with savings accounts who had never laid their fingers on high-risk investments would buy these toxic products due to the vigorous promotion of the banks concerned, thus eventually sustaining heavy losses. The nature of these guidelines issued by the HKMA is tantamount to a piece of waste paper and banks can heed or disregard it at will. The functions of the HKMA are packaged as monitoring the operation of the banks but it turned out this is just empty talk. In the end, it only dances to the tune of the business strategies of banks and is only led by the nose by profit-oriented banks.

President, we now find ourselves in a financial tsunami and the authorities habitually emphasize the robustness of the financial system in Hong Kong. This may be an indisputable fact. However, behind this so-called robustness, it can be seen that small investors and clients are sacrificed. The Government can no longer deny that in the past, the HKMA has given banks an excessively free rein, as a result, its supervision has failed and the interests of customers have been seriously compromised. We need only look at what happened to the victims in the Lehman Brothers incident to see how some banks went to all lengths to sell these toxic financial products to customers. For example, when some bank employees sold the products relating to Lehman Brothers, they claimed that the products were 100% capital-guaranteed, low-risk and were even just as safe as putting the money in fixed deposit accounts. In addition, some bank employees only stressed that these investment products were linked to blue chips and the shares of big corporations and when the worst came to the worst, they could still get their shares back. All these sales practices involving misrepresentation show that banks did not fully disclose the risks at stake and there is suspicion that they were involved in intentional deception. For this reason, the authorities should continue to expedite its investigation. It is not enough just to put forward a buyback proposal. If the investigation indicates that banks were indeed involved in irregular sales practices, the banks concerned must be subjected to disciplinary action and customers should be compensated for their losses, so as to make justice prevail for the victims.

President, the financial and credit crisis triggered by the sub-prime crisis eventually prompted the Government of the United States and even those of a

number of countries in the world to violate the principle of free economy by intervening in the market direct and spending thousands of billions of US dollars of public funds to save the market. Hong Kong is also no exception. The Government and the public both began to reflect whether our thinking of free economy has placed too much trust in the almighty power of the market, unaware that there is also a venal side to human nature. Of course, our prime task now is to deal with the shambles caused by the financial tsunami but a reform of the supervision of the financial market will also be inevitable.

A more profound problem is that this financial turmoil has shown that the belief of "big market, small government" is obviously no longer applicable. Society must carry out a comprehensive review of this. The Hong Kong Association for Democracy and People's Livelihood believes that it is indeed necessary for the authorities to change their past practice of giving the market an excessively free rein. The authorities can no longer refuse to implement reasonable social policies under the pretext of free market, still less can they pursue a market-led mode when providing other services needed by the public. We can all see and it is often proven that the market cannot play roles expected of it in the provision of services to the public.

With these remarks, President, I support the motion and all the amendments.

MR LEUNG KWOK-HUNG (in Cantonese): President, last Thursday, an incident of throwing bananas happened here and many people consider this a great disgrace on Hong Kong and on the legislature. Members can consider this: a spate of financial incidents has happened and many innocent people were victimized. The Government — for example, on that day, Donald TSANG stood here, had no idea what to do and did nothing to help the poor. Was that not a disgrace? Compared to this, the act of throwing bananas was ten thousand times less in magnitude.

Members, on that day, I asked Joseph YAM why things had come to such a pass even though he had foresight. He did not answer. I then pointed out to him that in April 2003, when the legislative exercise for Article 23 of the Basic Law was in full steam, the International Monetary Fund (IMF) prepared a report saying that the situation at that time was critical and there were too many

off-market trading activities. At that time, we had not yet seen the Government of the United States place such high stakes in structured financial products. The Government also gave a reply, saying that there was no cause for concern because the Joint Committee, the SFC, the HKMA and officials were keeping an eye on this. However, having carried out supervision for five years and even though Joseph YAM was far-sighted, in the end, we have still come to such a pass. Is this kind of government performance not a disgrace?

Secretary Prof K C CHAN took office at a later stage, so he should take a smaller share of the blame. The more other people say how far-sighted they are, the more guilty they are, are they not? He knew that such a thing would happen, but he could not stop it, could he? The person who said such a thing was shameless. This person is Joseph YAM. I must make it clear such that there will be no mistake about this.

Next, I will talk about Donald TSANG. When I was elected for the first time, when I met him, I already told him (on that day, Secretary Prof K C CHAN was not present) that all his subordinates had to be accountable. At hearing this, his face turned blank and he made no response. At that time, I chided him for three minutes. Finally, it was after some victims had forced their way into banks that he made some sort of a response. What sort of Government is this? There, I asked Joseph YAM how many meetings had the so-called Joint Committee held. What was the agenda? What effective measures had been discussed? Had evaluations been made of structured financial products? He dared not reply but said that it was an unusual time and he had to ask John TSANG whether the details could be disclosed. However, I did not ask him to disclose anything other than this kind of information.

If you eat pig's blood curd, you pass black stool. After that day, they could be merry again and Joseph YAM no longer had to ask John TSANG whether it was necessary to make any disclosure and John TSANG, after hearing this question, did not have to say whether disclosure had to be made. Secretary Prof K C CHAN did not prompt him as to whether it was necessary to make any disclosure when he was asked by "Long Hair" either. After some bananas had been thrown at Donald TSANG, no one asked him either. Now, his popularity rating is very low, is there anything that can still be disclosed? Everything is done in a black box and no one knows what the Joint Committee has done. However, it is still maintained that it has a gilt reputation, capable of containing

things like tsunamis, volcanic eruptions and other incendiary issues. Given that the Government is like this, Secretary Prof K C CHAN, have you ever reminded him that it is necessary to make disclosures? In what way is the Government accountable? I asked him about this face to face, but after giving a reply, he made off.

What the SFC faces now is a situation of one fire breaking out after another. The incident involving the CITIC Pacific alone already gives him headaches and quite a lot of his hair has fallen off. Basically, he has to carry out a probe into the CITIC Pacific, has he not? The CITIC Pacific did not even have to join the game of structured financial products. On account of its capitalist greed, even speculating on one stock or buying a certain stock can be lethal. It looks as though the Government were also dead and did not carry out any investigation. Yesterday, I suggested that Mr Timothy TONG, the Commissioner, conduct a probe into it, but he made no response.

Obviously, Henry FAN of the CITIC Pacific, who is an Executive Council Member, played a part in this irregularity and even Larry YUNG of the "princelings party" and his daughter also played a part in this irregularity. Whenever there is any major transaction or extraordinary transaction, a shareholders' meeting has to be called to make decisions by voting. If the transaction is an extraordinary one, major shareholders are not even allowed to vote. Now, he told reporters that he did not know about this matter and it was his lawyer and accountant who told him to defer making the announcement. He was lying. If it were true, can he state explicitly in writing which lawyer or accountant gave him the advice? To lie so openly — Secretary Prof K C CHAN is now present but he is showing a poker face, whereas Eddy FONG was unwilling to take up the post. Everyone believes that assistance should be offered to the victims of the Lehman Brothers incident and a lot of people even said that the League of Social Democrats would be the underwriter. In fact, this is not true and it was the DAB that said so in an attempt to frame us. We have never said such a thing. We only said that we had to catch the witch and bring to justice those people who sold their products by misleading and deceiving others, then get something back on this basis.

The Government has not done so but only advised them to seek arbitration. How would the calculation be done after arbitration? It advised people to get back the cooked soup ingredients, but where is the soup? Therefore, on this

issue, the Government has shown its extreme incompetence. In the ancient times, there was the chaos caused by the five barbarians but now, five persons have caused chaos in Hong Kong and they are K C CHAN, John TSANG, Donald TSANG, Joseph YAM and ZENG Qinghong to boot. As early as 2003, they said that CEPA should be put in place for Hong Kong. As a result, a large amount of mainland capital has been transferred to Hong Kong, so more funds were generated and Hong Kong is helping to sell fakes goods to harm its own people. What sort of world is this?

Therefore, not only do I demand that assistance be given to the victims of the Lehman Brothers incident in a thorough investigation, I also hope that K C CHAN, Joseph YAM and Donald TSANG will deal with the issues relating to the CITIC Pacific solemnly. Now, it is not true that the law cannot be applied to the "princelings party". Just now, I have already voiced my thoughts and if the Government refuses to deal with this matter, I will lead the people concerned in making a report to the police. Today, we cannot let them turn a deaf ear to us anymore. Today, no one has thrown any banana at them but the ball is in their court, so they have to do something for the welfare of Hong Kong.

MRS SOPHIE LEUNG (in Cantonese): President, today, I have heard many Honourable colleagues voice a lot of views on this motion, so I only wish to make several points in brief.

Mr James TO said just now that each bank probably had their own way of thinking and I think he was very right in saying that. On that day, we had discussions with various government departments for the whole day and when the representatives of banks came, I also commented on this point. I believe that banks probably had their own way of thinking and they should have some ideas. When selling these products, they already knew whether any improper conduct was involved in their practices. They may not have set out to deceive their clients but in any event, something improper was done.

Now, I do not intend to be apologetic for these banks but banks are facing the onslaught of the financial tsunami and they themselves can hardly sort out various kinds of global market information that came their way each day clearly, so how can they cope with it? What kind of tempest is coming? Will it swallow Hong Kong? I am not trying to speak for their defence but they

probably have more definite ideas. I believe that banks also have to protect their business reputation. For this reason, I totally believe that they will definitely do something about this and will even assume responsibility. I absolutely believe in this.

In this legislature, I once had a confrontation with Dr David LI eight years ago. We did not have a brawl, rather, we only reasoned with each other. At that time, I already pointed out solemnly that in future, a major trend of mergers would surface among banks, that no more local-capital banks would exist in Hong Kong and they would definitely evolve gradually into world-class banks. Now, we can see precisely such a situation and among all of our banks, those which were once local-capital banks have been fostered by other investors into world-class banks. For this reason, compared with eight years ago, we can see that the business reputation of banks has been enhanced and they also attach greater importance to their reputation.

For this reason, it is necessary for us to look at the issue from this angle and in the future, it is certain that so long as they have a bottomline, within this confine, banks will certainly resolve and settle this matter. It is from this angle that I look at this issue and it is only a matter of time that this will happen. Therefore, when Honourable colleagues help the victims, first, they have to channel their emotions and I hope everyone can do so. Second, we must have confidence in the business reputation of all the banks in our financial system as they will deal with this matter in the interest of protecting their business reputation. This is the first point I want to make.

The second point that I wish to make is that when the Securities and Futures Ordinance was passed in 2002, we also had many doubts at that time. I also agree very much with the view voiced by Ms Margaret NG a number of times, that is, when discussions on the merger of regulatory systems are going on at some places, why are there two separate systems in Hong Kong? Many friends in the securities sector also raised this point and a former Member, Mr Henry WU, also had strong views. I also had a number of meetings with his sector and had a number of luncheons together with them, so I have a good understanding of this matter. We have also proposed time and again that it is perhaps time we gave consideration to whether a merger should take place or the regulatory systems should be kept separate. I know that in some places where mergers have taken place, consideration is now being given to separating the

regulation again. Therefore, the financial tsunami is another opportunity for us to re-examine the present state of regulation. We should carry out this exercise for the sake of our status as a financial centre and our reputation as a financial centre.

The third point that I wish to make is that many Honourable colleagues hold that those at the top should certainly be punished and the higher ranking they are, the more they deserve punishment. However, this is not corporate governance and we no longer take such a view. I wish to discuss this with Members. This is no longer the era of punishing whoever is high-ranking. First, the monitoring authorities should examine their own monitoring network and their roles in monitoring, then perform their roles properly, instead of being content with taking the back seat and being an overlord or honorary chairman. They should perfect the design of the network and study whether the coverage is adequate. This is their responsibility and they should not merely point at the direction that one should go. This is the third point that I wish to raise.

I think we should define the roles of the Government and the HKMA and how they should delineate their roles clearly. For this reason, from this angle, regarding the point on condemnation of the Government, which is proposed by Mr KAM Nai-wai, I think we should wait a little bit and decide whether this should be done after the Select Committee has examined its role. Even if we have to investigate the Government or even make the PAC do it, we still have to investigate thoroughly before we can inculcate it. Otherwise, we will degenerate into a "talk show", as some Members described it, the quality will decline and the public's trust in us will be affected. President, I so submit.

MR PAUL TSE (in Cantonese): President, after listening to the speeches of several dozen Honourable colleagues, I believe there is nothing new that I can raise. Concerning the clamouring on this occasion about who should assume the greatest responsibility, what the problems in monitoring are, and which official should be held accountable, in fact, all these are meaningless. Instead, I wish to raise several questions.

Generally speaking, I attach importance to the quest for justice. However, when we face a disaster, I am afraid we have to choose between campaigning for every bit of justice possible and looking for a practicable solution to an existing crisis in the political and economic aspects.

Sometimes, in order to find a final solution, I am afraid it is necessary to make a little bit of sacrifice, for example, in the quest for the so-called micro justice. Concerning this incident, if we really want to campaign for justice, I am afraid each case has to be referred to either the Court, some arbitration institution or some kind of special arbitration team, as suggested by some Members. These approaches will inevitably consume countless time and energy. However, I am afraid such a micro approach is ultimately not the best approach and course of action for resolving this crisis.

I heard the comments made by Mr James TO just now and I agree with some of his views. In fact, the only option that we now have is to let the banks put forward a so-called buyback proposal and in fact, this is being too generous to the banks and it is even rather unfair. Why do I say so? This is because basically, the banks would not suffer any loss. Assuming that the buyback of this kind of bonds is based on the prevailing market value and the situation does not deteriorate in any particular way, banks do not have to bear great risks basically. However, these victims will virtually I believe most of the people who bought these minibonds belong to this type, so they are called "victims". They have to sustain the greatest harm and loss in this incident. Therefore, I stress again that this proposal is perhaps too favourable to banks.

However, another approach is to regard this matter as though it had never happened, that is, the so-called *ab initio* approach in law. If the whole incident is regarded as though it had never happened and is dealt with by reverting it to its original state, I am afraid this is not an option open to the banks or the Government. In that case, how should this matter be dealt with? I believe that in the end, it may be necessary to find a middle road, that is, to find a way between these two points.

Concerning this kind of incidents, usually, we have five approaches in handling them. Of course, many Members, a lot of mass media and members of the public would choose the first approach, that is, venting one's anger. Often, they would make some very emotional remarks or quickly hold some officials or organizations responsible. However, after they have vented their anger, I am afraid it will only make them slightly happier emotionally. When we saw a Member throw some bananas or others make comments on the throwing of bananas afterwards, I am afraid ultimately, it will not be possible to solve the problems.

In contrast, I believe that we have to note that so far, not too many members of the mass media or Honourable colleagues have actually proposed ways to deal with this matter. Had this incident happened in the United States, since the litigation system there can impose punitive compensations, I believe the institutions concerned would have proposed of their own accord a buyback method to buy back all bonds and even make appropriate compensation in exchange for not being prosecuted and not having to bear disastrous compensations that they can ill afford to make.

However, insofar as the judicial system in Hong Kong is concerned, without this kind of punitive compensation system, may I ask what incentive there is for the banks concerned to assume such a responsibility? Apart from the pressure of public opinion and the Legislative Council making greater efforts to exhort the Government to do something and the likelihood of the Government bringing pressure to bear on the HKMA behind the scene, I am afraid the only stronger incentive for banks to consider accepting a method more favourable to the victims than the present buyback proposal is to do something about the responsibility. For example, to some extent, I have already suggested that we have to consider giving up the pursuit of justice a little bit, so that banks can be given an incentive to put down this baggage and extricate themselves from this dilemma. However, what kind of incentive is it?

In dealing with this issue, all we have is only the choices of the carrot or the stick. In Hong Kong, the big stick, that is, the punitive compensation that I mentioned just now, is not available, so we can only use an incentive by giving them the carrot, for example, to resolve this matter as soon as possible, so that no excessive burden will be imposed on them and no great damage will be done to their reputation. What matters even more may be the legal consequences, including civil, criminal or regulatory consequences. In this regard, I suggest that the Government may as well take bold and drastic actions in this regard. We should not care too much about campaigning for micro justice, rather, we should take a macro view to examine how an exemption proposal can be worked out, so that banks will have a greater incentive to offer compensation as soon as possible. This will be better than a buyback to the victims, for it is more favourable to them and they can benefit more. Generally speaking, this proposal is more acceptable to this group of victims. The compensation may not amount to 100% of the losses. However, it definitely will not be a buyback at the prevailing value. Only in this way will both sides have a strong enough incentive to deal with this matter.

I think Members may as well give this point some consideration. I think that sometimes, we are too legalistic and too insistent on looking at this matter from the legal point of view. However, this is a commercial matter and it cannot be resolved by means of the law.

Thank you, President.

MR WONG TING-KWONG (in Cantonese): President, a year ago, when the financial market was booming and all members of the public were involved in stock speculation, if someone had said that the fourth biggest investment bank with a history of 158 years in the United States, Lehman Brothers, would soon go bankrupt, it would surely have been regarded as a mighty joke. However, now, this mighty joke has become a cruel reality and this century-old institution which was apparently secure as a mountain could not withstand the blows of the sub-prime turmoil and it was declared bankrupt on 15 last month. The sudden demise of Lehman Brothers caused over 40 000 investors who had bought investment products issued or guaranteed by Lehman Brothers in Hong Kong to lose everything.

In the past month, I have come into contact with quite a number of investors who made investments in the Lehman Minibonds. Their common complaint was that they had been persuaded or misled by banks or employees of securities firms into buying what they thought was low-risk and very safe investment products. As a result, all the money they had invested went down the drain. Many of them were retirees or housewives who originally had a sum of savings for their old age or out of which they could earn term interests. Of course, these investors also had the responsibility to understand clearly the details of the products they had invested in. However, after this incident, it also took me some time to study and read the information on the relevant products carefully before I found that it was in fact a kind of very complicated investment product. Moreover, I could only gain a hazy notion of it. May I ask how possibly could the so-called "investors" understand all those incomprehensible sales documents? Even the simple promotional leaflets only stressed how safe these products were and how high a return they could yield, concealing the fact that the collateral of these minibonds was the complicated tool of CDO.

In this incident, criticisms were directed at the front-line sales staff. However, I believe that as the gate-keepers of the financial system, the HKMA

and the SFC have an unshirkable responsibility. Unfortunately, it seems that the SFC and the HKMA are passing the buck to one another. The SFC said that its major responsibility was to examine whether the sales documents of products had made adequate disclosure but it would not examine the financial products, whereas the HKMA said that its responsibility was only to monitor the sales practices of banks. However, it could only take disciplinary action against banks violating the regulations but not demanding that banks make compensation. Last week, Joseph YAM also said that last year, he had frequently suggested banks classify CDO products as high-risk products to be sold only to investors who could bear high risks. Moreover, he had also issued warnings to most of the banks that had violated the regulations. However, the problem is that it seems Joseph YAM had only made the appeal of "dry weather, beware of hill fires" and given warnings to people who burned paper offerings anywhere they like on the hills but meting out no actual punishment to offenders to prevent people from leaving behind smoldering fire that would cause hill fires and accidents that would harm the innocent. On another front, it looks as though the SFC were just looking on when there was a fire, quietly observing what was going on. With such an irresponsible attitude of complete detachment, may I ask how the interests of investors can be protected?

In addition, when I exchanged views with an academic earlier on, he raised one point overlooked by many people, that is, the issuer of the minibonds was the Pacific International Finance Limited, which was a joint venture of Lehman Brothers Hong Kong and Sun Hung Kai. The company was incorporated in the Cayman Islands and the registered capital was only US\$1,000. It was a shell company for a special project and the guarantor was Lehman Brothers United States. Since the shell company did not use the name of Lehman Brothers, so a brand-name bank, the Hong Kong and Shanghai Banking Corporation, was invited to act as the trustee to facilitate sales. However, the question is that many investors of the minibonds neither knew that the issuer was a shell company nor what a trustee was, still less did they know the structure of the product. It was not until the Government recently requested the HSBC to disclose the collaterals of the minibonds that their assets structure could be seen clearly. Obviously, the disclosure of information is inadequate. In view of this, innocent investors were probably involved in an unfair transaction and exposed to risks. Moreover, in theory, if problems with the products arise, the victims can pursue legal responsibility with the issuer, the trustee or the distributing bank. However, the trustee of these minibonds was the HSBC Bank USA. It is very difficult to take legal action against an offshore company by recourse to the legal

procedures in Hong Kong. This reflected the fact that the efforts of the authorities concerned in supervision were inadequate and they cannot keep abreast of the complicated and fluid nature of the operation of the financial market and the diverse nature of the products. As a result, it could not protect the interests of investors fully and there is suspicion of dereliction of duty. I hope the Government can pay greater attention to this.

For this reason, I agree to the proposal set out in the original motion of setting up a response team to provide one-stop support and protection to victims, so as to spare them the hassle of having to approach various departments for assistance. The most pressing task now is to assist the victims in recovering the money they have invested. The Hong Kong Association of Banks (HKAB) announced last Friday that it agreed to the demand that banks buy back the minibonds at market value, so I hope the HKAB can finalize and present a buyback proposal as soon as possible. However, I am also concerned about whether this buyback proposal is a final solution which will absolve banks of all their responsibilities for the victims of minibonds and pose difficulties to victims in seeking compensation in future. I hope the authorities can give us an account on this. In addition, the authorities should also complete its investigation of the improper, misleading or deceptive sales practices adopted by dealers in violation of the regulations when dealing with investors and help the victims seek compensation to which they are entitled.

With these remarks, President, I support the original motion and the amendment.

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

MS EMILY LAU (in Cantonese): President, I speak in support of Mr Jeffrey LAM's motion and all the amendments. Just as Mr Paul TSE said just now, Members have said so much that almost everything has been covered, so what else is there to say? However, even though there is nothing much to be said, I still have to say a few words because many members of the public have expectations on us, President.

Last week, or the week before, we had a meeting of the House Committee for the whole day and Members will remember that at that time, there were many members of the public in the public gallery whereas today, not many people are

present, probably because they have to go to work and do not have time. I hope that they would not lose confidence in the Legislative Council and think that we cannot help them. I also wish to tell our Honourable colleagues who are new-comers that this motion and the motion to be moved by Mr LEUNG Yiu-chung later on are a bit unusual. President, why? Many motions would arouse heated debates — they are not wrangles and no throwing of objects would occur. Today, Members may not agree with a small part of this motion but they agree with most of it. Members will also agree with the next motion, and they have agreed with it for eight years.

However, President, even if they say they agree with it, I hope that they will agree with it emphatically because Honourable colleagues have pointed out that there is an imbalance in the supervisory framework. The policy address says that the supervisory framework has to be optimized. It sounds very nice because it means that the framework is already a very good one and we just want to optimize it. In fact, the existing framework is riddled with problems. The remarks made by Dr David LI earlier give one the impression that the banking sector is perhaps totally unrepentant. For this reason, President, if this incident is allowed to continue to fester, and it is even said that it is necessary to take legal action or resort to arbitration, we will probably have a very long road ahead of us. However, the banks are unwilling to do any self-examination. President, in fact, you also know that the line drawn by the public is very clear. If those people engaged in speculation and lost their money, what has it got to do with other people? However, the victims we are talking about now are different from this kind of people.

For this reason, I hope the banking sector, the HKMA or Secretary Prof K C CHAN will make it clear to them. In addition, Hong Kong will also come to a very difficult situation. In particular, given that the second wave and the third wave will hit us in succession, if banks continue to say that this has nothing to do with them or that it will only pay back 5%, so on and so forth, thus leading to further deterioration of this incident, this may make all the people take to the streets and cause great repercussions. I believe this is the last thing Members would wish to see.

Therefore, although many Honourable colleagues have said a lot, I still wish to add one point: I hope the authorities and the banks will listen carefully (and I hope in particular that banks will listen very carefully) to the unanimous remarks of a number of Members, who made them in the hope that we could handle this matter more properly. President, I also hope that various political

parties and groupings will support the subcommittee in invoking the Legislative Council (Powers and Privileges) Ordinance to investigate this incident. Someone in the authorities once told me that they were already working very hard, yet Members still wanted to conduct an enquiry. As a result, they looked like a pretty kettle of fish. I must tell them that if they do more work, the subcommittee will be able to do less. If they handle a lot of things properly, when the victims come here, they will be very happy. I heard that the problems of two victims have already been solved, but the number stands at only two. These two victims had to do with the DBS Bank and no other victims have solved their problems. President, if most of the 40 000 victims or the over 10 000 victims who approached the HKMA come to the Legislative Council and say that our assistance is no longer required, that they have dealt with the matter properly, that would be great. However, of course, we still have to conduct an enquiry to examine why so many things happened all of a sudden and what lessons we can learn.

Therefore, I said to the authorities and the banking sector that this incident was really no joking matter. The situation now is so difficult — and this is only the beginning of difficult times, President. If the difficulty persists, more companies will close down and more people will become unemployed. I believe the patience of those people will also wear thin. Banks have been making money in Hong Kong for so many years and they have made such a lot of profit. I hope they will understand their own corporate responsibility. In particular, in many of these cases, we have to speak up because some people made mistakes. If the buyers had speculation in mind, nothing can be done after they lost their money and they have to assume the responsibility personally.

In addition, I support Mr WONG Kwok-hing's mention of those employees. Just now, it was mentioned that if employees made mistakes, they had to be prosecuted. If what those employees did was an offence, I absolutely agree that this should be done. However, did the banks concerned exert pressure on their employees? President, two weeks ago, someone called a radio station to say that a bank employee had wanted to sell such products to him. That person had become more alert. However, when he asked, "Hey, why do you still sell this sort of things to me?", that employee made a hushing sound to tell him to keep quiet. That means the employee knew full well what those things were and since he knew, why did he still want to sell them? That was probably because the employee liked to do so deliberately. However, another possibility was that he had been instructed by his superior to meet certain quotas and employees were

told to get the job done. In this regard, I also heard another bank manager call the radio station to say that their situation was really miserable and they were on the brink of mental breakdown. Because they were constantly chided by people and when they went out for lunch, they had to remove everything relating to their banks. Otherwise, if other people knew that they work for a bank, people would hunt them down immediately.

I think that such a situation is most lamentable. We say that Hong Kong is the international financial centre, but things have come to such a pass. For this reason, President, things are definitely in a shambles and I hope that Secretary Prof K C CHAN and his colleagues and even the authorities concerned can deal with this matter at full steam. President, I hope that we in the Legislative Council can also perform our functions and join hands in championing for members of the public in this incident, so as to make justice prevail for them. I so submit.

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

(No other Member indicated a wish to speak)

PRESIDENT (in Cantonese): Mr Jeffrey LAM, you may now speak on the three amendments. You may speak up to five minutes.

MR JEFFREY LAM (in Cantonese): President, I am very grateful to three Honourable colleagues for proposing amendments. I am also very grateful to Honourable Members for speaking enthusiastically today. That a total of 34 Members have spoken today has made this discussion on assisting the victims of Lehman Minibonds very fruitful, and given us an in-depth knowledge of the incident.

Actually, I share Members' points of view and opinions, though our view might differ slightly on certain details. However, I agree that we share the same goal in hoping that the Government can endeavour to help victims who have been misled into buying the Lehman Minibonds to get back their capital or compensation expeditiously. In particular, I very much hope that the banks can let those victims who are elderly or disadvantaged get back their principal

expeditiously. We can see that they have really suffered tremendous mental torture in going to different places every day. Why should they go to different places in this manner? They just hope to get back the money they made with their blood and sweat, or the so-called "funeral savings". It is a backbreaking job for them to go wrestling with banks, meet with Members of this Council, and seek assistance from different people to get back their principal. For them, this is a great disturbance. For us, this is also a great disturbance, because we will be unhappy if they are unhappy. This is unfair to them, too. Therefore, it is my sincere hope that they can resume their quiet lives as usual, and get back the money to have it deposited back into banks.

In his amendment, Mr KAM Nai-wai proposes, among other things, condemning the Government for its inadequate monitoring. It appears to me that it is quite unfair to condemn the Government at the present moment when the incident is still under investigation and the final outcome is not yet available. Actually, I think that it is most important for us to spend more time and energy assisting the victims in seeking compensation and reviewing the defects in the system to prevent the recurrence of similar incidents in future. Furthermore, the Lehman Brothers Minibonds are just part of the financial tsunami. Now, we can learn from newspapers every day about factory closures, poor business, people not going to restaurants, and so on. All these warrant our attention. As everyone in Hong Kong has been hit by this tsunami, we should spend more energy and make more efforts in tackling the crisis. Furthermore, the crisis is not going to be resolved within a short period of time. Not only will its implications be far-reaching, it is expected to last very long, too. Therefore, I think we should spend more time tackling the financial crisis to bring about a smooth transition for the local economy to enable it to tide over the aftermath of the tsunami and resume a rebound, with the impetus provided by the businesses and industries and the retail sector in Hong Kong.

Hence, I hope Honourable colleagues can continue to make joint efforts for the victims of the Lehman Brothers incident, improving the financial system and stabilizing the confidence of the people of Hong Kong. Thank you, President.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, Honourable Members, I have listened to the views expressed by 34 Members during the past four hours or so. Now I hope to give a brief and concise response.

First of all, I hope Members understand that the Government fully appreciates the discontent and grievances of the affected investors and understands the concerns and discussions triggered by the incident in the community. We have been listening. In the wake of the incident, the Government has been striving to co-ordinate various parties, including the Hong Kong Association of Banks (HKAB), trustees, distributing banks, securities companies and the Consumer Council (CC) with a view to handling the relevant complaints expeditiously and properly and working out a feasible option that can help minibond investors. Under the Government's impetus — though Members said that the Government had been very slow in performing many tasks, this is open to discussion — actually, under the Government's impetus, a series of initiatives have been introduced. This past week has seen some progress. The HKAB has set up a task force to follow up this issue and actively consider, through its appointed legal adviser and an independent financial adviser, launching work relevant to the Government's buyback proposal. The Hong Kong Monetary Authority (HKMA) has also commissioned an independent consultant to monitor the entire process to ensure that investors are given fair treatment. We will continue with the relevant co-ordination and mediation efforts.

Perhaps I should respond briefly to the proposals raised earlier in the meeting. Regarding the publication of information on minibonds, Mr WONG Ting-kwong mentioned the issue of trustees. We have, for quite some time, attempted to actively liaise with the trustees in order to acquire the latest information. However, we have encountered difficulty on this front because not only one trustee, but layers and layers of trustees, are actually involved. Notwithstanding this, the trustees have already provided the latest information to minibond distributors. We have also encouraged distributing banks to meet with affected investors to explain to them the latest situation.

I would also like to say a few words about the buyback proposal because it has been mentioned by a number of Honourable Members. Actually, we have been holding the view since the outbreak of the incident that we should expeditiously assist minibond holders in resolving the problems arising from the bonds in their possession, such as the value of the assets and ways to proceed with liquidation. I think priority consideration must be given to this. However, we are not implying that this is the only option because investigations into malpractices have also been launched by us concurrently. We have held the

view right from the beginning that these two options must be proceeded with simultaneously. This is because, first, investors will suffer the greatest losses should the assets problem remain unresolved. Second, it is impossible for us to handle the accusations and complaints concerning improper sales positively, effectively and reasonably if investigations are not launched at the same time. If it is proved that improper sales are involved, the relevant banks will be held responsible. We have been holding this view right from the beginning. The banks have also stated their position one after another that, should accusations of improper sales be confirmed, they will assume the responsibility. We have made efforts in these two areas right from the beginning.

As regards how best a buyback proposal can be drawn up, we have noticed that the liquidation procedure will actually be very lengthy. If small investors are left in an isolated and helpless position, we believe a lot of grievances will arise. This is also unfair insofar as their interests are concerned. Therefore, I have proposed that banks buy back the minibond products at market value. But it does not mean that banks will cease to bear any responsibility after buying back the products. We consider these two separate issues. We were requesting the banks to assist in resolving the liquidation issue, protecting investors, ensuring the value of their collaterals will not be depleted with the passage of time, and reducing the disturbance faced by investors. At the same time, we will definitely expedite our work in handling complaints. As regards complaints about improper sales, if it is proved that these cases are substantiated or there are systematic problems, the banks concerned certainly have to assume responsibility.

As for the timetable for implementing the buyback proposal, a matter of concern to Members, the HKAB has taken on board our proposal subsequent to our vigorous mediation. However, I have to point out here that in many places, even in Hong Kong, this type of proposal is unusual. We are even being accused of intervening in the market. But I believe our request for the banks to buy back the minibonds at market value in the interest of investors is not in violation of the market principle and is helpful to investors. This is why we have put forth this proposal. Of course, regarding the timetable for implementing the buyback proposal, the banks need to undertake market research to learn more about the conditions of the collaterals and legal proceedings. It can be imagined that we have been hoping that this matter can be tackled expeditiously. I have been given to understand that the banks have made an announcement today expressing their hope to buy back the minibonds starting early December. Regarding the

discussion concerning this, a number of Members indicated earlier that they supported our proposal. I would like to thank Members for their support here. The banks have also listened to Members' views. I believe they will handle the matter expeditiously.

The investigation of complaints is also important. If we are to require banks to be responsible for their improper sales practices, we must launch a proper investigation. Only in doing so can we have reasonable grounds or meet the conditions to hold the banks responsible for their faults. Now, the HKMA has injected a lot of resources for the investigation of complaints. In addition to the publication of the first batch of cases, I believe the outcome of other cases will also come out one after another.

I would like to say a few words about the investigations. Just now, Mr WONG Kwok-hing expressed his concern about the possible impact on front-line employees. The current position is like this. After the preliminary investigation by the HKMA, certain cases will be referred to the Securities and Futures Commission (SFC) because the Securities and Futures Ordinance is enforced by the SFC. Therefore, the SFC will investigate the cases referred by the HKMA. However, the cases are not investigated one by one. A top-down investigation method is being used by the SFC. In other words, the SFC will investigate whether there is any systematic wrongdoing on the part of the banks concerned in monitoring risks, such as whether the management understands the characteristics and risks of the products, whether the front-line employees have received adequate training, and so on. This is a systematic investigation. Furthermore, when the HKMA follows up the complaint cases alleging improper sales practices used by licensed banks in promoting Lehman Brothers-related investment products, it will also pay attention to whether there are internal systematic problems with the banks. If such problems are found to exist, the HKMA will follow up the matter with the relevant banks and impose sanctions.

As regards the issue of settlement, the investors affected can definitely pursue the matter with the banks which have violated the rules relating to sales practices through court proceedings or mediation when the outcome of the investigation is available. The CC has also planned to select some cases of stronger justifications and obvious violations, and submit them to the Consumer Legal Action Fund which would then consider whether assistance should be rendered to complainants in proceeding with litigation. The Government has also undertaken to make an injection into the Fund if necessary.

In view of the large number of cases involving the Lehman Minibonds, Members have also raised the point that it is not absolutely necessary for all these cases to be dealt with by the Court. We certainly understand this. Right from the beginning, we believe that the clients can conciliate with the banks concerned. However, for the purpose of making proper arrangements for the matter and rendering the clients assistance, the HKMA will also deploy mediators and mediation agencies to render assistance. The HKMA has already liaised with the relevant mediation agencies and will publish details concerning the relevant circumstances and provision of services in due course. We hope such information can be provided shortly.

During today's debate on "Assisting the victims of the Lehman Brothers incident", generally speaking, the follow-up initiatives proposed in Mr LAM's motion and the amendments proposed by three other Members are being vigorously implemented by the Government. Over the past several weeks, we have been maintaining close liaison with various Members and improving our handling approach in the light of the views heard. Furthermore, I notice that a number of Members mentioned just now the inadequacy of the existing regime for monitoring structural investment products and the need for review. This point is shared by us, too. With the rapid development of financial products, there is also a need for our monitoring system to keep abreast of the times to tie in with the development of the market. We absolutely agree that the existing mechanism has room for improvement.

Our financial system, as well as the global financial system, has learnt an important lesson from the financial tsunami triggered by the Lehman Brothers incident. The incident has also highlighted the concern of the general public about the existing system for monitoring the sales and promotion of investment products. Just now, a number of Members asked about the sales of such derivatives as minibonds in other places. According to the information provided by the SFC, many products of this type are sold in other parts of Asia, such as Singapore and Taiwan, and many places in Europe, including Germany, Sweden, Italy, Austria, and so on. Although I will not spell out the detailed figures here, it does not mean that the problem does not exist. President, we can see from this incident that, with the rapid development of structural investment products in the global financial system, there is indeed a need for review. In this connection, the Government has undertaken to conduct a comprehensive and detailed systematic review. Summing up the repercussions in the community since the occurrence

of the Lehman Brothers incident, including the views expressed by Members, we think that the subjects need to be reviewed as a start should include the following:

First, should the existing "disclosure-based" regulatory mechanism be continued or whether certain supportive measures should be introduced to provide proper protection for investors?

Second, is there a need to review the regulation of investment products, including the sales outlets and targets, and names of the products; and if there is a need to do so, how?

Third, is there a need to change the mode of "two regulatory authorities for one industry", and how changes should be made?

Fourth, how to prevent banks/securities companies from using improper sales practices to promote and sell investment products to investors?

Fifth, how to enhance education and protection for investors? This is actually a very important subject.

Furthermore, we will also examine whether and how a standing complaint and mediation mechanism should be set up.

We keep an open mind on the reform of the existing regulatory regime. We also welcome views from all sectors. The review of systematic issues will explore subjects of concern to various parties. In view of its extensive scope, there is also a need for us to pay close attention to and cope with the world's latest trend, and proceed with caution. The Financial Services and the Treasury Bureau has launched the relevant work and will consult the Legislative Council again when necessary.

I hope Members can note that, with the efforts of all parties, substantial progress has been made in the Lehman Brothers incident over the past week or so. I hope Members will also agree that our priority task is to help the investors of the Lehman Minibonds to recover the current value of their investment expeditiously and handle the relevant complaints. The Government will continue to work hard to follow up this incident. I hope Members can give us support.

Thank you, President.

PRESIDENT (in Cantonese): I now call upon Mr KAM Nai-wai to move his amendment to the motion.

MR KAM NAI-WAI (in Cantonese): President, I move that Mr Jeffrey LAM's motion be amended.

Mr KAM Nai-wai moved the following amendment: (Translation)

"To delete "as" after "That," and substitute with "under the existing financial monitoring mechanism, there is still"; to delete "investors have complained" after "a large number of" and substitute with "bank clients and investors complaining"; to add "and notes" after "such as Lehman Minibonds"; to add "and the system for monitoring banks and the financial system" after "financial institutions"; to add "condemns the Government for its inadequate monitoring, and" after "this Council"; to add "urging distributors to expeditiously disclose information on the underlying assets of Lehman Minibonds or related financial products, including the nature of the underlying assets, their prices and liquidity; (c)" after "(b)"; to delete "," after "mislead the investors" and substitute with "and whether they have breached the regulations or deviated from the guidelines, and expeditiously disclose the nature and number of cases involving improper sales practices and violation of and deviation from the guidelines;"; to delete the original "(c)" and substitute with "(d) urging the police to expeditiously complete their investigations for the authorities concerned to institute prosecutions against illegal acts, so as to severely penalize such acts; (e) urging various distributors to expeditiously propose to their clients compensation options for improper sales practices and violation of regulations; (f) with reference to the practice of Singapore in handling disputes resolution in the financial sector, considering the setting up of an independent commission or institution to provide one-stop service for disputes resolution, so as to enable the victims to seek compensation through such means as mediation and adjudication; (g)"; to delete the original "(d)" and substitute with "(h)"; to delete the original "(e)" and substitute with "(i)"; and to add "the Financial Secretary, the Financial Services and the Treasury Bureau," after "part of"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr KAM Nai-wai to Mr Jeffrey LAM's motion, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr Andrew LEUNG rose to claim a division.

PRESIDENT (in Cantonese): Mr Andrew LEUNG has claimed a division. The division bell will ring for three minutes, after which voting will begin.

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

PRESIDENT (in Cantonese): Will Members please first press the "Present" button at the top of the voting unit, and then press the "Yes", "No" or "Abstention" button to indicate their stance.

(Members pressed the buttons to vote)

PRESIDENT (in Cantonese): Will Members please check their votes before I announce that voting shall stop.

(Members checked their votes)

PRESIDENT (in Cantonese): Are there any queries? Voting shall now stop and the result will be displayed.

Functional Constituencies:

Dr Margaret NG, Mr CHEUNG Man-kwong, Ms Miriam LAU, Ms LI Fung-ying, Dr Joseph LEE, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Mr CHEUNG

Kwok-che, Mr IP Wai-ming, Mr IP Kwok-him, Dr PAN Pey-chyou, Mr Paul TSE and Dr Samson TAM voted for the amendment.

Dr Raymond HO, Mrs Sophie LEUNG, Dr Philip WONG, Mr Jeffrey LAM, Mr Andrew LEUNG, Prof Patrick LAU and Dr LAM Tai-fai voted against the amendment.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr Andrew CHENG, Mr TAM Yiu-chung, Mr Frederick FUNG, Ms Audrey EU, Mr WONG Kwok-hing, Mr LEE Wing-tat, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr CHEUNG Hok-ming, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO, Ms Starry LEE, Mr CHAN Hak-kan, Miss Tanya CHAN, Mr WONG Sing-chi, Mr WONG Kwok-kin, Mr WONG Yuk-man and Mrs Regina IP voted for the amendment.

Dr Priscilla LEUNG voted against the amendment.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 20 were present, 13 were in favour of the amendment and seven against it; while among the Members returned by geographical constituencies through direct elections, 28 were present, 26 were in favour of the amendment and one against it. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was carried.

PRESIDENT (in Cantonese): Ms Miriam LAU.

MS MIRIAM LAU (in Cantonese): President, I move that in the event of further divisions being claimed in respect of the motion on "Assisting the victims of the

Lehman Brothers incident" or any amendments thereto, this Council do proceed to each of such divisions after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Ms Miriam LAU be passed.

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members who are present. I declare the motion passed.

I order that in the event of further divisions being claimed in respect of the motion on "Assisting the victims of the Lehman Brothers incident" or any amendments thereto, this Council do proceed to each of such divisions after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): Mr WONG Kwok-hing, as Mr KAM Nai-wai's amendment has been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. When you move your revised amendment, you may speak up to three minutes to explain the revised terms in your amendment, but you may not repeat what you have already covered in your earlier speech. You may now move your revised amendment.

MR WONG KWOK-HING (in Cantonese): President, I move that Mr Jeffrey LAM's motion as amended by Mr KAM Nai-wai, be further amended by my revised amendment.

President, regarding my amendment, I already said earlier that there are three aspects in the contents. The first one is on timetables, the Secretary indicated in his initial response that

PRESIDENT (in Cantonese): Mr WONG Kwok-hing, you should now explain the contents of your further amendment instead of repeating the contents of your amendment.

MR WONG KWOK-HING (in Cantonese): President, yes, I am trying to explain further the need for timetables. Besides, regarding the views expressed by Mr Paul CHAN on the establishment of a channel for front-line employees proposed in my amendment, I still hope that the Secretary and the Government can give consideration to this idea. I also hope that this further amendment can be given support by Members. Thank you, President.

Mr WONG Kwok-hing moved the following further amendment to Mr Jeffrey LAM's motion as amended by Mr KAM Nai-wai: (Translation)

"To add "; (j) expeditiously providing the details about implementing the plan for distributors to buy back the bonds from the bond-holders and the implementation timetable; (k) also expeditiously completing a comprehensive investigation into the issuers and sponsors etc of Lehman Minibonds and related financial products and, if it is proved that they have violated the rules or regulations, the Government should pursue the matter and seek compensation on behalf of the victims; and (l) demanding the Hong Kong Monetary Authority to investigate the unreasonable management measures adopted by the relevant banks to coerce their employees to achieve sales targets of the bonds concerned, establish channels for employees of banks to reflect such situations to the Hong Kong Monetary Authority and, at the same time, monitor bank management not to use high-handed and target-oriented approach in marketing products to protect front-line employees from becoming scapegoats, so as to restore public confidence in banks" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr WONG Kwok-hing's amendment to Mr Jeffrey LAM's motion as amended by Mr KAM Nai-wai, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr Alan LEONG, as the amendments by Mr KAM Nai-wai and Mr WONG Kwok-hing have been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. When you move your revised amendment, you may speak up to three minutes to explain the revised terms in your amendment, but you may not repeat what you have already covered in your earlier speech. You may now move your revised amendment.

MR ALAN LEONG (in Cantonese): President, I move that Mr Jeffrey LAM's motion, as amended by Mr KAM Nai-wai and Mr WONG Kwok-hing, be further amended by my revised amendment.

My further amendment is actually very simple. As Mr KAM Nai-wai's amendment does not include the independent commission proposed by me, I have to include that part to the motion to make it complete. President, it is as simple as that.

Mr Alan LEONG moved the following further amendment to Mr Jeffrey LAM's motion as amended by Mr KAM Nai-wai and Mr WONG Kwok-hing: (Translation)

"To add "; and (m) demanding the authorities to appoint, with the highest efficiency and within the shortest possible time, independent persons of credibility and authorize them to deal with the following tasks respectively: (i) monitoring the process of various banks for investigating complaint cases; and (ii) with the consent of the parties concerned, arbitrating those cases which cannot be settled by way of conciliation, so as to reduce the anxiety and dissatisfaction of the affected persons" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Alan LEONG's amendment to Mr Jeffrey LAM's motion, as amended by Mr KAM Nai-wai and Mr WONG Kwok-hing, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr Jeffrey LAM, you may now reply and you have one minute 54 seconds. This debate will come to a close after Mr Jeffrey LAM has replied.

MR JEFFREY LAM (in Cantonese): President, I moved this motion today mainly because I hope that the quickest and the best means can be employed to help victims of Lehman Minibonds. The Secretary has indicated that the views expressed by various Members will be considered seriously and that various initiatives are in progress. I will not repeat the initiatives which have already been taken, as mentioned by him just now.

I hope that the Government and the relevant authorities can learn a lesson from this bitter experience and expeditiously handle these complaints and assist the victims in seeking compensation and recovering their principal. Besides, the authorities should improve the monitoring system of the financial markets expeditiously and stabilize the confidence of the public in the financial system of Hong Kong, and most importantly, consolidate the status of Hong Kong as an international financial centre.

President, the Government has been saying these days that the financial tsunami we are now facing is a confidence problem. Secretary, in order to inspire confidence in us, we hope that you can properly handle the issue regarding the victims of Lehman Minibonds as soon as possible. I hope that they will not have to complain to the Government, Members or other members of the public in the street next week. I believe the confidence problem in Hong Kong will easily be resolved if these problems can be resolved. I hope that we will hear some good news very soon and that these victims can receive compensation and get back their principal as soon as possible.

Thank you, President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Jeffrey LAM, as amended by Mr KAM Nai-wai, Mr WONG Kwok-hing and Mr Alan LEONG, 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 as amended passed.

PRESIDENT (in Cantonese): Second motion: Facing up to the transport needs of people with disabilities.

Members who wish to speak in a debate on a motion will please indicate their wish by pressing the "Request to speak" button.

I now call upon Mr LEUNG Yiu-chung to speak and move his motion.

FACING UP TO THE TRANSPORT NEEDS OF PEOPLE WITH DISABILITIES

MR LEUNG YIU-CHUNG (in Cantonese): President, compared with the motion on "Assisting the victims of the Lehman Brothers incident", the debate on which has just been concluded, this motion proposed by me is definitely not the focus of the media. What is more, it can even be considered "old news". Actually, this is the seventh year since 2002 I am raising in this Chamber the request for public transport operators to provide half-fare concession to people with disabilities. President, it can be said that this issue has already become a stinker. Furthermore, we have been talking about this *ad nauseam*. I believe many colleagues here share this feeling, too.

President, when people learnt that I would propose a motion on "Facing up to the transport needs of people with disabilities" again for debate, they said, "LEUNG Yiu-chung, you are 'revisiting old issues again'." Actually, I had often told the former President when she was still in office that it was very likely for me to "revisit old issues" at the first meeting of each term. Surprisingly, I have decided to "revisit old issues" again this time around. Although the President of the Legislative Council is now different, the question on the motion remains the same.

President, although seven years is not very long, it is not short either. It is a pity that the Government has still stubbornly refused to accede to such a humble

request as offering half-fare concession to meet the transport needs of people with disabilities, listen to their genuine needs and appreciate their genuine requests. This is really sad and annoying.

Actually, I have kept proposing motions over the years in the hope of moving government officials. Unfortunately, I have failed completely to do so. Therefore, I can only move this motion again today with perseverance. I have proposed this motion to test whether the Government has a conscience, so to speak. I also want, once again, to test whether our public transport operators are responsible to the community because I believe integration into society is one of the basic human rights for people with disabilities. I can tell government officials and various public transport operators frankly that should this motion be not endorsed and enforced, I would think that social justice is not upheld and I would be proposing similar motions in the days to come.

President, many colleagues here and you should have known it very well that an extensive consensus has been reached in this Council and even in Hong Kong society calling on the Government to join public transport operators in providing half-fare concession to meet the transport needs of people with disabilities. Actually, all but one motion proposed over the past seven years were passed. Only one motion was not unanimously passed by all Members because I had tied an unnecessary string of restoring the Comprehensive Social Security Assistance (CSSA) rate to 11%. I feel great regrets about this. However, in their speeches, all colleagues expressed support for offering half-fare concession to people with disabilities. In other words, a consensus has been reached continuously in this respect over the past six years. Actually, this consensus is not confined to this Council. The same message is conveyed through the reverberations and opinions of society. I just cannot understand why our government officials and public transport operators could have acted so indifferently. It is precisely for this reason that a task group, named the Subcommittee to Study the Transport Needs of and Provision of Concessionary Public Transport Fares for Persons with Disabilities (the Subcommittee), was set up in the Legislative Council of the last term. The Subcommittee has spent two and a half years discussing with the Government and transport operators ways to help these people with disabilities. As LEE Cheuk-yan is the Chairman of the Subcommittee, I hope he can say a few words about the conclusion drawn by the Subcommittee, such that hopefully the Government can be reminded once again the requests discussed by us.

Actually, both the proposals raised by the Subcommittee in the Legislative Council of the last term and the wordings of the motions proposed by me over the

years reflect the same consensus, that is, assisting people with disabilities in integrating into society. Besides the call for providing half-fare concession, there are also calls for the Government to provide more resources to improve public transport services such that people with disabilities can be given more opportunities of integrating into society. For instance, it is hoped that the Rehabus service can be enhanced and the concept of "Transport for All" be introduced to other areas. Insofar as these aspects are concerned, frankly speaking, President, over the past several years, especially after Secretary Matthew CHEUNG took office, we cannot say that it has been a total failure. Actually, in the budget last year, \$20 million was allocated for improving the Rehabus service. Furthermore, eight additional Rehabuses have been provided and 24 old Rehabuses replaced. In addition, a supplement of \$200 each was provided last year to CSSA recipients aged 12 to 64 with 100% disability and recipients of Disability Allowance (DA) in the same group. It is expected that 96 000 people with disabilities will be benefited. All these are the improvements made after Secretary Matthew CHEUNG took office.

However, President, even with these improvements, I believe the Secretary will still not feel satisfied. Neither will people with disabilities feel satisfied because the improvements are still far short of their expectations. In particular, the Government has apparently sought to answer the request made by us over the past six years by undertaking last year to raise the rate of DA payment by \$200 — I believe the Secretary will explain this later. However, I will tell you frankly that this sum of \$200 can simply not achieve the goal previously conceived by us. Why do we ask for half-fare concession instead of \$200? Secretary, this is because people with disabilities have to make frequent use of public transport on many occasions if they are to go out frequently. I have been told by some people with disabilities that one of the reasons for them to go out is to do volunteer work. For instance, some blind people will help other people who suddenly turn blind because of illness or some other reasons to adapt to new environments. As a result, they have to make frequent use of public transport in order to travel from one place to another. A supplement of \$200 is simply not enough to meet their needs. From an objective point of view, when they constantly work as volunteers, they are actually helping the Government with some of its tasks to enable people who have just become disabled to adapt to society more easily. Their efforts are good, but why does the Government not appreciate these efforts? Does the Government believe that it has already addressed the need of people with disabilities by giving them just \$200? However, the Government must understand that DA was originally inadequate.

Even if people with disabilities are given an extra \$200, they will only use the allowance to cover their expenses for non-transport purposes. Therefore, there is no way for the allowance to truly help them integrate into society. While I welcome the proposal of giving them an extra \$200, this supplement should not be treated as transport allowance. I hope the Government can reconsider this point and stop arguing that efforts have already been made.

During our meetings with public transport operators and the Secretary over the past two and a half years, the public transport operators unanimously indicated a willingness to make some efforts. The MTR Corporation Limited (MTRCL), of which the largest shareholder is the Government, for instance, has put forth a proposal, and the Secretary and I have been engaging in ongoing discussions about it. I believe the President understands the proposal very well, too. Under this proposal, the amount of fares payable by people with disabilities in using public transport will be determined by us. If revenue in the future turns out to be lower than the amount originally determined, the MTRCL would expect the Government to subsidize the difference. If profits are made, the MTRCL would not pocket the profits. Instead, the surplus would be handed back to the Government. This indicates that the MTRCL only wishes to strike a balance with no intention at all to make profits. Of course, Members would still be concerned whether the Government will make or lose money if it really takes this course of action. In this connection, the Government last year specially commissioned a research centre of the University of Hong Kong to undertake a research. President, according to the findings of the research, if people with disabilities are really offered half-fare concession, the MTRCL will end up making profits. It is simply because many of the people with disabilities need an escort to accompany them when they go out. This would mean that fares for 1.5 persons would be collected even if one person with disabilities uses public transport. In other words, even if half-fare concession is offered, the MTRCL can still make a half-fare profit. Therefore, the MTRCL will only make rather than loss money under this arrangement.

Though this survey was commissioned by the Government itself, the latter has regrettably opted not to adopt the findings, even though it did not say it was not convinced by the findings. Instead, it has opted for a supplement of \$200 as a substitute to settle the matter. I really cannot understand why the Government has acted in this manner. This has inevitably caused people to doubt if the Government's move is appropriate. This is very disappointing to everyone, for the proposal should otherwise be able to bring about a win-win situation. Why

should the Government insist on doing this, and why does it not give people with disabilities more convenience?

Hence, I still feel strongly regrettable because the Government has not listened attentively to the genuine needs of people with disabilities and, without carrying out any consultations, put forth its own \$200 proposal in order to settle the matter. I am really furious about this. This is why I have to propose this motion again today to compel the Government to face this issue again. I believe a lot of Members here — I have consulted a number of old and new Members — would unanimously express support for my cause. This proposal is some sort of manifestation of upholding social justice. If we can compel the MTRCL to take the initiative to take this step, I believe many other public transport operators will follow suit one after another.

When I entered the Chamber just now, a group of people with disabilities waiting outside the entrance requested me to ask this question on their behalf: "Why do many of the public transport operators refuse to fulfil their social responsibilities even though they have actually made profits?" This was what Ms Audrey EU, who happened to pass by, told them: "You told Mr LEUNG Yiu-chung that public transport operators should fulfil their social responsibilities by providing half-fare concession because they have made profits. But this is actually not the case. Whether these operators are making money or not, they must still fulfil their social responsibilities." After listening to what Ms Audrey EU said, I find that she is right because public transport operators do not necessarily have to make enormous profits before they can offer half-fare concession. Even if they do not make any profits or make less money, they are still obliged to act in the same manner. If they are unable to do so, they should join the Government in seeking ways to offer the concession. Even if no profits are made, they still need to offer the concession. This is because the spirit and conviction of public transport operators is to serve the community. Furthermore, this is a social responsibility. Therefore, they are obliged to fulfil this social responsibility and get their work done properly.

Hence, today, I would like to reiterate to the Government that we will persist with our efforts because this is a solemn request, and we are discussing this issue in a very solemn manner. We do not wish to wait another three years after three years. If we are forced to wait another three years after three years, I will pull out all the stops to continue fighting with the spirit of struggling for a

hundred years. This year is already the seventh year, and the next will be the eighth. I believe my colleagues will not — as stated by me right at the beginning — find this question disgusting. If this objective cannot be achieved this year, I believe I will propose a similar motion again next time, and colleagues will again render me their support. Therefore, I hope the Government can spare no efforts and exert its utmost to manifest this spirit to enable people with disabilities to enjoy half-fare transport concession when they go out.

With these remarks, President, I beg to move.

Mr LEUNG Yiu-chung moved the following motion: (Translation)

"That this Council passed motions on a number of occasions over the past few years calling for improvement to transport facilities for people with disabilities and offer of concessionary transport fares to them, but the Administration, some statutory transport corporations and other public transport operators still fail to face up to and give effect to the motions; this Council strongly demands that the Administration and various public transport operators immediately respond positively and give effect to the relevant motions previously passed by this Council and the Report of the Council's Subcommittee to Study the Transport Needs of and Provision of Concessionary Public Transport Fares for Persons with Disabilities in the last term, which include that:

- (a) in order to effectively assist people with disabilities in integrating into society, the Administration must adopt legislative, administrative and financial measures to press various major public transport operators to offer concessionary fares to them;
- (b) the Government must put forth, in the near future, specific proposals and a timetable for introducing half-fare concession for people with disabilities, so as to help them integrate into society and improve their life;
- (c) the Government must allocate additional resources to comprehensively improve the Rehabus service and, in particular, should enhance such service for people with disabilities living in remote areas and new towns; and

- (d) the Government must step up consultation with people with disabilities to fully realize the concept of "Transport for All", and strictly regulate the public transport operators in providing barrier-free facilities, so as to enable more people with disabilities to use public transport and integrate into society."

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

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, assisting people with disabilities in meeting the needs of their social integration (including their transport needs) has all along been a major concern of the Government. The Secretary for Labour and Welfare will in a minute offer an account of what his Bureau has been doing within its portfolio to assist the social integration of people with disabilities, particularly in respect of meeting their transport needs.

With respect to transport policies, the Government has spared no efforts to implement the concept of "Transport for All", so that all Hong Kong people (including people with disabilities) can travel on a barrier-free transport system. We will make continuous improvements to our transport policies to cater for the needs of all passengers (including people with disabilities). At the same time, we have been encouraging public transport operators to follow the same direction and actively improve their facilities for the convenience of people with disabilities.

We do appreciate Members' concern about the transport needs of people with disabilities. The Secretary for Labour and Welfare and I shall give consolidated replies after listening to Members' views on the topic.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, first of all, I wish to thank Mr LEUNG Yiu-chung for moving this motion on the transport needs of people with disabilities. As a matter of fact, it is precisely the long-established objective of the Government's rehabilitation policy to assist people with disabilities in developing their potentials and provide the required facilities and assistance, such that they can participate in social activities for full social integration with equal opportunities.

In regard to meeting the basic transport needs of people with disabilities, the Government has been offering financial assistance through the Comprehensive Social Security Assistance (CSSA) Scheme and the Disability Allowance (DA). The Administration estimates that an expenditure of some \$7 billion on this will be incurred in 2008-2009.

Besides, in order to cater for the needs of people with disabilities who cannot use the public transport system, the Government has been operating the Rehabus service to provide them with point-to-point transport. While fixed routes are arranged for people with disabilities who need to go to work, attend school and receive vocational rehabilitation training, telephone booking services are also available for those who need to attend follow-up medical consultations and various social activities.

I fully understand the keen demand for Rehabus services. For this reason, every year, we will do our utmost to secure resources for procurement of additional vehicles to meet demand. As mentioned by Mr LEUNG, in 2008-2009, \$22 million is set aside for purchasing eight additional vehicles and replacing 24 old ones. The size of the Rehabus fleet has increased from 101 vehicles last year to 109 vehicles this year. This year, our funding for the recurrent expenditure of Rehabus services is as large as \$32 million, representing 80% of the operating costs of the whole fleet.

Since July this year, the Government has been providing an additional monthly supplement of \$200 to DA recipients aged 12 to 64, and CSSA recipients in the same age group with 100% disability, so as to encourage them to go out for various activities and assist them in social integration. This involves an expenditure of \$230 million a year.

I strongly agree that assisting people with disabilities in meeting their transport needs will be very useful to their social integration. I am very grateful to Members' concern about this topic. After listening to their views, I shall give a detailed reply.

President, I so submit.

PROF PATRICK LAU (in Cantonese): President, regarding the issue of providing transport subsidy to people with disabilities, I strongly support, in principle, helping the elderly, the vulnerable, and the disabled. Therefore, I

agree with Mr LEUNG's motion expressing the hope for the Government to review the existing mechanism to examine if the assistance currently provided to people with disabilities with subsidy needs is adequate.

Nevertheless, I think that all arrangements for subsidizing people with disabilities to use public transport services are merely software. Without proper hardware support, we will only remain engaging in empty talk on paper. Hence, to truly encourage people with disabilities to go out and integrate into the community, complementary efforts must be made in such areas as overall planning, road facilities, construction and design, and so on. Most importantly, the concept of "universal design" must be extended to every corner of the community.

I am aware that the Government has, in recent years, begun actively improving the implementation of the concept of "universal design". The Secretary also pointed out earlier that the "Universal Accessibility: Best Practices and Guidelines" had been issued by the Architectural Services Department in accordance with the principle of "universal design" for reference by the profession. I have also participated in the formulation of a relevant manual concerning "universal design". Last year, the Housing Department also launched the first public housing estate with extensive application of the "universal design" concept. This is very important because if the design of a housing estate is not convenient for access by people with disabilities, they will simply have little chance of going downstairs, not to mention travelling to other districts by vehicles. Therefore, I especially appreciate the widening of lift doors in new buildings to facilitate wheelchair access for the purpose of building a community where the able and the disabled live in harmony. As a result, wheelchair users no longer need to use goods lifts or travel a long distance before reaching their destinations, as they previously did.

President, over the past several years, there has been improvement in the barrier-free facilities provided by public transport operators. For instance, tactile guide paths have been introduced by the MTRCL for the blind on a full scale. Although some old stations can still not be retrofitted with lifts, many stations have already been installed with these facilities. We have also seen substantial improvement in the barrier-free facilities provided by buses. But some bus routes are still not provided with facilities specially designed to facilitate people with disabilities. I think greater efforts should be made to extend the scope to cover all bus routes.

With the improvements made on various fronts, we can see that more people with disabilities have been able to go out in recent years. Therefore, I support the motion that the Government should continue to strengthen monitoring public transport operators in fully implementing the concept of "Transport for All". At the same time, as suggested by Mr LEUNG, the Rehabus service should also be upgraded. In the long run, not only should we face up to the transport needs of people with disabilities, we should all the more build up a truly ideal barrier-free city.

President, I think it is still not enough to focus our discussion on the transport needs of people with disabilities. We should broaden our discussion to cover the elderly, pregnant women, infants, and even tourists. In Japan, for instance, barrier-free facilities are provided in the streets, public places, parks, department stores, restaurants and food establishments, and public transport for three categories of persons (including people with disabilities, mothers with infants and tourists) to facilitate passage by wheelchairs, baby trolleys, and bulky luggage.

Hence, not only should the scope of barrier-free facilities be widened, the targets of these facilities should also be broadened. We should jump out of the box which has hitherto targeted the needs of people with disabilities only. We should also think in a broader manner to provide community and transport facilities which can truly provide convenience to users and create an excellent city incorporating the concept of "universal design".

I so submit. Thank you, President.

MR CHEUNG KWOK-CHE (in Cantonese): President, thanks to this Council's repeated attempts to fight for transport allowance for people with disabilities, the Government finally announced in the budget published early this year that a monthly supplement of \$200 would be provided to people with disabilities as transport allowance. However, we have all along stressed that the allowance cannot be considered as a substitute for half-fare transport concession because transport provides people with disabilities with a channel to integrate into society. Giving them merely a cash allowance can definitely not serve this purpose.

I believe nobody will query the needs of people with disabilities for transport assistance. I also believe the Government has heard, on numerous

occasions, their hardship and the transport inconvenience encountered by them. Therefore, I will not repeat it here. The Government has also, on many occasions, emphasized that adequate efforts have been made for people with disabilities. Early this year, the Government announced in the budget that a supplement of \$200 would be provided to people with disabilities. Secretary Matthew CHEUNG also stressed at that time that the supplement was the most direct and speedy way to benefit these people. However, it has now been proved that it is just the wishful thinking of the Government. Over the past years, Mr LEUNG Yiu-chung has repeatedly proposed motions to fight for half-fare transport concession. At the same time, the Alliance of Half Fare in Public Transport for People with Disabilities, comprising 49 rehabilitation organizations, has continued to fight for half-fare transport concession over the past seven consecutive years for persons with physical disability, persons with intellectual disability, ex-mental patients, persons with hearing impairment, visually-impaired and blind persons, and chronically-ill persons. All along, they have requested only half-fare concession. However, the Government has heeded their views only selectively. Why does the Government insist that its own approach is the best without taking into account the voices of people with disabilities? Will government officials understand better than people with disabilities the best way to help them? It has now been proved that people with disabilities have the genuine need and hope that half-fare concession can be offered. How can the Government ignore their original needs just because they have been granted \$200?

It is not very difficult to meet the request of people with disabilities for half-fare transport concession. At present, transport concessions are offered on major modes of public transport, such as Mass Transit Railway, buses, and so on. Even if people with disabilities are included, I believe it will not produce a substantial impact and impose a heavy burden on the administration of the transport operators. Subsequent to the merger of the two railway corporations, hundreds of thousands of students can now enjoy transport concession on all lines. I have heard that many people with disabilities are greatly annoyed because they think that the MTR Corporation Limited (MTRCL) has taken care of students only while ignoring them. It is unacceptable for the MTRCL to treat these two groups of passengers, who have the same need for community care, in such a blatantly unfair manner. We demand that the Government should expeditiously work out a proper solution with transport operators to provide people with disabilities with special Octopus cards to enable them to enjoy fair treatment.

To enable people with disabilities to integrate into society, they must, first of all, have the opportunities to leave their home and go into society. Because of exorbitant transport expenses, inconvenient public transport and inadequate Rehabus service — though the Secretary said earlier that a small number of additional Rehabuses have been provided — many people with disabilities might be forced to stay at home, as it is also difficult for them to seek employment. As a result, they can only rely on DA and CSSA for their living. If the Government is to encourage people with disabilities to take up employment, it is also important to consider how they can use public transport, in addition to providing them with transport assistance. I have once heard an organization complaining about the inconvenience caused by facilities within MTR stations to people with disabilities. For instance, both ends of the escalators in some MTR stations are installed with steel poles to prevent passengers from bringing along bulky luggage when using the escalators. However, besides posing as obstacles to luggage, these poles have also caused injuries to many blind persons because they could not see the poles and would easily bump against them. While these minor details might be unimportant to us because we can see the poles and walk through them easily, they have great implications to people with disabilities. Let us imagine this. They have to overcome a lot of obstacles before they can reach their destinations. For people with disabilities, they might have to spend 50 minutes on a five-minute MTR journey taken by an ordinary person. What is more, they might encounter several steel poles on their way. Do we wish to see them engage in such a steeple chase? If you are a person with disabilities, would you still wish to leave your home and integrate into society despite all these?

I greatly support Mr LEUNG Yiu-chung's motion calling on the Government to immediately heed the views of people with disabilities, listen to their needs, work in their interests, expeditiously provide half-fare Octopus cards for people with disabilities, and strictly monitor the provision of "Transport for All" facilities by public transport operators with a view to enabling more people with disabilities to use public transport.

I so submit.

DR JOSEPH LEE (in Cantonese): President, as stated by Mr LEUNG Yiu-chung earlier, this question has been discussed in this Council for seven years. Having joined this Council for five years, I have heard this question and

joined the relevant discussions many times before. Actually, it is very strange that we should discuss this question year after year. Does the Government consider this question unnecessary? Why does it not address this issue squarely? Have the Government and the relevant public transport operators faced up to the transport needs of people with disabilities?

The Government is advocating that we should foster social harmony, but how could harmony be achieved? To achieve "harmony", everyone can at least integrate into society. However, we can presently see that people with disabilities cannot truly integrate into society, or even join the labour market, because of exorbitant transport expenses and inconvenient transport facilities. In view of this, how can they integrate into society? I think the Government should reflect how transport improvements can truly be made to give people with disabilities the opportunities to integrate into society.

Exorbitant transport expenses will certainly add to the burden of people with disabilities with a relatively low income. Furthermore, there is a major problem we tend to neglect — they will leave home less often because of exorbitant transport expenses and inconvenient public transport. This will seriously affect their participation in social activities. It must be borne in mind that what we are discussing is, quoting the notion cited by people in my profession, that in addition to physical well-being, psychological and social well-being and spiritual well-being are also equally important. How can these people achieve well-being in all these aspects if they stay home all day long and cannot afford to go out for fun? Furthermore, going out is not only a normal social activity, it is an excellent way to reduce stress, too. Our stress can be reduced if we can get together in a cafe to have a drink and a chat — I hope today's meeting can be finished at 8.30 pm. But how can I participate in these normal social activities if I have to travel a long distance, pay exorbitant transport expenses, or use inconvenient public transport?

If these people with disabilities cannot participate in normal social activities, how can they truly achieve whole-person well-being and psychological and social well-being? I hope the Government and the relevant organizations can study these issues to examine what can be done to help them. Some colleagues mentioned earlier the Government's announcement of a monthly transport supplement of \$200. However, it must be borne in mind that this sweeping method is half-good and half-bad. For some people, \$200 is enough, or even more than enough. However, for some others, \$200 is simply not enough. Why can the Government and public transport operators not provide

transport convenience to meet our persistent demand of providing half-fare concession? Should half-fare concession be truly implemented, people with disabilities would then be able to enjoy the concession according to their actual use of public transport. Such being the case, there would be no need for the Government to grant \$200 in one go. At the same time, the recipients would not face the problem of not knowing what to do with the remaining \$100 if they have spent only \$100 out of \$200. Such phenomena will definitely not occur should half-fare concession be implemented in future.

Is the half-fare concession proposal really so difficult to implement? I believe public corporations should fulfil their social responsibility to examine how this proposal can be implemented, particularly when the elderly and children are already enjoying such concession. Why can half-fare concession not be provided to people with disabilities? I really do not understand it. Can the Government request the relevant corporations to act with more vigour to lend these people a helping hand? Just now, Mr CHEUNG Kwok-che also raised a proposal relating to Octopus cards. It is actually not a difficult task to provide special Octopus cards for people with disabilities to enable all card-holders to enjoy half-fare concession. Of course, in order to do this, amendments have to be made to the Disability Discrimination Ordinance accordingly to specify that fare concession will be offered to people with disabilities in phases and selectively to pre-empt violating the relevant legislation. If complementary efforts can be made, this proposal can then be implemented to help people with disabilities save transport expenses and encourage them to go out more frequently. This will help them participate in social activities or enter the labour market.

Furthermore, the Rehabus service was mentioned by either the Government or the Secretary, and some colleagues earlier. According to a brief survey covered by *Ming Pao* in June this year, there were 9 100 instances of people with disabilities being rejected when making bookings for Rehabuses last year (the entire year of 2007). In other words, sorry, the quota is full; no service can be provided. There were a total of 9 100 rejections. Although 9 100 may not be considered a high ratio, we can obviously see that such demands do exist. When demand exceeds supply, we see that the Rehabus service might not be able to truly help people with disabilities in satisfying their needs to go out.

Given the existence of such a need, President, I hope the Government can review the Rehabus service, particularly as some Rehabuses might not be able to reach remote places, to see if the Rehabus network can be expanded and more

resources be injected to enable people with disabilities to really ? If they cannot enjoy half-fare transport concession for the time being — I hope the concession can be offered in future — then with restructuring of the Rehabus network, people with disabilities in new towns will be able to make use of the network to travel to the urban areas to participate in activities. I think this approach is better.

Furthermore, insofar as buses are concerned, we can see that about 40% of public buses are now equipped with a low floor or facilities allowing access of wheelchairs — yes, only about 40%. Imagine I am a wheelchair-bound person waiting for a specially-equipped bus during peak hours. However, none of these buses have arrived even though I have waited for a long time. Naturally, other waiting passengers would start worrying that it will be even more difficult for them to board the bus if I stand in their way. Can the Government require bus companies to allocate more resources, purchase additional buses of this type, and raise the ratio from 40% to 60% or 80%? Purchasing more buses with low floors will help people with disabilities — especially during peak hours — board buses more quickly. Otherwise, people with disabilities can only use these buses during non-peak hours. Furthermore, they will have to wait because they would not know how long it takes for a specially-equipped bus to arrive. If the bus arriving is not equipped with special facilities, they will have to wait for the next one. Actually, the bus companies are obliged to improve such a situation. I hope the Secretary can discuss with the bus companies to examine if more resources can be allocated to help people with disabilities by providing more buses with low floors.

In this speech that has lasted only several minutes, I have only pointed out the transport expense problem faced by people with disabilities and the inadequacy of existing public transport. As stated by Mr LEUNG Yiu-chung earlier, this is already the seventh year. In other words, this question would have been discussed for seven years. We are now entering the eighth year. When will our request be met by the Government? I hope after this motion debate, the authorities will really discuss with the public transport operators — whether they are bus companies or other relevant corporations to first, offer transport concession to enable people with disabilities to save transport expenses; and second, improve the facilities of Rehabuses and other buses to enable people with disabilities to integrate into society more easily.

Thank you, President.

MS MIRIAM LAU (in Cantonese): President, the question proposed by Mr LEUNG Yiu-chung today has actually been raised by him every year since 2002. The Liberal Party's position towards this question is very clear. We greatly support offering people with disabilities proper assistance to enable them to go out to work and take part in activities. Therefore, we support the proposal that people with disabilities be offered half-fare concession on public transport.

Early this year, the Government finally responded, after being urged by various parties, by announcing in the budget that a recurrent grant in the form of a monthly supplement of \$200 would be provided for CSSA recipients aged 12 to 64 with 100% disability and recipients of Disability Allowance in the same group to subsidize their transport expenses. The scheme has now been implemented for three months.

However, people with disabilities can still not go out with ease simply because of this new measure alone. In particular, given the successive fare rises by many modes of public transport since the middle of this year, a monthly supplement of \$200 is indeed too small to cope with the fare rises. Furthermore, as mentioned by Dr Joseph LEE earlier, while some people with disabilities might find the \$200 adequate, other might find the supplement grossly inadequate. Therefore, people with disabilities will definitely not be satisfied with the Government's response to their initial request for half-fare concession.

The Liberal Party considers the best and most practical approach is for the Government to continue discussing with the public transport operators about a concessionary fare scheme, which is already taking shape. President, many countries around the world provide fare concessions to people with disabilities. However, these concessions are often granted as part of the welfare policy of the relevant countries. Why does the issue remain unresolved even after repeated discussions? It is because the Government has often rejected the idea that fare concession should be properly provided to people with disabilities under the welfare policy. Instead, the relevant responsibility is often shifted onto the relevant operators or dealt with as a transport issue. These disputes are not helpful to resolving the concessionary transport subsidy issue. If proper resources can really be allocated under the welfare remit, I trust public transport operators will actively respond by making complementary efforts. Here I would encourage public transport operators in particular to meet part of the costs of the scheme — should it be truly implemented. In particular, they have to bear the

administrative costs. I believe the issue can be resolved if the Government can accept this as a welfare policy and hold proper discussions with the relevant operators.

Originally, the attitude demonstrated by the eight public transport operators in providing transport concessions to people with disabilities has become more positive than before. Last year, the MTR Corporation Limited (MTRCL), before its merger, put forth a proposal under which the Government will underwrite the deficit arising from the concession scheme and reap any surplus from providing half-fare concession to 85 000 people with disabilities who are also CSSA recipients. Most of the other public transport operators indicated that the proposal could be studied and support might be given. But eventually, the proposal could not be proceeded with further because of the Government's repeated refusals. The matter finally dragged on until May this year when the MTRCL announced that it would not further consider other concessionary proposals since fares had been adjusted and lowered after the merger and the corporation had also undertaken that no fare rises would be implemented before the end of June 2009. It was indeed most unfortunate that other public transport operators chose to back out when they heard the announcement made by the MTRCL.

In my opinion, since the previous discussions had already found some common ground, the Government should continue to discuss with these transport operators to make the negotiation a success and enable the scheme to be launched expeditiously. Only in doing so can the Government truly respond to the efforts made by this Council and Mr LEUNG over the years and Members' actually, insofar as this aspect is concerned, our views are quite consistent and have answered the expectations of people with disabilities for the Government.

President, since public transport, such as buses and public light buses, are not suitable for some people with disabilities, the Rehabus service must not be neglected. Although the Government has proposed in the budget this year that \$20 million or so will be allocated to procure eight additional buses and replace 24 old ones, I believe the situation in which demand exceeds supply can still not be improved significantly. Despite the fact that the annual capacity of Rehabuses has now exceeded 580 000, the waiting period still takes several months invariably. At the same time, nearly 10% of the telephone bookings for the service have been rejected. Therefore, it is imperative to expedite improvements to the Rehabus service.

Furthermore, the Liberal Party has all along been advocating a more flexible and diversified transport subsidization arrangement for people with disabilities. One of the most convenient methods is to subsidize them to take taxis. In addition to my repeated calls over the years to provide taxi vouchers for people with disabilities, the report published this year by the Subcommittee to Study the Transport Needs of and Provision of Concessionary Public Transport Fares for Persons with Disabilities set up by the Legislative Council has also raised the proposal of relaunching the taxi voucher scheme.

In order to raise the standard of service, the taxi trade has made constant attempts to introduce types of vehicles suitable for people with disabilities. Recently, some practitioners in the trade planned to introduce a fleet of lower-cost, diesel-powered luxury van — Hyundai H1 from Korea because of their spacious compartment, lower prices, and readiness for retrofitting with stair lift facilities. But the problem is that there is environmental consideration for this type of diesel-powered luxury taxis to be introduced. Should the Government fail to take complementary measures because of the environmental protection policy by insisting on using liquefied petroleum gas or petrol, it will be impossible for this type of vehicles to be introduced and, hence, the plan be implemented.

Therefore, I really hope the Government can exercise more flexibility in considering this issue and handle the relevant policy as flexible as possible with the ultimate goal of providing this type of service to people with disabilities. Even if diesel has to be used, we are also using zero-sulphur diesel, the world's most environmentally-friendly diesel, in Hong Kong at present. Is it because it is called diesel that the plan has to be scrapped altogether? Can the issue be handled more flexibly?

President, the Liberal Party strongly supports the call for public transport operators to provide comprehensive barrier-free facilities for the convenience of people with disabilities. We will continue with our efforts on this front.

With these remarks, President, I support the motion.

MR ALAN LEONG (in Cantonese): The Government has been thinking over the issue for many years and yet no concession in transport is offered to people with

disabilities. From this it can be seen that the Government is unwilling to allocate additional funding for this measure. However, as I have said more than once when I spoke on this motion in the past, giving transport concessions to people with disabilities does not necessarily have to be regarded as simply an item of government expenditure, it can actually be seen as a social investment.

President, the report of a survey conducted by the Social Science Research Centre at the University of Hong Kong released in early 2007 can be considered a wake-up call for the Government. No matter how one would view it, the report shows that transport concessions can attract more people with disabilities to use public transport. The report finds that when concessions are provided, the trips made by people with disabilities in the MTR would double; those riding on buses would increase by more than 72% and more than 30% of those passengers who do not use railways and buses so often would consider taking these means of transport. So even when considered from a commercial perspective, the report shows in a convincing manner that most means of transport will see a significant increase in cash flow because of the provision of these transport concessions.

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

Deputy President, today I appeal to the Government again that it should jump out of the so-called business is business mindset. The fact that more people with disabilities can use public transport shows that they can trigger a knock-on effect in employment, social life, consumption, voluntary work and mental and physical rehabilitation. This is something we would be happy to see. And this is also the return in social investment that I have just mentioned. To give the matter its fair deal, various kinds of public transport have in recent years been taking positive steps to improve the matching facilities for people with disabilities, which is commendable. But even if there are more buses with low floors and more lifts in MTR stations or if there are more ramps in the piers for wheelchair users to take a ferry ride, if there are no concessionary transport fares, these people with disabilities cannot be helped in any way.

Deputy President, last year when the Legislative Council debated this motion, I recall Secretary CHEUNG said to the effect that he hoped that there would not be any need for this motion to be discussed in this Council anymore. Actually, every time when the Secretary spoke in this Council, he would show

that he appreciated very well the need for people with disabilities to get this kind of concession in transport fares. Unfortunately, after he had made all those remarks, he did not put them into practice and implement the policy. Deputy President, I am afraid if this state of affairs continues, we may have to debate or discuss this topic here again next year or the year after next.

Deputy President, last year the Secretary said that the Government would adopt a new policy approach and, that is, to use public funds to subsidize the fares. But throughout the year past, what we saw was only the grant of a supplement worth \$200 to people with disabilities as mentioned by the Deputy President when she spoke earlier, and as a matter of fact, this is like a drop in the ocean and it will not help things at all. If that is the new policy approach which the Secretary said last year, then we may probably have to wait for a very long time before we can see people with disabilities get any concession in transport fares. The obstacles and hurdles that have to be overcome are far too many.

Deputy President, in June this year, the Legislative Council Subcommittee to Study the Transport Needs of and Provision of Concessionary Public Transport Fares for Persons with Disabilities published a report. The report nailed the crux of the problem. The report says and I quote: "the two railway corporations would take into account prudent commercial principles when considering provision of fare concession to the public including PwDs. However, the Administration in pursuing the objective of full integration of PwDs into society has called on the corporations to fulfil their corporate social responsibility in offering fare concessions to PwDs." (End of quote).

Deputy President, we can see that the Government and the MTRCL are still covering up for each other. On the one hand it is said that for the corporations, business is business and there should be prudent commercial principles. Then the Government will remind the corporations that they should have corporate social responsibility. But after covering up for each other, there is no result whatsoever. We are familiar with such tactics, for in this year when this Council discussed the topic of a full provision of fare concessions for students, the Government and the MTRCL had demonstrated their close partnership then. However, the public is well aware of the fact that the Government is the largest shareholder of the MTRCL. If the Government continues to delay on this issue of offering concessions in transport fares to people with disabilities, there will certainly be resistance in the community and pressure will mount on the Government. This is the last thing we wish to see.

Therefore, Deputy President, in order to prevent more internal debates on this issue in society, I hope that the Secretary can push for the early realization of this benevolent policy and offer concessions in transport fares for people with disabilities. I so submit.

DR RAYMOND HO (in Cantonese): Deputy President, this Council has held numerous debates on a similar topic to urge the Government to face up to various difficulties experienced by people with disabilities in their integration into society. Although the motions on this topic were all passed in this Council, no active steps have been taken by the Government to put into practice effective measures to help the large number of people with disabilities who have been waiting in exasperation for a long time. This is the reason why at this moment the Council cannot help but hold an urgent debate on the transport needs of people with disabilities once again.

I had been a member of the Management Board of the Hong Kong Red Cross Schools for many years and I was responsible for the operation of five special education schools with boarding facilities as well as 11 hospital schools. I have gained valuable experience from this voluntary service. I came to realize various needs of people with disabilities in their daily life, as well as the unreasonable situation of their being neglected in the community. The greatest difficulty encountered by people with disabilities is the inconvenience in mobility. Despite the marked developments in the transport network in Hong Kong, there is still great room for improvement with respect to caring for the needs of people with disabilities.

The Chief Executive stated in this year's policy address that the Government would establish an assessment system for the provision of hillside escalator links and elevator systems, and efforts will be made to install lifts and escalators connecting common areas in hillside public housing estates, as well as lifts in walk-up, low-rise public housing blocks to facilitate resident access. This is a minimal response to the long-standing needs of the residents and the districts in this respect. We will wait for the implementation of specific projects to achieve these aims.

Now many public transport organizations do highlight their facilities and fleet of vehicles which cater for the needs of people with disabilities and how convenience is given to people with disabilities. However, they can only meet part of the needs of people with disabilities. An example is that although the

MTR stations may have lifts, elevators and wheelchair aids for mobility impaired passengers in travelling between the street level, concourse and platform, such facilities are presently limited to certain entrances and exits and passengers with mobility impairment may have to cross the road to another entrance/exit before they can use such facilities if these facilities are not provided at a certain entrance/exit. This is totally not acceptable. In addition, some of the entrances/exits of the MTR stations can only provide one-direction elevators. Walking up and down the stairs may cause accidents to the elderly people and people with limb injuries because they can only move slowly. All the abovementioned examples are violations of the spirit and goals of "barrier-free access" which the Government has been promoting for many years.

Considering the fact that the income of people with disabilities is in general lower than other people, they can only rely on public transport to carry out their daily activities. At present, even if fuel prices are affected by the global market, they are still high, causing a direct impact on fares charged by public transport. Expensive transport fares are a most heavy burden for them. In order to cut their transport expenses, they would avoid going out and if they are staying at home all the time, how can they integrate into society? In May this year the Finance Committee approved of a transport supplement of \$200 payable monthly to people with disabilities. At that time Honourable colleagues criticized that this supplement was not enough to meet the needs of people with disabilities and that the Government had failed to answer the demands of society. So if the Government and the public transport operators can offer concessionary fares to people with disabilities, this would be of great help to their daily life.

The Chief Executive in his policy agenda states and I quote: "Enhancing transport services for people with disabilities through improvements to rebus service, and examining ways of further improving accessibility of transport services." (End of quote).

This Council has held numerous debates on the related topic and a Subcommittee was formed to probe into the problem at length. The Government should not give the pretext that time is required to undertake further studies for its procrastination. Endless studies will only result in repeated disappointment. In view of this, the authorities should implement fare concessions for people with disabilities and strengthen the Rebus service so that these benevolent policies can be brought into full play. With these remarks, Deputy President, I support the motion.

MR CHEUNG HOK-MING (in Cantonese): Deputy President, since this July the Government has for the first time introduced a \$200 monthly transport supplement for people with disabilities. This move is meant as a response made to demands of society. Unfortunately, and regrettably too, it seems that the Government is still unable to understand and truly appreciate their needs. The result is although this measure is introduced, demands continue to be put up by the community. The reason for this is that the authorities have failed to address the crux of the problem.

First, the Government fails to understand completely the needs of people with disabilities.

All along people with disabilities have been pressing for a direct concession in transport fares. They hope that the Government can modify the Octopus system to provide such service, in a way similar to the offer of concessions to students and the elderly now. This can on the one hand ensure that concession is offered to people with disabilities for each trip they make while on the other, it can address the problem of a mismatch of resources.

Second, there is unfairness and unequal treatment under this policy.

It can only benefit people with 100% disability. It is most unfair to those people with disabilities who have to use public transport and are not totally disabled. As a matter of fact, most of the working disabled are not qualified for the Disability Allowance on account of the meagre income they get. They actually badly need transport fare concessions, but it is a pity that the Government has overlooked their needs.

Third, the basic issues in law are not addressed.

There is a need to amend existing legislation related to people with disabilities in order to prevent discrimination or unfairness, as well as possible litigation, before any transport concessions can be offered to people with disabilities. With respect to this, there is a general consensus in both the Government and the community at large. But despite years of discussion, the Government refuses to take the first step and instead it chooses to take the shortcut and circumvented the crux of the problem. Now not only is the new policy unable to gain the approval of people with disabilities but also it serves to expose yet again the Government's lack of understanding of public aspirations.

Fourth, division is caused in society.

With respect to this point, I think Members are all well aware of it. The Chairman of the Equal Opportunities Commission stated many times at the meetings of the Subcommittee that the transport fare concessions offered by transport operators to people with disabilities are based on their need to fulfil corporate social responsibility. It does not clash with the operation requirement of adherence to prudent commercial principles. In fact, many local and international business organizations are making efforts to fulfil their corporate social responsibility and in the course of that their credit ratings are not in the least affected. What is ridiculous is that the largest transport operator in Hong Kong, the MTRCL, is one with the Government as the largest shareholder. Not only does the Government have the say but also a safeguard in law, that is, the Chief Executive in Council may instruct the MTRCL in any matter related to public interest. In other words, the Government is both obliged and empowered to exercise its ownership rights over the MTRCL and to require the Board of Directors to endorse the offer of fare concessions to people with disabilities.

As a matter of fact, it is not at all difficult to introduce such a kind of concession and there have been precedents before. Recently, the MTRCL has offered concessionary fares to students in all its train services except the cross-boundary service. Deputy President, the number of students in Hong Kong is understandably much greater than people with disabilities. It is only a short span of time as some two months from the announcement made by the Chief Executive in July to the implementation of the new measure in end September. It can be seen that no technical problems are associated with the introduction of fare concessions and the key is only whether the Government has the intention to do it.

It can be seen clearly that the Government does not care about people with disabilities and it does not want to do anything for them, evidenced by the promotion of barrier-free transport.

Now some taxi organizations are modelling on overseas practice to introduce wheelchair accessible taxis on a voluntary basis. If this proves to be successful, I believe more transport options can be made available to people with disabilities and it can help address the problem of an over-demand for and a short supply of Rehabuses. However, the authorities do not provide any support to the taxi trade in making no preparation in advance, that is, devising a scheme for the

introduction of this kind of taxis and a timetable for it despite repeated requests by taxi associations. Nothing is done to confirm this service as a means of transport for people with disabilities in the long run, to devise a matching fare-charging policy and to provide a financial assistance scheme that will work.

Deputy President, I earnestly hope that the Government can truly realize the notion to help people with disabilities integrate into society and that it can take active steps to care for their needs and respond to the demands they have made over the years. In view of the above, the DAB supports this motion. I so submit.

MR LEE CHEUK-YAN (in Cantonese): Deputy President, according to what Mr LEUNG Yiu-chung said, this year he is frying the overnight rice (revisiting an old issue) again. He has been frying his rice for years, but still the dish is not done. I feel really mad about this. We can see that the officials who used to handle the matter have been replaced. I remember on one occasion when that dish of overnight rice was being fried, the officials present were Sarah LIAO and York CHOW. But now they are Eva CHENG and Matthew CHEUNG. What is the problem with that? I recall in the Sarah LIAO plus York CHOW grouping, Sarah LIAO said that it was something that should be done and so she talked with York CHOW at once on how to fix it. But still the matter is not fixed even today and these officials have been replaced by others.

I often have a feeling that offering people with disabilities half-fare concession is something that should have been done a long time ago, as an entitlement of the people with disabilities. It saddens me so much when I see that this is delayed to this day and nothing is done. Last year, I took up chairmanship of a subcommittee of the House Committee, that is, the Subcommittee to Study the Transport Needs of and Provision of Concessionary Public Transport Fares for Persons with Disabilities. I was very optimistic last year. I found out that although I had grown older, I was still rather naive, thinking last year that the matter could be fixed.

Why did I think that it could be fixed? Deputy President, you were there and you know what was going on. Where did our discussions come to? The Equal Opportunities Commission said the Disability Discrimination Ordinance would be an obstacle to our attempt to offer half-fare concessions and so the Government said that the Ordinance would be amended to remove the obstacles. We all felt that the Government was willing to go ahead.

The second message is that the Government proposed to conduct a survey and the University of Hong Kong was commissioned. The subject of the survey was to find out the financial commitment which the transport operators had to shoulder if half-fare concession was offered. Findings of the survey show that the MTRCL can still make money and whereas bus companies may incur losses. The reason is that some passengers who used to ride on buses may take the MTR instead. Such surveys cost the Government an incredible amount of money and since the Government was willing to conduct these surveys, I was so naive as to believe that the matter would be fixed. Because the Government had shown some sincerity and it was willing to conduct surveys to obtain the data in order to gauge the impact. I thought it would be achieved.

Then the authorities invited the major transport service providers to discussions and asked them if the idea would work. What was the attitude displayed by the MTRCL? It was so disappointing. But still I was so naive as to believe there was still hope. What was its attitude on that? It said that half-fare concession could be offered but the plan they proposed was that the surplus earned would be disbursed to the Government which would make up for the losses. This is like gambling with the Government, but the Government is always the one who pays.

This was the attitude shown by the MTRCL. Then what was the attitude of the Government? The Government said if that was the case, then it would have to consider it. But it was not sure whether it wanted to look at the matter from a welfare perspective or a transport perspective. After discussions, it was decided that a welfare perspective would be adopted. If the welfare perspective was adopted, the Government was still the one who is willing to play the game and foot the bill. This is how the matter can also be fixed.

To my great surprise, the option taken by the Government eventually was not to offer half-fare concession but to replace that with a \$200 supplement. Secretary Matthew CHEUNG said to me, "Ah Yan, this is how assistance can be given in the fastest way." Secretary, we have explained our position many times and that is, we are not fighting for the Disability Allowance of people with disabilities. We are fighting for respect and encouragement, giving them more incentives so that they can take part in social activities like work, leisure and cultural activities. Under the concept of a harmonious society, we hope to encourage them to go out more often and we do not just want to get more allowance for them. With a greater amount of allowance, they can use it on other things, like buying something to eat or something they need in their daily life.

This proposed measure of a half-fare concession is a demonstration of the sincerity on the part of the community to encourage the people with disabilities to go out and mix with other people. But we cannot see any such sincerity of the authorities in encouraging them to integrate into society in the \$200 supplement given by the authorities. The final result is this offer of a \$200 supplement. I told the authorities at that time that offering a \$200 supplement did not mean that the problem of half-fare concession for people with disabilities was solved. So we are bringing the issue up again this year. I thought last year that the final touch would be put onto the matter and it would be sealed. The Government said that a survey would be conducted and the laws would be amended. It had said practically everything that could be said, but in the end it was back to square one.

Then the authorities discussed the matter with the MTRCL again to see if it was willing to offer half-fare concessions. I am sure when the Transport Department and the Secretary for Transport and Housing talked with the MTRCL, the latter would say that things would be fine if the Government was willing to make up for any eventual loss. I have no idea if that proposal is still being considered or if the Secretary thinks that since the \$200 supplement is given, then nothing needs to be done anymore. I hope that the officials can clarify this point: Are you not considering the proposal anymore? Are you not caring whether people with disabilities can integrate into society, or they should be confined to their homes for good?

Besides, Secretary, and what I mean is Secretary for Transport and Housing Eva CHENG in particular, I bid her not to forget the fact that she is a director of the MTRCL. The Government is wearing two hats, so to speak. If the Government is willing to speak up and instruct the MTRCL to comply, I do not think the MTRCL will refuse. As the major shareholder, how can it not do something for people with disabilities in such trivial matters? I remember very well that the Chairman of the Equal Opportunities Commission often criticized the MTRCL in our Subcommittee for not fulfilling its corporate social responsibility. When the Government is the largest shareholder of the MTRCL and when it does not fulfil any corporate social responsibility, then how can it require other private sector organizations to shoulder their corporate social responsibility? I therefore think that Secretary Eva CHENG must take the lead in this issue and if she does not talk to the MTRCL, that as the shareholder of the MTRCL, the Government wants it to do that, then there is no chance that the issue can ever be resolved. Then LEUNG Yiu-chung will have to fry this

overnight rice again year after year and this issue will be raised for debate every year. I hope that we would not have to debate that topic again next year. Thank you, Deputy President.

MISS TANYA CHAN (in Cantonese): Deputy President, Chief Executive Donald TSANG mentioned harmony and justice in this year's policy address, but when I see the motion which Mr LEUNG Yiu-chung has proposed for God knows how many years, it seems it is now the eighth year, as a newcomer to this Council I cannot help but feel worried about what the Chief Executive has said and when they can materialize. People with disabilities are one of the disadvantaged groups in society and when we cannot take good care of their transport needs, how can we talk about justice and harmony? The spirit of the International Covenant on Human Rights is that all men are born equal and, that is, every citizen, disabled or not, should enjoy an equal right of using public transport. It is because of this reason that we should put in place barrier-free facilities for people with disabilities for their convenience and we should offer transport fare concessions to them all the more.

Some of these people with disabilities need the company of other people when they ride on these means of transport. In other words, when the people with disabilities ride on these means of transport, not only do they have to pay for their own transport expenses but they also have to pay for the fares of other people. This indirectly adds to the transport expenses of people with disabilities. From this perspective, it is only reasonable that people with disabilities will request that their transport expenses be reduced. Even when people with disabilities do not need other people to ride with them or assist them, it is absolutely justified for them to enjoy concessionary fares. Moreover, the employment rate of people with disabilities is always on the low side and the median income of people with disabilities is definitely far lower than the median income territory-wide. Faced with the expensive transport fares, people with disabilities can only go out less. The impact this brings is definitely negative. Just imagine, for someone who is disabled because of some accident or disease, the question of whether he can rejoin society later would largely depend on whether he can get any sound psychological and spiritual support during his period of recuperation. Therefore, if people with disabilities are deprived of socializing opportunities because of the high transport fees and hence their recovery is affected, it would be most unfortunate. How can our Government be so heartless as to tolerate such a situation?

As I know from practical experience, what people with disabilities need the most are equal opportunities. If only they have the opportunities, people with disabilities are able to make contribution to society in much the same way as anyone of us. If they are denied the opportunities purely because of the high transport expenses and when they are unable to pay for the transport expenses when they look for jobs, what kind of equal opportunities can they expect to enjoy? Perhaps some people may say, and as many Honourable colleagues have already said so earlier, that they now have an additional \$200 monthly in Disability Allowance (DA) and this sum will help people with disabilities use the means of transport. However, I wish to point out that this \$200 may be seen as a good thing on the surface, but actually it will only create division in society. Currently, only those aged 12 to 64 and on DA can get this \$200 monthly supplement. Those people with disabilities who are not eligible for the DA cannot benefit from the supplement at all. Is the Government in so doing trying to restrict the definition of people with disabilities to those who are on DA? And would this not be at variance with the understanding of society?

As an example, the Leisure and Cultural Services Department (LCSD) and some of the ferry companies offer half-fare concession to people with disabilities and this offer is applicable to all those holding a registration card for people with disabilities and not just those who receive DA. Since the LCSD which is a government department uses the registration card for people with disabilities as a criterion, when we are to offer concessions to people with disabilities, we should extend these concessions to all holders of disability cards or those on DA, otherwise it would only create division. However and after all, the Government should not assume the responsibility of caring for the transport needs of people with disabilities which should otherwise be the responsibility of transport operators. We hope that the public and the Legislative Council should not stop fighting for the offer of transport concessions to people with disabilities simply because the Government has offered them a \$200 supplement. We hope that the transport operators can fulfil their respective social responsibility.

Deputy President, although this is the first time I take part in this motion debate, I hope very much that this would be the last time. I support the motion moved by Mr LEUNG Yiu-chung and I hope that the motion can be passed as soon as possible so that the proposal can be implemented expeditiously.

I so submit. Thank you, Deputy President.

MS CYD HO (in Cantonese): Deputy President, this motion debate has almost become a routine for this Council every year. I hope it would not last longer than the motion on the vindication of the 4 June incident and that it can finish earlier.

Mr LEUNG Yiu-chung has proposed this motion for the seventh time to urge the authorities and public transport operators to respond to the demands of people with disabilities to realize the concept of barrier-free transport. The motion has been proposed and passed by the Council for six times. But it has to be proposed every year. As a matter of fact, it can be seen that the Council is subject to great handicaps. It may well be said to be a disabled assembly, for even when a motion is passed every time, it cannot get any positive response from the Government. Or do we have to resort to actions like throwing bananas before anything positive can happen?

Deputy President, it would be a good thing for the psychological and physical health of people with disabilities if they can be helped in integrating into mainstream society and achieving self-reliance. From a utilitarian point of view, this would help in terms of the overall expenses of society. Because if we can lower the health care costs, the taxes to be paid by the public for this purpose can be reduced.

Actually, the Government has indeed done something during the long period of time this topic has been discussed. In 1993 the Transport Department published the first edition of the *A Guide to Public Transport Services in Hong Kong for Disabled Persons* in which information is given on the MTR stations which have barrier-free facilities for the convenience of people with disabilities. Information is also given on the percentage of buses fitted with super-low floor and movable ramps. This booklet was revised in 1996, 2000, 2003 and 2005 and it sets out the measures adopted by public transport providers to realize barrier-free transport.

There is, however, something which is most basic, something to which the Secretary only responded last year. It is the fare subsidy of \$200. As a matter of fact, of the many obstacles faced by people with disabilities, the financial problem is a hurdle which they find the hardest to overcome. It is precisely in this aspect that we find the Government has done very little.

Earlier on Honourable colleagues have mentioned the monthly income of people with disabilities and I have got some information on that. According to a

survey conducted by the Hong Kong Council of Social Service and the Hong Kong Society for Rehabilitation in end 2006, more than 70% of people with disabilities in employment make an income of less than \$4,000 a month and the median income is \$1,000 to \$1,499. Their income is deplorably low. However, their transport expenses, especially for those working people with disabilities who have to go out during the peak hours, are no different from ours. They are the same. Some of them have to seek the help of Rehabuses or ride a taxi before they can go to work. They do so because they do not want to give up a working life and they hope to rebuild their confidence and so maintain some dignity in life.

As for those people with disabilities not in employment, 30% of the interviewees say that the transport expenses are the factor influencing most in their decision to go out to take part in activities. More than 50% of the interviewees have gone out less because of the fare problem. From this it can be seen that the availability of transport subsidy can influence the social integration of people with disabilities and hence their psychological and physical health.

Then how many people can benefit from the \$200 supplement offered by the Government? Findings of the same survey mentioned above show that only 28.4% of people with disabilities incur monthly transport expenses of less than \$240. Then this sum of \$200 can really help them. However, close to 10% of people with disabilities do not incur monthly transport expenses to that amount and they only need to spend \$120. It can therefore be seen that this sweeping measure cannot help more people while the assistance it renders to some people is more than what they need. Is this the best way to use resources? Actually, this subsidy of \$200 monthly, cannot help about 45% of people with disabilities, for their monthly transport expenditure is more than \$420. So Deputy President, the simplest way is to use a special Octopus card such that when people with disabilities go to work or take part in any activities, they can enjoy a half-fare concession.

(THE PRESIDENT resumed the Chair)

On the number of Rehabuses, it is true that some people with disabilities cannot even ride on the MTR or a bus and they need the assistance of Rehabuses. I once joined a cultural event for people with disabilities held at the Cultural Centre in Tsim Sha Tsui. Some people with disabilities from New Territories

East and New Territories West cannot join the event and the number of participants on that day was not many because they could not book a Rehabus.

Life is getting very difficult these days and we all have to think about how resources can be best utilized. Although the Secretary said earlier that \$22 million had been used to purchase eight Rehabuses and upgrade 20 others, I wish to provide more information on this point. This morning the Secretary for Security mentioned that, with respect to the number of ambulances, by 2009-2010, 196 ambulances would have to be discharged from service because they have been in service for eight to 10 years. Although sometimes the engines of these ambulances would fail, and as many as some 800 cases of engine failure are recorded in one year, there is a difference between the urgency of Rehabuses and ambulances. And I was thinking this morning about where these ambulances should go after their discharge from service. I suggest that the Government should allocate some resources so that modifications can be made to these ambulances in order that they can be converted as Rehabuses, hence strengthening the Rehabus service. As things are so difficult these days, I hope the Government can make good use of these 196 ambulances which are about to be discharged from service in the interest of environmental protection and effective use of resources.

President, these people are the unlucky ones in society. They cannot move about as easily as ordinary members of the public. Their situation is beyond our imagination. If these people with disabilities do not want to abandon themselves, I hope we will not abandon them, too.

Thank you, President.

DR PAN PEY-CHYOU (in Cantonese): President, I am a novice in this Council and I did not have the chance to take part in the debates held on this topic on the six previous occasions. I admire the unwavering insistence displayed by Mr LEUNG Yiu-chung and I think this is an indication of his genuine concern for the disadvantaged. At the same time, I regret the fact that over the past seven years the Government has failed to face up to the demands of people with disabilities.

My work outside this Council is mainly serving the elderly. Most of them are suffering from some illness and many of them are impaired in mobility. They would need to use clutches or sit in a wheelchair when they see a doctor. There are times that because of my work, I have to talk with them to know their

life better. I find that they have great difficulties in going to a hospital for follow-up consultation or treatment. I have led colleagues in my department to conduct a survey and in that survey, our concern is the difficulties faced by elderly people with senile dementia and their family. We came to know that it is really not an easy thing for people with disabilities to go out in Hong Kong.

President, now if people with mobility problems wish to go out, the public modes of transport cannot meet their needs. This is because ordinary means of public transport like buses, minibuses and the MTR do not have enough barrier-free facilities. Most buses, for example, do not have a low floor and for MTR stations, at most only one exit in every station is fitted with a lift. We know that it is not easy for passengers to find the exit with a lift because of the location they are in. Taxis are quite convenient, but the fares are very expensive. As many Honourable colleagues have said, people with disabilities earn a meagre income and so in general they are unable to afford the high transport expenses on account of their financial situation. When necessary, they would as a last resort choose to take some means of transport especially catered for people with disabilities.

At present, there are three kinds of transport available to those with mobility problems. The first are the Rehabuses and the Accessible Hire Car service operated by the Hong Kong Society for Rehabilitation. These can meet their needs in daily life, work or social life. The second is the non-emergency ambulance service run by the Hospital Authority which carries people to and from hospitals or clinics. The third are the Easy-Access Buses provided by the Hospital Authority and operated by the Hong Kong Society for Rehabilitation which carry patients with minor mobility problems to and from hospitals and clinics. By all appearances, it seems that a wide range of services is available. But in practice, the supply lags far behind the demand.

In the case of Rehabuses, for example, although there are more than 100 such buses in Hong Kong, the number is vastly insufficient when compared to the some 300 000 people with disabilities in Hong Kong. In last year, the Rehabuses made a total of some 600 000 passenger trips but the number of rejected requests also numbered close to 10 000. Despite the proposal made in this year's budget to add eight Rehabuses to the fleet, it is still unable to meet the great demand.

As for non-emergency ambulance services, the situation is even more alarming. This is because some people with disabilities must require the

assistance of a wheelchair, but they are living in flats not easily accessible by wheelchairs or flats not accessible by lifts. Some of them live in village houses. So non-emergency ambulances are the only means of transport that can take them to hospitals or clinics for medical consultations. There are only 127 non-emergency ambulances in Hong Kong, but their service areas cover every place in Hong Kong, Kowloon and even the outlying islands. Their service targets are plenty. Added to the fact that vehicles are prone to mechanical failures, so people with disabilities have to wait several hours for such service. And the trips made plus the time spent in the hospitals and clinics would often cost them a whole day's time. Also, in order to rein in demand, the Hospital Authority has imposed stringent conditions even though it is reluctant to do so. Hence, many patients with genuine needs are unable to get the service. Colleagues in my department would often have to rack their brains to think about how patients can be helped to make appointments for non-emergency ambulance service. At times a patient may need to attend an advanced follow-up consultation, but since a non-emergency ambulance cannot be arranged, the patient may be forced to postpone his appointment. This will affect his recovery.

President, if the Government and public transport operators can shoulder their social responsibility in the same way as Mr LEUNG Yiu-chung has suggested, that is, offering concessionary fares and implementing barrier-free transport, the people with disabilities would certainly welcome such a move. Having said that, the Government should increase its input of resources in order to improve the various transport services especially for people with disabilities and better meet their needs. This Council has discussed this motion six times but no satisfactory outcome has resulted. I really hope that this will be the last time we discuss it.

President, although the Universal Declaration of Human Rights affirms the freedom of mobility in every person, the people with disabilities in Hong Kong are constrained by transport fares and transport facilities. There is a lack of transport services especially catered for these people. Because of this, they cannot go out and get in touch with the outside world and they are even unable to receive essential treatment. Is this something that should happen in this prosperous metropolis of ours? So I hope that the Government can bring some good news to the people with disabilities after the motion debate today.

With these remarks, I support the motion.

MR WONG SING-CHI (in Cantonese): President, this motion topic has already been discussed in the Legislative Council for seven times. In October 2002, I spoke in the motion debate on "Transport needs of people with disabilities". Then, from 2004 to 2008, I was not a Member. I could never have imagined that when I am back in the Legislative Council, this topic is once again raised for discussions. I simply cannot understand why it is considered so difficult to offer concessionary transport fares to people with disabilities. I have thought about this over and over again, but I still cannot understand why. On the one hand, I really admire Mr LEUNG Yiu-chung for his insistence, for this is already the seventh time that he moves a motion on this topic. On the other hand, I doubt the competence of the Government. I find its performance very poor, and I am very surprised that it has still failed to do something so simple despite our long years of request. This motion topic is not about any controversies over fundamental principles, nor does it involve any clashes of vested interests and any particularly difficult tasks. But the whole issue has dragged on for so many years, with the result that we are still unable to implement such a proposal that can benefit the 100 000 people with disabilities. This benevolent measure will only involve administrative technicalities, but even so, there have still been so much procrastination and a complete lack of progress. It is truly very disappointing.

According to the Hong Kong Rehabilitation Programme Plan 2005, the Government's overall objective is "to help persons with disabilities develop their physical and mental capabilities as well as their ability to integrate into the community; and to create a barrier-free physical environment through a comprehensive range of effective measures, with a view to ensuring that persons with disabilities can participate in full and enjoy equal opportunities both in terms of their social life and personal growth." This is the established policy of the Government, and the present motion's proposal on implementing various measures to cater for the transport needs of people with disabilities is in keeping with the Government's policy. If we are to help persons with disabilities to integrate into society and enjoy equal opportunities of social participation, the simplest way should be to make it easier for them to go out by helping them to resolve their transport problem.

According to the Special Topics Report No. 28 on "Persons with Disabilities and Chronic Diseases" for the year 2000, there were about 200 000 persons with disabilities in Hong Kong. Of these, roughly 100 000 were

restricted in body movement and about 74 000 with visual impairment. Persons with disabilities accounted for some 4% of Hong Kong's total population in the year under survey. All these people with disabilities are disadvantaged in terms of employment, and they face many more transport difficulties than the able-bodied in going out.

A survey on persons with disabilities conducted by the Hong Kong Council of Social Service and the Hong Kong Joint Council for People with Disabilities in 2006 can show the transport situation faced by persons with disabilities. The persons with disabilities responding to the survey mostly confined their activities to their local districts or nearby places. Cross-district activities were rare, especially in the case of the wheelchair-bound. Some respondents even remarked that the public transport system was not entirely barrier-free. This, together with fare consideration, had a great impact on their areas of activity.

The survey also reveals that a person with disabilities spent about \$50 to \$100 per week on transport, which was roughly the same as the \$70 or so spent by an ordinary person during the same period. However, as clearly pointed out by Ms Cyd HO, the average income of more than 70% of persons with disabilities was less than \$4,000, and their median income ranged from \$1,000 to \$1,500 only, which was obviously lower than the income of ordinary people. Transport expenses, which accounted for some 10% of their income, were certainly a very heavy burden on them. It is small wonder that nearly 30% of the respondents admitted that transport fares were a major factor determining whether they would go out. More than 50% of the respondent even said that in the month before the survey, they had gone out less in order to reduce their transport expenses. All this can show that the heavy expenditure on transport fares is an obstacle to the social integration of people with disabilities.

Concessionary transport fares are available to students and the elderly, so what is the reason for such reluctance to extend the benefit to people with disabilities? The Legislative Council has held many pragmatic discussions on this topic and also reflected its specific views to the Government. Actually, this is no difficult task at all. We only want to extend concessionary transport fares to people with disabilities, so as to cater for their needs. This request is not excessive at all. We have already given thoughts to many possible administrative arrangements and proposed to extend concessionary transport fares first to recipients of Disability Allowance and CSSA who are 100% disabled.

We have proposed many possible schemes on this, and the number of beneficiaries is just around 85 000. In brief, the request is indeed very reasonable. Having gone through some relevant information, we found that last year, the profits made by the MTRCL, the China Motor Bus Company Limited and the Kowloon Motor Bus (1933) Limited were respectively \$15.1 billion, \$330 million and \$380 million. To them, the expenses on providing concessionary transport fares to merely 85 000 persons with disabilities will be minimal. In other words, they will not be affected, nor will they suffer any losses. This is not to speak of a study conducted by the University of Hong Kong, which indicates that the provision of half-fare concession may even increase the profits of public transport operators. I hope that since the railway corporation and bus companies all enjoy franchises, they can discharge their social responsibility and provide half-fare concessions to people with disabilities. Why do they still refuse to provide any concessionary fares to people with disabilities when they are all making profits? They will not incur any losses and the arrangements will not be very complicated. Besides, not much administrative work will be required either. Why do they refuse?

I suspect the reason is very simple: All these public transport operators and the Government discriminate against people with disabilities. To put it simply, they have sought to put aside the whole issue probably because they are afraid of trouble. That is why they are reluctant to comply. The Labour and Welfare Bureau should work with the Transport and Housing Bureau to exercise their powers in respect of franchises and on the board of directors. They should hold negotiations with public transport operators on a specific package and timeframe for providing half-fare concession, rather than behaving so powerlessly, allowing these commercial organizations to evade their social responsibility by putting up various specious excuses.

With these remarks, I support the motion.

MR WONG KWOK-HING (in Cantonese): President, this is actually the seventh time that Mr LEUNG Yiu-chung moves a motion on providing transport fare concession to people with disabilities. I can remember that a motion on the same topic was moved in October last year, and I even moved an amendment to it. One of the points in my amendment reads "there are worries about further procrastination by the government departments". Unfortunately, my prediction

has really come true. The Government has really kept on delaying the matter, with the result that Mr LEUNG's motion must continue to be "revived" this year.

President, I must use the word "revived" because after the passage of Mr LEUNG Yiu-chung's motion last year, it once seemed that the Government would really want to offer half-fare concession to persons with disabilities. On 20 December last year, when the Chief Executive attended the summit on social enterprises, he made a most assertive undertaking of providing concessionary transport fares to people with disabilities. He said, "We have decided to provide concessionary transport fares to persons with disabilities. People with disabilities in need will be offered assistance in social integration. The Financial Secretary and the Secretary for Labour and Welfare are actively working on the details of implementation. The Financial Secretary will give a detailed description of the plan in the Budget to be announced in February next year." (End of quote). President, we must note the words "providing concessionary transport fares to people with disabilities". The Chief Executive said these words clearly. And, he also said that the details of the plan would be announced in the Budget.

But then, in February this year, what did the Financial Secretary say? In paragraph 138 of the Budget speech, he said, "To further encourage disabled people to participate in activities away from home, I propose providing an additional supplement of \$200 a month to Disability Allowance recipients aged between 12 and 64, and CSSA recipients in the same age group with 100 per cent disability." (End of quote). Honourable Members and government officials, please note that "concessionary transport fares" has been reduced to "an additional supplement". What is more, what we have been fighting for is half-fare concession, but all has ended up in \$200 only. The Government's tactic of substituting concepts is indeed much too "ugly", much too unfeeling towards those disabled persons and organizations that have been waiting so eagerly. I must ask the two Secretaries, "How can the Chief Executive forget all about what he said? How can the grassroots and the underprivileged still believe that the Government can offer them any help?"

President, the Government's tactic of replacing concessionary transport fares with a supplement has made it necessary to raise the issue for discussions in the Legislative Council again. And, once again, the Government and public transport operators have resorted to the tactic of passing the buck to the other.

The Government claims at one time that there are some technical problems with the Octopus System, and, at another time, it talks about exorbitant administrative costs. A moment later, it even says that since taxis are not equipped with Octopus machines, a supplement will be the best alternative. Seeing that the Government is hesitant, public transport operators immediately harp on the old tune that it is difficult to identify people with disabilities, and that without government support, they will not proceed any further. Then, when the policy address was announced last week, the Chief Executive did not mention what he said last year, and the whole policy address did not even refer the transport needs of persons with disabilities. Has the Government tried wholeheartedly to cater for the transport needs of persons with disabilities? I think the Secretaries must give us a concrete reply today, whether it is a specific plan or a timeframe. If the Secretaries cannot give us any reply, then would they please invite the Financial Secretary or the Chief Executive to do so? We in the Legislative Council will never stop our struggle until half-fare concession is provided to people with disabilities.

President, I totally support the motion today. But whether we talk about Rehabus service or barrier-free transport, we must realize that the crux of the problem is always the lack of half-fare concession for people with disabilities. Therefore, I request the Government to respond immediately to the Legislative Council's demand and the aspiration expressed by people with disabilities for seven years, because despite the long years of waiting, there has been absolutely no progress in the provision of half-fare concession to people with disabilities. Like public transport operators, the Government itself should discharge its social responsibility. I must reiterate here that there should be no more excuse for the Government to further delay the discharge of its obligation.

President, I totally support Mr LEUNG Yiu-chung's motion. I do not wish to see the moving of a similar motion in this Council next year. I hope the two Secretaries' replies can bring the whole issue to a full stop. Thank you, President.

MS LI FUNG-YING (in Cantonese): President, veteran Legislative Council Members all find meeting the transport needs of persons with disabilities an all too familiar topic. Since the 2002-2003 Session, we have been debating this very topic every single session. Has there been any improvement in the work on

meeting the transport needs of persons with disabilities after the long years of debate? I cannot say that there has been no progress. As many Honourable colleagues have pointed out, the Financial Secretary has earmarked \$20 million for replacing 24 Rehabuses and purchasing seven new vehicles in this financial year. Besides, Disability Allowance recipients aged between 12 and 64 will each be provided with an additional supplement of \$200 a month, so that they can be encouraged to integrate into society. But can these improvements meet the transport needs of people with disabilities? We will know the answer if we look at some statistics.

According to the General Household Survey 2000 conducted by the Census and Statistics Department, there were some 300 000 persons with varying degrees of disability, but there were only 100 or so Rehabuses at the time of survey. In other words, there was just one Rehabus for every 20 000 people on average. We can easily imagine that such a demand-supply ratio cannot possibly meet the transport needs of persons with disabilities. Actually, the minor adjustments mentioned in the Budget aside, the Hong Kong Rehabilitation Programme Plan Review conducted since 2005 should have provided a good opportunity for a comprehensive study on the transport needs of persons with disabilities and related policy improvements. However, the review last year basically evaded the transport needs of people with disabilities. It just focused on the easy and generally emphasized that a barrier-free environment was essential to the integration of persons with disabilities into society. It ignored the fact that insufficient transport support is the basic obstacle to the social integration of persons with disabilities.

President, nowadays, when the proportion of transport expenses in people's daily expenditure increases all the time, even low-income able-bodied people find it hard to cope with the burden of transport fares, not to speak of persons with disabilities. Therefore, half-fare concession is the most effective means of helping persons with disabilities to integrate into society. At present, public transport operators already offer concessionary fares to holders of Senior Citizen Cards, so I cannot understand why people with disabilities cannot be given the same treatment. What are the difficulties involved? Another way to deal with the shortage of Rehabus service is to provide a cash transport subsidy to persons with disabilities who cannot receive such service. This is no new proposal and it has been mentioned repeatedly in this Council's motion debates on the transport needs of persons with disabilities. Only that the Government has ignored them all along.

President, the integration of persons with disabilities and the able-bodied in society cannot be achieved by slogans and cosmetics efforts. The concept must be internalized as a fundamental social value, supported by concrete policies. In this regard, I think that there is still much room for improvement in Hong Kong.

Thank you, President.

DR PRISCILLA LEUNG (in Cantonese): As a new Legislative Council Member, I am very puzzled that Mr LEUNG Yiu-chung must still move this motion today. I thought that the protection of persons with disabilities should be a social consensus after the passage of the Disability Discrimination Ordinance.

Speaking of the transport needs of persons with disabilities, I think many people are aware that their incomes are not as high as those of able-bodied people. At this time of inflation, even many ordinary people cannot afford public transport fares, and some children thus do not have any chances of going to parks. The incomes of persons with disabilities may be even lower than those of these families. This means that they may easily become social outcasts.

Modern-day societies all emphasize corporate social responsibility. Two years ago, when I visited California of the United States, I took the subway there. I can still remember very clearly that the subway was all free on those two days. All could take the subway free of charge. The objective was to encourage people to take public transport and reduce the consumption of gas. All these policies implemented by large enterprises and governments, all these measures with people's consensus, can show that sometimes, large enterprises are not without any conscience.

The MTRCL and many large public transport operators in Hong Kong make a lot of money. In recent years, making donations have become very popular among many large international enterprises, and some magnates also donate two thirds or half of their wealth to charity. What does all this show us? It shows that they want to donate to society the money and income they have made from it. In the context of Hong Kong, we are not so demanding. But when people keep talking about "unscrupulous businessmen" when it seems that businessmen will never support any policies that have the consensus of the people, any policies that are good to the people I have always hoped that the Government, the business sector and the people I have always hoped that the business sector can support those policies that have the consensus of society.

I think that in regard to the protection of people with disabilities, policies and support are already in place. To large enterprises, especially large enterprises like the MTRCL, this is not anything difficult. They need only to make do with a bit less profit. In this way, they can already win the big applause of Hong Kong people and the heartfelt commendation of many.

Therefore, I think Mr LEUNG Yiu-chung's motion should receive the enthusiastic support of the Government, society and all relevant commercial organizations. We should take the first step and demonstrate that the Government, the business sector and the people can really co-operate on social issues. And, this can also give the MTRCL and other transport operators a very good opportunity. I hope a breakthrough can be made this year.

Thank you, President.

MR FREDERICK FUNG (in Cantonese): President, first of all, I must thank Mr LEUNG Yiu-chung for his perseverance in moving a motion on the transport needs of people with disabilities year after year in the legislature. I sincerely hope that this motion debate can be the last of its kind. But we must be realistic. The Government is so stubborn and public transport operators are so profit-oriented. I am honestly afraid that Mr LEUNG Yiu-chung must still work hard on the motion topic.

President, I dare say that the motion is basically a consensus in society and it has commanded the support of different political parties and groupings over the years. I believe the Government cannot deny that cheaper fares for people with disabilities will certainly help them integrate into society, ultimately enabling them to live harmoniously with the able-bodied. However, as pointed out in the motion, the proposal on concessionary fares has never received any proper attention, nor has it been implemented. Why have the Government and public transport operators been trying to delay the implementation of the proposal?

Actually, the provision of concessionary fares was already discussed many times by the Subcommittee to Study the Transport Needs of and Provision of Concessionary Public Transport Fares for Persons with Disabilities during the last term of the Legislative Council. The Subcommittee discussed issues such as the definition of persons with disabilities for determining the number of eligible recipients, whether the provision of such concessionary fares would constitute a different kind of discrimination and whether the proposal would impose any heavy financial burden on public transport operators.

All these concerns have basically been clarified and addressed by the Subcommittee. The most powerful assurance is provided by a University of Hong Kong study commissioned by the former Health, Welfare and Food Bureau on the use of public transport by persons with disabilities. According to the findings, the provision of full-day half-fare concession to persons with disabilities will only reduce the fare proceeds of public transport operators by some \$3 million a week in the worst-case scenario. This means an annual sum of about \$160 million only. A more optimistic projection is that concessionary fares may bring forth additional passenger trips because disabled passengers will be accompanied by their friends or relatives. This will lead to increases in fare proceeds. It is obvious that the provision of concessionary fares is well within the means of public transport operators, which make very huge profits every year.

I can remember that roughly at this time last year, I was so naive as to believe that the Government was in agreement and concessionary fares for persons with disabilities would really be introduced. Some so-called government sources disclosed at that time that the authorities were considering the introduction of a special kind of Octopus cards for persons with disabilities, so that they could use them for enjoying half-fare concession on the public transport system. It was intimated that the Government would underwrite all the fare difference on a reimbursement basis. In the policy address last year, not this year, the Chief Executive announced that active consideration was being given within the Government to the possibility of using public money to offer public transport fare concession to people with disabilities. And, he said that a decision would be made within one or two months. Such government subsidy should be able to allay public transport operators' worries. But the whole thing has been delayed again and again.

As announced in the Budget, the Government has eventually decided to provide an additional supplement of \$200 a month to Disability Allowance recipients aged between 12 and 64, and CSSA recipients in the same age group with 100% disability. Government sources disclosed last year that the idea of special Octopus cards could not be carried out due to high administrative costs or technical difficulties, so the provision of an additional supplement in cash should be the most convenient and effective alternative. The Hong Kong Association for Democracy and People's Livelihood (ADPL) and I maintain that this explanation is absurd. I fail to see any technical difficulties. Technologies are advancing by leaps and bounds nowadays. The Mainland has already sent spacecraft into space, and Chinese astronauts can already walk in space. But then, they still claim that they could not deal with the Octopus card problem. In

principle, Octopus cards for persons with disabilities and those for senior citizens and students will only involve the same technical requirements in computing the concession.

President, I can remember that some time ago, when the Legislative Council requested the extension of student concessionary fares to the whole rail system, the MTRCL turned down our request on many specious excuses. But then, in July, in a bid to salvage the Chief Executive's popularity, the authorities virtually ordered the MTRCL to comply with the request for extending student concessionary fares to the whole rail system. And, as a result, all adjustments and system support were put in place within only two months. How can they account for this? Is that because many students' parents are electors with louder voices, so they must comply? Is that because persons with disabilities are a disadvantaged group in society, so they can continue to put up delay on the grounds of prudent commercial principles?

The ADPL and I think that the additional supplement of \$200 can be helpful in some measure. But we also think that it should just be regarded as a transitional arrangement to cope with immediate needs. Concessionary transport fares must not be brushed aside for the mere sake of convenience because they are the simplest way of enabling persons with disabilities to go out for activities, the most effective way of facilitating their integration into society. Therefore, transport operators should overcome all difficulties and offer concessionary transport fares to persons with disabilities direct. They must discharge their corporate social responsibility. In particular, as the major shareholder of the MTRCL, the SAR Government should take the lead by exercising its influence in the board of directors and introduce such fare concessions on the MTR before other transport operators. And, even from the commercial perspective, as pointed out by the study mentioned just now, the provision of concessionary transport fares to persons with disabilities may also bring additional revenue to the MTRCL — let me repeat that since persons with disabilities are usually accompanied by friends or relatives when going out, half-fare concession may well bring forth additional full-fare journeys. This is totally in keeping with prudent commercial principles.

With these remarks, President, I support the motion.

MR ALBERT HO (in Cantonese): President, I believe Honourable colleagues should have received a copy of the letter from the Joint Conference on Fighting

for Half-fare Concession for Persons with Disabilities (the Joint Conference) outside the Legislative Council Building today. Addressed to the Equal Opportunities Commission, this letter is basically a complaint about the MTRCL's discrimination against persons with disabilities. Part of the letter reads, "Over the years, our demand has been ignored by the Government and public transport operators. The voices we have made through various actions and meetings have only met with irresponsible replies that disappoint us greatly. In October this year, the MTRCL started to provide half-fare concession to all students in Hong Kong of its own accord. The concession covers the East Rail, the West Rail, the Ma On Shan Link, the Light Rail Transit System and all feeder bus routes of the MTRCL. As many as 540 000 students are eligible, and it is expected that the MTRCL will receive \$130 million less from fares. It is indeed very saddening to note the contrast between the MTRCL's swift response in the case of students and its long years of indifference to the urgent needs of persons with disabilities." (End of quote)

President, after reading this letter, I can certainly sense that having been ignored and neglected for so many years, those persons with disabilities in the Joint Conference are all very dissatisfied with the inequality. In order to fight for concessionary transport fares for the several tens of thousand persons with disabilities, they have been approaching many different organizations and persons. But all through the years, they have failed to receive the response they want to have. And, their finances are comparatively poor in most cases. According to a survey conducted by the Hong Kong Council of Social Service, 50% of the respondents have decided to go out less often for activities in order to save transport expenses. Why should we still turn down this very humble request of theirs? Why should they still be denied such reasonable support?

The Legislative Council has been following this issue for years, but there has been no result so far. The Legislative Council has long since reached a consensus on this issue. As pointed out by Mr LEUNG Yiu-chung, this is already the seventh time that he moved a motion on this topic. All similar motions in the past were passed. And, the Government also said that it supported the consensus of the Legislative Council.

In the document submitted to the Legislative Council on 31 October last year, the authorities said, "The Administration recognizes that subsidizing their public transport expenses through the provision of public transport fare concession will help to encourage them to go out more to participate in different

activities, providing more opportunities for them to meet with the community, thereby facilitating their full integration into society. On this, the Administration has all along been liaising with the public transport operators, encouraging them to take a further step to provide fare concession to persons with disabilities in fulfillment of their corporate social responsibilities while improving their service facilities." (End of quote). But so far, both the Legislative Council and the Government have failed to compel public transport operators to undertake an offer of this concession.

The Legislative Council has all the sincerity to study and hold discussions on possible plans. We even established some working groups to conduct in-depth studies on every technical detail. In the process, we also expressed the willingness to accede to transport operators' demands in some areas. For example, we were willing to narrow the definition of persons with disabilities in order to lessen the burden of transport operators. What I mean is that we were prepared to accept a definition slightly narrower than that set out in the Disability Discrimination Ordinance, so that the fare concession would only cover 55 000 recipients of the Disability Allowance and 40 000 CSSA recipients who are totally incapacitated. In other words, we were prepared to accept the temporary exclusion of many chronic patients with disabilities.

What is more, in view of transport operators' fear of violating the Disability Discrimination Ordinance, we also expressed the willingness to support the Government's amendment of the Ordinance, to the effect that the selective offer of fare concession to persons with disabilities shall not constitute an offence. However, transport operators still refused to offer the concession on various excuses. They even argued that fare concession of this kind should be regarded as a form of social welfare and must thus be financed by the Government. As a result, they requested the Government to transfer the handling of the issue from the Policy Bureau responsible for transport to the Labour and Welfare Bureau. In the end, utterly disappointed, the Legislative Council wrote to the Chief Secretary for Administration, requesting him to follow up the issue vigorously. However, there has been no progress so far.

President, the organizations being requested to offer fare concession are no ordinary commercial organizations. They all enjoy franchises granted by the Government. And, precisely because they enjoy franchises, they are able to make billions of profits every year. In the case of the MTRCL, the Government's one-off capital injection for the construction of the Sha Tin to

Central Link already amounts to \$30 billion. Why should it be so mean on the provision of half-fare concession to just several tens of thousand persons with disabilities? Why are all these organizations unwilling to discharge such a basic corporate social responsibility?

The Government is the one who grants bus franchises, and it is also the major shareholder of the MTRCL. How can it be possible that it does not even have the power to make them discharge their corporate social responsibility? Therefore, the Democratic Party agrees that, as requested by Mr LEUNG Yiu-chung in his motion, it is necessary for the Government to put forward specific proposals and a timeframe in the near future. We will render our total support and will continue to make efforts until the objective is achieved.

I so submit.

MR RONNY TONG (in Cantonese): President, this legislature is really full of weird things. Ms Starry LEE has left the Chamber already. When she spoke just now, she said she was extremely puzzled by the fact that we had been debating the same topic year after year. President, this is certainly not the only topic. There are many others, such as a minimum wage level, a fair competition law, 4 June, and so on. I have been a Member for the past four years, and I can observe that all these topics are here with us all the time, and it seems that discussions on them can never end. But of all these "eternal" topics, the present one is least worthy of an annual debate. President, the reason is that this legislature has long since reached a consensus on the issue, and I believe there is also a consensus in society. The determination and resources required are actually not very huge. However, we must still debate the topic year after year. I really admire Mr LEUNG Yiu-chung's perseverance. If I were him, I might not have the doggedness to raise the topic for discussion year after year.

I can still remember the time when I first came across this topic shortly after joining the legislature. It was actually Mr LEE Cheuk-yan who brought my attention to it. He said to me, "Ronny, please give us a hand. The Government is so short of arguments that it now even says that the offer of half-fare concession will contravene the Disability Discrimination Ordinance." I replied, "What? How can a law intended for the benefit of persons with disabilities be used as a means of preventing them from enjoying half-fare concession?" I was very angry after learning of the Government's argument.

From then on, I was in attendance at the meetings of the Subcommittee, but since I was not a member, I could not cast any vote.

President, what is the crux of the whole problem? I think there are two things in it. First, the Government has up to now failed to know clearly what we have been discussing. Second, it is the question of determination. I do not think that the matter involves any resource problems. President, why do I say that the Government does not know what we have been discussing? When handing out "candies" last year, the Financial Secretary also considered this issue. Members are certainly aware that discussions on this topic actually spanned a whole cycle of recession and economic recovery. By now, we have entered another cyclical recession, but we are still marking time.

What did the Government put forward when the economy turned around last year? It said that according to a University of Hong Kong survey, a person with disabilities spent about \$45 on transportation every week (\$45.8, to be precise). It therefore concluded that \$183.2 was required a week. As a result, it simply gave them \$200 a month, thinking that it would be enough. President, the Government is totally unaware of the difficulties faced by persons with disabilities. The \$200 concerned is actually spent on travelling to see a doctor, to receive medical care. They do not have any social life and are unable to integrate into society and devoid of any social capital. What they ask for from the Government is not the money needed for going to see a doctor. President, the \$200 can only help them cope with their living needs and expenses. It cannot help them make friends, establish any social networks, add to their social capital and integrate into society. As I have always pointed out, the offer of \$200 only means an extra \$200 amidst soaring goods prices. It can mean nothing more.

President, this is what I mean when I say that the Government does not know what we have been discussing. What we have been talking about is the hope that persons with disabilities can socialize and live like ordinary people. President, they are mentally vulnerable, and they need support. But the support they need is not any alms handed out by the Government, the alms of \$200 a month. They require three-tier social support, to be precise.

President, speaking of solutions Actually, we have already come to the "door step". Last year, the Government commissioned the University of Hong Kong (HKU) to conduct a study, one which many other Members have

already mentioned. The findings of this survey are a pleasant surprise to us all. They suggest that if half-fare concession is offered to persons with disabilities, public transport operators may make profits as a result. Why? The reason that as transport fares become lower, those who otherwise will not have any social activities and take any means of public transport will begin doing so. Since operating costs will remain basically unchanged, more passengers will mean more profits, right? I suppose this is readily understood by even small children. But the Government cannot see the point.

We have been negotiating with the Government for one whole year, and in the meantime, we have also been discussing the matter with transport operators. By now, I must point out, the MTRCL has already given us a comparatively responsible and positive reply. It has replied that it does not have any objection but hopes that the Government can guarantee that it will underwrite any losses. I think this is only fair. It should be the duty of the Government to bear the responsibility. The MTRCL has even undertaken that if there are any profits, it will return them all to the Government.

If the HKU survey commissioned by the Government has given the correct observations, the Government will actually make profits. In that case, why doesn't the Government do so? Honestly speaking, the Government has already made so many 100% guarantees for the operating capitals of banks and small and medium enterprises, and so on, so why does it still refuse to help persons with disabilities? This is not to speak of the fact that it will even be able to save the \$200 a month, that is, some \$17 million in total, President. It may even make profits. Why not just do it?

There may admittedly be some technical problems, such as the difficulty in defining a person with disabilities. This may require some clarification under the law. However, since the legislature has already reached a consensus, I am sure that once the Government tables a reasonable proposal to amend the legal definition under the Disability Discrimination Ordinance, it will be passed immediately. There should be no technical difficulties. What is lacking is nothing but determination. I hope the SAR Government can have the determination to ameliorate the problem.

MR PAUL CHAN (in Cantonese): President, as mentioned by Members just now, this is already the seventh time that Mr LEUNG Yiu-chung moved a motion

on this topic. The information of the Legislative Council shows that in 2005, a Subcommittee was established to study this topic. At that time, when representatives of eight public transport operators attended meetings of the Subcommittee, they all said that they would basically support the Government's provision of half-fare concession to disabled Comprehensive Social Security Assistance (CSSA) recipients on the basis of "compensation in case of losses and return of proceeds in case of surplus" and "actual costs reimbursement".

After working for two and a half years, the Subcommittee finally published a report of some 30 pages. There are many valuable recommendations in the report, representing the consensus of the Legislative Council. The Government should respect and listen to all the recommendations and put them into practice.

Just now, several Members mentioned that at the social enterprise summit last year, the Chief Executive announced the Government's decision to offer transport subsidies to persons with disabilities. This gave everybody very high hopes. However, when the Financial Secretary announced the Budget this year, he only proposed to provide an additional supplement of \$200 a month to Disability Allowance recipients aged between 12 and 64, and CSSA recipients in the same age group with 100% disability.

The Financial Secretary also earmarked \$20 million for the improvement of Rehabus services. But in the end, only eight new vehicles were purchased and 24 vehicles replaced.

President, this topic has been debated in the Legislative Council for five legislative sessions, and it has also been studied by the Subcommittee of the Legislative Council. But the improvements made by the Government so far can be described as just a drop in the bucket. Persons with disabilities are extremely dissatisfied, and not only this, Members are also very disappointed because the Government has never responded comprehensively to the recommendations of the Subcommittee.

I maintain that the Government is obligated to bear the transport expenses of persons with disabilities. Fiscal measures should be formulated to help them go out more often for activities and integrate into society. But I also wish to point out that all public transport operators, such as bus companies, the MTRCL and ferry companies, must operate according to commercial principles. Apart from being answerable to shareholders, they must also hold themselves

accountable to their employees and suppliers. If they are required to bear all the transport expenses of persons with disabilities, their commercial operation will be interfered with. I think this will complicate the matter unnecessarily.

I must stress that I am not against the provision of concessionary fares to persons with disabilities. I only think that the Government should bear all the costs directly. The Government should bear all the costs directly. It should show genuine concern for the disadvantaged members of society instead of pushing the responsibility around.

It is projected that the Government may run into a deficit of several dozen billions this financial year, but I think that government financial management should be based on one entire economic cycle rather than the surplus or deficit recorded in any individual financial year. For this reason, even if there is a drastic decline in Treasury revenue next year, or even a deficit, the Government should still not be so mean on the provision of concessionary fares to persons with disabilities. I so submit. Thank you, President.

MR PAUL TSE (in Cantonese): President, again I simply cannot understand what is going on after listening to the debate for such a long time. In general, there must be two sides in any disputes, debates or controversies. In a lawsuit, or even in a ball game, there must be two sides. But concerning the topic under discussion, Mr Ronny TONG was right in his remark. Speaking of a fair competition law or a minimum wage level, for example, there are invariably two sides, each at least embracing different principles and convictions. But this evening, I observe that there is just one side. It seems that all Members, leftists, moderates and rightists alike, have been advancing exactly the same points. There are no disputes at all. The whole thing is just like shadow boxing. One simply does not know what the other side is up to the next second. Are there any reasons for the inaction? It is just a matter of conviction, and politically, there should not be any problems. Financially, from the commercial perspective, quite a number of Members already mentioned just now that according to the survey report of the University of Hong Kong, there should even be profits instead of any losses. Besides, very few people in society are against the advocacy. So, what are the reasons for inaction? I really want to hear what the other side is going to say about its inaction. It is only when reasons are given that I can refute them. This will be better than holding continuous debates while the reasons are unknown.

We spend huge sums of money every year on many seemingly civilized institutions and other measures. Some examples are the Equal Opportunities Commission and the Office of the Privacy Commissioner for Personal Data. Supposedly, all these organizations are established by a "progressive", "advanced" and "affluent" society to enhance its level of civilization. Money is therefore spent on upholding the convictions and ideals concerned. However, in contrast to all these convictions and ideals, the demand of persons with disabilities is actually very basic. We have spent so much money on many organizations with lofty and civilized ideals, but why have we failed to answer the most basic and modest demand of the grassroots? We had better scrap these two organizations and use the money for meeting the basic needs of the persons concerned. Therefore, after listening for such a long time, I still cannot see the reasons for inaction. Still less can I understand why we need to discuss the issue for seven years. I hope the two Secretaries can give us a satisfactory reply which can tell us why we must spend so much time and efforts on the issue. Are there any secret worries, any secrets or hidden agenda which we do not know or should not know? It is only when we know the reasons that we can know how to respond. This is better than holding any continuous debates that can never get to the crux of the problem.

I also wish to mention the tourism sector here. I once thought that there were no such facilities. But I now understand that a certain organization has been providing such services. This organization provides vehicles for use by persons with disabilities, especially for visitors with disabilities. In case Members are not aware of this, I may take this opportunity to inform them. An organization has been providing such services to visitors. I am just trying to mention this in passing. In conclusion, I hope that the two Policy Bureaux can squarely address this issue and tell us the real reasons, so that we can see the crux of the problem or tackle it. Thank you, President.

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

MR LEUNG KWOK-HUNG (in Cantonese): The Government has been very cunning, resorting to various excuses to delay the provision of concessionary fares to persons with disabilities. At the very beginning, it was said that there was a problem with the law, claiming that if concessionary fares were provided, other disadvantaged groups or the community of persons with disabilities might

sue the Government. As a result, the matter has been delayed for several years. By now, the problem with the law has been fixed. What further reasons are there? We have in fact been very humble in the whole course. If we really want enterprises to discharge their social responsibility, the MTRCL must of course provide concessionary fares. If we assume that the Government really wants to introduce this benevolent policy, we must say that Donald TSANG is the most capable. He keeps on talking about progressive development, about new Hong Kong people and about harmony. Mr TSE, you are indeed right. He has just been paying lip-service. This reminds me of how I criticized the DAB for being sweet in words but sinister in mind during my election campaign. In brief, there are only empty talks but no concrete actions.

Actually, there have been several opportunities in this Chamber. The first opportunity arose at the time of the rail merger. Had we been stern enough to warn them that if they did not offer concessionary fares, there would be no merger, the issue would have been settled by now. But some in this Chamber have been suffering from personality split. When discussing topics of this nature, they always lash out at many people and the Government. But in the end, when there is an opportunity to beat the Government, they will simply let it go.

Honestly, all this is just the harmful result of coterie elections. The reason is that as mentioned by some Members, when students' parents protest to the Legislative Council These parents have strong influence because they can vote in Legislative Council Elections. Speaking of popularity rating, they can even "kill" the Chief Executive by making just one telephone call. Donald TSANG has even become the King of Divers by now, plunging from the platform, from the three-foot springboard all the way to the bottom of the pool. His popularity rating has simply nosedived. This Government is so unscrupulous. It often says that there are always some "populists" who will always champion for the grassroots and make their voices heard. But the truth is that it will label anyone who dares to speak a bit louder than others as a populist. What about itself? It never listens to the disadvantaged groups in society.

Suppose a government really wants to discharge its obligation of helping persons with disabilities, it needs only to provide the money, right? But if the Government intends to allow its own child, the MTRCL, to refuse to take any actions on the excuse that it is a private enterprise, if the Government, being the major shareholder of this enterprise, agrees to let it make excessive profits, we

must say that the Government is most unjust. I am also very puzzled. All those Deputy Directors of Bureau and Political Assistants are supposed to, having received such high pay, to come to this legislature to debate with us and convince us. Are they present today? No. This means that it is all a waste of money to employ them.

If the Government really wants to offer concessionary fares, it will certainly be capable of doing so. Its official is on the MTRCL's board of directors, very powerful indeed. And, it may also decide to simply offer subsidies. But to sum up everything, the only reason is that the Government does not want to set any precedent. Donald TSANG has talked on and on, and his only basis of spending money is the "trickling down" theory, invented by Ronald REAGAN. His concept is that when the pool is big, more water will trickle down. It is just like on the drip. He believes that all will be fine in this way. But he will never make any undertaking, nor will he seek to uphold social justice. The Government should uphold justice and regulate the allocation of resources — regulate the unfair distribution of wealth, I mean. But he is reluctant to do so. Money is not his worry. His only worry is that once a precedent is set, more demands will be on their way. He fears that if persons with disabilities can make the Government uphold justice, other impoverished people will put forward their demands. Honourable Members must not criticize the Government for not giving any thoughts to the issue. It certainly has done so. The Government's avowed policy of "big market, small government" will certainly continue. It will only intervene when absolutely necessary, just to bail out the market but never the people.

Honourable Members, persons with disabilities and the poor masses who must work outside their residential districts actually face the same problem. In a bid to avoid a vote of no confidence, Henry TANG swiftly provided subsidies for the residents in four districts. The hidden logic is that if the people in a certain social group are willing to accept exploitation and take up jobs outside their residential districts, they will be given subsidies. Persons with disabilities cannot create wealth for society — these are the words of the Liberal Party. If they do not buy any flats, they will be making no economic contributions. If they do not pay any taxes, they will be taking advantage of the Government. All this is the hidden, cold-blooded logic. Their discrimination against the underprivileged is very consistent in all cases. And, their handling of the demand of persons with disabilities is but one manifestation of such discrimination. Their bullying of persons with disabilities this time around is

just a blatant expression of their hysterical discrimination against the underprivileged. They in fact want to bully all vulnerable members of society, including low-income earners and elderly persons in receipt of the "fruit grant". Their discrimination is consistent in all cases. Throwing bananas at such a government is already much too lenient, right? Such a government must be overthrown. If such a government does not step down, it should be overthrown. If the system of coterie elections is not reformed, it must be destroyed.

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

(No other Members indicated a wish to speak)

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, I am grateful to Members for their views expressed on this topic and I would like to speak on transport policy in response.

With respect to the transport policy, the Government is committed to realizing the philosophy of "Transport for All" and providing a barrier-free transport system to all the people of Hong Kong, inclusive of people with disabilities. While constant improvements are being made to traffic and transport facilities, we also encourage public transport operators to better their facilities for the convenience of people with disabilities in using public transport services.

With respect to improving traffic and transport facilities, all public transport interchanges designed and built after the updated design standards of 2001 have to comply with the new standards in the provision of facilities for the convenience of people with disabilities. In addition, the Transport Department will continue to improve the existing interchanges for compliance with the new standards. In this connection, the Department will review some 40 interchanges in 2008 and 2009 with a view to making improvements. Reviews of the design standards will be conducted from time to time in keeping with the developments in public transport design to cater for the needs of people with disabilities.

I would like to thank Prof Patrick LAU for mentioning the fact that we have adopted a universal design in public housing for the convenience of people with disabilities.

The Government is also committed to improving road facilities, including the installation of electronic buzzing devices for pedestrians crossing the streets, and to reducing the number of traffic signposts in certain areas in order to minimize the inconvenience caused to people with disabilities. Also, facilities are added to pedestrian flyovers, such as lifts and ramps, for the convenience of people with disabilities.

In order to facilitate the integration of people with disabilities into society, the Government has throughout the years put in a total of \$2.6 billion to improve road facilities and carry out public transport infrastructure projects.

At the same time, we have always encouraged public transport operators to adopt the same objective and take active steps to improve their transport facilities for the convenience of people with disabilities in using their transport services. With respect to franchised buses, most of the franchised bus companies have undertaken that preference will be given to purchasing wheelchair accessible buses in the procurement of new vehicles. As at August 2008, there are over 2 700 wheelchair accessible buses in Hong Kong. They are fitted with ramps and super-low floors to cater for the needs of wheelchair-bound passengers.

The franchised bus companies will continue with their plans of replacing old buses with super-low floor buses. These buses have installed features on board to meet the transport needs of passengers with disabilities. These features include high colour contrast and textured handrail system, next bus stop announcement and display system, and so on. As at August 2008, more than 70% of the franchised buses, that is, nearly 4 300 buses, are equipped with a bus stop announcement system. Some bus companies are carrying out a GPS stop announcement test for the provision of more information and more accurate stop announcements.

Ms Miriam LAU and Mr CHEUNG Hok-ming have mentioned the introduction of wheelchair accessible taxis. The Transport and Housing Bureau is discussing the matter with the Environment Bureau. We will take active steps to follow this matter up and we will communicate with the sector and organizations of people with disabilities when progress is made.

With respect to railways, the MTRCL has during the past 10 years committed more than \$600 million to carrying out related station improvement works. At present, each MTR station provides at least one barrier-free passage and all stations are equipped with stair lifts, lifts, ramps or wheelchair aids, and so

on, for the convenience of passengers travelling in and out of the stations, and between the concourse and platform. In addition, most stations are fitted with wide gates which allow wheelchair users to get in and out of the paid area without staff assistance. In all the new rail projects, the needs of people with disabilities are considered at the design stage to ensure that facilities for the convenience of people with disabilities in using rail service are installed in the stations and trains. There is, of course, room for improvement in design, for example, I have heard Mr CHEUNG Kwok-che talk about his view on the design of MTR stations. We will convey his views to the MTRCL. The MTRCL plans to invest close to \$200 million over the next five years to further take forward the development of a barrier-free transport system.

Apart from encouraging public transport operators to improve their facilities, the Government always encourages the public transport operators to offer concessions to the public, including people with disabilities in order to reduce their expenses in public transport, taking account of such various factors as the operations of the company, market situation and demand of the passengers.

We are of the view that whether or not the operators will introduce fare concessions, and the details and conditions of use for these concessions are all commercial decisions to be made by individual transport operators. We understand that in offering fare concessions, the public transport operators should take various factors into account, including changes in operation costs and returns, as well as the financial performance of the company. We are well aware of the public aspirations for fare concessions, however, it is most important for the future development of Hong Kong to maintain the free business environment to which Hong Kong owes its success. As for the public with such needs, the Government will take care of them from a welfare perspective and provide assistance as appropriate.

As in the past, the Government will continue to encourage public transport operators to offer fare concessions to passengers to reduce their expenses on public transport, bearing in mind the operation of the companies concerned. The Government will continue to relay public aspirations for fare concessions to the public transport operators so that they can understand and consider the ardent expectation of the public for fare concessions when they are to make a decision on this.

The Secretary for Labour and Welfare will now give his response with respect to his portfolio. Thank you, President.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I am grateful to Members for the valuable and constructive views they have put forward on meeting the transport needs of people with disabilities.

With the increase in transport services and facilities for people with disabilities, more options in transport are open to people with disabilities if they wish to travel away from home. As a matter of fact, there have been marked improvements in the scope of services and facilities provided by buses and railway networks and it is more convenient to travel to and from various districts in the New Territories.

While the Government is putting into practice the concept of "Transport for All" in the public transport sector, with respect to the welfare area, I will continue to strive to obtain more resources for the purchase of new vehicles and replacing old ones to further strengthen and improve the Rehabus service to meet the transport needs of people with disabilities.

Over the past three years, the Government has added 14 new vehicles to the Rehabus fleet. In 2008-2009, we will allocate funding to purchase eight new buses. Now the number of buses in the fleet has increased to 109. The newly purchased Rehabuses can be used to provide better telephone appointment service and they will be deployed to run fixed routes to meet the service needs of people with disabilities presently on the waiting list, including those who live in the new towns and remote areas of the New Territories. The passenger volume of the Rehabus fleet has increased from 550 000 passenger trips in 2005 to 610 000 passenger trips in 2007. With the expansion of the fleet, it is estimated that the passenger volume of Rehabuses will increase to over 640 000 passenger trips in 2008.

Currently, the scope of Rehabus service covers Hong Kong, Kowloon and the New Territories, including remote places and new towns like Tung Chung, Tuen Mun, Tin Shui Wai and Tseung Kwan O, as well as the rural areas. Among the existing 69 fixed routes, 56 of them provide service to people with disabilities living in the New Territories and they cover new towns like Tin Shui Wai, Ma On Shan, Tseung Kwan O and Tuen Mun, as well as the remote areas like Pat Heung, Kwu Tung, Sha Tau Kok, Ho Sheung Heung, and so on, serving people with disabilities living in these remote areas. Besides, the telephone booking service of Rehabuses is not confined to any geographical area and the route is tailored entirely to meet the specific needs of individual applicants.

Apart from increasing the number of Rehabuses, the Government is also replacing Rehabuses with older design, that is, those with a single-arm elevating platform and those with an older service age. These buses with single-arm elevating platforms would have difficulty in carrying passengers on electrical wheelchairs who are increasing in number and whose wheelchairs are heavier in weight. The Government has replaced 22 Rehabuses over the past three years for their convenience. During the year 2008-2009, we will replace a further 24 Rehabuses. By then we will have completed the replacement of all Rehabuses in the fleet equipped with older style elevating platforms. The average age of the fleet will then be lowered from 5.3 years to three years and it is expected that the service of Rehabuses can be further enhanced.

Apart from purchasing new Rehabuses and replacing old ones, the routes presently served by Rehabuses will be realigned from time to time to meet the needs of patrons. Information technology will also be applied for service improvement. At present, work is being done to upgrade the Rehabus information management system in order that fleet resources can better serve people with disabilities.

With respect to overseeing the operations of Rehabuses, colleagues from the Transport Department tasked with such work will continue to use their expertise and knowledge to review the number of Rehabuses in the fleet, the routes and mode of service delivery. Recommendations for improvement will be made such that service quality can continue to be raised in line with the service needs of people with disabilities.

Besides the Rehabuses, starting from October 2008 a barrier-free taxi service funded by the Hong Kong Jockey Club Charities Trust was launched. The service which is also known as Accessible Hire Car service gives another option to people with disabilities on top of existing transport services. The 20 Accessible Hire Cars provide 24-hour all-weather personalized service to wheelchair users. The service enables them to contact their families and respective community with greater convenience, thus helping them integrate fully into their community.

We understand perfectly the financial burden caused by transport expenses and this will reduce the opportunities and incentive of people with disabilities with lesser financial means to go out for activities. The Government also agrees that the provision of an additional travel supplement can encourage people with

disabilities to travel more often out of their homes and contact more people, thus attaining the policy objective of harmony between the disabled and the able-bodied.

To this end, we have carefully studied the views of the relevant Subcommittee of the Legislative Council and the related groups. After weighing the constraints in funding and the priorities of various rehabilitative services, we announced in the budget delivered in this February that an additional sum of \$230 million will be earmarked under the welfare portfolio to provide a transport supplement of \$200 a month to Disability Allowance recipients aged between 12 and 64, and CSSA recipients in the same age group with 100% disability. This is meant to reduce their transport expenses and encourage them to participate in activities away from home and help them integrate into society. The supplement has been paid out to all recipients since July.

I wish to explain a little bit here that the supplement is actually very flexible and will meet the actual needs of people with disabilities. It can be used by people with disabilities to take public transport and even taxis, Accessible Hire Cars and also Rehabuses. And the benefit can be shared by the carers as well. For example, people with disabilities can hire a taxi and go out with a few persons or their relatives, whereas a carer may not be entitled to half-fare concession. So in terms of implementation, targeting the needs and speed in launching, I would think that this supplement can really be of help to people with disabilities. This supplement can be considered an important step taken in helping people with disabilities integrate into society.

At the same time, as the Secretary for Transport and Housing has just said, we will continue to keep in close touch with the public transport operators and strive to reflect public aspirations to them and encourage them to fulfil their corporate social responsibility such that when they take active steps to improve their service, they can give further consideration to offering various fare concessions to people with disabilities. This will reduce their expenses on public transport and facilitate their integration into society.

As I said at the beginning of the motion debate, it has always been the objective of our rehabilitation policy to provide facilities needed by people with disabilities so that they can take part in activities organized in the community on an equal opportunity basis. The Government will continue to take this policy forward, conduct reviews and make improvements to transport services and

facilities, as well as providing the support needed by people with disabilities in order to facilitate their participation in social activities and full integration into the community.

President, I so submit.

PRESIDENT (in Cantonese): Mr LEUNG Yiu-chung, you may now reply and you have 47 seconds. This debate will come to a close after Mr LEUNG Yiu-chung has replied.

MR LEUNG YIU-CHUNG (in Cantonese): President, first of all, I wish to thank all those Members (old or new) who have spoken on the motion. Persons with disabilities cannot make their voices heard. Members have done so for them. I am indeed very grateful to you all.

But I also regret that the two Secretaries have once again fried the old dish of rice. And, they have even performed poorer than me in so doing. The Disability Discrimination Ordinance has been in force for 14 years, so it is surprising that they could still be so proud of the improvements in facilities they talked about. Such improvements should have been made long ago. But they are still so proud after all the delay. They do not feel ashamed. But I do.

The Secretary claims that the \$200 meets exactly the need. Had this been the case, it would not have been necessary for us to debate this topic today; it would not have been necessary for so many persons with disabilities to stage a protest outside the Legislative Council. Many Members have spoken today. Have they all been talking about rubbish? Secretaries, can you tell us who have actually been talking about nonsense? Please answer my question.

I call upon Members to support my motion. Thank you.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr LEUNG Yiu-chung 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.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11 am on Wednesday, 29 October 2008.

Adjourned accordingly at twenty-five minutes to Nine o'clock.

Appendix 1

REQUEST FOR POST-MEETING AMENDMENTS

The Secretary for Financial Services and the Treasury requested the following post-meeting amendment

Line 3, fourth paragraph, page 24 of the Confirmed version

To amend "the Government and the HKMA have announced until the end of 2009." as "the Government and the HKMA have announced until the end of 2010." (Translation)

(Please refer to lines 5 to 7, last paragraph, page 140 of this Translated version)

Appendix 2**REQUEST FOR POST-MEETING AMENDMENTS**

The Secretary for Transport and Housing requested the following post-meeting amendment

Line 4, second last paragraph, page 49 of the Confirmed version

To amend "..... journeys with higher fares will be free" as "..... journeys with lower fares will be free" (Translation)

(Please refer to lines 7 and 8, first paragraph, page 174 of this Translated version)

Appendix 3

REQUEST FOR POST-MEETING AMENDMENTS

Ms Starry LEE requested the following post-meeting amendment

Line 3, first paragraph, page 170 of the Confirmed version

To amend "It is thus not surprising that when minibonds are available in the market," as "It is thus not surprising that before minibonds are available in the market," (Translation)

(Please refer to line 10, second paragraph, page 305 of this Translated version)

Appendix I**WRITTEN ANSWER****Written answer by the Secretary for Security to Mr LEUNG Kwok-hung's supplementary question to Question 4**

As regards the replacement of ambulances, based on the information provided by the Government Logistics Department, the government vehicles mentioned in the supplementary question were procured from May 1997 to January 1998, for the use of the then Chief Secretary for Administration, Financial Secretary, Secretary for Justice, Chief Justice and 13 Bureau Secretaries. The expenditure involved for these 17 BMW Saloons was around HK\$6.6 million.