

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 29 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 MIRIAM LAU KIN-YEE, G.B.S., J.P.

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

THE HONOURABLE ANDREW CHENG KAR-FOO

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

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

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

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

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

PUBLIC OFFICERS ATTENDING:

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

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

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

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

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

CLERKS IN ATTENDANCE:

MS PAULINE NG MAN-WAH, SECRETARY GENERAL

MRS VIVIAN KAM NG LAI-MAN, ASSISTANT SECRETARY GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

PRESIDENT (in Cantonese): Clerk, please check if a quorum is present now. If not, please ring the bell.

(The Clerk, after doing a head count, indicated that a quorum was present)

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>
Airport Authority Ordinance (Map of Restricted Area) (Amendment) Order 2008	228/2008
Census and Statistics (Quarterly Survey of Service Industries) (Amendment) Order 2008	229/2008
Road Traffic (Traffic Control) (Designation of Prohibited and Restricted Zones) (Amendment) Notice 2008.....	230/2008
Waste Disposal (Designated Waste Disposal Facility) Regulation (Amendment of Schedules 1 and 2) Notice 2008.....	231/2008
Waste Disposal (Charges for Disposal of Construction Waste) Regulation (Amendment of Schedule 4) Notice 2008.....	232/2008

Other Papers

- No. 19 — Traffic Accident Victims Assistance Fund
Annual Report for the year from 1 April 2007 to
31 March 2008
- No. 20 — Electrical and Mechanical Services Trading Fund
Annual Report 2007-2008
- No. 21 — Office of the Telecommunications Authority
Trading Fund Report 2007-2008
- No. 22 — Hong Kong Post
Annual Report 2007-2008

WRITTEN ANSWERS TO QUESTIONS

Diagnoses of Occupational Diseases

1. **MS LI FUNG-YING** (in Chinese): *President, some workers have relayed to me that the diagnoses, made by the occupational health clinics under the Labour Department (LD), on whether an employee is suffering from an occupational disease under the Employees' Compensation Ordinance (Cap. 282), were often different from the diagnoses made by registered medical practitioners in public hospitals or private clinics. In this connection, will the Government inform this Council whether:*

- (a) *currently there is any mechanism for employees to learn about the criteria, principles and procedure adopted and the time required for occupational health clinics to diagnose occupational diseases;*
- (b) *it will consider setting up a more systematic mechanism for the diagnosis of occupational diseases by making reference to the Measures for Administration of Diagnosis and Confirmation of Occupational Diseases promulgated by the Ministry of Health of the Mainland; and*

- (c) *it will consider setting up a mechanism other than the Court to deal with appeals instituted by employees or employers against the diagnoses made by occupational health clinics; if it will, of the details; if not, the reasons for that?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, there are altogether 52 occupational diseases prescribed under the Occupational Deafness (Compensation) Ordinance (ODCO) (Cap. 469), the Pneumoconiosis and Mesothelioma (Compensation) Ordinance (PMCO) (Cap. 360) and the Employees' Compensation Ordinance (ECO) (Cap. 282). These three pieces of legislation provide for different procedures for confirming occupational deafness, pneumoconiosis (including silicosis and asbestosis) and mesothelioma, and other 48 occupational diseases respectively:

- (a) under the ODCO, the Occupational Deafness Compensation Board (ODCB) and its Medical Committee are responsible for processing and determining applications, including determining whether the claimant has suffered from occupational deafness as prescribed in the Ordinance. A doctor from the Occupational Health Service (OHS) of the LD is a member of the ODCB, and members of its Medical Committee include specialists in Otorhinolaryngology and Occupational Medicine, and an audiologist;
- (b) under the PMCO, the Pneumoconiosis Medical Board (PMB) is responsible for determining whether the claimant has suffered from pneumoconiosis and mesothelioma. The PMB consists of three members and one of them is a doctor from the OHS of the LD;
- (c) if claimants are dissatisfied with the determination, they may request the ODCB or PMB for a review of that determination. In any case, if they are dissatisfied with the result of the review, they may appeal to the Court; and
- (d) as to the 48 occupational diseases prescribed in the Second Schedule of the ECO, the LD is responsible for processing such claims. Where there is any dispute between the employer and employee as to whether the disease that the latter is suffering from is a prescribed

occupational disease under the ECO, the LD will, with the consent of the employee, collect relevant information and medical reports on the case and seek the professional advice of the doctors from the OHS of the LD, and will then give the medical opinion to both parties. If the dispute could not be resolved through the assistance of the department, the aggrieved party may resort to the Court for a judgment.

Apart from providing treatment to employees who suspect their diseases to be work-related, doctors in the two occupational health clinics of the LD will diagnose whether the patients have suffered from occupational diseases prescribed in the ECO.

I will now reply to the three parts of the question as follows:

- (a) During the initial and follow-up consultations, doctors in the occupational health clinics will take a comprehensive medical and occupational history from the patients, conduct physical examinations for them and arrange for relevant laboratory tests. The doctors may also, depending on the circumstances and wish of the patients, arrange for inspections to the patients' workplaces together with the LD's occupational hygienists to identify the existence or otherwise of hazards in the working environment relating to the diseases. Through comprehensive analysis of such information, the doctors can diagnose whether the patients have suffered from prescribed occupational diseases under the ECO. During the consultations, the doctors will, having regard to the circumstances of individual patients, explain to them their clinical presentation, diagnostic procedures and expected time, results of examinations and laboratory tests, findings of workplace inspections, as well as diagnoses and treatment plans, and so on. If the patients raise objection to the results after the diagnoses have been made, the doctors will review the cases.

To explain to the public and registered medical practitioners the occupational diseases prescribed in the ECO, including the signs and symptoms of occupational diseases, examples of relevant work processes and occupations, and compensation matters, the LD has already published the "Guide to Occupational Diseases Prescribed

for Compensation Purposes" and "Guidance Notes on the Diagnosis of Notifiable Occupational Diseases". These publications are available free of charge from offices of the Occupational Safety and Health Branch of the LD, and may also be downloaded from the LD's website. The LD has also sent the "Guidance Notes on the Diagnosis of Notifiable Occupational Diseases" to all registered medical practitioners to help familiarize them with the diagnostic criteria for occupational diseases.

- (b) According to Decree No. 24 of the Ministry of Health of the People's Republic of China, namely "Measures for Administration of Diagnosis and Confirmation of Occupational Diseases", the diagnosis of occupational disease is the responsibility of occupational disease diagnosing institutions approved by the public health administration departments at the provincial level, and is made by qualified doctors. Such diagnosis should be made with reference to occupational disease diagnostic criteria, with a comprehensive analysis of information like history of exposure to occupational disease hazards, tests and assessments of workplace occupational disease hazards, clinical presentation and medical examination results, and so on. If the persons involved have objection to the diagnoses, they may apply to a verification committee of occupational disease diagnosis for a confirmation.

As such, the existing occupational disease diagnosis and review mechanism in Hong Kong, particularly in respect of occupational deafness, pneumoconiosis and mesothelioma, is largely comparable to that of the Mainland since, in both cases, the diagnosis is made systematically by qualified doctors, taking into account information on occupational history, exposure to occupational disease hazards, medical examination results, and so on, and a review is conducted where patients or claimants have objections to the results. In the long term, the LD will continue to keep in view the development of the diagnosis of occupational diseases on the Mainland and overseas countries, and make further improvements to the existing mechanism if necessary.

- (c) As mentioned above, the ODCO and PMCO have already provided for a review and appeal mechanism for the diagnosis of the relevant occupational diseases. With respect to the prescribed occupational diseases under the ECO, if there is any dispute between the employer and employee as to whether the disease that the latter is suffering from is a prescribed occupational disease under the Ordinance, the LD will pass to them the medical opinion of its OHS doctors. The LD's doctors will also review the case if necessary. In any case, if the dispute could not be resolved through the assistance of the department, the aggrieved party may resort to the Court for a judgment.

The existing mechanism of appeal to the Court for handling disputes on diagnosis of occupational diseases is in line with international practice. It is not uncommon for jurisdictions with a prescribed list of occupational diseases for compensation purpose to vest the power of hearing appeals in judicial authorities. For example, in Singapore, New Zealand and some states of Australia and Canada, such dispute cases are directly referred to the Court for a judgment, as is in the case of Hong Kong.

Hong Kong-Shenzhen Airports Link

2. **MR WONG TING-KWONG** (in Chinese): *President, it has been reported that the Task Force on Airport Co-operation between Hong Kong and Shenzhen has commissioned a consultancy study on the feasibility and economic benefits of connecting the airports in the two places with a high-speed rail link for encouraging more passengers to use the two airports for transfer, with the aim of exploiting the respective competitive edges of the Hong Kong International Airport in international transport and the Shenzhen Airport in domestic transport, so as to bring about increases in passenger throughput for both airports. In this connection, will the Government inform this Council:*

- (a) *of the details of the above study, including the functions, alignment and station distribution of the new rail link, its supporting facilities and environmental facilities, as well as the investment-benefit analysis;*

- (b) *whether the study will be completed within this month as scheduled and whether the Government will release the findings of the study immediately thereafter; and*
- (c) *how the authorities will take forward the ensuing work upon completion of the consultancy study, as well as of the procedure involved and its details?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, the Chief Executive announced in his 2007-2008 policy address an initiative to foster closer co-operation between the Hong Kong International Airport and Shenzhen Airport and study the feasibility of direct rail link between them. The HKSAR Government and the Shenzhen Municipal Government formed the Task Force on Airport Co-operation between Hong Kong and Shenzhen (the Task Force) in January 2008 to follow up the proposal on establishing a rail connection between the two airports and to pursue airport business co-operation.

- (a) The Task Force has commissioned experts to conduct a preliminary study on the Hong Kong-Shenzhen Airport Rail Link (ARL). Apart from looking into the feasibility and economic benefits of the ARL, the preliminary study also covers initial assessment on other aspects, such as possible alignment and station location options of the rail link proposal, as well as its relationship with the cross-boundary transport development between Hong Kong and Shenzhen, and so on.

(b) and (c)

As we announced after the first meeting of the Task Force held on 17 January this year, the abovementioned preliminary study is targeted for completion in 2008. In the light of the current work progress, we hope that the study can be completed as scheduled and we will announce the findings of the study in due course. The current preliminary study involves various complex issues. The governments of the two sides will discuss the next steps of work having regard to the findings of the study.

Public Swimming Pools

3. **MR LAU KONG-WAH** (in Chinese): *President, regarding the utilization of public swimming pools under the Leisure and Cultural Services Department (LCSD), will the Government inform this Council:*

- (a) of the respective attendances of various public swimming pool complexes since January this year, and how these figures compare to last year's figures;*
- (b) whether it has reviewed if there are presently sufficient public swimming pools in various districts; and*
- (c) whether the authorities have received any request from the general public in the past three years for the construction of heated swimming pools; of the criteria adopted by the authorities for deciding on the construction of heated swimming pools; whether they have assessed if these criteria are outdated; and of the districts where heated swimming pools will be constructed in the next three years?*

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

- (a) During the period from 1 January to 30 September this year, the attendance at the public swimming pools under the LCSD stood at about 10.27 million, representing an increase of about 30% as compared with the attendance of about 7.91 million in the same period last year. The increase was mainly due to the tremendous popularity of the "Free Admission Scheme of LCSD Leisure Facilities" launched by the Department from 1 July to 30 September this year. During that period, the attendance stood at about 7.63 million, representing an increase of about 68% as compared with the attendance of about 4.55 million in the same period last year.*

- (b) According to the standard of provision set out in the Hong Kong Planning Standards and Guidelines, there should be one swimming pool complex per 287 000 population. At present, there are a total of 37 public swimming pool complexes under the management of the LCSD throughout the territory. The overall provision generally meets the standard set out in the Hong Kong Planning Standards and Guidelines. The authorities will, in the light of demand and availability of resources, construct swimming pool complexes to cater for the needs of the public.
- (c) The authorities have received about 30 suggestions on the construction of heated swimming pools in the past three years. The LCSD has planned to add new heated swimming pool facilities to five existing swimming pool complexes when they are redeveloped, reprovisioned or converted. The Department has also planned to construct eight new swimming pool complexes with heated pool facilities. These works projects are expected to complete between 2009 and 2015, with seven of them to commence construction within the next three years. The details are set out in the Annex.

The Hong Kong Planning Standards and Guidelines do not set out any standard of provision on heated swimming pools but mention that where resources permit, new swimming pool complexes should include heated swimming pools to promote year round swimming habits. In planning to construct new swimming pool complexes or converting the existing pool complexes, the LCSD will take into account factors such as the views of District Councils, public demand for heated swimming pool facilities, the usage rate of existing heated swimming pool facilities and the population of the respective districts in deciding on the provision of heated swimming pool facilities.

Heated Swimming Pool Facilities planned for completion
between 2009 and 2015

<i>Region</i>	<i>Additional Heated Swimming Pool Facilities to be constructed during Redevelopment, Reprovisioning and Conversion of Swimming Pool Complexes</i>	<i>New Projects of Swimming Pool Complexes</i>
Hong Kong Island	<ol style="list-style-type: none"> 1. * Redevelopment of Victoria Park Swimming Pool Complex 2. Re-provisioning of Kennedy Town Swimming Pool Complex 	<ol style="list-style-type: none"> 1. Sun Yat Sen Memorial Park and Swimming Pool Complex 2. The Swimming Pool Complex in Siu Sai Wan Complex
Kowloon	<ol style="list-style-type: none"> 3. * Redevelopment of Kwun Tong Swimming Pool Complex 4. * Conversion of the 50-metre secondary pool of Lai Chi Kok Park Swimming Pool into an indoor heated pool (The existing 50-metre main pool of the swimming pool complex is an outdoor heated pool) 5. Conversion of the indoor leisure pool of Kowloon Park Swimming Pool into a heated training pool 	<ol style="list-style-type: none"> 3. *The Swimming Pool Complex in Lam Tin North Municipal Services Building
New Territories	—	<ol style="list-style-type: none"> 4. The Swimming Pool Complex in Area 2, Tung Chung, Lantau 5. The Swimming Pool Complex in Tin Shui Wai Public Library cum Indoor Recreation Centre 6. *The Swimming Pool Complex in Area 1 (San Wai Court), Tuen Mun 7. *The Swimming Pool Complex in the Sports Centre at Area 33, Tai Po 8. *The Swimming Pool Complex in the Indoor Recreation Centre at Area 4, Tsing Yi

* Expected to commence construction between 2009 and 2011

Students Forced to Leave School

4. **MR ALBERT CHAN** (in Chinese): *President, I have received complaints in recent months from members of the public who alleged that some schools, on grounds of poor conduct and learning attitude of students, had forced their parents to sign a letter of voluntary withdrawal, thus depriving the students of their right to education. In this connection, will the Government inform this Council:*

- (a) *of the number of students (excluding graduates) who left school in each of the past three years and, among them, the respective numbers of those who were expelled and those who left voluntarily, as well as their reasons for leaving, and the number of those who were admitted by other schools after being expelled; and*
- (b) *whether the Government will take measures to prevent schools from forcing students' parents to sign letters of voluntary withdrawal on the above grounds, in order to safeguard students against deprivation of their right to education; if it will, of the details; if not, the reasons for that?*

SECRETARY FOR EDUCATION (in Chinese): President,

- (a) Schools must report to the Education Bureau on student departures (including school transfers or at the 7th day of a student's continuous absence). Generally speaking, the reasons of departures include transferring to other schools, taking up employment, leaving Hong Kong, studying other courses, dropping out of schools, and so on. There has not been any reporting of the reasons of being expelled or being advised to leave school voluntarily.

When a case of non-attendance or suspected student dropout is reported, the Non-attendance Cases (NAC) Team of the Education Bureau will take follow-up action to arrange for the student to resume schooling at an earliest opportunity.

The respective numbers of cases followed up by the NAC Team in the past three school years are as follows:

<i>2005-2006</i>	<i>2006-2007</i>	<i>2007-2008</i>
4 861	9 356	8 884

The figure for the 2005-2006 school year only included those cases involving students aged six to 15. Since the 2006-2007 school year, the Education Bureau has been requiring all primary and secondary schools to report all cases regardless of the age of students, thus resulting in an increase in the number of cases requiring follow-up action by the NAC Team.

- (b) The Education Bureau definitely disapproves any means or reasons of advising students to leave school voluntarily. In Education Bureau Circular No. 11/2006 on "Upholding Students' Right to Education" issued in October 2006, we clearly explain our policy to schools and urge them to step up measures for assuring students' regular attendance. Schools are also required to admit dropouts who are ready for schooling, as long as there are existing vacancies.

The Education Bureau requires schools to help students overcome their learning difficulties and behavioural problems, and to make every effort to teach each and every student in the spirit of "education for all". It is against the spirit of education if students are asked to leave school solely on the grounds of poor academic performance or conduct.

As regards the resource aspect, the Education Bureau requires schools to make full use of the resources provided by the Government to offer diversified and quality education in catering for students of different abilities and aptitudes, and devise appropriate teaching strategies and remedial support measures to help students overcome their difficulties. In addition, schools should deploy resources as far as practicable with active participation of all teachers to help students cope with their difficulties in learning or adaptation to school life.

As regards the discipline aspect, the Education Bureau has compiled the Guidelines on Student Discipline and the School Administration

Guide. Schools are required to adopt the discipline strategies with educational relevance, and to take positive and proactive measures in handling students' behavioural problems.

As regards the monitoring aspect, through inspections, visits and liaison with schools, the Education Bureau monitors the situation and reminds schools to take appropriate and effective measures to help students and protect their right to education. If it comes to our knowledge that a student has been expelled from a school or the parent of a student has been forced to sign a letter of voluntary withdrawal, thus depriving the student's right to education, we will investigate and deal with the case without delay. The Education Bureau will take appropriate follow-up action on those schools that have violated the relevant guidelines, including issuing warning letters to the principals concerned. For schools that repeatedly violate the regulations, the Education Bureau will consider stepping up the measures, including issuing warnings to the school management committees or incorporated management committees, and reprimanding the schools openly.

Regulation of Prices of LPG

5. **MR CHEUNG HOK-MING** (in Chinese): *President, at present, quite a number of large housing estates use centralized liquefied petroleum gas (LPG) and many households in old buildings and remote areas use cylinder LPG. Despite the sharp fall in crude oil price in recent months, there is still a substantial gap between the import and retail prices of domestic LPG. Moreover, it has been reported that the LPG price adjustment mechanism also lacks transparency and price adjustments are not clearly indicated on the bills for centralized LPG customers. In this connection, will the Government inform this Council whether:*

- (a) *it knows the number of households using LPG at present, and its percentage among all households using gas fuels;*
- (b) *it will consider formulating measures to regulate price adjustments of domestic LPG; and*

- (c) *it has assessed whether the Competition Bill to be introduced to this Council in this Legislative Session will effectively introduce more competition, whether the Bill can prevent monopoly in the retail market of cylinder LPG, and whether households using domestic LPG will have more choices of suppliers; if it cannot prevent monopoly, whether other measures will be adopted?*

SECRETARY FOR THE ENVIRONMENT (in Chinese): President,

- (a) Based on the information provided by the LPG industry, there were about 690 000 cylinder and piped LPG users in 2007, which accounted for about 29% of the total number of gas users. As comprehensive breakdown data by the type of LPG users (domestic, commercial or industry) is not available from the industry, we do not have available data on the number of domestic LPG users.
- (b) Fuel prices in Hong Kong are determined by individual companies having regard to commercial practices and their operating costs. In a free market economy, the Government does not have the power to dictate the fuel prices. Nevertheless, the Government appreciated the impact of high LPG prices on the local economy, and encouraged the industry to increase transparency in their pricing.

Shell Hong Kong Limited (Shell), one of the major LPG suppliers in Hong Kong, has voluntarily adopted a pricing mechanism since 1999 to review their prices regularly so as to enhance transparency in their pricing. To reflect more closely LPG price movements in international market, Shell currently reviews their prices every three months (that is, around the end of January, April, July and October), and reviews their operational costs every 12 months. In each review of LPG price, the company will forecast the import prices of the coming three months, and in the subsequent review three months later, if there is any variation between the actual import prices and the import prices forecasted in the previous review, the variance will be taken into account in the subsequent review. Under this mechanism, the Government also monitors whether the adjustment

in local price of domestic LPG is reasonable in light of the movements in international LPG prices and local import prices. After each price review, Shell will announce and explain to public the outcome of the review. Although other oil companies have not established any mechanism to regularly and openly review LPG price and release relevant information, according to our information, the adjustments made by other oil companies in the price of piped LPG and the wholesale price of cylinder LPG is close to those of Shell.

- (c) The Government's main objective in introducing the competition law is to combat anti-competitive conduct in all economic sectors and provide a level playing field for business. It is not our intention to target market structures of specific sectors, nor to introduce competition artificially. The question of whether companies in any sector might have abused their substantial market power or engaged in anti-competitive conduct 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 any form of anti-competitive conduct had taken place in any market. If it could be proven that anti-competitive conduct had occurred, the Commission or the Tribunal could then apply appropriate remedies, including fines and issuance of a "cease and desist" order.

Prices of Rice

6. **MR FREDERICK FUNG** (in Chinese): *President, it has been reported that the price of Thai rice has dropped from the peak of US\$1,400 to about US\$900 per ton recently, which is a drop of more than 35%, but the retail price has gone down by about 10% only. In this connection, will the Government inform this Council:*

- (a) *of the quantities of and monthly variations in rice imported from around the world over the past 12 months; whether the authorities have assessed if there has been any change in the patterns of rice*

consumption among Hong Kong people, including changes in the choice of place of import and rice consumption, and so on, as a result of the price fluctuations in recent years;

- (b) of the variations over the past 12 months in international rice prices, as well as import and retail prices of rice from Thailand and China, including changes in the differences between import and retail prices; and*
- (c) whether it has looked into why the drop in retail prices of rice is less than the drop in international rice prices; whether it has assessed if there is a situation where prices are "quick in going up but slow in coming down"; if there is, of the reasons for that; whether it has found importers and retailers indiscriminately jacking up prices for profiteering; and of the measures in place to cause retailers to correspondingly reduce rice prices expeditiously?*

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

- (a) In recent years, Hong Kong imports about 300 000 to 340 000 tonnes of rice annually; of which nearly 90% are Thai rice (mainly Fragrant and White rice) and about 5% are mainland rice (mainly Yu Jien rice). In the past year, apart from a slight increase in the import quantity of mainland rice, the profile of Hong Kong's rice imports basically remained unchanged. From October 2007 to September 2008, Hong Kong imported 344 000 tonnes of rice (the corresponding figure over the same period of the preceding year was 328 000 tonnes), of which 88.7% were from Thailand and 7.8% from the Mainland.
- (b) Thailand is the major source of rice supply to Hong Kong. The changes in the export prices of Thai Fragrant and White rice over the past 12 months are set out in Annex I (we have no access to statistics of export prices of mainland rice in the international market). The import prices and retail prices at local supermarkets of the major types of rice consumed in Hong Kong (including Thai and mainland rice) over the same period are set out in Annex II.

- (c) The Government has been closely monitoring the supply and prices of rice in Hong Kong. As regards Thai rice, the net increases in their import prices and retail prices at local supermarkets in Hong Kong over the past year were smaller than the increase in export prices in the international market (see Annexes I and II for details).

Since its liberalization in 2003, the rice trade in Hong Kong has generally been operating in a free market environment, and rice prices are determined by the supply and demand conditions in the market. Through the liberalization of the rice trade, the Government seeks to create a more open market environment to attract new entrants, promote competition and enhance market efficiency, with a view to benefiting consumers and the community as a whole. Since the liberalization of the rice trade in 2003, the number of rice stockholders has doubled from around 50 in 2003 to around 110 at present. Hence, the market participation rate in the rice trade has significantly increased.

The Trade and Industry Department has been liaising with rice stockholders and monitoring rice imports, storage and sales closely. We have not identified any unusual fluctuations in the import and retail prices of rice in Hong Kong, when compared to rice prices in the international market.

Furthermore, to enhance price transparency and facilitate the flow of market information, the Administration has provided additional funds to the Consumer Council, entrusting the latter to conduct price surveys on food and daily necessities since May this year. One district is covered each time, and the items surveyed include packaged rice. Since the end of August this year, the frequency at which the surveys are conducted has been stepped up from once every two weeks to once a week, and the number of items surveyed has increased to over 40. The survey findings are published on the Council's website and are made available for inspection at the Public Enquiry Service Centres in the relevant districts. Their summaries are also reported widely in the media. Moreover, the Council launched another new initiative, the Internet Price Watch, in end September this year. The prices of about 400 items (including

packaged rice) available at four online shops are compared on a daily basis. These price surveys have enhanced price transparency, thereby assisting consumers to optimize their shopping choices.

Annex I

Export Prices for Thai Rice Available at the Website of the
Food and Agriculture Organization of the United Nations

(Export Prices in US\$/tonne)

	<i>Thai Fragrant rice</i>	<i>Thai White rice</i>
October 2007	568	338
November 2007	587 (+3.3%)	358 (+5.9%)
December 2007	611 (+4.1%)	376 (+5.0%)
January 2008	643 (+5.2%)	385 (+2.4%)
February 2008	748 (+16.3%)	463 (+20.3%)
March 2008	837 (+11.9%)	567 (+22.5%)
April 2008	1,104 (+31.9%)	853 (+50.4%)
May 2008	1,210 (+9.6%)	963 (+12.9%)
June 2008	1,096 (-9.4%)	870 (-9.7%)
July 2008	1,021 (-6.8%)	835 (-4.0%)
August 2008	943 (-7.6%)	787 (-5.7%)
September 2008	899 (-4.7%)	764 (-2.9%)
Net increase over the past 12 months	+58.3%	+126.0%

Note:

1. Export price (F.O.B.) of the goods includes all costs incidental to the sale and delivery of the goods on to the exporting vessel/aircraft.
2. Figures in brackets denote the percentage change of the rice price against the preceding month.

Annex II

Prices of Selected Thai and Chinese Rice

(Prices in HK\$/kg)

	<i>Import Prices</i> ¹			<i>Retail prices at supermarkets</i> ²		
	<i>Thai</i>		<i>Chinese</i>	<i>Thai</i>		<i>Chinese</i>
	<i>Fragrant</i>	<i>White</i>	<i>Yu Jien</i>	<i>Fragrant</i>	<i>White</i>	<i>Yu Jien</i>
October 2007	4.49	3.07	3.67	7.24	6.03	6.88
November 2007	4.48 (-0.2%)	3.34 (+8.8%)	3.67 (0%)	7.29 (+0.7%)	3.96 (-34.3%)	6.95 (+1.0%)
December 2007	4.57 (+2.0%)	3.54 (+6.0%)	3.53 (-3.8%)	7.45 (+2.2%)	5.26 (+32.8%)	7.00 (+0.7%)
January 2008	4.61 (+0.9%)	3.57 (+0.8%)	3.91 (+10.8%)	7.64 (+2.6%)	5.35 (+1.7%)	7.21 (+3.0%)
February 2008	4.74 (+2.8%)	3.73 (+4.5%)	3.84 (-1.8%)	7.74 (+1.3%)	5.54 (+3.6%)	7.24 (+0.4%)
March 2008	5.00 (+5.5%)	4.04 (+8.3%)	3.88 (+1.0%)	7.98 (+3.1%)	5.89 (+6.3%)	7.58 (+4.7%)
April 2008	5.90 (+18.0%)	5.22 (+29.2%)	5.23 (+34.8%)	8.74 (+9.5%)	7.51 (+27.5%)	7.68 (+1.3%)
May 2008	6.26 (+6.1%)	5.64 (+8.0%)	5.33 (+1.9%)	9.62 (+10.1%)	8.24 (+9.7%)	8.07 (+5.1%)
June 2008	6.84 (+9.3%)	5.33 (-5.5%)	5.60 (+5.1%)	10.43 (+8.4%)	8.04 (-2.4%)	8.90 (+10.3%)
July 2008	7.16 (+4.7%)	6.06 (+13.7%)	5.78 (+3.2%)	10.78 (+3.4%)	7.76 (-3.5%)	9.40 (+5.6%)
August 2008	6.70 (-6.4%)	6.21 (+2.5%)	5.62 (-2.8%)	10.89 (+1.0%)	8.35 (+7.6%)	9.44 (+0.4%)
September 2008	6.48 (-3.3%)	6.06 (-2.4%)	5.32 (-5.3%)	10.93 (+0.4%)	8.18 (-2.0%)	9.39 (-0.5%)
Net increase over the past 12 months	+44.3%	+97.4%	+45.0%	+51.0%	+35.7%	+36.5%

Note :

Figures in brackets denote the percentage change of the rice price against the preceding month.

Source :

1. The import prices of rice (which includes freight charges and insurance fees) are calculated from the information declared by rice stockholders in their import licences in respective months. All costs incurred locally before retail sale, such as transportation, storage, insurance, packing, and so on, have not been included.
2. The retail prices in supermarkets are calculated according to the information collected regularly from field surveys to a number of local supermarkets by Customs and Excise Department.

Building Maintenance Grant Scheme for Elderly Owners and Home Environment Improvement Scheme for the Elderly

7. **MR JAMES TO** (in Chinese): *President, the Government has made provisions in the Budget of this year for implementing the Building Maintenance Grant Scheme for Elderly Owners (the Maintenance Grant Scheme) and the Home Environment Improvement Scheme for the Elderly (the Home Improvement Scheme). It has been reported that the Home Improvement Scheme has certain implementation problems. For example, the fees charged by contractors are higher than the market prices, and as no guideline has been issued for the District Elderly Community Centres (DECCs), which are responsible for administering the Home Improvement Scheme, to follow, confusion has arisen when they vet and approve the applications. In this connection, will the Government inform this Council:*

- (a) *of the respective numbers of applications received, approved and rejected by the authorities concerned under the above two schemes since their introduction, the total amount of subsidy or grant approved, as well as a breakdown of the number of rejected applications by the reasons of rejection (such as applicants considered not eligible and problems with the receipts submitted by applicants);*
- (b) *of the number of complaints received by the Government about contractors charging fees higher than the market prices and, among them, the number of substantiated cases; and*
- (c) *whether guidelines for vetting and approving applications have now been issued to DECCs in respect of the Home Improvement Scheme; if so, of the details of the guidelines; if not, whether such guidelines will be formulated?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): *President, the Government has set aside funding in the Budget of this year for implementing the Maintenance Grant Scheme and the Home Improvement Scheme to help needy elderly owners carry out maintenance works for their self-occupied properties and to assist elderly who live in dilapidated homes with poor fittings and lack*

financial means to improve their home conditions. The Development Bureau launched the Maintenance Grant Scheme in May 2008 and appointed the Hong Kong Housing Society (HKHS) to implement the Scheme. The Social Welfare Department (SWD) also launched the Home Improvement Scheme in June 2008 and engaged the 41 DECCs throughout the territory as delivery agencies of the Scheme.

My reply to the question is as follows:

- (a) Regarding the Maintenance Grant Scheme, as at 30 September, the HKHS received a total of 2 142 applications, of which 629 were approved in principle. There were 311 successful applications with grants released to the applicants. The total amount of grants released was \$6,340,035. Altogether, 249 applications were rejected, of which 209 failed to meet the eligibility criteria while 40 failed to comply with or complete the required application procedures, including failure to produce the required documents.

As for the Home Improvement Scheme, since the DECCs responsible for implementing the Scheme will submit statistical returns for the first quarter (ending September 2008) to SWD by the end of October 2008, no detailed data are available for the time being. In response to the question, the SWD has collected preliminary data on the applications from DECCs. As at the end of September 2008, the 41 DECCs have received some 5 550 applications which are now being processed and vetted. Upon receipt of the applications, DECCs will assess if applicants meet the eligibility criteria of the Scheme. After ascertaining their eligibility, DECCs will arrange for social workers to conduct home environment assessment and discuss with them details of, among others, implementing the improvement works. So far, 2 195 cases have been given approval-in-principle by DECCs, and on top of that, some 160 cases have been completed, with the necessary works and/or fittings provided to the elderly concerned. The total amount granted will be shown in the statistical returns of the first quarter to be submitted by DECCs. There are some 90 applications which were found to be ineligible upon assessment. The SWD has not required DECCs to submit a breakdown of rejected applications.

According to the implementation guideline on the Home Improvement Scheme issued by the SWD, DECCs are required to keep detailed records of all applications received including application forms, vetting results as well as confirmation of the completion of works by applicants, and so on. The SWD will send its staff to conduct random checks at DECCs on the records of the cases they have processed to ensure that the criteria used for vetting and approving the applications are in compliance with the requirements laid down in the SWD's guideline.

- (b) Regarding the Maintenance Grant Scheme, the HKHS has not received any complaint against contractors charging fees higher than the market prices. The HKHS has put in place mechanisms and procedures for processing and vetting applications to avoid unreasonable quotations of works. When processing the applications, the HKHS will arrange professional surveyors to conduct on-site inspections and assessments at the applicants' premises before the commencement of the maintenance works, so as to ensure that the works concerned are covered by the Scheme and to compare the works quotations with the market prices. If the reasonableness of the quotations is in doubt, the HKHS will liaise with the applicants to seek further information. If the prices quoted are higher than the evaluations of professional surveyors, the HKHS will notify the applicants accordingly. Grants will in general be disbursed upon the satisfactory completion of repair and maintenance works. Before the disbursement, the HKHS will send personnel to conduct another home inspection to ensure that the works concerned have been completed.

As for the Home Improvement Scheme, the SWD learnt that the Secretariat of the Legislative Council received on 3 October 2008 a complaint against a contractor for quoting unreasonably high prices. The complaint involved one case. The SWD has approached the DECC concerned to find out more information about the case and made a report to the Secretariat of the Legislative Council. According to the SWD's understanding, the DECC concerned has, in handling the relevant case, asked for quotations for the improvement works in accordance with its established procedure. Since the applicant requested for the works to be completed as soon as

possible, the DECC, upon completion of the quotation procedures, arranged for the works to be carried out by the contractor who could most readily provide the service.

- (c) Before rolling out the Home Improvement Scheme, the SWD has set up a working group comprising representatives from the Hong Kong Council of Social Service and various welfare organizations to discuss the implementation details of the Scheme. After careful consideration of the working group's recommendations, the SWD has drawn up implementation guidelines for DECCs to follow in processing applications. As stated in the guidelines, DECCs are required to maintain a list of service suppliers approved by the Board of Directors of the non-governmental organizations concerned for the provision of home environment improvement works for elderly under the Scheme. To ensure the fairness and openness of the procurement procedures, DECCs must also refer to the Subvented Social Welfare Non-Governmental Organisations — Procurement Procedures issued by the Corruption Prevention Department of the Independent Commission Against Corruption in March 2001 for points to note in the procurement process.

Besides, DECCs are required to submit service statistical returns and financial reports to the SWD at regular intervals and maintain all financial records for checking. The SWD will also check the relevant records at DECCs to monitor the implementation situations and quality of services and take appropriate follow-up actions as necessary.

Front-line social workers often encounter various practical difficulties in vetting applications under the Home Improvement Scheme and in the course of its implementation. The SWD is in close liaison with DECCs with a view to identifying areas for further improvement in the light of practical experience.

Release of Employees when Typhoon Warnings are in Force

8. **MR LAU KONG-WAH** (in Chinese): *President, the Code of Practice in times of Typhoons and Rainstorms compiled by the Labour Department (LD) advises employers to discuss with employees to set out prior work arrangements and contingency measures when typhoon and rainstorm warnings are in force. Although in recent years the Hong Kong Observatory (HKO) normally issues an early alert "Pre-No. 8 Special Announcement" once the Typhoon Warning Signal No. 8 is expected within two hours to allow employees to be released in stages, quite a number of employers still release their employees only after the Typhoon Warning Signal No. 8 has been issued. In this connection, will the Government inform this Council:*

- (a) *of the measures in place to improve the situation of traffic congestion and confusion caused by large numbers of employees being released at the same time upon the issuance of the Typhoon Warning Signal No. 8; and*
- (b) *whether the authorities will reconsider not to rely on negotiations undertaken by employers and employees themselves and, instead, legislating for the work arrangements during typhoons, including immediate release of employees in stages by all employers, except those in the exempted trades and industries, upon the issuance of Pre-No. 8 Special Announcement by HKO; if they will not, of the reasons for that?*

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

- (a) When tropical cyclone signal No. 8 is hoisted, safe and orderly departure of employees from the workplace is of paramount importance. To facilitate the implementation of the related arrangements, the HKO:
 - (i) issues alerts to the public about two hours in advance when No. 8 signal is anticipated. The alerts include reminders for employees and others to go home as soon as possible; and

- (ii) through a well-established mechanism, gives early warnings to public transport operators through the Transport Department (TD).

The HKO reviews the efficacy of the above arrangements from time to time. The efforts include:

- (i) after typhoon signals are issued, examining whether there is room for further improving the public announcement arrangements. For example, publicity on work release arrangements has been enhanced since August 2007 in the light of actual experience;
- (ii) assisting the LD in updating the "Code of Practice in times of Typhoons and Rainstorms"; and
- (iii) meeting with the TD regularly to review the adequacy of the inter-departmental communication arrangements.

The LD has published a "Code of Practice in times of Typhoons and Rainstorms" to remind employers and employees to draw up prior work arrangements and contingency measures during tropical cyclone signals to avoid unnecessary dispute and confusion. The Code provides advice and guidelines on report for duty, release from work, resumption of work and wage calculation in times of tropical cyclones. The Code is regularly reviewed in the light of experience to ensure that clear and practical guidelines are available to employers and employees. Before the typhoon season this year, the LD had specially updated the Code to remind employers that upon the issue of the Pre-No. 8 Special Announcement, they should release non-essential employees in stages as soon as practicable according to the needs of individual employees and the work requirements so as to ensure safety and ease traffic congestion. The Code has been available free of charge at all major offices of the LD and Public Enquiry Service Centres of the Home Affairs Department. Copies have been sent to employer associations, trade unions and resources centres for small and medium enterprises. It is also uploaded to the Department's homepage on the Internet for public access.

The LD has also stepped up publicity to promote the importance of making prior work arrangements in times of typhoon and rainstorm warnings. These activities include regular broadcast of television and radio announcements of public interest and issue of press release, and so on.

- (b) The nature and requirements of different jobs in different companies of various trades and industries are diverse. Some essential services like public transport, public utilities, medical services, hotels and security, and so on, need to maintain operation under inclement weather conditions. As to other services, immediate suspension of operation when signal No. 8 is hoisted may create inconvenience for citizens and problems for certain trades relying on such services for their operations. For the above reasons, it would not be practicable to introduce legislation governing work arrangements for employers and employees during tropical cyclones.

Implementation of Infrastructural Projects

9. **MR FREDERICK FUNG** (in Chinese): *President, under economic recession looming, the Government has advised that it will expedite the implementation of infrastructure projects to boost the economy and create employment opportunities. In this connection, will the Government inform this Council:*

- (a) *whether it has conducted any review on the difficulties encountered in the implementation of infrastructure projects; if it has, of the results; if not, the reasons for that;*
- (b) *of the projects anticipated to commence in the next two years and the ones that can be implemented more expeditiously, as well as the latest specific measures to improve the established procedure so that the infrastructure projects can make an early start; and*
- (c) *how it ensures that the employment opportunities for local workers to be created by these projects will not be lost as a result of the work processes being contracted out and prefabricated components produced on the Mainland being used?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, in his policy address, the Chief Executive reiterated the strategy to help power ahead Hong Kong's economy through infrastructure development. This becomes even more important at the time of economic downturn. Infrastructure projects will create employment opportunities at the construction stage as well as boost economic development upon completion and meet the community needs.

My reply to Mr FUNG's three-part question on the implementation of infrastructure projects is as follows:

- (a) The Government reviews regularly the workflow of implementing infrastructure projects, in particular the difficulties encountered in our preparatory planning and seeking approval, so that we can put forward improvement measures as soon as possible to resolve the problems early and get the projects started.

In his 2007-2008 policy address, the Chief Executive announced the implementation of 10 major infrastructure projects. In parallel, we will press ahead with other projects to enhance the quality of life in our community. Over the past year, we reviewed continuously the progress of various projects and related procedures in order to strengthen our capability of taking forward various projects. On 22 October 2008, the Development Bureau submitted a paper to the Panel on Development, which set out in detail our findings, in particular the problems that may be encountered. The findings are summarized as follows:

First, the pre-construction planning of infrastructure projects involves many statutory procedures as well as much co-ordination work among bureaux and departments, which often causes difficulties and delays. Therefore, it is necessary for the Development Bureau to enhance high-level co-ordination to deal with these problems so that they can be resolved as soon as possible.

Second, we have noted the soaring prices of construction materials since mid-2007. The rising material prices and labour costs have led to two problems: the funds for the ongoing projects with price adjustment clauses in their contracts are insufficient to cope with the price fluctuations; and the tender prices returned in tendering far

exceed the approved project estimates. To avoid delay, we will soon propose to the Public Works Subcommittee (PWSC) that the approved project estimates of these projects be raised.

Third, we have to ensure that manpower in the construction industry is sufficient to cope with the increased workload. In the last quarter (June to August 2008), the unemployment rate of the construction industry was about 6.3%. While the manpower situation is not yet tense, we have to study in advance the possible mismatches in skills (for example, the types of workers required for various trades) and to step up training whenever necessary. We also need to tackle other problems, for example, the ageing construction workforce and the reluctance of young people to join the industry. In this connection, the Construction Industry Council is conducting a study to assess and estimate the demand and supply of construction workers and supervisory/technical staff in the next few years. The Development Bureau has also commissioned a consultancy study on the professional staff of the construction industry. Both studies will engage the stakeholders of the industry.

Looking ahead, we will closely monitor the impact of the financial tsunami on the construction cost and other aspects of the industry. We will also conduct reviews in the light of actual circumstances so as to implement the infrastructure projects smoothly.

- (b) The Government will submit an information paper to the PWSC on 7 November 2008. The paper will provide information on capital works projects (including item numbers, project numbers, project titles and tentative start dates) to be submitted to the PWSC for approval in the 2008-2009 Legislative Session. Construction will commence shortly after these projects have been recommended by the PWSC and approved by the Finance Committee for funding.

As to how best the established procedures can be improved in order to expedite the implementation of infrastructure projects, please refer to our response in part (a).

- (c) As a number of projects will enter the construction stage, more job opportunities will be created for the construction industry. We expect that local workers will benefit from these projects.

Under the prevailing policy, contractors must give priority to local workers in filling job vacancies available in the market. Only under very exceptional circumstances (for example, the contractor can prove that, with all due diligence, he is still unable to recruit suitable local workers to fill the job vacancies), can workers be imported. According to the Labour Department, such case is very rare. Therefore, local workers stand to benefit from the implementation of infrastructure projects no matter whether the work processes are contracted out or not.

The Government's procurement policy follows the principles of fair and open competition, transparency as well as cost-effectiveness. However, it imposes no restrictions on the sources of the services or products to be procured. The use of imported prefabricated components is driven by the market force. Apart from cost savings, some of these components are just too enormous in size to be produced locally. Moreover, Hong Kong is bound by the Agreement on Government Procurement of the World Trade Organization. This means that we cannot impose any local production requirement on the procurement of prefabricated components.

Light Rail Service

10. **MR WONG KWOK-HING** (in Chinese): *President, regarding the Light Rail (LR) services provided by the MTR Corporation Limited (MTRCL) in the Northwest New Territories (NWNT), will the Government inform this Council:*

- (a) of the number of LR vehicles commissioned in each of the past three years and the LR network expansion during the period;*
- (b) of the current population of the NWNT; and whether it has assessed if the existing LR services can meet the service demand; if it has, of the details; and*
- (c) whether MTRCL has plans to reorganize the existing LR service network; if so, of the details of such plans?*

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

- (a) Since the commissioning of the LR in September 1988, it has always been the major mode of transport for the residents of the NWNT. The LR network totalled about 23 km in length when commissioned. With the opening of the new Tin Shui Wai Extension in December 2003, the LR network has already extended by 57% to 36 km, further expanding the LR network to Tin Shui Wai North and connecting to the West Rail Line Tin Shui Wai Station to cater for the development of the Yuen Long, Tuen Mun and Tin Shui Wai new towns. Between 2005 and 2008, the LR has a fleet of 119 Light Rail Vehicles (LRVs) providing passenger service in Tuen Mun, Tin Shui Wai and Yuen Long.
- (b) According to the latest statistics released by the Census and Statistics Department in mid-2007, the population of Tuen Mun and Yuen Long are 480 000 and 530 000 respectively. At present, the MTRCL operates 12 LR routes and 15 MTR Bus routes in NWNT. The LR, with a fleet of 119 LRVs, provides services 20 hours a day operating more than 2 700 train trips and as frequent as every 1.3 minutes during peak hours. MTR Bus has a fleet of 110 buses providing feeder services for West Rail Line (WRL) and LR passengers. As at August 2008, the average daily patronage of the LR and MTR Bus was 446 000.

In 2007, the Government reviewed the role and service level of the LR transit system in the overall public transport services provided in NWNT. A paper on the review was submitted to the Subcommittee on Matters Relating to Railways under the Legislative Council Panel on Transport in September 2007. After conducting on-site surveys and assessment, the Transport Department (TD) considered that the current daily carrying capacity of the LR could generally meet the daily passenger transport demand. The review also examined the future population growth in NWNT, and the expected increase in LR patronage after the commissioning of the Kowloon Southern Link (KSL), for the purpose of assessing future passenger demand. Since the LR provides feeder services for WRL, it is expected that the LR's patronage will increase due to WRL patronage growth

following the commencement of KSL. In addition, the population in NWNT is expected to increase by about 3.5% by 2011 as compared with now. Based on the above two factors, pre-merger Kowloon-Canton Railway Corporation forecast that there would be an increase of around 20% in LR daily patronage and decided to purchase 22 LRVs to meet the patronage increase mentioned above. The new LRVs will come into operation by phases between 2009 and 2010.

- (c) The present LR and MTR Bus network and the purchase of LRVs can generally meet the service demand of residents of Tuen Mun, Tin Shui Wai and Yuen Long. At this stage, the MTRCL and TD have no plan to rationalize the LR and MTR bus feeder service for the area.

To further enhance LR service, MTRCL will also carry out a modernization programme for the 69 first-generation LRVs to further enhance the level of comfort and capacity. The programme will start in the fourth quarter of 2008 and is expected to be completed in 2011.

The MTRCL will continue to closely monitor the demand of the residents for LR service in NWNT, with a view to optimizing the use of resources and providing efficient services to passengers.

Handling of Reports of Cruelty to Animals

11. **MR JAMES TO** (in Chinese): *President, I have learnt that the police had earlier formulated guidelines specifying that suspected cases of cruelty to animals would be referred to the officers in the crime investigation units (CIUs) for investigation. However, the police recently refused to follow up a relevant case reported to a police report centre by telephone by a member of the public. In this connection, will the Government inform this Council:*

- (a) *of the number of reports involving suspected cruelty to animals received by the police since the formulation of the above guidelines; and among such reports, the respective numbers of those passed to*

officers of CIUs for investigation, those referred to other government departments (with a breakdown by the name of the departments), those in which prosecution was instituted and those in which the persons concerned were convicted, as well as the penalties imposed on the convicted persons;

- (b) whether it has received, since the formulation of the above guidelines, any complaint (for example, refusing to investigate) against the investigation approach adopted by the police; if it has, of a breakdown by the subject of the complaints and, among such complaints, the number of substantiated cases; and whether the police have reviewed the guidelines regularly, so as to improve the handling of such reports;*
- (c) whether guidelines have been provided to front-line uniform officers at present to help them decide if a case involves cruelty to animals and if it is necessary to refer the case to relevant government departments for investigation; if such guidelines have been provided, of the details;*
- (d) as the Government stated in its paper to this Council that "inter-departmental meetings were held among the Police, Agriculture, Fisheries and Conservation Department (AFCD), Food and Environmental Hygiene Department (FEHD) and Hong Kong Society for the Prevention of Cruelty to Animals to draw up new operating protocols to enhance inter-departmental cooperation in the handling of reports of cruelty to animals", whether the relevant drafting work has been completed; if so, of the details of the operating protocols;*
- (e) whether it has assessed if entrusting with officers of CIUs investigation of cases of cruelty to animals has increased their workload and affected their other duties; if it has, of the assessment results; and*
- (f) whether the Government will reconsider setting up a dedicated unit in the police specialized in handling reports of cruelty to animals?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, on the question raised by the Honourable James TO, the information provided by the police are as follows:

- (a) The new guidelines of the police on handling reports on cruelty to animals were promulgated in late January 2008. Subsequent to their promulgation, 65 cases of cruelty to animals were reported to the police as at end September 2008. The police handled the initial enquiry for all 65 cases, 52 of which were subsequently investigated by officers in the CIUs, resulting in 44 arrests. The remaining 13 cases were not further investigated as there was no evidence of case of cruelty to animals. None required referral to other government departments. To date, prosecution action has been taken on eight cases and the details of which are set out in Annex.
- (b) The Police Force does not maintain statistics on complaints made by the public against members of the Police Force specifically regarding the handling of cruelty to animal cases. All complaints regarding police handling of reports from the public, irrespective of the subject matter, will be thoroughly investigated according to the established procedures. Disciplinary action will be taken if the investigation shows that any member of the Police Force has failed to act in accordance with the Force orders in handling a police report. The new guidelines have been working satisfactorily since their promulgation in late January 2008. The police will review the procedures on an annual basis to ensure their effectiveness.
- (c) Following extensive consultations with relevant stakeholders, including police officers, the AFCD, the FEHD and the Hong Kong Society for the Prevention of Cruelty to Animals (HKSPCA), the Police Force have issued new internal orders on how reports of alleged cruelty to animal cases should be handled. In brief, on receiving a report of an allegation of cruelty to an animal, police officers will attend the scene. The police will then conduct initial enquiry into the case and will take into account such factors as

injuries to the animal, the location, the informants' and eyewitnesses' observations, and so on. If there is a suspicion that a case of animal cruelty has occurred, crime officers will immediately take over the investigation. If necessary, the police will seek assistance from the AFCD and HKSPCA.

- (d) Inter-departmental meetings were held in December 2007 and January 2008 among the police, AFCD, FEHD and HKSPCA to, in the light of the review outcome, review the procedures for initial handling of reports of alleged cruelty to animal at the scene of incidents, subsequent investigation and follow-up actions. New operating protocols were drawn up to enhance inter-departmental co-operation in the handling of such reports.

In accordance with the new operating protocol, the police subsequently drew up the new guidelines on handling reports of animal cruelty (response to part (a) above refers) and revised relevant internal orders (response to part (c) above refers).

- (e) The number of reports on alleged cruelty to animals is comparatively small (65 cases) compared to the total number of reports of various nature received by the police (996 966 in the first nine months of 2008). The workload thus generated is not considered to be substantial.
- (f) The criminal investigation teams in police districts have the required manpower, capability and experience in handling such cases. If an upward trend of such cases is observed in a particular police district, the police will consider adopting a comprehensive and focused approach and assigning designated teams to carry out the investigation. Where necessary, the police will seek assistance from the AFCD and HKSPCA. These arrangements provide flexibility in the Police Force's deployment of resources and are more effective than the setting up of "Animal Police" in handling cases of alleged cruelty to animals.

Annex

Details of Prosecution Actions

<i>Case No.</i>	<i>No. of arrested person</i>	<i>Conviction and penalty</i>
1	1	Convicted of four counts of "Cruelty to Animal" and given Community Service Order (CSO) of 100 hours and fined HK\$12,000
2	1	Convicted of one count of "Cruelty to Animal" and sentenced to three months imprisonment
3	1	Convicted of one count of "Cruelty to Animal" and sentenced to four months imprisonment
4	1	Convicted of one count of "Cruelty to Animal" and given CSO of 140 hours
5	1	Convicted of three counts of "Cruelty to Animal" and given CSO of 80 hours
6	1	Convicted of three counts of "Cruelty to Animal" and fined a total of HK\$9,000
7	2	Both were convicted of four counts of "Cruelty to Animal" and were each fined HK\$2,000
8	1	Convicted of one count of "Cruelty to Animal" and fined HK\$2,000

Applications for CSSA by Elderly People

12. **MR WONG KWOK-KIN** (in Chinese): *President, at present, the Social Welfare Department (SWD) takes into account the total income and assets of applicants and their family members in vetting and approving applications for Comprehensive Social Security Assistance (CSSA). For those elderly people who live with family members but wish to apply for CSSA on their own, their family members are required to make a statement on non-provision of financial support. Some elderly people have expressed that this requirement has made them feel bad and affected their relationship with family members. In this connection, will the Government inform this Council:*

- (a) *of the number of elderly CSSA applications which were rejected over the past three years on grounds of the applicant's failure to provide the above statement;*
- (b) *whether it will remove the requirement for elderly people living with family members and applying for CSSA on their own to submit the above statement; if it will not, of the reasons for that; and*
- (c) *whether it will review the existing eligibility criteria for and the amounts of assistance provided to elderly CSSA applicants, as well as the coverage of and the application procedure for special grants, so that the elderly will have a more comprehensive protection?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, the CSSA Scheme is designed to bring the income of families and individuals who cannot support themselves financially up to a prescribed level to meet their basic needs. It is a non-contributory social security scheme funded entirely by the general revenue. Since it involves a very large amount of public funds, we must act with prudence and caution to ensure the sustainability of this safety net.

CSSA applicants living with their families are required to apply on a household basis since families constitute the core units of our community. Members of the same family should render assistance and support to each other. The income-earners should take up the responsibility of supporting their family members who have no financial means.

My reply to the various parts of the question is as follows:

- (a) The SWD has not maintained statistics on elderly CSSA applications which were not approved over the past three years on grounds of the applicants' failure to provide a declaration on their financial situation.
- (b) The CSSA Scheme is non-contributory and applicants are subject to income tests. The provision of a declaration by CSSA applicants on their financial situation is only for verifying whether they have other sources of income such as contributions from their children.

Under special circumstances, for example, when elderly applicants have poor relationship with their family members or there are special reasons that their children cannot provide support to them, the SWD

will consider such circumstances on a case-by-case basis and may allow an elderly person in need to apply for CSSA on his/her own. When necessary, our staff will refer such cases to social workers for follow-up action and appropriate assistance. All elderly people who apply for CSSA on their own must submit the declaration regardless of whether they are living with their family members. This is to ensure that the CSSA payments are provided to families and individuals with genuine financial difficulties.

- (c) Under the CSSA Scheme, the asset limit for an elderly is already higher than that of an able-bodied adult. The value of an owner-occupied residential property is totally disregarded for cases where there is any elderly member. In addition, the CSSA Scheme also takes care of the special needs of the elderly through the provision of higher standard rates, special grants and supplements. For example:
- (i) the CSSA Scheme provides higher standard rates for the elderly (defined as people aged 60 or above) than for able-bodied adults with the rates of payment ranging from a minimum of \$2,335 to a maximum of \$4,220 per month per person depending on the circumstances of the elderly recipients;
 - (ii) elderly recipients are entitled to other special grants to meet their special needs, such as glasses, dental treatment, removal expenses, burial grants, fares to and from hospital/clinic, costs of medically recommended diets and costs of medical and rehabilitation appliances; and
 - (iii) families with elderly recipients are entitled to receive an annual long-term supplement for the replacement of household and durable goods if they have received assistance continuously for 12 months or more.

At present, the average monthly CSSA payment for a singleton elderly recipient is \$3,875.

We consider that the existing CSSA Scheme has been providing an effective safety net to meet the basic needs of the elderly people who cannot support themselves financially.

Control on Materials Containing Asbestos

13. **MS LI FUNG-YING** (in Chinese): *President, it is learnt that chrysotile, a type of asbestos, and materials containing chrysotile are still permitted to be imported into and re-exported from Hong Kong. Also, from time to time, building materials containing asbestos are found to have been used in old buildings as well. In this connection, will the Government inform this Council whether:*

- (a) *it knows the details (including the types, quantities, uses and sales channels) of the import into and re-export from Hong Kong of chrysotile and materials containing chrysotile in the past three years;*
- (b) *it knows the approximate number of workers who had had contact with materials containing asbestos while at work in Hong Kong in the past three years, and whether the authorities have formulated measures to ensure that the employers and employees concerned comply with the Code of Practice: Safety and Health at Work with Asbestos in order to safeguard the health of such employees; if they have, of the details; if not, the reasons for that;*
- (c) *it knows the respective numbers of buildings aged 20 to 29, 30 to 39 and 40 years or above in which building materials containing asbestos may have been used, as well as the number of residents in such buildings; and*
- (d) *the Government has taken other promotional and educational initiatives, apart from providing relevant information on government websites, for residents in old buildings to understand how to deal with building materials containing asbestos in their premises; if it has, of the details; if not, the reasons for that?*

SECRETARY FOR THE ENVIRONMENT (in Chinese): *President, the Air Pollution Control Ordinance (the Ordinance) stipulates in detail the controls on asbestos works and the use of asbestos containing materials to protect public health. The controls came into effect in 1996. The asbestos containing materials currently used in Hong Kong are mostly the less hazardous chrysotile.*

My reply to the question raised by the Honourable LI Fung-ying is as follows:

- (a) At present, the use of asbestos containing materials in the construction and other industries has been largely replaced by asbestos-free products. The quantity of imported asbestos containing materials has substantially decreased as compared with the time before the Ordinance became effective. Currently, uses of chrysotile mainly include asbestos friction products, gaskets, fabricated asbestos fibres and corrugated cement sheets in small quantities. The record on import and export of chrysotile for the past three years is tabulated below:

<i>Year</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>
Import of chrysotile and chrysotile containing materials (tonne)	165	101	47
Export of chrysotile and chrysotile containing materials (tonne)	101	14	8

- (b) At present, workers who come into contact with asbestos materials are mainly those involved in demolition of old buildings. According to our records, there are currently 10 registered asbestos contractors and 13 licensed asbestos waste collectors, employing about 170 and 70 workers respectively.

To protect the health of the public and employees concerned, all parties engaged in the businesses of asbestos works and collection of asbestos waste are required to register with or obtain a licence from the Environmental Protection Department (EPD) to ensure that they have suitable equipment, training, experience and competence to comply with relevant regulatory requirements and operate in accordance with the following codes of practice:

- the Code of Practice on Asbestos Control prepared by the EPD; and
- the Code of Practice: Safety and Health at Work with Asbestos compiled by the Labour Department.

For control on asbestos works, the Ordinance stipulates that property or premises owners are required to employ a registered asbestos consultant to conduct an investigation and submit an asbestos abatement plan, and to employ a registered asbestos contractor to carry out the works. The EPD inspects sites of asbestos works from time to time and follows up complaints to ensure that all asbestos works are carried out in accordance with the regulatory requirements of the Ordinance. In case that non-compliance is found during an inspection, the EPD will conduct further investigation and initiate prosecution as appropriate to achieve a deterrent effect.

- (c) The general distribution of private buildings in the territory is as follows:

<i>Age of buildings</i>	<i>Number of buildings</i>
20 to 29 years	3 600
30 to 39 years	3 200
above 40 years	8 800
Total (above 20 years)	15 600

Note: The above figures include about 900 pre-war buildings but exclude New Territories exempted houses.

The number of residents in these buildings and the exact number of buildings containing asbestos are not available. Before the 1980s, the use of asbestos containing materials in buildings was very common. Chrysotile corrugated cement sheets were used in many unauthorized canopies and rooftop structures in old buildings for heat insulation purpose. Based on past demolition records, we estimate that among those over 20 years old buildings classified by the Buildings Department as target buildings requiring demolition of unauthorized structures, about 60% of them may contain asbestos. Nevertheless, undisturbed asbestos corrugated cement sheets in old buildings, if in good condition, will not release asbestos fibres under normal circumstances and therefore will not pose a risk to public health.

- (d) The EPD has published a concise pamphlet on the regulatory requirements of the Ordinance. The information in the pamphlet has been uploaded to the EPD website to facilitate access by the public.

Since 2001, the Buildings Department has embarked on large-scale demolition action against unauthorized structures, and has referred all target buildings to the EPD for follow-up action to ascertain any presence of asbestos. In this connection, the EPD has prepared posters to publicize the regulatory requirements of the Ordinance and post them conspicuously in target buildings to educate the residents. For every inspected unauthorized structure that is suspected to contain asbestos, the EPD will notify the property or premises owners in writing and require the persons concerned to remove the unauthorized structure containing asbestos in accordance with the regulatory requirements of the Ordinance. Over the past three years, the EPD has issued about 14 000 written notices together with copies of the concise pamphlet to help property or premises owners understand whether the unauthorized structures to be removed contained asbestos, the necessary measures to be taken and the proper ways to dispose of asbestos waste. The public may also call the EPD hotline to enquire about the requirements on asbestos controls. Moreover, EPD staff will attend meetings arranged by owners' corporations or building management offices of buildings affected by demolition orders to explain to the residents the regulatory requirements of the Ordinance and to enhance public awareness of asbestos controls.

Assistance to Small Shop Tenants

14. **MS EMILY LAU** (in Chinese): *President, it is learnt that in recent months, The Link Management Limited and other shopping mall proprietors have substantially increased the rents of shops in their shopping malls and have even refused to enter into new tenancy agreements with small shop tenants upon expiry of their current agreements in order to introduce large supermarkets, chain stores and trendy shops. In this connection, will the executive authorities inform this Council:*

- (a) *whether it knows the total number of small shop tenants at the end of each of the past three years, and the annual number of small shop tenants which closed down their businesses upon expiry of their tenancy agreements during the period;*
- (b) *whether it has assessed the impact of the above situation on the business environment of small shop tenants and the interest of consumers; if it has, of the assessment results;*
- (c) *of the measures in place to ensure that the room for survival of small shop tenants will not be throttled by large supermarkets and chain stores; and*
- (d) *of the existing policies to help small shop tenants to face the difficulties in running businesses?*

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

(a) and (b)

Upon the public listing of The Link Real Estate Investment Trust on 25 November 2005, it has become a private entity entirely independent of the Government. There are no Government representatives on the Board of Directors of The Link Management Limited, the Manager of the Trust. The Link Management Limited and all other commercial property owners in the private sector operate in accordance with market principles, and determine their own business strategies. We do not have information on their tenant mix, nor have we carried out any assessment on the impact of changes in their tenant mix.

(c) and (d)

We believe that commercial property owners in the private sector (including The Link Management Limited) will adjust their operating strategies in the light of market conditions, including the purchasing power of customers.

We shall write to The Link Management Limited and urge the latter to try to assist small tenants in its properties and provide them appropriate support measures, so as to help them tide over the difficulties arising from the current financial crisis.

We also understand that small and medium enterprises (SMEs), including small retailers, may need various forms of assistance in developing their businesses. The SME Funding Schemes were established to provide assistance in this regard. We are now putting in place measures to enhance the flexibility of the Funding Schemes, with a view to assisting more SMEs.

Paid Paternity Leave

15. **MS EMILY LAU** (in Chinese): *President, in reply to a question from a Member of this Council in June 2006, the authorities advised that the Labour Department (LD) was conducting a study on whether legislation should be enacted for providing paternity leave to male employees. The Chief Executive also sought to "deepen various family-friendly measures" in his policy address in October 2006. However, in response to another question from a Member of this Council in November 2007, the authorities said that "At present, we have no plan to provide paid paternity leave in addition to the existing annual leave benefits of civil servants and non-civil service contract staff". This subject was not even mentioned in the policy address delivered recently. In this connection, will the executive authorities inform this Council:*

- (a) *of the progress of the above study and the expected completion date;*
- (b) *as the authorities stated in their reply to the question in November 2007 that "In deliberating whether we should legislate for paternity leave, we should first and foremost ensure that there is wide consensus in the community ", whether they will consider publishing a public consultation paper immediately upon completion of the above study by LD, with a view to attaining consensus in the community; if it will, of the details; if not, the reasons for that;*

- (c) *of the increase in the number of local enterprises providing paternity leave to male employees since the Government's promotion of family-friendly employment practices; whether they have assessed the effectiveness of the approaches adopted for promoting paternity leave; if they have, of the details; if not, the reasons for that; and*
- (d) *whether they have assessed how, on the one hand the Government will not consider providing paid paternity leave to civil servants, on the other hand, it can be a model of good employer to encourage enterprises to take up social responsibility and offer paid paternity leave, and what concrete plans it has to do so?*

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

(a) and (b)

The LD has been studying the subject of paternity leave. It has conducted questionnaire surveys with over a thousand member organizations of its Human Resources Managers Clubs in 2006 and 2008 to collect information on the prevalence and actual arrangements of paternity leave. We are now collecting and comparing relevant practices in other economies on such aspects as the duration of paternity leave, eligibility criteria for and manner of taking such leave, as well as pay during the leave period, and so on.

Information collected reveals that a variety of practices of paternity leave are adopted in different places appropriate to their own economic situations, social security and welfare systems, population policies as well as labour market situations, and so on. As the majority of firms in Hong Kong are small and medium enterprises with less flexibility in staff deployment, we have to consider the actual circumstances of Hong Kong to ensure that a reasonable balance is struck between the interest of employees and the affordability of employers. Furthermore, in the light of local circumstances, the LD has to deliberate in depth a number of issues such as the certification required to support the taking of paternity

leave, the authentication of childbirth by the spouse outside Hong Kong, and eligibility of a male employee in cases involving non-marital birth, and so on.

Upon completion of the aforesaid study, we will report to the Labour Advisory Board and consult the Legislative Council Panel on Manpower.

- (c) To allow employees to fulfil both their work and family responsibilities, the LD has been encouraging employers to adopt various family-friendly employment practices, including the provision of paternity leave, through channels and promotional activities such as Tripartite Committees and Human Resources Managers Clubs formed in various trades, organizing seminars, staging roving exhibitions at different locations and publishing newspaper supplements.

The Administration has not conducted territory-wide survey on the provision of paternity leave by enterprises in Hong Kong. Nevertheless, the LD issued questionnaires to over a thousand member organizations of its Human Resources Managers Clubs in 2006 and 2008. The surveys reveal that 16% and 21% respectively of the organizations have provided paternity leave, indicating an increase in the number of employers providing paternity leave to their employees over the past two years. Although most of the LD's member organizations are relatively large in terms of employment size and the survey findings may not reflect the full picture of small and medium enterprises, they help provide useful reference for the LD's planning of appropriate promotional activities.

Moreover, through regular contacts with employers and human resources practitioners, the LD notes that the number of local enterprises which have paternity leave arrangements is increasing. These organizations have implemented measures most appropriate to their operations, needs of their clients and the employment terms of their employees. We consider the existing promotional measures effective. We will continue to act as a facilitator and seek

partnership with the business community and non-governmental organizations to further promote good people management practices, including the provision of paternity leave.

- (d) We consider that individual organizations in the public and private sectors are in the best position to decide whether, and if so, how to implement family-friendly employment practices, having regard to their operational circumstances, needs of their clients and the level of fringe benefits currently provided to their staff, and so on. The Government aims to provide a family-friendly working environment to enable civil servants to cope with both work and family commitments. Under the basic principles of no additional staffing resources, no reduction in the conditioned hours of service of individual staff, no reduction in emergency services and the continued provision of some essential counter services on Saturday, the five-day week initiative was introduced into the Civil Service in phases from July 2006 to reduce work pressure of staff and to improve the quality of family life. Around 65% of government employees are working five days/shifts per week on the full implementation of the initiative by 1 July 2007.

As regards the provision of paid paternity leave, we consider that the full-pay annual leave generally provided to civil servants are adequate for meeting personal needs that may arise during the year, including taking care of family members. In fact, most civil servants have accumulated a considerable balance of untaken leave. As such, we currently have no plan to provide paid paternity leave in addition to the existing annual leave benefits of civil servants. Earlier on, we have encouraged departmental management to, where operational needs permit, favourably consider applications from expecting fathers for taking their earned paid leave to take care of their spouses and newborn babies. We believe that the existing leave benefits and adoption of other practices such as the five-day week have enabled civil servants to meet the needs of their family.

Air Pollution and Noise to be Generated by Vent Shaft of West Hong Kong Island Line

16. **MR ANDREW CHENG** (in Chinese): *President, I have received complaints from residents of the Central and Western District that the vent shaft of the West Hong Kong Island Line proposed to be built by the MTR Corporation Limited (MTRCL) at Hill Road will cause noise and air pollution nuisance to residents nearby. In this connection, will the Government inform this Council whether:*

- (a) it has found out from MTRCL the impact of the vent shaft on the local environment, including the environmental impact data in terms of air quality, noise, and so on; if not, of the reasons for that; and*
- (b) it has suggested to MTRCL to relocate the vent shaft to another area; if it has, of the relevant details and the relocation cost involved; if not, the reasons for that?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, the West Island Line (WIL) is an extension of the existing MTR Island Line from Sheung Wan to Kennedy Town with two intermediate stations at Sai Ying Pun and the University of Hong Kong (the HKU). The MTRCL is now working on the detailed design of the WIL. According to its Project Proposal, there will be a ventilation shaft at Hill Road to serve the station at the HKU. My reply to the questions regarding this proposed ventilation shaft is as follows:

- (a) Ventilation shafts are an integral part of an underground railway system. It will enable air exchanges inside the stations and tunnels with the outside areas. As the trains are powered by electricity, combustion of fossil fuels is not required and hence no harmful or hazardous gases are discharged. Furthermore, the rail tracks and tunnels are washed regularly in order to maintain the cleanliness of the railway.

Apart from that, the MTRCL has conducted air quality tests by setting up a monitoring point at an existing ventilation shaft of the Central Station. The dust level obtained from the monitoring point is very close to those readings obtained from a nearby roadside air

quality station set up by the Environmental Protection Department (EPD). This has demonstrated that air exhausted from the ventilation shaft does not cause any adverse impacts on the air quality of the surrounding areas.

In accordance with the Environmental Impact Assessment (EIA) Ordinance, the MTRCL has submitted the EIA report of the WIL to the EPD, and the report has been made available for public inspection. The report has addressed the key environmental impacts during the construction and operation of the WIL, including air quality, noise, and so on. According to the report, the air quality inside railway stations and train compartments during peak hours complies with the Level 1 standard of the "Practice Note for Managing Air Quality in Air-conditioned Public Transport Facilities — Railways" issued by the EPD, that is, the hourly average of carbon dioxide concentration should be less than 2 500 parts per million (ppm). This indicates that the quality of air exhausted from the stations and the tunnels through the ventilation shaft is good.

As far as noise is concerned, the operation of ventilation shafts has to comply with the requirements stipulated in the Noise Control Ordinance. The stations and the plant rooms that house the ventilation fans of the WIL are in general far below ground with some distance away from the ventilation shaft. Moreover, given that the exhaust air speed is not high and suitable acoustic systems are installed, the noise impact to the public in the vicinity is insignificant and is in compliance with the requirements under the EIA Ordinance.

As regards visual impact, the MTRCL will strive to reduce the scale of the ventilation shaft. Its outlook appearance will be designed to blend with the surroundings so that any visual impact will be minimized.

The Transport and Housing Bureau and the MTRCL have been in close liaison with the Central and Western District Council (C&WDC) and the residents. In order to ease residents' concerns about the proposed ventilation shaft, many briefings and site visits, including visits to ventilation facilities of current stations have been arranged for the members of the C&WDC and the residents.

- (b) Locations of ventilation shafts are constrained by the design and alignment of the railways. As the Western District is a densely populated area, it is difficult to find suitable locations for the railway facilities. The MTRCL has studied various alternative locations near Hill Road for setting up the ventilation shaft. The results of the study are as follows:

<i>Alternative Locations Studied</i>	<i>Findings</i>
Slope near Haking Wong Building of the HKU, Pokfulam Road	This proposed location is situated on a slope. For the construction of a ventilation shaft, an access road near the slope has to be occupied as works area requiring a prolonged closure of a portion of the access road inside the HKU campus. Besides, this proposal presents a major technical problem as the ventilation shaft has to penetrate through the foundation of the retaining wall in front of the slope.
Des Voeux Road West near roundabout for trams at Whitty Street	Since this proposed location is situated over 350 m away from the University of Hong Kong Station, the ventilation effect will be limited. Moreover, substantial excavation along Hill Road, Queen's Road West and Des Voeux Road West involving utilities and pipes diversion will be required for the construction of adits between the station and the ventilation shaft. It will cause significant adverse traffic impact during construction.
Temporary parking area at Shing Sai Road	Since this proposed location is situated over 400 m away from the University of Hong Kong Station, the ventilation effect will be limited. Given that it is also the proposed reprovisioning site for the existing Kennedy Town Swimming Pool, there is no extra space for any ventilation shaft.
Inside Hill Road Garden	The sitting-out area will be significantly reduced due to the occupancy of the ventilation shaft in this proposed location. The residents nearby have objected to this proposal. In addition, this proposal cannot ease the concern to remove the ventilation shaft from Hill Road.

<i>Alternative Locations Studied</i>	<i>Findings</i>
Open space at Pokfulam Road near Yam Pak Building	This location has been proposed to house an electrical and mechanical building for the University of Hong Kong Station. There is no extra space.

The above studies mainly concern technical problems and the impact on the residents rather than cost increase which may incur, which is not the major factor in the consideration. After assessing the various factors, the proposed location under the flyover at Hill Road is the more preferable option. As aforesaid, the MTRCL will make every effort to enhance the ventilation shaft structure and to design its external appearance to blend with the surroundings, with a view to minimizing any visual impacts.

Measures to Deal with Problems of an Ageing Population

17. **MR CHEUNG HOK-MING** (in Chinese): *President, according to the population projections of the Census and Statistics Department, the percentage of the elderly in the population will continue to rise, and it is expected that the elderly aged 65 or above will account for 27% of the population by 2033. The Chief Executive has also pointed out that 25 years from now, there will be one elderly person in every four Hong Kong people. In this connection, will the Government inform this Council whether:*

- (a) *any long-term population policy is currently in place to cope with the pressure on the society exerted by changes in the population structure in the coming decades; if there is such a policy, of the details;*
- (b) *it will establish a flexible retirement mechanism and encourage enterprises to employ the elderly with working ability, so as to enhance the overall labour force; and*
- (c) *it has fully considered, in planning for the development of integrated elderly community projects in remote areas such as Tin Shui Wai (TSW), how the elderly living in the projects' elderly housing may be*

assisted in keeping in touch with their friends and relatives, including participating in social activities, so as to avoid their becoming lonely and helpless?

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, the question involves various policy aspects. After consulting the concerned policy bureaux and departments, my reply is as follows:

- (a) The Administration has been monitoring changes in the demographic structure of Hong Kong, including the rising proportion of elderly population, and the challenges brought about by these changes. We have put in place a series of measures to enhance the quality and competitiveness of our population in order to prepare our society to meet these challenges. Our efforts in this regard include continuing to devote substantial resources in education, vigorously developing training and retraining services of our workforce, implementing measures to facilitate the entry and stay of non-local talents with a view to attracting more talents from both the Mainland and overseas to Hong Kong, providing additional subsidized residential care places and subsidized day care places for frail elderly, and so on. In addition, to maintain a health care system that can cater for the changing demographic structure, increasing health care needs and rising health expenditure, the Administration will embark on the second stage of public consultation on health care reform to deepen the discussion and galvanize consensus on a comprehensive health care reform and health care financing.
- (b) There is currently no mandatory retirement age in Hong Kong. When an employee and an employer enter into an employment relationship, they are free to negotiate on a mutual agreement basis a suitable retirement age, same as for other terms and conditions of employment. Employers are also free to recruit or continue to employ elderly people. The present arrangement allows flexibility and suits the needs of different employers and employees having regard to the market situation.

To assist elderly people in seeking employment, the Labour Department has set up special counters in all Job Centres to provide them with priority services. They can also join the Job Matching Programme for more intensive and personalized employment services.

- (c) The Hong Kong Housing Society (HKHS) will implement an Integrated Elderly Community Project (the Project) in TSW Area 115. According to its initial plan, the Project will provide about 1 250 purpose-built elderly flats for lease. The target is elderly people aged 60 or above with better financial means and are prepared to pay for such accommodation and services. Their spouses who are aged 50 or above can also live in the flats. It is anticipated that there would be about 1 900 residents. In addition, the Project will also provide one-stop supportive facilities and services to meet the health and medical, leisure and recreational, as well as family and social needs of elderly residents. Such facilities include a Wellness Centre (with a clinic, a residential care home for the elderly, a day care centre and a respite-cum-rehabilitation centre), hotel/guesthouse, kindergarten/day nursery and comprehensive recreational, educational and training/retraining facilities.

The elderly accommodation under the Project is modelled on the concept of a resort-type retirement village. It allows for "ageing in the community", following the "continuous caring" and "user-pay" principles. The Project is also characterized by its proposed mix of facilities for other ages, which would foster family harmony and caring attitude, strengthen ties between elderly residents and their families, relatives and friends and promote their integration into the community. With the hotel/guesthouse providing short-term accommodation, and taking advantage of the project site's proximity to the local tourism resources (for example, the Hong Kong Wetland Park) and the Mainland (for example, the Shenzhen Bay Port), the elderly families, relatives and friends would be attracted and encouraged to pay frequent visits to elderly residents to enjoy family life. The kindergarten/day nursery would create an active and lively atmosphere for the Project by providing a balanced and mixed community with different ages, and would also benefit families in

TSW by allowing parents to take up jobs and relieving them from the pressure associated with child caring work at home. The education and training/retraining facilities would not only provide learning opportunities for TSW residents, but would also create opportunities for social enterprises. The HKHS would encourage elderly residents in the Project to serve as volunteers to share their knowledge and experience with youngsters in TSW, thus enhancing the elderly's self-esteem and sense of self-worthiness and supporting their mental and social well-being. The interaction would also enable elderly and youngsters to benefit from each other.

Promotion of Rooftop Greening

18. **DR JOSEPH LEE** (in Chinese): *President, it has been reported that some contractors have recently introduced a new rooftop greening technology from Japan which uses lightweight materials underneath the growing medium in place of conventional soil. As a result, the total weight of the greening project is only one eighth of that for common rooftop greening projects, and roofs with smaller loading capacities can also carry out greening works. However, the cost of such technology is relatively high. In this connection, will the Government inform this Council:*

- (a) whether it has adopted the above new technology in carrying out rooftop greening works for government buildings; if it has, of the expenditure involved for such works; if not, the reasons for that;*
- (b) of the latest rooftop greening technologies adopted by the Government at present and its effectiveness;*
- (c) whether it has provided the relevant technical and funding support to the private sector to promote rooftop greening; if it has, of the details; and*
- (d) whether it will formulate a comprehensive long-term strategy to actively promote rooftop greening so as to alleviate the continual rise in Hong Kong's temperature?*

SECRETARY FOR DEVELOPMENT (in Chinese): President,

(a) and (b)

The Government has been promoting greening to improve our living environment. This includes actively implementing rooftop greening where practicable to enhance the cityscape and mitigate the heat island effect in urban areas.

We are also continuously reviewing and have introduced new technology where necessary to achieve better results in rooftop greening. The lightweight planting soil mentioned in the question is one of the types of technology adopted. We have used this in individual projects on a trial basis and achieved satisfactory result. Details are as follows:

Lightweight planting soil is usually produced from pumice, light expanded clay aggregate and other synthetic materials. This type of new technology has become more widely adopted in green roof projects since 2007. In that year, we began to introduce this type of technology in roof renovation and alteration projects in government buildings. As the weight of lightweight planting soil is only one quarter of that of normal planting soil of the same volume, it helps to cope with the loading constraints of existing buildings. We have also introduced lightweight plastic drainage modules to replace traditional granular drainage layer to further reduce the loading imposed by green roofs on buildings. Since 2007, we have adopted these types of technology in 21 projects at a total additional expenditure of around \$4.4 million.

However, the cost of using lightweight planting soil and lightweight plastic drainage modules is higher and is about three to four times of the cost of using traditional materials (assessed on the basis of unit planting area).

(c) The Architectural Services Department (ASD) completed the Study on Green Roof Application in Hong Kong in 2007 which reviewed the latest concepts and design technology of green roof and recommended technical guidelines suitable for application in Hong Kong, covering various aspects including choice of plants,

waterproofing layer, thermal insulating layer, drainage layer, planting soil, irrigation as well as maintenance and repair. The report has been uploaded onto the ASD's website for public access so as to promote awareness and understanding of rooftop greening.

Non-profit organizations (such as schools and social service organizations) may apply for funding under the Environment and Conservation Fund (ECF) administered by the Environment Bureau to subsidize greening works, including green roof projects. Environment Bureau has organized briefings for eligible organizations to explain the application procedures and has invited professionals with relevant experience to share their insight on early project planning and preparatory work as well as matters required attention. The ECF has already subsidized 47 non-profit organizations to undertake greening projects. The Government hopes to continue to promote rooftop greening in private buildings through the ECF.

- (d) We strive to include rooftop greening in so far as possible in the design of public housing estates, new government buildings and renovation of existing government buildings. Moreover, the Government is studying the feasibility of promoting green features in private development projects. The Buildings Department has commissioned a consultancy study on sustainable building designs to explore the feasibility of providing more green features in private development projects so as to improve the urban living environment. The Government will consult the public and consider their views before deciding on the way forward.

Problems of Road Traffic Noise

19. **MR ANDREW CHENG** (in Chinese): *President, recently, I have received complaints alleging that traffic noise and air pollution problems along the section of Gascoigne Road Flyover near Ferry Street have caused nuisances to residents nearby. Moreover, in a paper submitted to the Panel on Transport of this Council in May this year, the Transport and Housing Bureau indicated that a consultancy study on the Central Kowloon Route (CKR) was being conducted, and the study would continue to examine the re-provisioning of the Flyover, including the installation of noise barriers and the implementation of other*

appropriate measures, so as to maintain smooth traffic along the Flyover during the construction of CKR. In this connection, will the Government inform this Council:

- (a) *of the respective average daily vehicle flows as well as the noise and air pollutant levels during peak and non-peak hours at the above road section in the past five years; and whether the noise levels concerned have exceeded the statutory standard; and*
- (b) *when the above study on the reprovisioning of the Gascoigne Road Flyover or the installation of noise barriers is expected to complete, and whether the Government has short-term measures in place to mitigate the noise at this road section; if so, of the details; if not, the reasons for that?*

SECRETARY FOR THE ENVIRONMENT (in Chinese): President,

- (a) In the past five years, the average daily vehicle flow at the road section of Gascoigne Road Flyover near Ferry Street is as follows:

Vehicle flow on Gascoigne Road Flyover (near Ferry Street) in the past five years

	2003	2004	2005	2006	2007
Average daily flow (no. of vehicles)	50 500	48 300	55 000	54 600	55 200

During daytime peak hours, the maximum hourly vehicle flow was about 3 300 vehicles and the highest traffic noise levels at the road section ranged from 75 to 78 dB(A). The proposed reprovisioning of the Gascoigne Road Flyover is a designated project under the Environmental Impact Assessment Ordinance (EIAO). Its traffic noise limit will be 70 dB(A).

Because of similar land uses and development density, the air quality in the vicinity of the above road section is similar to that in other communities in Kowloon. In the past five years, although the respirable suspended particulates (RSP) concentration in Kowloon slightly fell short of Hong Kong's air quality objectives (AQOs), the

concentrations of other key air pollutants, including nitrogen dioxide (NO₂) and sulphur dioxide (SO₂), were lower than the ceilings of Hong Kong's AQOs. The data is listed below:

Annual average concentrations of common pollutants in Kowloon in the past five years

<i>Unit: µg/m³</i>	2003	2004	2005	2006	2007	<i>AQO</i>
SO ₂	21	28	24	24	20	80
NO ₂	66	70	65	67	69	80
RSP	55	60	56	55	57	55

Note: The monitoring station for measuring Kowloon's ambient air quality is located at Sham Shui Po.

- (b) The planned reprovisioning of Gascoigne Road Flyover is part of the proposed CKR. The relevant study being undertaken by the Highways Department is scheduled to complete in mid-2009.

As part of the study, the Highways Department will prepare an environmental impact assessment (EIA) report on whether the environmental impacts of the project during its construction and operation (including the cumulative impacts caused by the neighbouring road networks) meet the requirements and standards set out in the EIAO and its Technical Memorandum. Where necessary, all practicable mitigation measures for the works must be taken, including the installation of noise barriers and other appropriate measures, to reduce noise impact on residents in the neighbourhood. According to the requirements of the EIAO, the EIA report will be displayed for public inspection and comment and also submitted to the Advisory Council on the Environment for consideration. The Council will make recommendations to the Director of Environmental Protection on whether the proposals should be accepted.

This section of Gascoigne Road Flyover has now been paved with noise reduction surfacing materials to reduce traffic noise. The Highways Department will monitor the conditions of the road surfaces and carry out road surface repairs where necessary to reduce the noise generated by vehicles using the flyover.

Piloting for Applied Learning Courses

20. **MR CHEUNG MAN-KWONG** (in Chinese): *President, since the piloting for Applied Learning courses, formerly known as Career-Oriented Curriculum, was introduced in September 2003, four cohorts of piloting have been launched so far. In this connection, will the Government inform this Council:*

- (a) *whether it knows the respective numbers of students, in each of the piloting cohorts since 2003, who were admitted to matriculation courses, Project Yi Jin (PYJ) or associate degree programmes after they had completed the above piloting courses, as well as the respective percentages of these numbers in the total numbers of students who completed the piloting courses in the corresponding cohorts;*
- (b) *as the information on the website of the Education Bureau indicates that successful completion of one piloting course will be recognized as comparable to one subject pass in the Hong Kong Certificate of Education Examination (HKCEE), whether the institutions funded by University Grants Committee (UGC) recognize completion of one relevant piloting course as one HKCEE subject pass in determining whether an admission application has met the requirement on the number of HKCEE subject passes under the Joint University Programmes Admissions System; if it is recognized as such, whether it knows the annual numbers of students who applied for places in local universities with these qualifications since 2003; if it is not recognized as such, of the reasons for that;*
- (c) *whether the Government has discussed with universities the qualification recognition of these piloting courses, if it has, of the outcome of the discussions; if not, the reasons for that, and the paths available for students who have completed these courses to pursue further studies after finishing Form Seven; and*
- (d) *whether there will be changes in the recognition of qualifications obtained by students having completed these piloting courses after the implementation of the new senior secondary academic structure*

and the curriculum reform; if so, of the details, and whether it knows if UGC-funded institutions will recognize these qualifications for admission of students to their programmes?

SECRETARY FOR EDUCATION (in Chinese): President,

- (a) The piloting of Applied Learning courses has been introduced since 2003, with related information as follows:

<i>Cohort</i>	2003-2005	2004-2006	2005-2007	2006-2008
Number of students completing the courses	497	1 275	1 772	3 269

According to our survey studies, information on students pursuing further studies is set out below:

<i>Further Studies</i>	2003-2005 (No. of Respondents=449)		2004-2006 (No. of Respondents=1 070)		2005-2007 (No. of Respondents=1 503)		2006-2008
	<i>No. of Students</i>	<i>%</i>	<i>No. of Students</i>	<i>%</i>	<i>No. of Students</i>	<i>%</i>	<i>In progress</i>
Promoted to Secondary Six	41	9.1	105	9.8	123	8.2	
Courses offered under PYJ	18	4.0	93	8.7	174	11.6	
Associate degree	-	-	-	-	11	0.7	
Pre-Associate degree	-	-	10	1	20	1.3	
Vocational training courses	172	38.3	376	35.1	508	33.8	
Other studies pathways (for example, Youth Pre-employment Training Programme, studying overseas/in mainland institutes, repeating Secondary Five, and so on)	78	17.4	150	14.0	236	15.7	
Total no. of students pursuing further studies	309	68.8	734	68.6	1 072	71.3	

- (b) During the piloting of Applied Learning, successful completion of one quality-assured piloting course is recognized as comparable to one HKCEE subject pass (each course counted as one point and up to a maximum of two subjects) for admission to Secondary Six and for entry to the Hong Kong Advanced Level Examination, and for further studies in the respective institutions of the course providers (up to a maximum of two subjects).

During piloting, as the target students of Applied Learning are Secondary Four and Five students, recognition is mainly sought on post-secondary articulation pathways, for example, admission to Secondary Six. As such, there is no information related to students' admission to universities. However, as Applied Learning will become elective subjects under the new senior secondary curriculum, with Secondary Five and Six as the target students, the Education Bureau is currently discussing with universities, sub-degree providers and employers on the recognition of Applied Learning. Details will be announced in due course.

- (c) At the piloting stage, the target students of Applied Learning courses are senior secondary students (Secondary Four and Five). For admission to academic programmes, the Federation for Continuing Education in Tertiary Institutions has recognized student's successful completion of a quality-assured Applied Learning course as comparable to:

- one HKCEE subject pass (excluding the subject of Chinese Language and English Language), each counted as one point and up to a maximum of two subjects, for entry to Pre-Associate Degree Programmes; and
- successful completion of two electives under PYJ (if a student who enrolls in PYJ have successfully completed one or two quality-assured piloting course(s) in a related study area, he will only be required to study seven core modules plus one elective (instead of three electives) under PYJ).

In addition, the Applied Learning qualification is recognized for admission to Secondary Six and for entry to the Hong Kong Advanced Level Examination (comparable to one HKCEE subject

pass, each counted as one point and up to a maximum of two points). With the Applied Learning qualification, students can also choose to pursue different pathways for further studies or work. For example, the Civil Service Bureau also accepts successful completion of a quality-assured piloting course as comparable to a pass in the HKCEE (excluding Chinese Language and English Language) for civil service appointment purpose, subject to the counting of a maximum of two courses.

- (d) Applied Learning being elective subjects of the new senior secondary curriculum, the performance of students will be credited to the Hong Kong Diploma of Secondary Education. The Education Bureau is currently discussing with universities, sub-degree providers and employers on the recognition of Applied Learning. Details will be announced in due course.

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. Two proposed resolutions under the Interpretation and General Clauses Ordinance in relation to extension of the period for amending subsidiary legislation.

First motion: Extending the period for amending the Harmful Substances in Food (Amendment) Regulation 2008.

PRESIDENT (in Cantonese): I now call upon Mr Fred LI to speak and move his motion.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MR FRED LI (in Cantonese): President, I move that the motion, as set out under my name on the Agenda, be passed.

At the meeting of the House Committee on 10 October, Members agreed that a Subcommittee be formed to study the Harmful Substances in Food (Amendment) Regulation 2008, which was tabled in the Legislative Council on 8 October.

To allow sufficient time for the Subcommittee to conduct deliberations and report its deliberations to the House Committee, I, in my capacity as Chairman of the Subcommittee, move that the period for scrutinizing the Regulation be extended to 26 November.

President, I implore Members to support the motion.

Mr Fred LI moved the following motion:

"RESOLVED that in relation to the Harmful Substances in Food (Amendment) Regulation 2008, published in the Gazette as Legal Notice No. 215 of 2008 and laid on the table of the Legislative Council on 8 October 2008, the period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) be extended under section 34(4) of that Ordinance to the meeting of 26 November 2008."

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

PRESIDENT (in Cantonese): Does any other 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 Mr Fred LI be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Second motion: Extending the period for amending the Road Traffic (Public Service Vehicles) (Amendment) Regulation 2008.

I now call upon Ms Miriam LAU to speak and move her motion.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MS MIRIAM LAU (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed. The Subcommittee has held meetings on the Road Traffic (Public Service Vehicles) (Amendment) Regulation 2008. In order to listen to the views of various sectors and to allow more time for discussing the proposals made on this Regulation, members of the Subcommittee consider it necessary to extend the scrutiny period to 26 November. I hope Members will support my motion. Thank you.

Ms Miriam LAU moved the following motion:

"RESOLVED that in relation to the Road Traffic (Public Service Vehicles) (Amendment) Regulation 2008, published in the Gazette as Legal Notice No. 219 of 2008 and laid on the table of the Legislative Council on 8 October 2008, the period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) be extended under section 34(4) of that Ordinance to the meeting of 26 November 2008."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Ms Miriam LAU be passed.

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Motion of Thanks. Ms Miriam LAU will move the motion and Ms Emily LAU will move an amendment to this motion. I have accepted the recommendations of the House Committee on the time limits for speeches in the debate. A Member may speak once in one or more sessions of the five debate sessions, but subject to the total speaking time limit of 30 minutes. Ms Miriam LAU, as mover of the motion, will have an additional 15-minute speaking time for moving the motion and making her reply, and another five minutes to speak on the amendment.

Members' speeches in a session should be confined to the policy areas specified for that session.

Like all other Members, Ms Miriam LAU and Ms Emily LAU who intend to move amendment may speak in one or more of the five debate sessions, but no amendment is to be moved at this stage.

In each session, I will first call upon those Members who wish to speak to speak. After Members have spoken, Council will then be suspended for 10 minutes for designated public officers in that session to prepare their response. If designated public officers consider the break unnecessary, Council will not be suspended. Only designated public officers may speak when Council resumes. The total speaking time limit for designated public officers in each session will depend on the number of speakers, but the minimum is 45 minutes. After the public officers have spoken, the session comes to a close.

At the conclusion of the five debate sessions, Ms Miriam LAU may speak on the amendment. I will then call upon Ms Emily LAU to move her amendment to this motion. After Members have voted on the amendment, Ms Miriam LAU may reply on the motion. After her reply, Members will vote on the original motion or the amended motion.

I now call upon Ms Miriam LAU to speak and move her motion.

MOTION OF THANKS

MS MIRIAM LAU (in Cantonese): President, in my capacity as Chairman of the House Committee, I move the motion "That this Council thanks the Chief Executive for his address".

President, this is the first Motion of Thanks of the fourth term Legislative Council. Looking around at the faces in this Chamber, there are both familiar and unfamiliar ones, and their experience in deliberations on politics also varies. But we share a common goal: Ensuring that the Administration's policy initiatives are conducive to the people's livelihood, such that all Hong Kong people can work in contentment and live in security.

I believe Members would all agree that 2008 is a most rocking year. First of all, there was the serious Sichuan earthquake. It was followed by the financial tsunami which swept the whole world. Worse still, Hong Kong has been disturbed by the problem of tainted food. All of these posed great

challenges to the administration of the SAR Government. It is precisely these problems that make it more important than ever for Hong Kong people to have a Government that really cares about them and relieve their difficulties. The legislature is duty-bound to ensure that the Government introduces timely and appropriate legislation, monitor its formulation and implementation of effective policies and ensure that public money is used properly.

Given that both the Government and the legislature bear the heavy responsibility of improving the people's livelihood and giving relief, they should promote stronger communication and co-operation more proactively than ever.

Regarding the promotion of enhanced communication, formal channels have been established. First of all, the Chief Executive has undertaken to attend at least four Question and Answer Sessions every year to answer questions and respond to Members' views and aspirations. Members of this term have already requested the Chief Executive to consider increasing the number of these Sessions and extending each duration. A response from the Chief Executive has yet to be received. Moreover, the Chief Secretary for Administration will also attend the special meetings of the House Committee to discuss issues of mutual concern. During the third term Legislative Council, the Chief Secretary attended at most two House Committee meetings. I hope that he will attend more special meetings in this term so as to gain a quicker and better grasp of Members' concerns.

Apart from meetings of the Legislative Council and the House Committee, the best way to foster communication between the executive and legislature is for the Principal Officials to attend various committee meetings. All along, Members have been requesting Directors of Bureaus and Permanent Secretaries to attend the meetings of panels, bills committees and subcommittees by all means, so as to respond to Members' questions in the first instance and consider Members' views seriously. When the Second Reading debate on a bill is resumed in the Legislative Council, the public officers concerned should be present throughout the debate to listen to Members' speeches and keep a close tab on the pulse of the legislature. In spite of the creation of the posts of Deputy Directors of Bureau and Political Assistants to Directors of Bureau, they cannot perform the constitutional obligation of the Principal Officials in communicating with Members. Here, I call on Directors of Bureaus and Permanent Secretaries to attend more meetings in this term to enhance their communication with Members.

I am very happy to see that the Chief Executive's policy address also recognizes the importance of sincere operation between the executive and legislature. The Chief Executive has undertaken to promote multi-level communication between both organs in a holistic manner, so as to enable the executive to take on board Members' views and recommendations on administration as early as possible. I welcome such an undertaking, and hope that the Chief Executive and the officials concerned would make use of the communication channels mentioned by me just now to proactively enhance communication with Members by all means.

President, apart from requesting government officials to enhance communication with Legislative Council Members, I must also reiterate the request already made by Members time and again in the past: The SAR Government should assist Legislative Council Members in enhancing communication with the Central Government. In future when any leader from the Central Authorities visit Hong Kong, I hope that early arrangements can be made by the SAR Government. In addition to those courtesy meetings, Legislative Council Members should be enabled to meet with the leaders to discuss matters of mutual concern. I hope that the Administration will not let us down again on the excuse of a tight schedule. Furthermore, I also hope that the Administration will seriously consider arranging another visit to the Mainland for Legislative Council Members with a view to strengthening the liaison between Members and the Central Authorities. In case any committee requests to visit the Mainland for a specific issue, I hope that the SAR Government would provide the necessary assistance by all means.

President, another point of concern that I must raise is the Administration's legislative programme. I believe those re-elected Members should know why this is an essential concern. In the past, Members had urged the Government time and again to table bills at the beginning of each term so as to allow ample time for examination. The Administration's performance in this regard was, however, rather unsatisfactory, hence leaving little time for scrutiny, consultation of the public and the relevant sectors, and discussion on the necessary amendments. Not only is this undesirable, it would have significant impact on Members' examination of legislative proposals that are urgent, complicated and controversial.

The legislative programme of 2008-2009 was submitted to this Council last week, which sets out 27 bills to be tabled at the Legislative Council. However, according to the timetable provided by the Administration, only five of them will be submitted in the first-half of the Session, whereas the remaining 22 will be tabled in the second-half of the Session. I am very worried about this arrangement. The Government has not only made the same mistake, a large number of important and controversial bills were again included in the legislative programme for tabling at this Council in the second-half of the Session. These include the Competition Bill, the Food Safety Bill, the Legal Aid (Amendment) Bill and the Minimum Wage Bill.

I hereby call on the Administration to expeditiously review the legislative timetable and table the bills at this Council as early as possible. I must point out that this is essential to fostering partnership.

President, since there have been numerous discussions by Members at the House Committee meetings of this term on invoking the Legislative Council (Powers and Privileges) Ordinance (the Ordinance), I also wish to talk about the authorization and exercise of the power concerned.

Should Members consider it necessary for a committee to exercise the power conferred by section 9 of the Ordinance to order the parties concerned to testify or produce the necessary evidence or documents for the sake of finding out the truth and making improvement proposals, a motion will be moved by the committee concerned to seek the Legislative Council's conferment of power. I must stress that Members will only exercise such power when it is absolutely necessary, and previous records bear testimony to such claim. For this reason, Members must be serious and pragmatic when deciding whether or not the relevant motion to be moved in this Council should be supported in the future.

On the other hand, I do not think that government officials, individuals or organizations should worry too much about the exercise of such power by the legislature. The legislature exercises such power simply to uncover the truth of the matter that has aroused widespread public concern, with a view to making recommendations to improve future operation. This is indeed in the interest of the whole community. I therefore hope that officials or individuals who will be summoned to attend committee hearings or produce evidence and documents would do so in a co-operative and candid manner.

President, in the policy address, the Chief Executive has emphasized time and again his determination to meet challenges and turn risks into opportunities. I do hope that his lofty ideals will be realized as early as possible. However, given that Hong Kong is facing a serious economic turmoil and financial tsunami, I am worried that the determination and vision displayed by the Chief Executive might be too optimistic. No matter what, I sincerely hope that the Administration would demonstrate with action its determination to co-operate with the Legislative Council, and join hands to work for the well-being of the whole community.

With these remarks, President, I beg to move.

Ms Miriam LAU moved the following motion: (Translation)

"That this Council thanks the Chief Executive for his address."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That this Council thanks the Chief Executive for his address.

PRESIDENT (in Cantonese): This Council will now proceed to a joint debate on the motion and the amendment. Honourable Members, just as I have told you earlier on, according to the arrangement made by the House Committee on this Motion of Thanks debate, Members should confine their speeches to the policy areas under discussion in each of the five debate sessions. Not only will it enable our discussion to be more focused, it will also enable the Principal Official responsible for a particular policy area to listen to the views expressed by Members in the Chamber and make prompt responses before the session comes to a close. A Member, however, proposed that a speech to be made should not be strictly confined to the specified policy area. Certainly, the Member has a very good justification, like ensuring continuity in the speeches, or Members may not be able to express views pertaining to a specified session due to various reasons.

I have no intention of strictly enforcing the requirement of confining speeches to the specified areas and I will respect Members' decisions. However, I wish to remind Members that if they speak in disregard of the arrangements made by the House Committee, the responsible officer may not be able to hear

Members' views on public policies during a certain session and make a reply. I therefore hope that Members will speak according to the established arrangement by all means. I think Members should understand this reasoning.

PRESIDENT (in Cantonese): We now proceed to the first debate session. This session covers seven policy areas, namely Commerce and Industry, Economic Development (other than energy), Financial Affairs (financial services), Housing, Information Technology and Broadcasting (other than creative industry), Development (Planning, Lands and Works) and Transport.

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

DR DAVID LI: President, at the outset, I wish to take this opportunity to commend the Chief Executive for delivering the first real policy address of the past decade. Too often, the annual policy address has been nothing more than a second budget, allocating funds to a range of new spending programmes. This year, the Chief Executive focused squarely on policy. He detailed his main legislative initiatives for the coming year, and outlined where he wishes to lead our community for the remaining four years of his term.

The Chief Executive demonstrated that his Government is listening to the community. The announcements on strengthening regulation, enhancing competition, improving services for the elderly, setting a minimum wage and improving our environment are all very welcome indeed.

By focusing on broad policy, instead of narrow spending programmes, we will be in a much better position to understand the issues before us and develop comprehensive responses. The Government is providing clear direction and leadership as we face the challenges ahead.

The Finance Constituency heard the Chief Executive's focus on policy, and responded in kind. I received a great number of very thoughtful comments from

my constituents this year, all focused on how Hong Kong should turn adversity into opportunity, and emerge from the unfolding global financial crisis stronger and better prepared for the future.

The Finance Constituency supports plans to speed up infrastructure spending, to create a more efficient city and a better living environment. Now is the right time to spend on public sector projects. Public sector spending can help to bridge the gap left by the deteriorating global economy. There is much more to do to revitalize older districts, to improve enjoyment of public spaces, and to revive heritage buildings. Now is the time to identify projects which can be taken forward with minimal delay. Now is the time to involve the community and the private sector in creating a better living environment for our future generations.

At the same time that we are creating a more liveable city, we must focus on creating a better economic foundation for our future prosperity. Financial services will remain a key growth industry going forward. We must learn from the lessons of the current global financial crisis, and take a leadership role in developing a new consensus on reform of the global financial system.

I therefore heartily welcome the Chief Executive's announcement that he will personally head the task force to assess the impact of the global financial crisis, and co-ordinate our response.

We have considerable expertise in modernizing our financial markets and our regulatory environment, and our institutions have been tested by the severe shocks of the recent past, including the Asian financial crisis and SARS.

We have valuable experience to contribute to the discussion of the reform of the global financial system. Hong Kong policy makers should be encouraged to work in close co-ordination with our neighbours and the international community to uphold a principle-based approach to regulation.

Given our claim to become an international financial centre to rival New York and London, we must step forward and ensure that our voice is heard. The Hong Kong Government should make good use of this opportunity to act as a promoter and co-ordinator to enhance Hong Kong's role as a financial centre.

The measures outlined in the policy address to enhance ties with the neighbouring economies, including Taiwan, Southeast Asia and Russia, are very welcome indeed.

The banking industry welcomes efforts to improve regulation. However, we should not take "tighter supervision" to mean "micro-management of the banking industry". In fact, Hong Kong has been a leader in implementing the Basel Two Accord, the risk-based banking supervisory framework. We are far ahead of the major economies, including the United States and Europe, in this regard.

A risk-based framework recognizes that rules cannot cover every possible scenario. Financial markets move quickly. Financial innovation moves even quicker. An international financial centre must not only accommodate innovation, but also, it must encourage innovation.

A return to a strict rules-based mind-set would be a disastrous setback for Hong Kong's aspiration to be a leading global financial centre. It would rob us of our leadership position, precisely when our leadership could be so valuable to the international community.

The banking sector and the general public have welcomed the Government's decision to implement across-the-board deposit protection. By maintaining blanket protection until the end of 2010, there will be sufficient time for any hidden or unknown liabilities to be revealed, ensuring that all deposits are safeguarded.

In order to prepare for a smooth transition upon the lifting of the government guarantee, it is important that we start work on follow-up arrangements as soon as possible. Any decision to raise the previous deposit protection limit must be weighed very carefully from both a policy and a cost viewpoint.

I must also point out that the Government's measures to protect the banking system have been implemented unequally. Deposits at all authorized institutions, including restricted licence banks (RLBs) and deposit taking

companies (DTCs), are guaranteed. However, the additional measures, such as the contingent bank capital facility and the five liquidity assistance measures, have not been applied to RLBs nor to DTCs.

Given that the Government is now reviewing the three-tier structure of the banking system, it would be advisable to treat all authorized institutions equally during the current turmoil.

A number of bankers have expressed their concern to me regarding small and medium enterprise (SME) lending. They feel trapped between the wish to assist their SME clients, and the need to exercise caution in the current economic environment.

The recently announced enhancements of the loan programmes are welcome, but these enhancements will not spur significant new lending unless SME prospects improve. Hence, it is important that the loan programmes be accompanied by additional efforts to make it easier for SMEs to conduct their business. These efforts should include renewed action on cross-boundary issues; suspension of administrative measures which add to the burden of enterprises, and more Government spending to lift the local economy.

Although I began on a note of high optimism, I must end on a note of warning. Government intervention in the markets, no matter how well intended, may invite moral hazard.

These are extraordinary times, and certain calming measures by the Government are warranted. However, government guarantees, including blanket deposit protection and bailouts, can encourage excessive risk-taking. Any such intervention must be accompanied by higher vigilance on the part of the authorities, to ensure that all parties continue to bear responsibility for the consequences of their actions.

President, I take great pleasure in supporting the Motion of Thanks.

Thank you.

MR LEE CHEUK-YAN (in Cantonese): President, the onslaught of the financial tsunami has plunged everybody into panic. From the newspaper today, Members should have learnt that a certain restaurant proprietor has plunged to his death from a building. It is small wonder that everybody is panicking so much because the development of capitalism all over the world has run into the greatest crisis ever.

But can the Government give Hong Kong people any confidence? What has it been saying all the time? Financial Secretary John TSANG reminds us that we must be psychologically prepared. He says that we must be psychologically prepared, and that employers and employees must join hands to tide over the difficulties. We do not need him to remind us that we must be psychologically prepared. One year ago, our Chief Executive still talked about the "golden decade" ahead. A period of 10 years is much too long to think of. Only less than one year has passed, but they have already started to talk as if Doomsday was imminent. How can the Government give us any confidence? How can it convince us that it can help us survive the financial tsunami intact, or at least with minimal injuries?

The Government only says that if the market fails, it will intervene in a vigorous manner. But how is it going to intervene? Has the market already failed? Actually, the market has already failed. All the market economies in the capitalist world have failed. How is the Government going to intervene? We have been offered no answers at all. We can even observe that whenever the Government is at its wits' end, it will resort to a "stalling tactic". What is that "stalling tactic"? The answer is the establishment of the Task Force on Economic Challenges.

I think the Task Force on Economic Challenges is basically a misnomer. It should have been named the "Talk Show on Economic Challenges". Touch wood, and I hope that this will not really turn out to be a mere "talk show". Why? Well, there has been plenty of such "talk shows" in Hong Kong. The Financial Secretary has been involved in many similar "talk shows". I can remember that he was once the Chairman of the Business Facilitation Advisory Committee. And, under the Commission on Strategic Development, there are also "talk shows", or committees, on economic and political development. There are already far too many such "talk shows" in Hong Kong. There have been too many empty talks. But why have all these "talk shows" failed to achieve anything in the end?

I hope that in this debate today, Members can really discuss why the Government has still failed to achieve anything despite the presentation of all these "talk shows". The only reason, I suppose, is that Hong Kong is never able to extricate itself from one vicious cycle. What vicious cycle? This vicious cycle repeats itself all the time. Whenever there is any major crisis, in times of failed speculation, they will talk about turning the crisis into an opportunity. But in no time, when the market seems to be booming again, people will again start talking about "getting rich". When they talk about "getting rich" again, they will forget all about the bitter lesson. Then, they have their fingers burnt again. It is a vicious cycle of "speculation", "getting rich", and "failed speculation". Hong Kong is caught precisely in such a vicious cycle.

Why are we caught in this vicious cycle? After the SARS outbreak last time, everybody said that they must learn from the bitter lesson and identify new directions for Hong Kong's economic development. But what is the new direction identified? To develop the financial industries. But once again, we have our fingers burnt in so doing. This time around, the financial industries have also run into trouble, and people have their fingers burnt again. Will we learn from the bitter lesson and try to identify new directions of economic development? What should be Hong Kong's industrial policy? Are we still supposed to develop Hong Kong into a global financial centre? Should this be the policy? If the answer is yes, we will find ourselves caught in the above-mentioned vicious cycle again. And, the most unfortunate thing is that this time around, the period of "failed speculation" will last longer. And, this will also last longer in the vicious cycle. The period of "getting rich" will be shorter. In the end, all will just be "failed speculation".

How can we extricate ourselves from the vicious cycle? This is precisely the problem we must tackle today. But having looked at the membership of the Task Force on Economic Challenges, or the "Talk Show" on Economic Challenges, I would say that all these members will not be able to achieve anything. They come mainly from the financial industries, all with vested interests. How can they be expected to come up with any new industrial policy for Hong Kong? The only pleasant surprise is Mathias WOO. But all the rest have vested interests. The whole Task Force will thus be a mere "talk show". How can we count on this Task Force to formulate a new direction of industrial development for Hong Kong?

What Hong Kong needs most badly now is government leadership. A new industrial policy must be formulated to free Hong Kong's economic development from the bondage of the property and financial markets. Property speculation has led to exorbitant rents, and as a result of failed speculation in the stock market, our wealth has evaporated. In the end, enterprises and activities in the real economy have all collapsed as a result. If we cannot do away with the reliance on the property and financial markets, Hong Kong will forever be bound. This actually involves huge opportunity costs, as we are thus unable to develop other economic activities and industries. We have all paid a high price for this.

I do not think that the Task Force can solve the problem. As I have mentioned, what Hong Kong needs most badly is leadership. After all the empty talks in the Task Force, the Government must after all provide genuine leadership, so that Hong Kong can develop in a new direction. But this Task Force will not be able to deliver. Why? Because the Government is incompetent. Why is the Government incompetent? There are several reasons. First, there is something wrong with the Government's mindset. It has still been talking about "big market, small government". The point is that since the market is ailing, it will be a "disaster" to let it expand. The Government says that it wants to intervene. It stresses that when the market fails, it must intervene. What is in the mind of the Government? No one knows. If the Government is true to the principle of "big market, small government", then, in theory, it should continue to uphold non-intervention. But it has said that when the market fails, it will intervene. The Government has never freed itself from this mindset. We are now in a new environment, so the Government must assume a greater role.

The second reason is about career civil servants. Career civil servants constitute the Civil Service. The Civil Service is marked by one virtue — prudence. But it is also marked by one weakness — prudence again. Since career civil servants are very prudent, they will do a lot of thinking and fail to achieve anything in the end. Well, career civil servants should not be blamed. Why? Because their role is supposed to be like this. But who should be blamed? Accountability officials. After career civil servants have put forward their views, do any leaders have the courage to come forward, dismiss all worries and unnecessary prudence and make orders on immediate implementation?

Naturally, civil servants will think that this will make them take the blame. In theory, they should not be made to take any blame. With the Accountability System for Principal Officials, Principal Officials, rather than civil servants, should take the blame. Civil servants are only supposed to play their role properly and provide professional advice. Civil servants in Hong Kong are actually capable of doing so, but the situation in Hong Kong is a bit weird. They are sometimes made to take all the blame. This should not be the case. Responsibility should be borne by accountability officials.

But career civil servants are still a problem. A very simple example is the hawker policy. At present, the operation of ice-cream vans is permitted. But how about vans selling glutinous rice rolls or hotdogs? The answer is no. Why? The reason is not known. They simply do not want to have any itinerant hawkers. Career civil servants also want to be prudent, so they explain that itinerant hawkers will cause street obstruction and lead to complaints. They also say that hygiene problems will arise. In brief, they always want to be prudent. But who are going to make a decision? No one. In the end, they just sit on the issues.

What is my greatest worry? The same thing happened to all the past "talk show" committees in the end: after all the empty talks, everybody felt the need for prudence, so, eventually, nothing could be done. In the end, only "window-dressing" efforts were made, and all these were no more than cosmetic measures. For example, yesterday, small and medium enterprises (SMEs) were told that loans would be extended to them, and this is quite a cosmetic measure. Many proprietors of SMEs have stated that no one would care even if they could not obtain any loans eventually. This is also a manifestation of prudence. The Government will not be specific on how loans are to be extended. It will only say that this is the job of banks. But as Members are aware, banks have all tightened their lending, despite all the remarks from Joseph YAM. But the Government is very prudent because it thinks that it is not supposed to play this role. If we cannot resolve all these problems, there will be no progress in the end.

The third reason, and also the greatest problem, is that Hong Kong is now completely devoid of any entrepreneurship. Why? The reason is very simple. When everybody is having such a good time in property and stocks speculation, why should they still need any entrepreneurship? Once again, the culprits are the property and financial markets. People are all the time preoccupied with

speculative activities. In the end, they will not do anything else, and they will not carry on any proper business. How can there be any entrepreneurship in this way? These problems, these three problems with mindset, career civil servants and entrepreneurship have taken away our last fundamental — a direction for our industrial policy.

Therefore, President, I think that in the time ahead, employees in Hong Kong should have the greatest worries. Whenever there is a crisis, the Government will invariably abandon them in the end and leave the crisis and all the risks to the most vulnerable (that is, employees). The vulnerable will have to bear the greatest risks, and the Government can never turn around such a situation. But I shall say more on this when I speak on labour issues.

Thank you, President.

DR PHILIP WONG (in Cantonese): President, on behalf of the Chinese General Chamber of Commerce (CGCC), I would like to present some views on the policy address this year.

I must express our recognition of all the pragmatic measures outlined in the policy address to address the people's greatest concerns — the financial tsunami, the economy and the people's livelihood.

In my opinion, the policy address can squarely tackle the impacts of the financial tsunami. Its proposal on optimizing the supervisory framework can help maintain investor confidence and consolidate Hong Kong's status as an international financial centre. I support the Government's intention to take the initiative of intervention when the market fails.

I agree to the policy address that we should adopt a moderate approach to balance the various interests of society, and seek collaboration and consensus in the political, economic and social arenas rather than resort to confrontation, struggle and conflict. This is also the long-standing goal of the CGCC and me.

My recognition also goes to the acceptance of the CGCC's advice and suggestions in the policy address and the Government's efforts to develop a quality living environment, enhance the inspection and notification mechanisms for food safety and ensure a stable energy supply. I also appreciate the proposal

of the policy address on creating job opportunities through the promotion of social enterprises based on collaboration among the Government, the business sector and the community.

I hope that besides focusing on the immediate problems, the short-, medium- and long-term development policies formulated by the Government can also point to a direction of future development and put forward visions that can encourage the community.

Regarding short-term policies, it should expeditiously launch various measures to ease people's plight, so as to assist the underprivileged and lessen the burden of living of low-income earners. But in so doing, the Government must pay attention to the fair distribution of resources, prudent financial management and the principle of spending within its means.

In respect of medium- and long-term policies, the theme should be the boosting of the economy to resist the effects of recession. The Government should make all-out attempts to promote economic development and expeditiously launch the infrastructure projects. Cost-efficiency must be emphasized, so as to ensure the proper use of taxpayers' money. At the same time, it must also strive to achieve "Three Active Participations": active participation in the State's Twelfth Five-year Plan, active participation in the country's new round of agricultural reforms and active participation in the new developments of economic activities and trade among the Mainland, Taiwan and Hong Kong. The Government should give impetus to all trades and industries, especially the services industries, so that they can grasp the resultant opportunities, and provide strong support. I think it is more realistic to do so, for doing so will help sustain Hong Kong's economic growth, create more jobs and upgrade our competitiveness.

The involvement of our financial services in the country's new round of agricultural reforms is one example. Hong Kong is an international financial centre, and many local banks have long since established their presence in the Mainland. In the future, by capitalizing on their advantage, these banks can open up the vast market of the country's agrarian population and share the "pie" of agricultural financing worth over a hundred billion dollars. They may also assist in the upgrading and transformation of the Mainland's agricultural industry, thus helping it to attain advanced international standards. The country's

agricultural reform will also benefit our food processing industry, biotechnology industry, architectural sector, logistics industry, trading sector and information technology services sector.

At the end of last year, Guangdong Province embarked on the upgrading and transformation of its industries. Since then, the focus has been placed on the development of advanced services industries and a modern regional services centre. The Government should respond actively to Guangdong's appeal for enhanced co-operation among Guangdong, Shenzhen and Hong Kong. It should abandon its "Great Hong Kong" mentality and try to identify a positioning for Hong Kong in the economic development of the Mainland, Taiwan and Hong Kong. Concrete measures on Hong Kong's further economic integration with the Mainland should be formulated as the next step.

I think Hong Kong still enjoys an edge in terms of software support, such as the availability of professional talents, mature management experience and a well-developed financial system. If active efforts can be made to tie in with the industrial restructuring of mainland provinces and municipalities, then, like what has been happening over the past 30 years, we will not only be able to assist in the Mainland's industrial growth but also to benefit from the intensification of its reform. If Hong Kong can co-operate with its counterparts and provinces and municipalities in the Mainland, the problems faced by both sides can be solved more effectively, thus bringing forth a win-win situation.

It must be pointed out that since last year, the Mainland has been making adjustments to its processing trade policy. This, together with the effects of inflation, the new labour law and the appreciation of the RMB, has exerted heavy pressure on Hong Kong manufacturers in the Mainland. Over the past few months, because of the financial tsunami, some Hong Kong manufacturers have been faced with a deteriorating business environment, as they have received fewer orders and the chain of financing has broken. I hope the Government can pay more attention to this problem and take appropriate measures to enhance its communication with the Central Authorities, mainland provinces and municipalities and also Hong Kong manufacturers, so that concrete and effective measures can be adopted to assist Hong Kong manufacturers in restructuring and moving their businesses to other areas of Guangdong or peripheral provinces, where costs are lower.

I welcome the financing scheme for SMEs announced by the Government a couple of days ago. I hope that the Government can continue to pay heed to the liquidity and loan problems faced by SMEs as a result of the sudden economic downturn and market deterioration. I hope that the loan eligibility requirements for SMEs can be relaxed, so that they can be helped to cope with the crisis and tide over the difficulties.

Several years ago, when I spoke in this Council, I already alerted the Government and the public to the risks associated with derivative financial products. I already warned them against the risks. I hope that the special committee to be set up will not turn out to be a vase. It must be prepared to fight a long battle. It must administer the right remedies and adopt a multi-pronged approach. Its pressing task should be gain an understanding of the sales of derivative financial products, assessing their risks and reviewing the relevant regulatory legislation. It must then put forward concrete measures on enhancing supervision and increasing market transparency, so as to ensure better protection for investors.

I can appreciate the labour sector's aspiration to the enactment of legislation on a minimum wage level. I agree that the relevant legislation should cover all trades and industries, and I also welcome the establishment of a minimum-wage committee comprising representatives from all sides. I think that the Government should widely consult the various social sectors on the contents and details of the law concerned, so as to forge a basic consensus among the stakeholders. I also hope that it can first consider the whole matter thoroughly and strike a reasonable balance before launching the legislative process. The commencement time of the legislation must also be carefully considered, because at this very time of economic downturn and soaring unemployment rates, any sudden implementation of the law concerned will adversely affect both employers and employees.

On the Competition Bill to be table before this Council in the current Session, I must point out that I can certainly see the benefit of competition to consumers. But I must also point out that since a competition law will have far-reaching impacts on the business environment, we must listen to the views of the business sector and make appropriate arrangements for handling complaints and the conduct of arbitration.

I hope that when faced with the severe challenges posed by the financial tsunami, the Government can grasp both the domestic and external situations and heighten its political sensitivity. It must first tackle the pressing problems before considering the issue of culpability. As long as something is good to Hong Kong in the long run, it must put it into practice even though there is no public recognition of it for the time being. It is only in this way that it can live up to people's expectation. I also hope that the Government, this Council and the public can all join hands wholeheartedly to implement the various policies and measures.

President, I so submit.

MR ANDREW LEUNG (in Cantonese): President, the Chief Executive's policy address was announced at a time when the financial systems all over the world were battered by the repercussions of the financial tsunami. Hong Kong is no exception. Tainted milk and dairy products with melamine were uncovered in the Mainland, and following this, even canned foods were found to be containing excessive melamine. Last week, even eggs in the Mainland were found to be contaminated. The Hong Kong Federation of Industries (HKFI) and I both think that the Chief Executive has responded to the three problems of the time and the challenges posed by them: the financial crisis, food safety and environmental pollution.

Two days after the announcement of the policy address, I met with members of the HKFI. In the course of the meeting, views on the policy address were put forward. We expressed approval of the measures put forward by the SAR Government in response to the latest situations of the global and local financial systems. One example of such measures is the use of government reserves as a bank deposit guarantee, with a view to increasing capital available in the financial system. This *de facto* capital injection into the market can ensure an adequate supply of capital to the banking system, thus helping to stabilize the financial sector. And, the Task Force on Economic Challenges chaired by the Chief Executive will explore various medium- and long-term measures to cope with the financial crisis and identify opportunities.

President, over the past few years, the industrial sector, especially Hong Kong businesses with production plants in the Mainland, have been faced with various difficulties, such as the Mainland's economic restructuring, adjustment of

its industrial policy, more stringent environmental protection legislation, the commencement of the new labour contract law and the appreciation of the RMB. Operating costs have been rising and the business environment has become increasingly difficult. At the several special meetings of the Legislative Council in the past few days, Members could hear all sorts of grievances from these manufacturers and SMEs and saw how helpless they were.

Early this year, the HKFI estimated that some 10 000 production plants of Hong Kong businesses in the Mainland would close down within this year. Now, because of the financial turmoil, the situation will probably worsen. Maybe, one quarter, or some 20 000 companies, will close down. When a factory closes down, the proprietor will be in trouble and workers will lose their jobs; not only this, even its headquarters in Hong Kong must scale down and lay off staff. The rise of the unemployment rate is already imminent, and the negative impacts will be far greater than what is observed and expected by Members.

I have always emphasized that most Hong Kong businesses operating in the Mainland are SMEs, which account for 98% of all commercial organizations in Hong Kong and provide 50% of the jobs in the private-sector job market. They are thus the backbone of Hong Kong's economy and play a major role in Hong Kong's economic restructuring. However, owing to limited resources, we are often the more vulnerable in the market. Hence, we must face all the severe challenges posed by the ever-changing global business environment. For this reason, the HKFI put forward a proposal some 10 days ago, asking for the expansion of the SME Loan Guarantee Scheme. It is requested that besides loan guarantee for the purchase of facilities and equipment, there should also be loan guarantee for operating capital, with allowance for loans to be used for either purposes. It is also suggested that loan tenures should be extended to increase the flexibility of the loan scheme. I am very glad to say that the Government has swiftly and positively responded to these proposals. But the measure concerned is nothing but just a string that one can hold onto in the fierce onslaught of the financial tsunami. It may not be able to help enterprises to survive for any great lengths of time.

With all its destructive might, the financial tsunami has already drowned many manufacturers and retail businesses. And, many more manufacturers and enterprises are now caught in the rough sea, about to sink at any time and losing

all confidence and all sense of direction. In the wake of the financial tsunami, banks have simply "shut the umbrella" and tightened their commercial loan policies. They have even demanded the immediate and total, or at least partial, repayment of commercial loans. Besides, lending rates have also been raised drastically. Many members of the HKFI have reflected that despite the normal operation of their enterprises, the absence of any negative factors, their long relationship with banks and satisfactory credit history, they are still victimized by such policies of the banking industry and made to bear an unprecedented liquidity pressure. If the situation persists, many more local enterprises, small, medium and large ones alike, may fail to cope and slip to the verge of closure. The employment situation may thus worsen rapidly.

President, yesterday, I submitted a letter to the Chief Executive and the Financial Secretary on behalf of the HKFI. In this letter, it is pointed out that a serious confidence crisis of an unprecedented scale has emerged. As a result of market atmosphere, a lack of trust now prevails among banks, between banks and customers and between suppliers and purchasers despite all satisfactory records of co-operation. The Government has made it very clear that it will render full support to banks. But then banks do not in turn support enterprises with sound business records, satisfactory credit history and no negative prospects. The HKFI also observes that British Prime Minister Gordon BROWN was the first one to inject capital into the banking system, with a view to increasing liquidity in the financing market, stimulating the credit market and raising the credit limits available to enterprises. European and American countries have one after another announced their determination to ensure the stability of financial institutions as a matter of top priority. They have also made it clear that the next step will be to ensure that banks will continue to extend loans to enterprises. The Hong Kong SAR Government has taken the first step. It must lose no time to take the second step now.

The operation of enterprises must depend heavily on an uninterrupted cash flow. Since all links of the cash flow are articulated, the dislocation of one link will inevitably affect the next, thus producing a domino effect which may bring forth a system collapse that affects all businesses and the economy as a whole. A recession will then result. Therefore, the Government and the Hong Kong Monetary Authority (HKMA) should think of some ways to encourage banks to continue to support enterprises lest those enterprises which are otherwise financially robust may be plunged into difficulties as a result of the bank policy of "shutting the umbrella". The reason is that such a policy may well push

enterprises which can otherwise manage down the cliff. When enterprises close down, banks will lose customers. Therefore, banks may suffer even heavier losses ultimately.

President, we hope that in this extraordinary time, the SAR Government can demonstrate greater enterprise and the decisiveness and courage demanded of leaders, giving a helping hand to enterprises.

At the first stage, the Hong Kong Export Credit Insurance Corporation (ECIC) must immediately increase the indemnity within its existing scope of coverage. The aim should be to increase the total indemnity to \$50 billion. At present, the Government offers a 50% guarantee under the SME Loan Guarantee Scheme, but banks are still the lenders and loan approvers. Therefore, if banks do not have any confidence, enterprises will still fail to obtain any loans all the same. The ECIC provides coverage on accounts receivables, and enterprises can win the confidence of banks with their insurance policies. Once loan applications are approved, manufacturers can take orders without any worries. On the other hand, banks can extend loans with greater assurance. In no time, banks' business will increase because with assurance from the ECIC insurance coverage, risks will be lower, and the funds held up in the banking system can be immediately released to generate interests and revenue from various fees and charges.

Second, we propose to amend the relevant legislation, with a view to enlarging the scope of business of the ECIC. The scope should be expanded to cover Hong Kong enterprises' non-export accounts receivables, so that non-export services industries can also benefit. To begin with, this can serve as a major means of rebuilding the mutual trust between suppliers and their customers, because in case customers run into any problems, banks will still have the assurance provided by the ECIC. They will not suffer very heavy losses as a result. What we are proposing is just a total coverage worth \$50 billion. The Government only needs to bear the risks and does not have to provide any cash for the purpose. Once the situation stabilizes, the Government may identify a private insurance company to continue to provide the re-insurance.

Third, through the SAR Government we hope to make a proposal to Guangdong Province on the provision of the same kind of insurance coverage to enterprises, so that the enterprises in Guangdong can also resolve the problems of

loans and liquidity. This can also help Hong Kong businesses and mainland suppliers to build up mutual trust. The package should also aim to enlarge the credit limits for Hong Kong businesses in the Pearl River Delta (PRD).

As for banks, they should provide their existing customers with standby discount credit-lines relating to their insurance coverage. The discount rate should be 60% to 80% of the amount of accounts receivable, and the facility can be used by enterprises when necessary.

I hope that as a public organization, the ECIC can give play to its role and assist in rebuilding mutual trust between banks and enterprises during such extraordinary times.

President, at the meeting of the Finance Committee yesterday, I proposed to establish an inter-departmental committee on salvaging SMEs. I proposed that various different means should be adopted to increase mutual trust between the public and enterprises and to salvage the retail businesses, the catering industry and the logistics sectors by boosting consumption. Recently, we have heard of many cases in which banks delay credit card payments to retail merchants and travel agencies. The settlement period has been lengthened from T+2 to T+60. The customers concerned have already settled their credit card bills after consumption, but travel agencies will only receive payments from banks about two months later and must still pay for customers' tour expenses in the meantime. This is totally unreasonable. And, I am worried that many travel agencies, small, medium and large ones alike, may well fail to cope due to banks' delayed payments.

The Government must assist enterprises in their negotiations with banks on making payments within the usual timeframe. It is only by seeking to rebuild confidence as soon as possible that our economy can recover quickly after the hard times.

President, the HKFI and I both hope that while providing enterprises with credit assistance, the Government can also enhance its measures on supporting the factories of Hong Kong manufacturers in the PRD, so as to facilitate their upgrading and transformation. In September this year, the HKFI already submitted its proposal to the Chief Executive. It is believed that the Chief Executive must have referred the proposal to the Policy Bureaux concerned. I

am not going to make any repetition here. But I still wish to say a few more words on measures to cope with the Mainland's policy adjustments and industrial upgrading and transformation.

In recent years, Hong Kong businesses operating in the Mainland have been faced with various new policies and measures. We hope that the Beijing Office can make proactive attempts to get updates from the relevant departments of the Central Authorities on the State's new policies and regulations. Hong Kong businesses in the Mainland must be notified regularly and in a timely fashion, so that views can be reflected and response measures formulated as early as possible. Besides, we hope that special units can be created in the SAR Government's mainland offices to provide the Hong Kong businesses there with active assistance in communicating and liaising with local government departments, with a view to helping them overcome their operational difficulties in the Mainland. We also hope that the Government can allocate more resources to organizations assisting Hong Kong industries, so that they can expand their services in the PRD and other provinces and municipalities and provide the Hong Kong businesses there with comprehensive support.

In regard to Hong Kong-Shenzhen co-operation, the Chief Executive has not put forward any new large-scale infrastructure projects this year. But in the past, many infrastructure projects were already put forward. For example, as mentioned by the Secretary for Development in the relevant Legislative Council panel, the new boundary control point at Liantang/Heung Yuen Wai, which has been discussed for many years, is expected to be completed in 2018. And, Shenzhen and Hong Kong have set up the Hong Kong-Shenzhen Joint Task Force on Boundary District Development, under which there is a special working group to monitor the implementation of projects. In brief, the works in this respect are all in full swing.

President, technological innovation is a major item of Guangdong-Hong Kong co-operation. The HKFI has always hoped that by capitalizing on Hong Kong's advantages in technological innovation and well-developed intellectual property rights legislation, the SAR Government can seek to play an active role in our country's technological development. The "Shenzhen-Hong Kong Innovation Circle" is a significant platform of technological exchanges between Guangdong and Hong Kong. A foreign high-tech corporation has already decided to set up its business headquarters and research and development (R&D) centre in Hong Kong. It will also establish a production base in Shenzhen very

soon. The Secretary has also disclosed that negotiations with another biotechnology company are already underway. I hope that we can hear good news about this project as soon as possible, and that the project can produce marked impacts on the commercial application of biotechnology in Hong Kong.

If Hong Kong is to strengthen its technological research capability and competitiveness, there must be support in terms of taxation measures. It is only with the support of appropriate taxation measures that we can induce more local and inward investments on innovation and technology. At present, Hong Kong is lagging behind its competitors in respect of high-tech development. And, our enterprises are spending far less on R&D than their competitors in the region, such as Singapore, Taiwan and South Korea. One of the main reasons for this is the fact that the SAR Government has failed to provide enterprises with any incentive of R&D. We observe that Singapore, which is often referred to as Hong Kong's strongest competitor, has been introducing new measures every year. In February this year, for example, it expanded its tax concession scheme to further enhance its competitive edge in the field of R&D.

President, as technology advances by leaps and bounds, if we mark time, we will lag behind others. I hope that rather than waiting till the end of the race to overtake others, the SAR Government can now strive to catch up with its competitors at full steam. If not, our transformation into a high-value added and knowledge-based economy will be slowed down.

The HKFI has always advocated that the Government should triple the tax deduction for enterprises' expenditure on R&D, product design and brand-name building, so as to encourage them to follow a high-value added direction of development. Besides enabling us to create more training and employment opportunities for local graduates without incurring any direct government expenditure, such an approach is also in line with the market-led and efficiency-based principles. In this way, the Government will not be criticized for favouring any particular industries and sectors.

President, fair competition has been the cornerstone of Hong Kong's success so far. In the Chief Executive's policy address, it is also pointed out very clearly that a bill on this will be tabled before the Legislative Council in the current Session. The HKFI and I both support the enactment of legislation on this issue. But we must stress that any such legislation must aim to combat

market monopolization; large enterprises must not be allowed to use the legislation as a means of attacking SMEs. What should be the market share which will not make a small or medium enterprise liable to be sued by a large corporation, or the market share that will not make a small or medium enterprise liable to be sued under the legislation? The Administration must make this very clear during the consultation process.

As Members all know, the consultation document published in June contains a proposal on establishing a litigation mechanism. But very few people have considered the fact that under this mechanism, SMEs may at any time face the risks of being sued. Huge litigation costs may exert a very heavy burden on SMEs. In case a large corporation suddenly issues a lawyer's letter to an SME, threatening to sue it for violating the competition law, the latter may not have sufficient resources for the lawsuit, and it may have to look for financial support. In that case, the proprietor may probably choose to settle the matter out of court with the large corporation, or reach an agreement with it, or simply withdraw from the competition.

Over the past few months since the publication of the consultation document, many academics have pointed out that there are grey areas. But the authorities have not yet given any explanation. For instance, it is proposed that in case the activity concerned brings more benefit than harm, it may be exempted from regulation. But, as Members know, it is very difficult to define economic benefits. If a large supermarket chain sells rice to the public at very, very low prices and claims that this is a means of helping people to cope with inflation, should it be argued that there are more economic benefits than harm? Can this be used as a defence by the enterprise concerned? This is not our only worry, but this alone can already make it very difficult to enforce the legislation and lead to prolonged litigation.

President, I so submit.

MR ALBERT HO (in Cantonese): President, in the conclusion of the policy address, Chief Executive Donald TSANG expounds his concepts of governance. He even refers to the Third Way to elaborate his concept of progressive development. I welcome any exploration and debates at such a level. I am of the view that political debates in Hong Kong are sometimes much too utilitarian,

with sole emphasis on the analyses and judgments made by government bureaucrats and experts, aimed only at choosing among different options based on transient public opinions. I think such an approach is not good enough and may even miss the vital issues. Hong Kong needs more debates on political philosophies and theories of governance which cover social values, political ethics and even economic theories. It is good to discuss all these in the first debate session today, because they are about broad directions and macro explorations.

Speaking of the Chief Executive's concept of progressive development, an in-depth analysis and a study of his policy directions in the past few years will show that his approach is frankly nowhere near the Third Way. Rather, I think that his approach is very similar to the so-called New Liberalism and New Conservatism, which were upheld respectively by former United States President Ronald REAGAN and former British Prime Minister Mrs Margaret THATCHER in the 1980s. The Chief Executive's approach is not the Third Way championed by British social theorist Anthony GIDDENS and carried out by the new Labour in Britain in the 1990s.

President, it is not my intention to engage in an academic debate today. But I think that since the Chief Executive has referred to all these political beliefs and concepts, he must explain them clearly rather than muddling through or "passing fish eyes for pearls". If the Chief Executive really embraces the political values of the Third way, there should not be any huge difference between his political convictions and those of the pan-democrats (including the Democratic Party).

To begin with, the Chief Executive often emphasizes that the Third Way is a way between the Left and the Right. But I think that this is an overly simplistic interpretation. Actually, the Third Way should be perceived broadly as an alternative to the directions, beliefs and even theories of the traditional Left and the traditional Right. It is not just a centralist direction between the Left and the Right.

Second, the Chief Executive often thinks that the presence of too many confrontations, conflicts and clashes in society is an unhealthy phenomenon. But he has overlooked one point. All these social phenomena are the outcomes of unjust social policies. This is the first point. The second point is that as a society develops continuously, if old policies are not updated in good time, they

will face the challenges posed by new conflicts, thus resulting in clashes and even confrontations. The Third Way cannot guarantee that all social conflicts can be effectively alleviated. But it does provide a progressive and open system under which politicians must seek to tackle never-ending challenges. And, throughout the entire process, while one must continuously embrace new mindsets, acquire new impetus and come up with new strategies, one must at the same time base all decisions on the values that one firmly upholds.

Speaking of political convictions, the Chief Executive has never demonstrated any strong determination in all his exposition. Or, at least, he has never demonstrated any determination to exert his best to promote democracy. As Members all know, democracy is a core value, but under his avowed policy of political development, he only emphasizes the need for enhancing support for the system of political appointment and maintaining high administrative efficiency. I cannot see how this can be conducive to the development of democracy, nor can I notice anything new in his emphasis on improving the relationship between the executive and the legislature — this is the only thing one can say if one does not call his words mere platitude. We can observe that in democratic countries where the Third Way is upheld in practice, it is always emphasized that the democratization of the political system must be followed by the continuous consolidation of democracy and the sustained democratization of democracy. People in such countries maintain very strongly that without democracy, there will be no legitimacy. They emphasize participatory politics. They all want to ensure genuine social participation and the involvement of all social strata in the entire process. They even stress that the whole government must be made more transparent, so that people can make choices on an informed basis. But I fail to see how the Chief Executive's policy is in any way similar to such advocacy.

When it comes to social and economic policies, the Chief Executive is also aware that our wealth gap problem has become increasingly serious. Our Gini Coefficient is 0.533, the highest in Asia. But it is repeatedly stressed in the Chief Executive's policy address that the Government will not take any actions to promote redistribution of wealth. Once again, he repeats the importance of the "trickle-down theory", thinking that as long as there is economic progress, as long as some are able to create wealth, the wealth distribution mechanism of the market will automatically function and resolve the poverty problem. This is a far cry from the true Third Way. One core value cherished by advocates of the true Third Way is social equality, that is, the elimination of poverty and the

narrowing of the wealth gap. And, they also maintain that the government is duty-bound to uphold this core value. GIDDENS once even remarked that equality, pluralism and economic vitality are often the integral parts of a complementary partnership. He also pointed out that any high degree of inequality cannot be accepted as the necessary and inevitable price of prosperity. Members can therefore see that the Chief Executive's beliefs are very different from those of GIDDENS.

The welfare policy championed under the Third Way is also very different from the Chief Executive's advocacy of progressive development. The Chief Executive's welfare policy aims to provide a basic safety net for the elderly and the underprivileged. But, sadly, the Government often remarks or argues that social welfare will breed laziness, thus pinning a social stigma on recipients of Comprehensive Social Security Assistance (CSSA). In regard to the Old Age Allowance, the Chief Executive stresses that the ageing of our population will constitute a very heavy burden to society. He says that by 2030, those aged 65 or above will account for one quarter of our population, so if we do not reform the various welfare initiatives well in advance and in good time, the young generations and the workforce will not be able to cope, will fail to bear the burden. Such a view point is also entirely different from the beliefs of others. The true Third Way advocates positive welfarism, which sees social welfare as a form of social investment. They maintain that social welfare should not be reduced to a mere safety net. In Anthony GIDDENS' words, social welfare should be for all the people, and any such welfare system will help foster a common morality of citizenship. Besides, social welfare can create immediate opportunities to enable some people to secure employment and climb up the social ladder. Therefore, education alone Education may help young generations, but it must be pointed out that even with the provision of education, much must still depend on the social environment. If the wealth gap problem is not alleviated, people will still find it difficult to grasp the available opportunities.

Finally, with respect to trade and economic policies, the Chief Executive has repeatedly emphasized the policy of "big market, small government". He has all the time adhered to the golden rule of keeping public expenditure below 20% of the GDP (The present level is 16% to 17%), so he has sought to reduce the civil service establishment to some 160 000 people. Unfortunately, when it comes to the relationship between market supervision and free trade, the Government has obviously paid greater attention to free trade. And, it often lags

behind in market supervision. The recent Lehman Brothers and CITIC Pacific incidents have made Hong Kong pay a very heavy price in learning the lesson. The Chief Executive asserts that when the market fails, the Government will intervene decisively. But, as I have repeatedly asked, why can we not make efforts to prevent market failure in the very first place? Why should we place so much emphasis on belated remedial measures?

The Government's industrial policy lays sole emphasis on the creation of a favourable environment. It has never put forward any active policy to promote industrial diversification. On this issue, I have already heard the views expressed by some members from the commercial and industrial sectors. But I also wish to point out that if the Third Way is really pursued at all actively, the Government should play a much more active and proactive role in the economic field. In the public-sector economy, the Government is the largest employer, and very often, it also plays the most important role of risks management. The Government simply should not seek to dodge all risks. Rather, it must get to know, face up to and contain the risks. At the same time, it must also bear the responsibility, deal with challenges and promote overall social development.

As mentioned by some Honourable colleagues just now, regarding its industrial policy, the Government frequently says that it can only watch the free development of the market with folded arms, because it is not capable of doing anything. But I must point out that in some cases, such as R&D and heavy industries, and the development of high technology, it is necessary for the Government to provide active support. Up to a certain degree, the Government must also show its entrepreneurship. However, it is sad to note that the Hong Kong Government is completely devoid of any entrepreneurship. And, finally, it must of course be mentioned that since the Government is supposed to be the provider of many basic services, it must continue to play a major role in the provision of health care, education, infrastructure facilities and housing, so as to ensure that all people can live a dignified life that meets basic humanitarian standards. At the same time, the Government should also play a significant role in the macro-economy and seek to promote development and social investment.

President, I have spoken so much on the issue and Members should now realize that the Government should no longer claim that it is pursuing the Third Way. This will pull wool over the eyes of the community and prevent the public from realizing that its so-called "progressive development" is actually highly

conservative. Members should now realize that in the wake of the financial tsunami and in dealing with all the related challenges, the Government must really reassess its role and function.

I now wish to turn to the economy of Hong Kong. Since the emergence of the financial crisis, all sectors have lowered their forecasts of Hong Kong's growth rate. The original forecast of 4.5% to 5% has been lowered to 2.8% to 3.6%. And, it is also predicted that there may even be negative growth in the first two quarters of next year. The latest unemployment rate is 3.4%, and it is predicted that it may rise to 5% next year. According to the latest figures released by the Census and Statistics Department, in September, the inflation rate dropped for the first time since May 2007, standing at 6.1%. If all the relief measures of the Government, such as electricity tariff subsidies and public housing rent subsidies, are taken into account, the Consumer Price Index in September showed a year-on-year increase of 3%. Although increases in food prices have recently slowed down, overall food prices still increased by 14.9% in the past year. In some cases, such as the prices of rice, there has been a rise of 59.3%. And, the prices of freshwater fish have also risen by some 30%.

Foodstuffs aside, private housing rents have risen by roughly 10%, and medical fees have also seen a 5.1% increase. We believe the Government can realize that since the rates of pay rises and income growth for elementary workers and low-income families could not catch up with the price increases mentioned, people will be the worst-hit when recession and layoffs return. In case inflation does not ebb in time, and the economy declines rapidly at the same time, the local GDP will show negative growth, in which case stagflation, a problem rarely seen in many years, may occur. The policy address does not give too much treatment to this problem. But the Democratic Party thinks that the Government must handle a number of problems in the several months ahead, including the spates of non-payment of wages. And, the Government must also create more employment opportunities. We therefore agree that anti-cyclical measures should be adopted. For example, infrastructure projects must be launched as early as possible to ensure that the living standard of grass-roots families will not slip drastically.

The financial crisis this time around may affect the grassroots far more seriously than the Asian financial turmoil in 1998 and the SARS outbreak in 2003. The exchange value of the RMB has increased by nearly 20% over the past three years, so even if goods prices fall back to the levels in 2004 and 2005, people's expenditure on living such as food and daily necessities will still

increase. The Democratic Party maintains that the Government must enhance the support for low-income families. When we meet with the Financial Secretary on the budget next year, we will put forward our views on this matter.

The Democratic Party maintains that in the course of revitalizing the economy, we must not overlook the problems of poverty and wealth gap. In a report published by the United Nations recently, it is pointed out that the problem of wealth gap in Hong Kong is the most serious in Asia. I have mentioned our Gini Coefficient. It is 0.53, which is among the highest, not only in Asia but also in developed cities. Our Gini Coefficient is even higher than those of Southeast Asia, China and India. This is simply shameful. I know that the Government may probably try to divert public attention by arguing that priority must be accorded to economic revitalization, and that other problems must be put aside for the time being. But the Democratic Party must emphasize that what the people demand now may not necessarily There may be the misconception that people are making a socialist demand for equal distribution of wealth. But the gravity of the wealth gap problem in Hong Kong is acceptable, and the Government must take actions to tackle it.

According to the United Nations report, a Gini Coefficient of 0.4 is already a warning level. At present, those earning less than \$3,000 a month in Hong Kong already number close to 140 000, an increase of 100% over the figure at the time of reunification in 1997. Speaking of the causes of the wealth gap, I must point out that one third of the working population in Hong Kong are low-qualification and low-skilled employees with qualifications at Secondary Three or below. An added reason is that the Government is the sole provider of social welfare and social security, and there are no contributory retirement and social security schemes similar to those in European countries. As a result, it is impossible to alleviate the problem of disparity in wealth. Besides, the tax regime in Hong Kong is not progressive enough, so the distribution of wealth has become even more uneven. The Democratic Party demands that the Government should introduce universal retirement protection as soon as possible as a means of tackling the problem in the future. We also support the enactment of legislation by the Government to introduce a minimum wage level, and to introduce more reasonable progressive rates for both profits tax and salaries tax.

With respect to financial policies, the Democratic Party maintains that at this very time when we are faced with the financial tsunami, we should expeditiously review our existing financial supervisory framework, so as to upgrade the standard of supervision, improve corporate governance and in turn

protect the interests of the public and individual investors. In regard to the development of the financial sector, we must point out that for a long time, especially since about a decade ago, local banks have been pursuing high profits at very great risks. It is fortunate that our banks are still subject to a certain degree of control under the banking supervision system. But we can still observe from the Lehman Brothers incident that banks have chosen to help investment banks to sell all these high-risk financial products, and this has shifted all the risks to society. Actually, banks should attach greater importance to serving local enterprises. Banks should offer support for enterprises' production and trading activities, rather than acting as "pawnbrokers" of brick and mortar or selling "financial products with melamine" to the public. This should not be the direction of banks. We maintain that banks should assume a bigger role in supporting industrial development through the provision of financing. At the same time, banks should also provide a financing platform for fostering the mutual development of local and mainland enterprises.

Rationalizing the operation of the Hong Kong Monetary Authority (HKMA) is also a long-standing demand of the Democratic Party. We hope that the Government can expeditiously enact legislation to establish a fair and transparent system for the HKMA. And, the present arrangement of bank deposit guarantee should also be reviewed as soon as possible.

The last point is that the Democratic Party has repeatedly requested the Government to conduct a comprehensive review We have not just asked for a review. We hope that following the review, the Government should expeditiously implement a policy of industrial diversification conducive to Hong Kong's long-term development. Recently, I have noticed that DuPont has launched a number of technological research projects in Hong Kong and established a "production circle" in conjunction with the production lines in Shenzhen. I think this is a good thing. The Government should continue to make such efforts, offering tax incentives or even land grant concessions to induce other countries to conduct R&D or launch high-tech production lines and projects in Hong Kong. The Democratic Party also supports the idea of enhancing the promotion of creative industries, green industries and the tourism industry. All these industries can help Hong Kong chart a new course and help to create more employment opportunities for low-income earners. I so submit.

MR TAM YIU-CHUNG (in Cantonese): President, a financial tsunami is sweeping the world, our economic development is slowing down and people have

worries about the future. The Chief Executive's policy address entitled "Embracing New Challenges" feels the pulse and prescribes medicine for the future of Hong Kong, and sets down measures for promoting economic development; it shows that we have a pragmatic and responsible government.

The public is most concerned about economic and livelihood problems which the SAR Government must tackle as a matter of urgency. It has the crucial task of maintaining economic development and assuring people's livelihood. On the whole, this policy address has responded in some measure to the concerns of the community. Apart from various improvement measures, the Government announced yesterday the establishment of a Task Force chaired by the Chief Executive to assess the impacts of the financial tsunami and formulate counter-measures. The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) welcomes these measures to be taken by the Government and also the inclusion in the policy address the economic revitalization plans advocated by the DAB all along. These include developing closer economic relations between Hong Kong and Guangdong, Taiwan and Macao; developing the Lok Ma Chau loop and promoting the development of new industries. In a few focus study reports, the DAB has already given the Government a detailed account of these proposals.

However, we have to be prepared for crisis in times of peace, and it seems that the policy address is somewhat inadequate when we face an imminent crisis of having an economic slide. It only contains economic promotion measures focused on the implementation of advance works but fails to bring "opportunities" amidst "crisis". Concerning industrial policies, not a word is mentioned about the tourism, shipping and logistics industries, or about solutions to the operational difficulties of SMEs, notwithstanding the fact that the Policy Secretary concerned has subsequently taken remedial measures. Furthermore, the SAR Government should render assistance to Hong Kong factory owners on the Mainland caught in great difficulties, and make their situation known to the authorities concerned. In regard to people's livelihood, I am afraid the unemployment rate in the future may not remain at the current low level, and some surveys have already indicated a drop in people's confidence in find jobs. The DAB is disappointed about this and wishes that the SAR Government would expeditiously conduct an accurate assessment of our economic prospects and introduce effective improvement measures.

The pounding of the financial tsunami exposes once again the vulnerability of our economic system. The Chief Executive has all along emphasized the promotion of economic development by building up an international financial

centre, which is its unchanging positioning. We have no doubts about the importance of the continuous development of Hong Kong into a financial centre because this is our inherent niche, but our unitary industries are not conducive to sustaining a sound economy or social stability. It would be nice for a prosperous industry to bring prosperity to all the other industries, but we would not like to see a declining industry causing the decline of all. In addition, after this collapse of the global financial system, the trend of development of the financial markets in the future will certainly emphasize robustness and risk management instead of unrestrained product innovation and expansion of scale; upstarts and exorbitant profits would only be things of the past.

After all, the DAB thinks that Hong Kong must actively identify opportunities for industrial diversification besides developing into a financial centre. Certainly, this is not an easy task but it will be even harder if the Government does not give it due attention. A pressing task of the moment is to assist SMEs in tiding over their difficulties. We hope the Government would further enhance credit support for SMEs. Besides asking banks not to take away our umbrellas when it rains, we strongly oppose rent increase by The Link REIT, and we call upon property developers and principal owners to freeze or reduce rents so that SMEs and commercial tenants would have lower business costs.

The Chief Executive's remark two years ago that the positive non-intervention policy was outdated was widely criticized at that time. At present, the European and United States Governments spare no efforts in saving the market amidst the global economic turbulence. As the Chief Executive has stated in his policy address, the market is not omnipotent and intervention is not necessarily an evil. The Government should intervene when the market fails, and we need government supervision when public interests are compromised. The DAB always holds that the relation between the Government and the market should be dealt with pragmatically and the Government should duly perform its role and functions. Hence, we agree with the Chief Executive that in the face of economic and social difficulties, the Government should act in a proactive and decisive manner in order to maintain economic development and assure people's livelihood.

As far as people's livelihood is concerned, the community had arrived at a consensus on two things before the policy address was delivered, namely implementing minimum wage and increasing the "fruit grant" for the elderly to

\$1,000. The Chief Executive proposes legislating for wage protection and his determination is commendable; but the DAB solemnly criticized the way in which he had handled the "fruit grant" issue which ran counter to the expectation of the community. Soon afterwards, the Chief Executive readily accepted good advice and heeded the voice of the community. He has now withdrawn the proposal to consider introducing a means test mechanism for the "fruit grant". We really appreciated the Chief Executive's action and clapped our hands in applause. At this critical moment, the cohesion of the people is crucial to effective administration of the SAR Government. When the community has a consensus about certain policies, the Administration must carefully avoid strong opposition and it cannot act against public opinion. Even though there may be deviations in public views, the Government must try its best to convince the public, for only in this way can its prestige be established.

The DAB agrees to the Chief Executive's assessment of the future difficulties of Hong Kong and remarks on the roles of the Government in the policy address. The DAB hopes that the Chief Executive will continue to work hard and that the SAR Government will continue to effectively feel the pulse of society and understand people's expectations, "care for the people" as stated in the policy address, and unite and lead the community in tiding over the difficult period in the future. The DAB supports the Motion of Thanks and opposes the amendment.

MR WONG KWOK-KIN (in Cantonese): President, first of all, I wish to talk about financial services matters. Yesterday, the Chief Executive appointed 10 people as members of the Task Force on Economic Challenges and most of them come from the finance and real estate sectors. In the face of the onslaught of the financial tsunami, we understand that there should be representatives from the financial sector certainly.

However, since the Chief Executive has named the Task Force as the Task Force on Economic Challenges, then besides the finance and real estate sectors, we should also find other kinds of economic opportunities. The financial tsunami on this occasion gives us an inspiration and that is, our economic industries are too unitary. That the Chief Executive wishes to promote the idea of "Nylonkong" is something that should not be contended, for Hong Kong has a sound system of the rule of law and an excellent financial system and there are a

host of financial professionals. However, we hold that a sole reliance on the financial industry will not suffice for solving Hong Kong's employment problem.

When investment experts give advice on investments, they would encourage diversification. In terms of economic development, the Government should not over-concentrate on one thing to the neglect of others. This is especially the case when the financial tsunami on this occasion is global in scale and has widespread reverberations. Many economists predict that it takes several years for the economy to recover slowly. The Hong Kong society as a whole should make use of the crisis and start to rethink the industrial mix of Hong Kong to see if it is able to absorb the workforce in the territory.

In 2007, there were close to 700 000 of the so-called "two low and one middle" workers. By "two low" it refers to those with a low level of educational attainment and skills and "one middle" means middle-age. They have limited edges in employment and hence they are only able to choose from very few jobs. What they can find are part-time and temporary jobs with a low wage, long working hours and hard toil. They do not have any protection in income and their jobs likewise lack security. They are having a hard time especially in the midst of the pounding waves of the financial tsunami. Hence the Government should pay special attention to them.

Then I would like to talk about the Mandatory Provident Fund (MPF). The Hong Kong Federation of Trade Unions (FTU) suggests that the lower limit of relevant income for MPF contributions should be revised upwards. Now there are about 400 000 people in Hong Kong with a monthly income of less than \$6,000 and as prices of everything are soaring, these low-income people face a heavy burden in living. Therefore, the FTU suggests that the Government should revise the relevant income for contributions to MPF upwards from \$5,000 to \$6,000. This will relieve the financial pressure on the life of the low-income households. Besides, the measure of MPF passbooks should be introduced as soon as possible, while the administrative charges should be reduced considerably and employees should be allowed to choose their MPF trustees.

With respect to housing, the FTU has a very clear position on housing and that is, public housing should be the main source of supply, with Home Ownership Scheme (HOS) flats taking up a secondary role and private sector flats

a complementary function. Therefore, the FTU is concerned about the policy address on this occasion only proposing in the housing policy area that the definition of "saleable area" for private residential properties and uncompleted residential properties should be standardized, making no mention of public housing and HOS flats for the lower class. This is because more people would opt for public housing for financial reasons in the face of the financial tsunami, thus producing a huge demand for public housing. There are some reports lately which say that of the single applicants aged 35 on the public housing Waiting List, close to 30% are people with university qualifications. The Government must therefore ensure that there is enough supply and flow in public housing while stabilizing the property market.

For the above reason, the FTU hopes that the Government can give positive thoughts to resuming the production of HOS flats and the Tenants Purchase Scheme, hence speeding up the flow of public housing, enabling the grassroots who have the means to purchase their own homes and also shortening the waiting time. As a matter of fact, the banks have in this financial crisis tightened the credit for housing loans and this has aggravated the difficulty for those prospective home buyers. Things have become exceptionally hard for young couples who want to own a home of their own. We suggest that besides stabilizing the property market, the Government should consider reintroducing home purchase loans to prospective home buyers from the sandwich class. This will enable these people to own a home easier and speed up the flow of public housing and boost the vibrancy of the property market. In addition, the supply of public housing must be increased and made stable, and there should be enough lands in all districts to build public rental housing flats, and such lands should not be all concentrated in the new towns and the new development areas.

Besides the supply of housing, the business practices of The Link REIT are also a cause of public concern. Some people even say that it is a time bomb planted in our society. Earlier on, the commercial tenants of the Lok Fu Centre staged a protest against The Link Management for raising the rents sharply by three to four times at this time of an economic downturn. With respect to this kind of action in complete negligence of the hardship experienced by the community, The Link Management put up a lame excuse that the premises were worth the rents charged. President, as the saying goes, fleece comes off the sheep's back, when the rents of a shopping mall are raised by three or four times, can the commercial tenants transfer the three- to four-fold rise in rents to the clients? Can the grassroots who live in the public housing estates afford such commodities priced at three or four times the previous prices? Now what The

Link Management is doing is to fleece the people for its own benefit and the ones who will suffer in the end are not only the small commercial tenants but also the ordinary people. Shopping malls in the public housing estates should be places that provide inexpensive goods for the general public and they should not adopt a high-end approach. Now The Link Management is fleecing both the small commercial tenants and the residents there. We strongly demand that the Government should follow this matter up and require The Link Management to shoulder its social responsibility. When necessary, the Government should take forceful actions against The Link Management such as opening the kiosks in the housing estates or finding places near the housing estates for the small commercial tenants to lease or display their goods, thereby forcing The Link Management to reduce the rents.

With respect to transport, there will be quite a number of infrastructure projects in Kowloon East, including several large-scale transport projects. In the paper submitted by the Transport and Housing Bureau in connection with the policy address, it is mentioned the planning and design are being undertaken for the Shatin to Central Link and the Kwun Tong Extension and works will commence in mid-2010. The residents welcome this. But I wish to remind the Bureau that the Wong Tai Sin District Council and residents of Tsz Wan Shan have strong opinions about the proposed Shatin to Central Link. They are very unhappy about the absence of a station in Tsz Wan Shan and the excessive scale of the depot at Diamond Hill. Therefore, I demand that in designing the Shatin to Central Link, the Government should forge a good dialogue with residents of Kowloon East and try its best to build a station in Tsz Wan Shan for the residents of Kowloon East and Tsz Wan Shan and to scale down the depot, for if not, the commencement of the Shatin to Central Link project will only spark off more disputes.

In addition, in the paper provided by the Bureau, it is mentioned that a set of standards will be formulated for the building of escalators and lift systems in uphill areas. I welcome this proposed measure from the Bureau. For those communities situated in the hills, it is never easy to get the approval to build an escalator or a lift. An example is our fight for the building of escalators and lifts for the Tsz Wan Shan district. At that time, we had to convey our views to different departments and hold meetings with them before any success could be achieved. Therefore, if the Government has a mechanism to vet and approve the needs of the districts, this will be enormously helpful to people who live on the hills and conducive to the forming of a barrier-free environment in the community.

President, there will be many large-scale development and renewal projects in Kowloon East, for example, the new development area in Kai Tak, the project in Anderson Road and the Kwun Tong redevelopment project. When these projects are being undertaken and before their completion, there will be impacts of various degrees on the traffic. For example, the links between these projects and the existing communities and the regrouping of the transport networks in future, and so on, will all have a great impact on the districts concerned. I hope that the Government can have more dialogues with residents of the respective districts and complete the design sooner, thereby minimizing the influence on the residents in terms of transport.

On the question of development, as I have mentioned earlier, there will be many development projects in Kowloon East, therefore, we are also very concerned about planning. Paragraph 105 of the policy address talks about beautifying the harbourfront and a dedicated committee will be formed to explore the issue. We support such a proposal. The view of the Victoria Harbour should be returned to the people. This is especially the case in Kowloon East where, with the lifting of the building heights restriction because of the relocation of the airport, many tall and large walled buildings have been built there. Housing estates in Yau Tong are typical walled buildings in design. To prevent the appearance of more buildings that will pose an obstruction to the environment, ventilation and vista in Kowloon East, I hope that the Government can also protect the ridgeline and the coastline of the Victoria Harbour besides protecting the harbour front. Actually, I am somewhat worried that in future we will not be able to see the Lion Rock from the sea. We demand that new development projects in the urban areas should comply with the ventilation guidelines and the height restrictions. In addition, before the completion of the review of urban renewal strategy, the Government should oversee the redevelopment projects already launched by the Urban Renewal Authority so that the goal of being people-centred can be met and no damage is done to the communities.

President, I so submit.

MR RONNY TONG (in Cantonese): President, the policy address delivered by the Chief Executive this year is loaded with many terms and expressions, such as "embracing new challenges", "turning crises into opportunities", "the Third Way", and even the so-called "progressive development" which is a pet phrase of the

national leaders. However, if we take a closer look at this policy address which is 31 pages long in its Chinese edition, we will find that it is a report devoid of any direction and content, and lacking in foresight.

President, in this meeting which will last for three days, I will speak on six areas. Today I will speak on the four areas of finance, economic affairs, broadcasting affairs and transport. Then tomorrow or the day after tomorrow, I may speak on labour, welfare and constitutional affairs. Among the areas I will speak on, there is almost nothing in the policy address that I think is commendable. It is really a big disappointment to me. Many of the issues I have prepared to speak on are not found in the policy address at all.

However, is this policy address completely hopeless? It appears not. President, there are two points I must raise and they are: first, although this policy address is entirely devoid of substance, most of its contents are close to, if not exactly the same as, the political beliefs and suggestions advanced by the Civic Party before. However, a more important thing is that in two big issues, the Government has made some concession and shown a determination to respond to public aspirations. First, legislate on a full scale for a minimum wage. With respect to this, I must praise the Government, for among all the political parties in Hong Kong, only the Civic Party has insisted on full-scale legislation from the outset and we do not accept any attempt to enact legislation only for two trades. Since the Government has shown its determination to legislate for the introduction of a minimum wage, we should show our support in this regard.

Second, the Old Age Allowance (OAA). The credit should not go to the Government but to all Members or all the people of Hong Kong. Fortunately, the Chief Executive was able to change his mind finally, that is, to withdraw the proposal of a means test. This can be considered an answer to public demand. With respect to this, I would think this is better late than never. Although this is not found in the policy address, he has done something promptly to salvage some acclaim from some Members. Therefore, when it comes to voting, the decision would be hard for us. President, we will have to see what the response from the Government in constitutional affairs is like. But our inclination now is that although we think that this policy address is, like what I have said, devoid of any direction and substance and lacking in foresight, we may still vote in favour of it.

President, I wish to talk about financial matters first. The biggest disappointment is that even though the so-called financial tsunami and the Lehman Brothers incident in particular had happened before September, only five paragraphs in this policy address mentioned the problems associated with the financial turmoil, that is, paragraphs 16 to 20. Frankly, nothing much is said there except that a task force will be set up. That task force came into existence yesterday. Many people are both surprised and disappointed when they see the membership of that task force, for they fail to see that it is a committee comprehensive enough, like a think-tank. What we conceive to be the most marked shortcoming is that it has very few members from the business sector, no members from the SMEs and very few academics. I find it even more disappointing that we cannot see any attempt to make use of the opportunity to learn from our neighbouring places and countries and seek the advice of their economists. I am referring to places like Japan, Australia, Singapore and even Malaysia. There are in fact many academics there in this field. Even Australia has launched a bailout plan which is more visionary than ours. I will talk about it later. Why do we not use this opportunity to invite some experts in this field to tell us what they think can get us out of the quagmire? So I am disappointed in this regard.

The second disappointment is that the concrete rescue measures which the Chief Executive has proposed in the policy address seem to be hesitant. Why do I say that? Because this policy address has not mentioned any one of the bailout measures that we are talking about. Even the most important decision, that is, to follow other countries in offering a guarantee for bank deposits without any ceiling was announced by the Financial Secretary and the Chief Executive of the Hong Kong Monetary Authority only on the day before the policy address was due to be delivered by the Chief Executive. In other countries, a measure as important as that will certainly be proposed by the head of state in the state of the nation address. And this is unthinkable because we have an occasion tailor-made for this. Is the Chief Executive afraid of proposing these measures because he has reservations for them or because he is afraid of bearing the responsibility should these measures fail or prove ineffective? Apart from these measures, have we done enough? In fact, the Legislative Council has been discussing this problem all through these past few days.

A very important target group is our SMEs. The situation in Hong Kong resembles closely with that in other countries. SMEs affect the economy of Hong Kong because they account for more than 80% of our economic activities. Some people may even consider the SMEs the lifeline of Hong Kong. Are what we are doing appropriate and pinpointing the right problems? No mention is made of these in the policy address. However, what I wish to point out that our unanimous view of the suggestions made by the Government is that they are reflexive or passive actions of assistance. For example, our fiscal reserves are used to provide the 100% guarantee to the bank deposits, despite the fact that our reserves are not enough to serve this purpose and they only account for about one third of the deposits in Hong Kong. The case is like playing a poker game in which the players hope that it would not be necessary to show hands and if it has to be done, then we will lose everything. Another measure of the Government is to provide a 50% security to SME loans, which was endorsed in the emergency meeting we held yesterday. But that is a passive measure. If the banks refuse to make any loans, there is nothing the SMEs can do. The Government must persuade the banks to lend money to the SMEs, but the Government cannot force the banks to do so.

Therefore, insofar as bailout measures are concerned, there is a need for the Government to propose some positive and proactive measures to help the Hong Kong economy. Looking at other countries such as Australia, there are indeed such measures. Recently, I talked with an official from Australia and their measure is to increase the welfare payments and on top of that, it is hoped that these recipients from the lower class can spend it before Christmas. Why? It is because if the money is handed out to people from the middle class or the rich people, they may not spend the money. But if money is handed out to people from the lower class, they would have a greater incentive to spend and if they spend, this would stimulate the economy in one way or the other. And this would be helpful to the small enterprises in particular. Why can we not consider the measure adopted in Australia? When other people have done so, why can we not do the same?

In terms of formal, positive or proactive measures, what can we do? Many suggestions were made during these few days, such as waiving the provisional tax. The provisional tax for profits tax is payable from this

November to January next year and although there is at present a measure known as withholding tax, the formalities are quite complicated and applications must be made. If the Government can waive the provisional tax payment of every person, SME or businessman, it would be a great and direct assistance in money terms for them. And the Government will get, sorry, the Government may have no revenue in this for the current year. President, this is not the first time when deficits appear, right? We are sitting on reserves of more than \$1,000 billion and we can certainly cope with deficits for one year. And this is only a short-term measure about which many SMEs have presented many views. I hope the Government will support it.

The day before yesterday, some representatives of SMEs came to this Council and I am now talking about another suggestion that the Government should consider. I asked the Government yesterday about that but I got no reply. This is the so-called "first blood" suggestion, that is, with respect to support for loans, can the Government take the initiative to lend \$500,000 to every SME to help with their operating capital, without relying on the banks? I think that this is worth consideration. But the Government should not take up too much time to consider it, for otherwise, there will be more cases of SMEs going busted. This morning when I turned on the radio, I heard a sad piece of news about a 62-year-old restaurant owner who, regarded as a genius by people in his trade and having made a fortune out of nothing, jumped from a building to commit suicide. Just how many SME businessmen would have to do such things before the Government can launch some positive and proactive measures to help them? I fail to see that for the time being and I hope that the Government can respond to that in the topic we discuss now.

President, I may have spent more time talking about financial matters, now I may have to talk more quickly on the following issues. In economic matters, the most disappointing thing to me is, President, of the four pillars of our economy, the Government has only mentioned our role as a financial centre. But only in three paragraphs, that is, paragraphs 21, 22 and 23, are references made to a financial centre. After reading them for three or four times, I fail to see what suggestions are made there. Apart from saying that being a financial centre is very important to Hong Kong, there are no other proposals whatsoever.

President, on the question of a financial centre, actually we have discussed that for a very long time. If the Government wants to have investments, it has to work hard to get them and a financial centre will not fall from the sky. What we need are talents and if these are what we want, the Government must work hard to cultivate and train up more talents. But I fail to see any measures being introduced on manpower training that have a foresight and a direction. The business administration degree of The Hong Kong University of Science and Technology is world-famous and it has got international standing, too. Can we not do something more in this? Can we not train up more local talents? Although there are many students from overseas studying here, they will leave Hong Kong upon graduation. But some Hong Kong students cannot further their studies here and they have to go abroad and when they graduate, they may get married there and so they will not return to Hong Kong. In this regard, can we not have more foresight? I can see the Secretary of Department smiling. This is because the children of the Secretary of Department and many other top officials are studying overseas. This is the same case with me. My sons are studying overseas and it is doubtful whether or not they will come back in the future.

Besides, President, why is no mention made of the tourism industry? Is the Government not attaching any importance to the tourism industry? I hope not. Now the representative from the tourism sector is here. Later on, Paul TSE may put forward many views. Now what is the hottest topic in tourism? It is cruise tours, which are particularly to Hong Kong. Why? Because many people like to take a cruise and go to some new places. They are tired of travelling to Europe and North America. For them, their new destinations are Africa and Asia. Since this is the case, then why should we not grab this golden opportunity and develop the tourism industry?

Cruise tours are the kind of tourist activity that is for the rich and the big spenders. It befits the image of Hong Kong as well. President, there are many rich people in Hong Kong. The restaurants here are superb and even Michelin has published a guide for Hong Kong restaurants. In terms of tourism, we have started far too late and it is only after the topic has been discussed for 10 years that the Government now says that a cruise terminal will be built. We have lagging behind Japan, Singapore and Australia and if it is to be built now, we have to wait until 2013 before it can complete.

This cruise terminal idea shows that the Government knows very little about cruise tourism. President, why do I say so? What we need most now are deep-water berths. There is this cruise liner company which runs medium-priced cruise tours and it has many liners and clients, but its tours are not the priciest up-market ones, and its liners are so huge that they cannot moor at Tsim Sha Tsui. What do they need? Only a deep-water berth and that is all. There is no need for a terminal. If we are well-versed such matters, we will know that the immigration clearance takes place on board the liner. When a liner calls on a certain port, the officials there will get a boat and take the immigration officers to the liner and immigration clearance will be completed on board the liner. The whole thing is finished within one hour. The liner has its own security check and once the passengers are on board, they would only need to go through security check and that can be done inside a tent. What is needed most is some parking space for the coaches. That is all.

So the Government can build a parking lot in Kai Tak airport for these coaches and when deep-water berths for the liners are ready for use, then business can begin. Of course, I am not saying that there is no need to build a cruise terminal, but the facilities I have just mentioned can start three or four years in advance and they can attract foreign liners to come here. Why does the Government not give some thoughts to that?

President, I will be very brief when talking about the transport problem. With respect to transport, it is not even mentioned in this policy address. President, I cannot find anything about it. The only thing I can find is the tolls of the cross-harbour tunnels. But I cannot see any direction or blueprint from the Government on how change can be brought into the transport scene in Hong Kong.

Talking about tunnels, now the hottest topic is that at least we should consider acquiring the Eastern Harbour Crossing (EHC), or 70% of its shares. Of course, that depends on whether or not the company wants to sell it. However, the economic conditions now permit us to give serious thoughts to that idea. Some government officials ask me what is the use of acquiring 70% of the shares of the EHC. President, there is a point for that. If 70% of the company's shares are acquired, the Government will have a controlling stake, and for the remaining 30%, it would not be too difficult if another acquisition is contemplated. If the tolls of the EHC can be reduced to reasonable levels, then first, the pressure on the Cross-Harbour Tunnel (CHT) can be reduced. It is very

important to divert the traffic flow at the CHT. Second, the existing Route 3 and Route 8 have not been used to their full capacity. The utilization rate of Route 3 is far lower than expected and many heavy trucks and vehicles in the logistics industry prefer using the Tuen Mun Road to Route 3. Route 8 is perfectly smooth in traffic and I use it almost every day when I drive. It is very fast for me to drive from here to my home in Tai Po and all it takes is about 20 minutes because almost no vehicles are using that road. When we have used so much money to build these transport facilities, why do we not use them to divert the traffic in central Kowloon? There is no blueprint from the Government on this and President, I think this is a very important point.

As for taxis, the problem of charging fares according to each flag fall is not solved even now. Yesterday many representatives of the taxi trade came to this Council and they were seriously divided on that issue. But there is one certainty and that is, there may be more industrial action to come. This poses a big problem to transport in Hong Kong. A good solution is to legislate to require that taxi fares be charged according to what is shown on the taxi meter. Why can this problem not be tackled properly?

President, minibuses are also an important means of transport in Hong Kong. They are facing another difficulty and, that is, environmental protection. There are many technical problems associated with Euro IV vehicles being used now and, that is, these vehicles may stop when the engine is running and carbon particles are produced. These are the operational problems. The minibus operators want to increase the number of seats and if that is approved, then they will not have to raise the fares. Has the Government considered all these problems or dealt with them in the policy address? Fuel prices are another big issue. In Canada, the oil companies make a profit of only some HK\$0.3 and those in the United States get a profit of some HK\$0.1. But do we know how much do the oil companies in Hong Kong make in profits? Why is it that when the oil price falls from some US\$150 per barrel to US\$70, our fuel prices are still so high? Obviously, this is because of the failure of the competition policy of the Government. The Sinopec was introduced but then the company soon follows other price leaders and sells fuels at their prices. In other words, our competitive mechanism is utterly ineffective.

Has the Government ever considered how to solve the problems of high fuel prices for the motorists and the high transport fares? No mention is made of them in the policy address. There are so many think-tanks and learned people in Hong Kong, can they not think of some solutions? Will any consideration be given to using co-operatives as a means to boost competition? The transport sector, the minibus operators and the public have told me that they are willing to do that, if only the Government can lease some land for fuel storage, they would be willing to pool funds and purchase fuels. This would give the oil suppliers real competition. In fact, many countries have this kind of co-operatives, why can we not draw any reference from them?

President, the last and the greatest disappointment to me is broadcasting matters. There is nothing in the policy address about the future of Radio and Television Hong Kong (RTHK). Is there any direction for this? Why has the issue dragged on for so many years? Are we going to solve this problem? About this issue, for one thing it is a cause of much public concern and for another, it is also a great concern for the staff of RTHK. Staff morale in RTHK is sagging. Are we going to catch up with the trend? If this is the case, we do not have enough resources and members of the RTHK staff have no idea about what lies ahead of them in future. They may lose their jobs at any time. We have a select committee which has given a report to the Government on this important issue and it has been discussed in this Council for a long time and many rounds of discussions have been held with the Government and even a motion on that was moved, but why is nothing said on this topic? This is a topic of enormous concern to the public, but why is the policy address silent on this?

President, in all the four areas which I have talked about, I feel very disappointed. The most disappointing and heartrending thing is that almost nothing is said on how the economic crisis is to be coped with. I hope the officials can search their souls and put forward a blueprint for governance that has both vision and direction for us to see.

MR LEE WING-TAT (in Cantonese): President, the policy address this year is actually very boring in terms of its contents and that applies especially to old Members of this Council. However, there are some sparks of controversy over the issue of Old Age Allowance (OAA) but now they are put out.

If we think closer, we would find there were actually some hints and signs before the policy address was delivered. As Members know well enough, in most countries or places, there are bound to be some sort of political change after a general election. We can imagine that after the election, what I mean is after the Legislative Council Election, there seems to be no difference in the political relationships and the political set-up in Hong Kong between now and before. Is this because the Chief Executive has not gained a good grasp of the new conditions or he does have a good grasp of the new conditions but fails to seize the opportunities? The contents of the policy address are vitally important and if some long-standing conflicts in Hong Kong are not resolved during this period of time, I do not know what on earth the Chief Executive is waiting for.

As we know, after an election the political forces will undergo redistribution. It is also the time when political leaders should put their words into action, when they can do things that they previously did not want to do, or did not dare to do or did not have the chance to do. In many countries, after an election, the ruling party will identify people from the opposition party and appoint them as ministers of the cabinet. This will change the political atmosphere from one of confrontation to harmony, so that policies can be formulated smoothly. As a matter of fact, the Hong Kong Government can do the same thing and there is no need for us to teach it what it should do. Now in the presidential election of the United States, OBAMA has said that his cabinet would include a wide spectrum of people. At times I have a feeling that the SAR Government is terminally ill in the political sense. Have its spin doctors become cosmeticians to dress up the dead, such that the entire government is lifeless and lacking in vitality. I am not saying that it is dead but it is lacking in vitality. Where then can we find opportunities? For so many years, two big problems in governance have remained unsolved.

First, conflict with the people. We know that this Government is not returned by an election. About its performance and work, the performance of a government can only be good when there is mandate from the people. After reading through the entire policy address, I fail to see any new contract that this Government wants to enter with the people. Many Presidents of the United States would say after an election that they have a new deal, that is, a new contract, with the people. You may say that they are just putting up a show, but if the new President has got some new thinking or new plans, the citizens would wait eagerly in anticipation of this new contract. But for Hong Kong, sorry, I have to say that apart from asking the officials to pay more visits to the districts

and listen to views from the District Councils, I fail to see any new social contract forged between the people and the Government. We know that our Government is not returned by an election and so it will meet tremendous difficulties as it sets out to do something. Consultations have to be held once, twice or thrice and even 10 times before anything is done. If there is no new thinking behind government actions and no massive publicity to the effect that the existence of a new social contract would spur the Government into performing better, I do not think there would be any improvement in governance in various areas in the next few years to come.

The second conflict, which has been mentioned several years, is the working relationship between the Government and the Legislative Council. Ms Miriam LAU, the Chairman of the House Committee, said earlier that she hoped that there could be improvements in the relationship between the executive and the legislature, and that the Chief Executive could come to the Legislative Council more often and speak before it. But this idea is old, not any new thinking at all. This is not a new partnership, not a new tactic which enables us to expect a new partnership or working relationship between the executive and the legislature in the next four years (the Chief Executive has got only four years remaining for his term). If this opportunity is missed, I do not think the Chief Executive can find a better timing and opportunity in future to reshape this political relationship. To be honest, this political relationship is related to the many economic reforms and policies launched. Actually, it is not possible to separate politics from economics. We can thus see that it is because of the obstacles posed by these two great conflicts that it is difficult to take forward government policies in the economic, social and livelihood domains.

After I was elected, I had thought of some scenarios. But that could well be just a dream. What I saw was that two days after Members were elected, the newspapers published a photo and it was the Chief Executive having tea in the garden outside his office with TAM Yiu-chung, Albert HO, Audrey EU, WONG Yuk-man and Abraham SHEK. What were they doing? They were talking about their grand plans for the future. But this is something that our Government will not do definitely. Why? I have no idea. These people are leaders of members of the political assembly and they have the mandate of the people. Even if we do not count the 60% of the votes which the pan-democratic camp has got, these five or six persons have got the mandate of 70% to 80% of the voters.

After the election, the Chief Executive only rang up some people — I know that he did call and congratulate people like Albert HO and TAM Yiu-chung. I have no idea if he called up Audrey EU. Apart from that, I cannot see anything new in that photo. Is this a difficult thing for the Chief Executive to have tea with leaders with people's mandate and listen to what they think should be done over the next four years? It turns out that it is very difficult for the Chief Executive to do such simple things.

Actually, I am not a very smart person. Why is it so difficult to do something that can come to people's mind so easily? Why is the Chief Executive not willing to do that? Is it because the democrats, like what the Government is always saying, have a bad mouth and they are badmouthing the Government? And is it because they are not close friends and allies of the Government? The Chief Executive applies his affinity theory and distinguishes the close from the distant. He is so distant from the leaders with people's mandate. If it is so difficult for him to even hold a tea party after the election and talk with Members about the administration by the Government in the future, how would the people think of this head of government? All these Members are elected by the people with tens of thousand votes and if they are just given a cold shoulder by the Chief Executive and if their views are not given any weight, the people will come to think that the Government has not given any detailed considerations to a policy before launch.

President, had the Chief Executive done all these things, I would not have to make this speech. All I want is that the Government can do better and it is because of this reason that I speak. Secretary of Departments, this is nothing difficult and it just depends on whether or not you want to do it. I do not think that people from the democratic camp or the pan-democratic camp are always standing at 180 degrees from the Government. No, it should be 90 degrees. Actually, I do not know how many degrees. All in all, it should be in opposition to the Government. Just now Ronny TONG said that although the contents of the policy address are boring, they would vote in favour of it all the same. So these Members of the opposition are in fact not too bad after all. Secretary, I therefore said to Albert HO not long ago, "Is TONG a bit he sounded so tough in the first paragraph but then he said he would support it." We are on very friendly terms with TONG and we wondered whether or not he had taken some medicine this morning and so he was not at all sober. He sounded so tough in the first paragraph, saying that there was nothing new in the policy

address and it was bad enough. But then he said later that the Civic Party would support it. The Civic Party is cute and I do not think it is such a big deal after all.

But there are times that government actions and the details of them would make people think that the Government wants to put the so-called democrats to the other side and refuse to co-operate with it. It is like having a river between us when we speak to it. A simple example is the West Kowloon Cultural District (WKCD) issue, why is Alan LEONG not appointed? Of course, I am grateful to the Chief Executive for appointing SIN Chung-kai, but the fact is that Alan LEONG has done a good job in following up the matter. Why are the public and the democratic camp given this impression that those who hold strong views against the Government can never become its partners? The Government may deny this and it may say that it is only because of the limited number of members. If that is the case, then do not appoint SIN Chung-kai at all.

The Government should make other people see that it can tolerate differences. The day before yesterday I told the Secretary that the opportunity for the Government was at least it should be accommodating. I do not just mean accommodation in governance but also being accommodating in accepting people who hold different views. Alan LEONG is a very gentle person, more so than me. Why is he not appointed as a member of the WKCD committee? Although this example cannot be generalized, at least when a committee is to be set up, it is an opportunity for the Government to show that it is being accommodating in accepting different opinions. It would also be a good thing to appoint WONG Yuk-man to the WKCD committee. Why not? Maybe after such an appointment, there would be no need for him to throw bananas and officials can discuss with him in the WKCD committee. It is in these issues that people can see that the Government is driving itself to a dead end, losing its allies. I do not know if he would see the democrats as his working partners. I hope his answer would be yes. But if his answer is no, then I will just wish him good luck in the coming four years.

President, if the Government allows opportunities to slip through its hands time and again, it is slowly coming to the opposition side of the representatives of public opinion. I do see any good that this will do to the governance of the Chief Executive, to the prestige of the Government and to his future attempt of reshaping the political order. The speech I made this morning was

well-intentioned, for although I am not part of the ruling coalition, I do not want to see this Government finished. It is a good thing for us if this Government is finished, for this is what everybody says from the perspective of election. Secretary of Departments, people say that the worse off the Government is, the better off will the democratic camp become. I do not believe in such things and if I still cherish any hope for the future of Hong Kong, I would not hope that this Government will go from bad to worse, such that it is totally devoid of any supporters.

President, apart from these few words uttered from the bottom of my heart, I would also like to talk about matters of policy areas which are my concern. I hope that the Secretary of Departments and the Directors of Bureaux can seize their opportunities and if they allow opportunities to slip through their fingers time and again, they will definitely have a bigger headache later.

President, the policy areas I am responsible for are housing, lands and planning. And so I would like to turn to these matters now. The Secretary is now sitting here. We all know that a lot of important things will happen in lands and planning this year. The Subcommittee has said that many reviews should be conducted, such as the reviews of the Urban Renewal Authority (URA), the Town Planning Board (TPB), and so on. And there are issues like finalizing the planning of the harbour front in Central, plus the issues like density of development, screen-like buildings, especially the proposals made on the land and buildings along the coast, and so on; all these are big issues for the Secretary. These matters have been discussed at great lengths. I know that the Secretary has got priorities, but frankly speaking, a lot of time has been spent on waiting. People who have great expectation in planning all hope that the Secretary can speed things up. I know that the Secretary has been working very hard and I know that she cannot hope to handle everything even if she had 25 hours a day. The Secretary has got the energy and the drive, so we have expectations for her. I hope that she can speed up the handling of these four areas. Because I hope to see work in these four areas can reach some sort of conclusion within this period of four years.

The questions of reducing the number of screen-like buildings and lowering the plot ratio have actually become a consensus in society and the Government should not have too many worries about what the public would think. Of course, I know that there is a price for society to pay and that is, if density is lowered, the income from land sale would decrease. As for the

reviews of the URA and the TPB, the general direction is to engage people who have opinions in such matters as partners in the course of fostering public involvement and consultation. This is a general direction. I think the Government is beginning to do that. An example is the harbour, about which the committee has been doing a good job. The Kai Tak project is a showcase example and I hope that things in that area can be done better.

The policy area I am also in charge of is public works. We know that government expenditure in that area has been very little over the past few years. The Bureau has offered an explanation and it is said that growth would be expedited in the next few years. I have confidence in that. I believe that while meeting the WTO requirements, the Government and the Director of Bureau have the ability to strengthen work done in promoting the employment of local workers without giving people an impression that When the funding approval for the new Government Headquarters was sought, LEE Cheuk-yan gave his support and so did we. I asked LEE Cheuk-yan why he gave his support and he said that this was for the sake of ensuring the employment of local workers. The question which we would ask is: When funding approval was sought for the Government Headquarters, the Secretary in a bid to solicit votes from the trade unions said that a greater guarantee would be given to the job opportunities of local workers, but why can this not be done on this occasion? I hope that when the Government carries out other works projects, it can use the same strategy and it should pay more attention to them as in the case of the Government Headquarters project, and it should not attach most attention to that project simply because it is the office of the Chief Executive while simply brushing aside other projects. Actually, this can lead to better conditions in the employment of local workers.

As regards housing, I wish to thank the Government for accepting the view expressed by the relevant panel of the previous Legislative Council and the Democratic Party and starting to work on studying the provisions of the Consent Scheme for uncompleted residential units. My only request is that the Government can undertake undercover operations from time to time to see if the developers have complied with the Consent Scheme because this is so vital to the protection of consumers.

Second, I would still want to raise the point that we support the sale of public rental housing units. The Secretary has kept on reminding us that the problem which the Democratic Party needs to solve is that if this scheme is to go

on, how a sufficient supply of public housing can be maintained. For this we have drafted a submission and we will present it to her later. I think it cannot be used as an excuse for rejecting this demand.

Third, about the ageing of the housing estates, this should be a consideration in terms of overall strategy. Now the private sector residential buildings in the urban areas are covered by urban redevelopment efforts and revitalization is very important. This refers not only to building structure but also vitality in a community. The URA has done a lot of work and there are too many public rental housing units in the housing estates. President, you were a directly-elected Member of the Kowloon West constituency and I am sure you know about Shek Kip Mei and other old housing estates. We know that there are many housing estates in Kowloon East and the Kwai Chung/Tsing Yi areas and these housing estates have an age of some 30 to 40 years. The problems that they face in redevelopment are not just in building structure but also how the communities concerned can be revitalized. I am quite disappointed because when private residential buildings in the urban areas are subject to revitalization strategies, the public housing estates only have strategies for the replacement of hardware, that is, they are either to be demolished and rebuilt or put under repair and maintenance. These cannot be considered an overall strategy and what is needed is an overall strategy that includes building structure, accommodation, economic and welfare matters, as well as cultural activities in the community. I hope that I can have a chance to discuss with Secretary Eva CHENG in future and I hope such a scheme would have been commenced by then. For if not, since too many public housing estates have reached an age of some 30 to 40 years, if only rebuilding or repair and maintenance are carried out, the problem of vitality in the communities will not be addressed. Thank you, President.

MS EMILY LAU (in Cantonese): President, Mr Ronny TONG asked this question when he was speaking earlier, "Why are so many issues of public concern missing in this policy address? "

President, I do not know how many opportunities your party has for exchange of views with the Chief Executive. On 23 September, the Chief Executive invited me, Ms Cyd HO and eight other Members to meet him. He said that he did not have too much time and so everyone could only speak for three minutes. The time limit is even worse than that allowed in this Council.

President, there was not much communication after we had spoken. People from the League of Social Democrats spoke for five minutes and it seems that no bananas were thrown but there were people slapping the table or things like that. They even said that meetings of this sort should not be held anymore.

President, every year we can meet with the Chief Executive only once, whereas some Members and groups can meet with him once every month. President, have you ever heard about the affinity theory? I can see that you look somewhat uneasy. Actually, I think you want very much to jump down and debate with us, but you cannot help it, for you have chosen this path. President, I have no idea how many paths you have been chosen before. I feel agitated about this. There are people who can do it every month. How do we come to know that? Sometimes in the middle of our meetings with them, they will say that they are busy and do not have the time and they are to meet with the Chief Executive, and so on. I ask them what they would be talking. President, I know that they meet every month. A Chief Executive like this is practising his affinity theory in his work.

President, what happened to the many views put forward by Members returned by election? All dumped into the garbage bins. So if it is asked why so many issues of public concern are not mentioned, I think he knows best. The most telling example is the Old Age Allowance (OAA). This policy address was delivered on 15 October. President, 10 days later and incidentally we were having a meal with you and you asked us jokingly whether or not we had brought along any fruits. If we want to treat the officials to fruits, we would have to throw them in their face and we can ask the stewards to hand them the fruits. To our surprise, he brought with him a revised version of the policy address. He said when he was standing out there that the OAA would be increased to \$1,000 but the existing system of a means test would continue. This is a failure to respond completely to public opinion. We all asked, "Has something gone wrong, that there is a need to revise the policy address just 10 days after its delivery?" President, that is why I say he should deliver an amended policy address.

In the last several days, people said that the SMEs should be rescued. Everyone was anxious. Two days ago, the panel held a meeting on that issue. And the Finance Committee held a special meeting yesterday to approve of the bail-out plan. So the day before yesterday, the SME people filled the conference room to the rafters. President, the scene was as dramatic as when you were still

in the education sector. President, some people asked why no mention was made of SMEs in the policy address. I suggested that he should be urged to deliver an amended version of the policy address.

In such circumstances, if we were not living in Hong Kong, we might as well poke fun at him and say that he is good for nothing. But President, if our Government is good for nothing, then all the 7 million people in Hong Kong will suffer. Mr LEE Wing-tat was right when he asked what the authorities should do, now that we have such a big crisis and since the elections are over. What should be done is to meet with the parties and groupings and together they should think up a plan. But this is not what is being done. A Task Force on Economic Challenges has been set up and no one from the parties is appointed to it. Why? Because it is trying to reinforce what it has been saying all the time, that parties and Members of the Council know nothing about economics and finance and so they are barred from joining it.

But President, what will happen in the end? The plan, no matter what it is going to be like, will be submitted to this Council, to seek the approval of a bunch of Members who know nothing about economics and finance. Also, President, when the people are facing an impending disaster, who will they go to? Will they not be going to people who the authorities think do not know a thing about economics and finance? So I think the people know very well who knows what and who knows best. Why did Mr LEE Wing-tat say that the democrats had won almost 60% of the votes? Would the people want to elect a bunch of people who are ignorant and will only spoil the matter for them into the Council? This is outrageous!

Members of that Task Force do not give us great hope. But having said that, when the people are living in dire distress, this Council and the executive authorities are obliged to offer them assistance. Hence, we can see that a so-called SME summit was called last week. I was present at that time. President, I also asked the authorities to put down the views on paper, for that was a closed-door meeting. As many as 30 suggestions were made during the meeting. I do not know what kind of challenges this Task Force is going to tackle and how long it would take. As we can see, companies are closing down every day, so I hope that the Government can deal with this matter as soon as possible.

President, I hope your party would agree that the Government needs to collaborate with the parties, which is of greater importance even. Those people appointed by the authorities are not representative at all. They have no recognition and credibility. Even though they may come from the banking sector, are they able to fix everything? President, the people have no more confidence in the banks and their confidence has hit rock bottom. Even for the largest bank in Hong Kong, lately I received a complaint from a member of the public against it. Although the bank did not sell Lehman Brothers products, it has also persuaded members of the public to buy similar structured products. That member of the public said that the first bank that he patronized after he had started working was the HSBC and for decades he had placed his trust in it, but now he thinks that its credibility is bankrupt for it had made him lose a lot of money.

So when the Government says that it will use all of its ammunitions to save the market and the banks, the SMEs are now asking the Government how much ammunitions it will use to save them. President, how many SMEs are there in Hong Kong? Ninety-eight per cent of the companies are SMEs and the private sector companies have hired 50% of the total workforce. When they are now in such a difficult situation, what the Finance Committee did yesterday is the first wave — this is something which the authorities would also admit — I hope the second wave will come as quickly as possible.

Besides, the banking sector should appreciate its own responsibility, too. Therefore, President, on the day when the SME summit was over, I called Joseph YAM at once. It was because most of the people who spoke in the summit said that the banks were not willing to lend money and some banks even terminated their credit line. I told Joseph YAM that the banks should understand that the Government would be using all the ammunitions to help them, but they were not prepared to lend the money after getting it. I notice that the United States Government also spoke today and requested the banks to help the companies. This could have become a global phenomenon and the authorities might have to do something more. Since the banks are doing nothing, the SMEs have been forced to ask the Government to set up a fund, with the Government lending them the money. The Government has to consider a lot of things and the matter should not be just left to the Task Force which may need to consider the matter for several months. But the implementation of various measures should speed up.

Moreover, President, I am absolutely certain that the authorities should collaborate with the major parties. I really hope that the authorities should stop saying all the time that this bunch of people know nothing, for in the end, it is people like us whom they have to turn to. President, the Government should give some powers and responsibilities to Members and the parties, and they will try to improve and do the best themselves. I do not think the Government should throw these people out, for they are the ones whom the people trust most. Why do the people not trust the Government? Their confidence in the authorities can be said to have sunk to abysmal depths.

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

Deputy President, the consequences of the Lehman Brothers Incident are pathetic. I read from some newspaper today that the DBS has taken the first move to announce the redemption rate and over 90% of the Lehman bonds are now worth no more than the paper on which they are printed. Another newspaper reports that the Lehman Brothers victims are getting nothing. Deputy President, if this incident is not handled properly Actually, these persons who bought such products did not mean to speculate, and if they did so and gambled on their luck, they should bear the responsibility should anything happen. But this is not the case now. More and more people are coming out and say that the whole thing is caused by some blunder committed by the banks. We keep on calling the authorities to discuss the matter with them at the soonest so that a bail-out plan to the satisfaction of everyone can be put forward. Another citizen said that he had made an investment of \$1 million. Previously, the Government said that these bonds could be redeemed by the banks at 60% to 70% of their original price and so he thought that in the worst-case scenario, he could at least get 10% to 20%. But now he is not getting even a single cent. President, do you think that he would not get furious? I think the people would understand. Should the authorities not speed up its handling of the matter?

Deputy President, although the Old Age Allowance (OAA) is almost fixed or it can be said to be partly fixed, I will not accept it. I will certainly vote against this policy address. The Government should not think that it would be all right if the OAA issue is resolved. Last Sunday we had a rally and protest before the Government Headquarters on the OAA. President did not come. After the meeting was over, I left with some members of The Frontier. An old

person came up to us and said that we were being very unfair. By that he meant that we had been most unfair to TUNG Chee-hwa because back then we had organized a march to denounce him in which 1 million people had taken part. Now that society is furious and the people are filled with grievances, but we have not organized any march against Donald TSANG. I said that we would discuss it and we often organize marches. Deputy President, you also organize marches. Now the Liberal Party organizes marches every day and we welcome them if they want to join us and organize more marches.

From this it can be seen that the people are not merely affected by the OAA or the Lehman Brothers minibonds, and there are also many other issues that this policy address has failed to respond. The people cannot hold back their silence and they even ask us why we do not organize marches and whether we have been unfair to TUNG Chee-hwa. Deputy President, I really think that we have got to do something.

This policy address is facing a very important issue, one which the community has agreed to tackle a long time ago. Only that the authorities do not agree. It is the problem of the disparity between the rich and the poor. Mr Albert HO referred to the report by the United Nations earlier. Deputy President, this report was only released a few days ago. It is mentioned in the report that the Gini Coefficient of Hong Kong is 0.53. If we look at information from the Hong Kong Council of Social Service, we will find that the coefficient is already as high as 0.55. The report says that this figure is higher than that in European countries and major cities of Asia. It would be perfect if Secretary Prof K C CHAN is here. When some academics have said these things but if the authorities cannot handle the situation properly, it would only lead to instability.

Deputy President, what in fact is the poverty situation in Hong Kong now? Deputy President, I have to cite the figures from the Hong Kong Council of Social Service again. It uses figures from the Census and Statistics Department and points out that the number of low-income households in Hong Kong covers a total of 1.26 million people. This is an increase by 80 000 people when compared to 1998, the time right after the handover. How is low income defined? It is half of the median income. Deputy President, for a one-person family, it is \$3,375. It is \$7,327 for a two-person family; \$9,357 for a three-person family; and \$12,677 for a four-person family. In other words, we have some 1.2 million people who are in such a state of poverty. It is also pointed out there that one out of five persons in Hong Kong belongs to the

low-income group. For elderly persons, they are defined as those aged above 65, and one out of three elderly persons is a low-income person. As for children, one out of four belongs to the low-income group and for young persons, it is one out of five.

Now that the times are so difficult, but there is no mention of the hardship faced by the people in the policy address. Even though things like the Commission on Poverty were set up or some proposals made, nothing was done and before long they were disbanded. The Legislative Council wishes to set up a similar committee again, but if nothing positive is done on the part of the authorities, this kind of committee will only become a talk show. Members want to bring up the problems there and discussions on helping the poor should be done on an inter-party basis. Deputy President, what do you think should be done when the authorities do not even include the issue in the policy address?

This is a response from five Christian groups on the policy address and it was handed to us a few days ago. It says that the Financial Secretary's proposal in the budget released earlier this year of returning wealth to the people is inclined towards the business sector because it proposes a direct cut in profits tax. What is the amount of money that is related to waiving or reducing taxes payable by the business sector? It is \$21.61 billion. Deputy President, how much is the amount of money related to helping the disadvantaged? It is \$5.67 billion. What do you think should be done about this? The Government says that it does not have any money, but at that time it proposed that taxes be cut.

Deputy President, I agree very much with the views of these Christian groups think. They do not have any specific demands and all they want is that the Government should do something quickly. What then should be done? It is to offer support to the disadvantaged groups and increase the CSSA payments at once, set up a universal retirement protection system and conduct a review of the CSSA system which has a labelling effect. This is because the CSSA recipients have always been labelled and so other people do not dare to make applications for CSSA. Like what many Members have pointed out earlier, these groups also hope that Hong Kong should not depend on the financial industry only because such an approach has proven to be problematic. So a more diversified approach should be adopted to develop more tools that can give protection to the livelihood of the disadvantaged. Also, these groups have proposed another thing which I find most agreeable and that is, a review should be conducted of the contents of

the policy address. This is of course necessary and it should be rewritten. Deputy President, these are what the authorities should consider. But the views of the public are not heard and this policy address is written behind closed doors and it fails to address problems.

There is something that warrants special mention. In the wake of the financial tsunami, many companies are forced to fold up and because of this, there is no way people can be employed. Many Honourable colleagues have said earlier and the authorities are saying the same thing and that is, the jobless rate will surge. Deputy President, I do not know if it has ever come to your notice. On 29 September, HSBC announced that it would lay off 1 100 staff members worldwide and in Hong Kong, 100 people will be sacked. The move was made in a very high profile and it was reported all over the world. I cannot help but ask, "Is there something wrong with HSBC?" So I wrote a letter to Mr Vincent CHENG. I said that the bank had some 18 000 staff members in Hong Kong and 100 did not really count so much. The funniest thing or the most ironic turn of events is that when the bank announced its plan to sack its staff, Secretary Matthew CHEUNG came out and spoke that now the times were so bad and if the companies wanted to lay off any staff, they should first consider whether the staff could be transferred to other posts, or if a job could be shared by two persons, or if retraining could be given and layoff should be the last resort. But things do not turn out this way. The leader of the financial institutions in Hong Kong was the first to take a high-profile move to sack 100 people and it had also made clear that the possibility of further layoffs could not be ruled out.

Deputy President, what worries me most is that though this is the private sector and given the present circumstances, we cannot help but step in even though it is a free economy. So I advocate intervention, for the fact that if this goes on, some company will say that since HSBC has sacked 100 people, it will sack 400. Then another company will say it will fire 1 000. Deputy President, on the 20th of this month I got a reply from Mr Vincent CHENG and he said that HSBC had all along paid great attention to its responsibility for the local communities and it appreciated well enough the commitment that was expected of it as a major local employer and unless there was no other alternative, it would not resort to laying off its staff. I told him about the fact that HSBC had made so much money and it had won the trust of so many people. It made profits to the tune of some tens of billion dollars or more a year, but had the HSBC fulfilled any social responsibility? He said in his reply that it had and he said that once it

was found that such a course of action had to be taken, they would try their best to look for opportunities of internal deployment for those affected. He also said that he would like to make a solemn pledge that HSBC had always been mindful of the welfare and development of its staff and its business objectives were not just tied with its own growth and development but also the economic and social advancement and long-term development of Hong Kong.

Deputy President, I would earnestly hope that HSBC would do as it says and I also hope that the companies in Hong Kong can have a conscience and that means at times as rough as these, they should tide over these difficulties with the people of Hong Kong. And it is only when there is no other option that they should consider laying off staff. I also hope that Joseph YAM and the authorities should do something quickly so that the banks can advance loans to the businesses. As for these 30 suggestions, we hope that the authorities would consider them as a whole and come to this Council as soon as possible for an explanation and start the second and third waves to handle the matter.

Lastly, I ask the authorities to extend a friendly hand to Members and parties. It will not help things at all if the Government just get those people and form a so-called Task Force on Economic Challenges. The most important thing is to collaborate with people who are representatives of the people, who have the people's mandate, and together they should strive to salvage Hong Kong from this situation of dire distress.

With these remarks, I oppose the policy address.

MR JEFFREY LAM (in Cantonese): Deputy President, the huge waves of the international financial tsunami have not just seriously pounded on financial markets worldwide, but are also swallowing operators in the tangible economy, dealing a great blow to the economic prospects of the manufacturing and service industries in the globe. Hong Kong, being an export-based economy, certainly cannot be spared. As a matter of fact, the local enterprises have already been hit the hardest and caught in severe hardships. Recently, we have heard news about companies such as Tai Lin, BEP and U-Right successively closing down their business due to cash flow problems. In the Pearl River Delta (PRD), there has been an increasing number of Hong Kong-owned factories closing down. This financial storm of the century has seriously undermined the Hong Kong economy

and the grave effects are imminent. The Hong Kong General Chamber of Commerce has projected that economic recession will persist for at least two quarters in Hong Kong. The situation is very critical indeed.

Following a decline in exports, banks have tightened credit for business enterprises. Some banks have even called in loans from companies with a good reputation ahead of the repayment schedule. The situation now is that they must repay loans as soon as possible but can never secure new loans from banks. Without sufficient buying orders, it would mean cutting off their source of income; without loans from banks, it would mean putting them on "saline drip". But even if they do have buying orders, it would still be useless if they do not have sufficient cash flow to purchase raw materials and they also have to meet the daily operating expenses. The small and medium enterprises (SMEs) are indeed in dire straits, and while they have no future to look forward to, they must go on struggling with many more difficulties to come. If they are unable to secure loans from banks to maintain a sufficient cash flow, they may have to close down before the Chinese New Year, thus leading to a tide of closures. The worst scenario envisaged by the Hong Kong Trade Development Council is that over 10 000 Hong Kong-owned companies will cease their operation in the PRD, and millions of workers would then become jobless. These companies now also face the challenges of high inflation, appreciation of Renminbi, increasing operational costs and changes in mainland policies on business operation, such as the Labour Contract Law. If there can be timely rain to moisten their shrivelled business, the tide of closure of business would be curbed, just as the "10 strokes" unveiled by the Chinese Government recently to rescue the market and help companies sustain their operation. If the Government does not take any measure to assist the enterprises, the future market may be even worse and gloomier than that in the wake of the terrorist attack on September 11 and during the SARS outbreak.

Deputy President, this is no alarmist talk. During the outbreak of SARS, the world economy was not too bad and we had the assistance of the Central Authorities in terms of the Individual Visit Scheme and CEPA, which explained why the economy was able to bottom out very quickly. But this financial crisis now is happening all over the world, and the Mainland has to deal with a lot of problems of its own. So, we must count on ourselves this time around. The Government is duty-bound to speed up its work and introduce new measures to rescue the market.

In his policy address, the Chief Executive was silent on the assistance for SMEs. Fortunately, after vigorous urging and reflection by the business sector, the Government has promptly taken on board good advice and put forward measures to enhance the SME funding schemes and export credit insurance service. Here, I declare that I am the Chairman of the Hong Kong Export Credit Insurance Corporation (ECIC) Advisory Body. The Chief Executive said that the Task Force on Economic Challenges would be established as soon as possible to put forward specific options and look for opportunities amidst the financial tsunami, and this direction is worthy of support. But this still cannot address the pressing problem. This Task Force has now been set up, and I hope it will come up with practical suggestions and solutions in no time and implement them expeditiously as the industry is struggling very hard to keep their heads above water. It is imperative to implement measures capable of producing instant results to assist the enterprises to ride out the hard times.

Yesterday, the Finance Committee finally approved measures to relax the funding criteria under the SMEs funding schemes. But are these measures adequate?

Some time ago, many SMEs reflected to me that banks had called in loans from SMEs with good credit and operational records before repayment was due, and some banks had even asked the enterprises to make repayment by disposal of their collateral. I hope that banks will relax their lending criteria in view of these enhanced measures. In fact, banks have rejected loan applications not purely because of a shortage of funds, as the Hong Kong Monetary Authority (HKMA) has introduced measures to provide liquidity support to banks. So, what is happening now should be a serious crisis of a collapse of confidence, as mutual trust appears to be lacking among banks, between banks and customers, and also between suppliers and buyers. It is most regrettable that some Members have outrageously questioned that SMEs secured loans under the Loan Guarantee Scheme in order to make up for their losses in stock investment. Many SMEs do feel very sad on hearing this. In fact, enterprises, like members of the public, are also victims of this financial tsunami. We all are in the same boat and we are as interdependent as lips and teeth. It is most important for us to trust one another, rather than being distrustful of one another. The SMEs account for 98% of all enterprises in Hong Kong, employing over 1.5 million people. If they cannot sustain their operation, the people's livelihood would also be adversely affected.

To solve the imminent problems faced by the SMEs, the Government must take vigorous actions to restore confidence in the market. I think the Government should consider increasing the guaranteed amount from 50% to 70% of the loan, and allowing SMEs to recycle the guarantee after fully paying up the loan backed up by the guarantee, so that banks can approve loan applications by SMEs more easily. Moreover, I propose that the ECIC should increase the amount covered by export credit insurance and process the applications with greater flexibility, while expanding the scope of business to cover the amount of goods exported by suppliers, so as to benefit more enterprises. I also hope that the HKMA, before providing liquidity support to banks, can follow the practices adopted by the People's Bank of China and also in Britain and France by requiring banks to step up efforts to facilitate lending to enterprises, in order to maintain the normal operation of the financing market. Where necessary, the Government can consider directly granting an emergency relief loan up to \$500,000 to small enterprises with cash flow problems. The Government should also reflect to the Central Authorities as soon as possible the difficulties of Hong Kong-owned enterprises operating in the Mainland, in the hope that the Central Government can suspend those policies not conducive to business operation. The economic growth of Hong Kong and the Mainland will obviously slow down next year. Many factories have already closed down this year, and the remaining ones are the financially robust enterprises, and I believe they will have enough business to sustain their operation. I hope that the Government and banks can provide greater assistance to them to facilitate their healthy development.

Moreover, I also hope that the Government will provide support to the SMEs in other areas, such as temporarily waiving their provisional tax payment and providing concessions in rent, rates and exhibition fees and charges payable to the Government. In the meantime, the Government should actively promote and facilitate the sustained development of new industries by, for instance, expeditiously reviewing and amending the relevant legislation on the use of factory premises to promote the development of creative industries, so that Hong Kong can still find room for development despite the onslaught of the financial turmoil.

Deputy President, the current economic conditions are extremely critical. The SMEs are in great distress, not knowing how they could survive the severe plights and yet, the Government has at this point in time launched the enactment of legislation on minimum wage. As we all know, the SMEs have only limited

resources, and it would not be easy for them to meet the burden of extra costs. To the SMEs, a minimum wage is tantamount to rubbing salt into the wound, and if the minimum wage is set at too high a level, the result would be that "the fleece comes off the sheep's back", because as the production and service costs increase substantially, a price increase would be inevitable. While we can buy a hamburger meal set or a lunch box at \$20-odd now, we may have to spend some \$40 to \$50 on it in the future and by then, the CSSA payment would have to be increased, too, and the vicious cycle would go on and on forever. In the end, while the wages of low-income workers may have increased, their buying power would remain the same as before, rather than becoming any stronger. Furthermore, some SMEs might have to close down because they could not cope with the burden, and this would lead to a higher unemployment rate. Many wage earners, especially those who are older in age with low skills and young people with little working experience, may be prepared to earn a little less in return for an opportunity to work in order to become self-reliant, but this opportunity may eventually be given to people with greater competitiveness because of the imposition of a minimum wage. Once a minimum wage is set, that would be a road of no return. The Government should handle the matter with caution before introducing it, or else the victims would actually turn out to be members of the public.

Deputy President, I made this point in the hope that members of the public can understand clearly the cost behind high wages and that employees and employers are not necessarily in a dichotomy. I hope that the Government, before determining a minimum wage, will carefully work out the criteria and mechanism of minimum wage by, among other others, conducting detailed analyses on the economic statistics, making reference to both successful and unsuccessful examples in overseas countries, and conducting in-depth discussions and consultations with employees and employers. I hope that everyone can put aside their differences and work in concert to give play to the spirit of unity, so as to ride out the difficulties together.

In the face of the financial tsunami, I think a most effective way to resist economic recession and assist the public in riding out the storm is the Government creating more job opportunities. In this connection, I very much hope that the 10 major infrastructure projects proposed by the Chief Executive last year can be taken forward at higher speed and that their works can commence according to schedule. When the people have a job and income, they can certainly have more resources or means to tide over their financial difficulties.

However, of the 10 major infrastructure projects, only the Hong Kong section of Guangzhou-Shenzhen-Hong Kong Express Rail Link and the West Island Line of the MTR Corporation Limited will commence works next year. The rest of the projects are still at the planning stage, and some are even under preliminary study. The Lok Ma Chau Loop is an example. The Administration is only going to make a decision on land use in the next few months, to be followed by an integrated planning study. This, I think, is too slow indeed. I hope that the authorities can "sense the urgency of the people".

The Lok Ma Chau Loop aside, the "Liantang/Heung Yuen Wai Boundary Control Point" is another development at the boundary. The purpose of the project is to meet the transport needs arising from movements between Hong Kong and the eastern part of Guangdong, with a view to achieving the "East-in-East-out" principle. Currently, the number of visitors travelling between Hong Kong and the Mainland has been increasing. The number of cross-boundary students has also been increasing continuously, and their number in 2007 has increased by 28% over that in 2006. More importantly, in compliance with the new legislation in the Mainland, many Hong Kong businesses in the PRD have relocated their operation to the eastern part of Guangdong, and some industrial parks have also been developed in the vicinity of eastern Guangdong. To enhance accessibility and reduce transport expenses, it is essential to develop new boundary control points. In January this year, I moved a motion for debate in the Legislative Council calling for the co-location of immigration and customs facilities at this boundary control point, but the Government is still planning this development on the basis of providing immigration and customs facilities at two places. I very much hope that the Government can change its mind, because co-location of immigration and customs facilities at one place can speed up the flow of passengers and traffic, and also improve accessibility to the boundary control point.

In this year's policy address, there are two paragraphs specifically mentioning the need to tackle the problem of uneven traffic flow at the three harbour crossings. In fact, this is an old issue, and the Government has conducted some studies on it before. But recently, as CITIC Pacific, which holds 70.8% and 35% of the shares of the Eastern Harbour Crossing (EHC) and the Western Harbour Crossing (WHC) respectively, has suffered a huge loss in investment, some people hold that this provides a precious golden opportunity for negotiations on the acquisition of the EHC and the WHC and that the Government could obviously acquire them at lower prices. Like many

Members, I have all along been very concerned about the uneven traffic flow at the three harbour crossings, because I am a driver too, and I have run into traffic congestion at the Cross-Harbour Tunnel (CHT) in Hung Hom before, which I think is so frustrating, and I was once looking at the banknote when paying the tunnel toll at the WHC, wondering why I should pay this much for using this crossing. Why should the tunnel tolls of the WHC be so expensive? I very much wish that this problem, which has been discussed for many years, can be resolved quickly.

That said, in order to thoroughly resolve the congestion problem at the CHT, can all the problems be solved simply by buying the EHC and WHC with public coffers? Will this lead to other problems, such as the three harbour crossings increasing their tolls at the same time or on the contrary, the three harbour crossings not being able to increase their tolls in future and hence requiring continued subsidies by the Government? If the Government has to pay for the repair and maintenance costs in future, could the Government make such long-term commitments judging from its financial position? Is there well-developed road links to the three crossings? From what we have seen, there has yet been such road links and a lot more work has to be done. As for the development of the Central-Wan Chai Bypass, when will it be completed? Will it lead to a bottleneck on the road links and shift congestion to other places?

I wish to point out that given the complexity of traffic diversion involving the three harbour crossings, we must consider it with care and in detail, in order to prescribe the right remedy for the problem. The acquisition of these crossings at low prices hastily may not resolve the problem once and for all, and careful studies are warranted. I hope that an outcome of the consultancy study commissioned by the Government can become available as soon as possible to ensure that public money is put to good use and that acquisition of the crossings, if any, is value for money which can solve the congestion problem.

Meanwhile, I hope that the study will study not only the problems of the three crossings, but also the problems of Route 3 (Tai Lam Tunnel), because drivers can use the toll-free Tuen Mun Road, instead of the Tai Lam Tunnel. The congestion and ageing problems of Tuen Mun Road are actually no less serious than those of the CHT.

Deputy President, as I reckon that the next debate session may clash with my commitment for another meeting, I hope that you would allow me to speak briefly on the areas to be discussed in the next session.

Under global economic recession, in order to maintain our competitive edge, improving the air quality is an important area of work. The policy address this year has devoted 15 paragraphs to the air problem. The most eye-catching proposal is the transformation of the PRD Region into a green and quality living area under the principle of promoting environmental protection and sustainable development, in order to enhance the appeal and competitiveness of Guangdong Province and the PRD Region, and also foster the development of an economy that is based on low pollution and low energy consumption in the PRD Region, with a view to developing a better economy more in line with the principle of sustainable development.

I would certainly throw full weight behind this grand plan, but I am a bit concerned about how it will be realized. It is certainly not my wish to see that the Government can depict ambitious plans but does not have the ability to implement them. It is because in 2002, the Guangdong and Hong Kong Governments set the target of reducing emissions of four major air pollutants by 2010, which is about two years from now. We all know that a lot more efforts are required because we are still very far away from this target. As to what the target will be after 2010, the authorities said that they had just started to conduct studies and they would conduct researches and surveys jointly with the Guangdong Provincial Government on the details of planning and co-operation.

Certainly, I understand that as the Chief Executive mentioned in the policy address, "environmental pollution is another problem that takes more than the efforts of one single government to tackle. Just as it takes international co-operation to fight global warming, we need cross-boundary collaboration to improve our air quality." I agree that as Guangdong and Hong Kong shares the same sky, co-operation with Guangdong Province is necessary in order that solutions can be identified through concerted efforts. However, I do not wish to see the Government passing this knotty problem to the Guangdong Province. Two years will pass very quickly, and I hope that the authorities will seize the time and do not resort to stalling tactics. Moreover, they absolutely must not be lenient with themselves but demanding of the others. It must take the lead to mitigate the air pollution problem in Hong Kong.

I think it is the Government's first and foremost task to review the air quality objectives. I am very glad to hear from the Chief Executive that the Government would tighten the air quality objectives in Hong Kong in stages, giving due regard to the latest guidelines issued by the World Health Organization (WHO). It is wise to adopt the WHO standards for co-ordinating the initiatives taken by Guangdong and Hong Kong. As regards the source of air pollution, I understand that the two power companies have gradually increased the use of natural gas to generate power while reducing coal-fired power generation, and the authorities have also linked the rate of return of the two power companies to their emission targets. I hope that the Government and the two power companies can increase the strength of the relevant measures and step up efforts to look into the feasibility of promoting the use of other clean fuels and renewable energy in Hong Kong, in order to work for a clear blue sky.

Despite that the economy is in the doldrums, the industrial and business sector will absolutely pull no punches in improving air quality. The Cleaner Production Partnership Programme, which was introduced in April this year, has been supported by active participation from Hong Kong businesses in the PRD. The objective of the programme is to change the old operation practices, with a view to achieving greater energy efficiency and environmental benefits.

Regarding the problem of poor roadside air quality, we all know that vehicular exhaust is one of the chief culprits. The Government has plans to make Euro V diesel a statutory standard next year. I agree that the cleaner the fuel is, the less the emission of black smoke or vehicular exhaust. That said, I hope that this will not become a pretext for oil companies to increase their price because, as already pointed out by studies conducted by some academics, the cost discrepancy between ultra-low sulphur diesel and Euro V diesel is very small. In the meantime, despite that international oil prices have been falling, drivers feel that the oil companies are still quick in increasing their prices but slow in reducing them. Every time after the Secretary came forth to make a few comments on oil prices, the oil companies would respond tactfully by lowering their prices, leaving a very bad impression on the people. I hope that the Secretary can come forth more often to make comments, so that the oil prices can be lowered at a greater rate.

Therefore, in order to enhance the transparency of oil prices, I very much agree that the authorities should publish information on oil prices on a regular basis and draw a comparison between the import prices and the Singapore

free-on-board prices. However, I think the authorities should at the same time consider other measures to open up the market, including granting more land and providing additional support facilities, so that the local oil companies can have more choices of oil supply sources, rather than just buying from Singapore. This can be a way to lower the import prices.

Meanwhile, the authorities seem to have remained stagnant in the studies on environmentally-friendly fuels, such as bio-diesel. They said before that this would be made a standard, but it seems that nothing has been done to this end. I believe that technology is rapidly advancing, and I hope the authorities can further promote the use of environmentally-friendly fuels, so that their vows about making this a standard would not turn out to be a policy which is sheer empty talk.

I am also worried about another project, namely, the EcoPark, being nipped in the bud. The EcoPark had been under planning for many years and tenders were subsequently invited but after the results of the tender were announced, there were cases of successful tenderers deciding to withdraw their tenancies or their tenancies being terminated by the Government. So far, two of the six lots in Phase I have not yet been leased out, and the other factories have not yet been completed or brought into operation. I absolutely support the concept of developing the EcoPark, for it can promote recovery, recycling and reuse, which are also innovative industries. I hope that the authorities can seriously review the operation of the EcoPark, enhance its attractiveness, lower the threshold for tenancy and enhance the ancillary facilities. Only in this way can industries and job opportunities be created, which will benefit the sustained development of Hong Kong.

Deputy President, I so submit.

MR FRED LI (in Cantonese): Deputy President, I would first respond to the policies on commerce and economic development and then I would comment on housing issues.

Hong Kong has since the 1990s been developed into an economy relying on one single industry, namely, the service industry (including financial services, real estate services, logistics, tourism, and so on), and the result of relying on one

single industry is that when the global financial market goes into recession, the economy of Hong Kong will become extremely vulnerable to its impact and the first to bear the brunt.

Since the reunification, the SAR Government has proposed the idea of industrial restructuring, but it ultimately ends up with the CyberPort becoming Residence Bel-Air, and the Chinese medicine port, and so on, not even being mentioned by anyone now. In recent years, the policy addresses of Chief Executive Donald TSANG have put emphasis on strengthening the existing industries (such as the Islamic financial platform) and fostering integration with the Mainland (CEPA and the Individual Visit Scheme for mainlanders), and seldom mentioned other ideas of industrial restructuring.

The Democratic Party considers it necessary for the Government to review whether or not the industrial structure in Hong Kong still has a competitive edge and put forward proposals on the directions of industrial restructuring. Take the logistics industry as an example. The container throughput of Shenzhen has been increasing rapidly in recent years. It is reported that the throughput at the Shenzhen Port is expected to reach 24 million TEUs, fast approaching the 25 million TEUs projected for Hong Kong this year. It is also projected that Shenzhen will overtake Hong Kong in a few years' time to become the world's third largest container port (the first being Singapore and the second being Shanghai). The reason why the local logistics industry is gradually losing its competitive edge is the cost discrepancy between Hong Kong and the Mainland.

The Government is still planning the development of the Logistics Park on Lantau and Container Terminal No.10. My worry is that if these infrastructure can be completed only in 2015 or later, I am afraid that Hong Kong's logistics industry would no longer be able to catch up with the development trend of the Mainland then, which would cause the Logistics Park and the new container terminal to degenerate into "white-elephant" projects.

Can Hong Kong catch up with the trend of industrial restructuring in the PRD? Hong Kong is a small port city, and over the last two decades or so, Hong Kong has gradually become accustomed to putting focus on the development of the service industry, thus creating a *modus operandi* of "a shop in front and a factory at the back". But the problem is that the implementation of the Labour Law and the tightening of environmental laws in the Mainland has caused the operational costs to rise, and the PRD is facing a process of the industrial

upgrading. Factories engaging in light industries in the PRD have relocated to places where the costs are even lower and regulation is less (such as inland provinces in China, including Jiangxi, Hunan and Hubei, and countries including Vietnam and Indonesia). Even Guangdong has started to restructure its industries by using the inland area as the "factory" and Guangdong itself as the "shop".

With the reduced production activities in the PRD, it is envisaged that the service industry in Hong Kong will generate less proceeds from such business as receiving and processing orders, co-ordinating production, and so on. Is Hong Kong prepared to meet this challenge? Will we eventually be marginalized by the Mainland?

In my view, Hong Kong can still live on "our past savings" because of our advantages in terms of the judicial system, financial regulation, free flow of capital, and so on, and the development of professional services has been precisely fed by these "past savings" of ours. The high-value-added professional services which stress professional knowledge, such as legal, accounting and audit services, have all along been considered as the advantages of Hong Kong, which are unlikely to be surpassed by the neighbouring regions in a short time. However, these industries do not figure significantly in the Hong Kong economy as they account for only less than 2% of the total value of the local industries. Hong Kong can also try to develop new industries through the development of such services as commercial arbitration.

In respect of attracting investment migrants, the existing Capital Investment Entrant Scheme only allows application by foreign nationals, residents of Taiwan and Macao, and also Chinese nationals who have obtained the right of abode in foreign countries, while general Chinese nationals are not eligible for the Scheme because of foreign exchange control in China. According to statistics, the Scheme has attracted capital amounting to nearly HK\$20 billion to Hong Kong. The Democratic Party proposes that the Government should conduct studies with the relevant mainland authorities on relaxing the restrictions on Chinese nationals, in order to attract more investors to Hong Kong.

In respect of elementary workers, the Government should, as far as possible, assist low-skilled workers in continued employment. For instance, the Government should extend the Transport Support Scheme to all the 18 districts in Hong Kong and also extend the subsidy period.

With regard to the Fair Competition Bill, or the Competition Law in short as referred to by the Government, which will be introduced soon, the Democratic Party has the following views:

Firstly, with regard to the proposal of a maximum fine of \$10 million for enterprises, we would question whether or not this level of punishment will produce any deterrent effect. Let us compare it with similar laws in overseas countries: The maximum fine is AUS\$10 million in Australia, CAD\$10 million in Canada, €20 million in European Union, and US\$100 million in the United States. Even in Singapore and the United Kingdom, the amount of fine is 10% of the company's business turnover for three years, which may be several times of the proposed amount of fine and which is far higher than ours in Hong Kong. The Democratic Party calls on the Government to consider the deterrence of this amount of fine in this Bill to be introduced in the future.

Secondly, about granting exemption to the Government and statutory bodies, the Government proposes that the provisions on anti-competitive conduct will not apply to the Government or statutory bodies. The Democratic Party is concerned about whether this would undermine the effect of the Competition Law. Moreover, will those companies not governed by any franchise agreement or licensing conditions, such as Towngas, be brought under the umbrella of exemption? If they engage in anti-competitive conduct in discharging their duties, the Democratic Party is concerned that they would become totally unregulated.

Lastly, I wish to talk about the Shatin to Central Link, and I think the Secretary is well-versed in it. Proposals about the Shatin to Central Link or MTR or driverless trains are no longer mentioned. I very much hope that the Secretary can expeditiously combine the proposals made by various political parties. The prime objective should be to improve accessibility for residents of Tsz Wan Shan, so that through the transport system, commuters can travel to and from work more conveniently and meet their outbound transport needs. I hope that the Secretary can expeditiously put forward a proposal for approval by the Wong Tai Sin District Council (DC) or the relevant DCs and subsequently seek funding approval from the Legislative Council.

Second, in relation to the facilities mentioned in paragraph 108 of the policy address, I have attended five consultative meetings with tenants of public housing estates in the districts, and many tenants said that they very much hoped

to have these facilities. It seems that the Government will purchase 700 elevators or escalators at a cost of \$900 million. I hope that this initiative can be implemented as soon as possible, because the tenants of many old housing estates have been waiting for it for too long. I wonder if the Secretary knows that in many housing estates, the facilities only go up but not down. That is, the escalators only go up but not down. To the old tenants who need walking aids or sticks, it would become more and more difficult for them to go downstairs and they are, therefore, greatly deterred from going out. There are more and more such housing estates, especially in East Kowloon. I hope that the Secretary will bear with me for saying yet again that I think this is a good measure which I very much support. I hope that it can be implemented as soon as possible to benefit especially the old housing estates. I so submit.

MR CHAN KAM-LAM (in Cantonese): Deputy President, we welcome the policy address this year that has incorporated many proposals made by the DAB to boost the economy, such as developing closer economic ties with Guangdong Province, Taiwan and Macao, development of Lok Ma Chau Loop, and so on. Meanwhile, the DAB also supports the establishment of the Task Force on Economic Challenges by the Government as soon as possible to continuously monitor and assess the impact of the financial tsunami on the global markets and their economies, provide timely evaluation of its impact on the local economy during this trying period, and propose practical and forward-looking strategies for development and specific measures, with a view to turning the crisis into new business opportunities and upgrading our competitiveness.

After four years of rapid economic recovery and growth, Hong Kong is again exposed to the impact of the sub-prime crisis in the United States and the economy is facing another severe winter, while the incident arising from the collapse of Lehman Brothers in which tens of thousands of victims may lose all their savings in one go is no doubt a major warning and lesson to Hong Kong being a highly open market consistently striving to maintain its status as an international financial centre. It is, therefore, necessary for us to thoroughly review the approach long adopted by the monitoring authorities over the years of letting the derivatives products chart their own course in the hope that this can further upgrade Hong Kong's status as an international financial centre.

An advantage of the Hong Kong market is that there is no control of capital flows. We cannot lightly impose many restrictions on the market for the sake of facilitating regulation and control. For this reason, Hong Kong is more vulnerable to financial crises than other neighbouring markets. The DAB urges the SAR Government to identify feasible measures, such as giving consideration to following the practice of the United States of restricting the sale of structured derivatives to options accounts or accounts for qualified derivatives only, rather than allowing these products to be marketed and sold widely in the community.

We consider that Hong Kong, being a financial centre, must fully grasp the development trend of the ever changing financial products in the leading markets in Europe and the United States, so as to know promptly the risks and problems involved. Only in this way can we continuously protect the interests of investors and facilitate the sound development of Hong Kong's financial services market in the long run. For this reason, while it is necessary to actively bring in financial innovation, it is also necessary to put in place adequate market regulation. The DAB stresses that the existing approach of only using the "disclosure-based" principle as the major premise of regulation is inadequate to investors and the market.

Judging from the latest development of the Lehman Brothers incident, among all the distributing banks, the DBS Bank (Hong Kong) Limited (DBS) has somewhat made a breakthrough in the actions taken, because DBS has since last week paid out a certain amount of compensation to individual holders of Lehman notes in substantiated cases of misselling. But in the meantime, holders of the relevant notes, including the Constellation notes of DBS, have been informed by the bank that the asset value of their notes is equivalent to less than 10% or even zero of the capital. The victims were greatly shocked at reading the letter. They felt completely at a loss, and therefore took to the streets immediately.

The DAB requests the Government to instruct banks to be 100% objective and reasonable in assessing the value of the pledged assets of the relevant notes and where necessary, the Government should appoint independent financial consultants to monitor the process. Meanwhile, disregarding whether or not the customers can recover their investment, their right to make further claims against the banks must be reserved.

Deputy President, we must stress that as the Hong Kong Association of Banks has agreed to the proposed buyback of the minibonds, we all agree that some progress has been made. Yet, it seems that nothing has been done for the more than 9 000 holders of ELN. As far as we understand it, some banks which had distributed only the Lehman-related notes admitted that the notes sold by them had not been examined and approved by the Securities and Futures Commission (SFC) and so, these products should not have been sold openly. We were indeed very shocked on learning this news. How did banks exploit the loopholes to divide these products into small parts and then sell them in batches to retail customers? Under such circumstances, what we can see is that there are problems in the monitoring mechanisms of the SFC and the Hong Kong Monetary Authority (HKMA), and these problems are even more serious than the loopholes in regulation initially targeted by us. We urge the Government to give an explanation as soon as possible on how retail banks would sell these privately placed products intended only for subscription by professional investors.

In fact, the Lehman Brothers incident has reflected the loophole that regulation of derivatives is exceedingly lax in Hong Kong, and this is absolutely not a single incident. In April this year, the DAB lodged complaints with and reflected views to the SFC, the HKMA and the Secretary for Financial Services and the Treasury on incidents in which private banks had adopted unscrupulous hard-selling practices to promote the sale of "Accumulator", an over-the-counter derivatives product, without disclosing to customers in detail the actual risks of the product when the price of the relevant stock falls, or even split the contract and sold it to customers not qualified to be "professional investors" in order "for the vessel to set sail", so to speak, and earn a commission from it. However, the HKMA refused to initiate investigation for the complainants on the grounds that these were disputes between the complainants and banks. Therefore, the DAB strongly urges the Government once again to accord the same treatment to cases relating to Accumulator or dishonest marketing practices, and instruct the HKMA to address squarely the problem of violation of regulations in the sale of these products and conduct investigation into these complaints afresh, while instructing banks to negotiate with customers on the settlement arrangement. In fact, according to some incomplete information, the value of Accumulator contracts already sold in the market has reached as much as \$400 billion. Therefore, the Government absolutely cannot brush this aside on the grounds that the people involved are small in number.

In the long term, we consider that the SAR Government must review the current regulatory approach of "two regulatory authorities for one industry". The existing regulatory regime in Hong Kong is most paradoxical indeed, because while the SFC is responsible for protecting the interests of investors, the SFC, in examining and approving the documents and advertisements relating to the products, would nevertheless adopt the simple "disclosure-based" approach where approval is granted as long as the requirement of adequate disclosure is met. And the question of whether or not small investors can clearly understand the product would be the business of the investors themselves. As the level of risks is not subject to examination and approval by the authorities, and the sales documents and promotional pamphlets of the products are approved according to the provisions of company law and the relevant guidelines, the HKMA has no reason not to permit banks to sell the relevant financial investment products. This has led to the proliferation of complicated structured products with extremely high risks in the daily lives of the ordinary public who do not have the ability to understand what these products are and as a result, all sectors of the community are made to pay a huge price. The DAB considers that it is never too late to mend the fold. A review of the mechanisms for approving and selling financial products in Hong Kong can brook no delay.

Next, Deputy President, I wish to turn to the views of the DAB on development and housing. The Kai Tak Development is one of the 10 major infrastructure projects proposed by the Chief Executive last year. Speaking of Kai Tak, everyone would focus on the cruise terminal, and the Chief Executive even specifically reported on the progress of the development of the terminal in this year's policy address. The cruise terminal aside, the development projects in the surrounding areas linked to the Kai Tak Development are also being implemented at full steam. While these projects are not incorporated into the Kai Tak Development direct and may not be as eye-catching as the cruise terminal, this series of projects combined will have a bearing on the long-term development of the entire Southeast Kowloon and therefore merit the same level of attention.

I raised these concerns here because I found that under the Government's planning for the development of these districts, the projects are carried out separately and co-ordination is lacking. Take the zoning plans for Tsz Wan Shan, Diamond Hill and San Po Kong as examples. The DAB welcomes the Government's proposals of setting building height limits, increasing the provision of open space and including non-building areas and setting-back of buildings in

the San Po Kong business area. However, the several new pedestrian links included in the Kai Tak zoning plan are not mentioned in the plans for Tsz Wan Shan, Diamond Hill and San Po Kong, and this has indirectly hindered the integration between new and old districts as well as their development.

We believe that comprehensive and co-ordinated planning should be carried out for new and old adjoining districts at the same time, in order for the development in the new districts to give impetus to the revitalization of old districts. In this connection, in order to more effectively connect the new Kai Tak area with the surrounding old districts, the pedestrian connections in new Kai Tak should be further extended to such old districts as San Po Kong, in order to improve the outbound pedestrian network in old districts, thereby creating a greater synergy between the new and old districts which is conducive to providing a better living and working environment in these localities.

To put it more specifically, we suggest that the rounded elevated walkway proposed in the Kai Tak zoning plan be extended to Prince Edward Road East, the proposed underground shopping street system be extended to the centre of the business area in San Po Kong, the proposed elevated walkway be extended to the open space near Rhythm Garden, and the proposed footbridge be extended to Rhythm Garden. Through extension of the scale of these proposed projects in the new districts, a more convenient and expedient all-weather passage will be provided for the new Kai Tak area, San Po Kong and the adjoining districts, and this will improve the accessibility to these districts by their residents.

Apart from pedestrian connections, the beautification of the Kai Tak Nullah is another example proving that co-ordination is lacking among the development plans for the districts. The Kai Tak Nullah is a nullah passing through the new Kai Tak area and such old districts as San Po Kong and Wong Tai Sin. The DAB put forward a proposal last year to provide specific options for beautifying this Nullah which lies across the new and old areas in Kai Tak. We are very glad to see that the Government has adopted our proposal of revitalizing the section in the new Kai Tak area. However, the Government has not put forward any improvement proposal for the section of the Nullah in the San Po Kong zoning plan. It is indeed inconceivable that different sections of the same Nullah in the old and new districts are given different treatment.

We consider that since the Kai Tak Nullah runs through many districts, planning and improvement works of the Nullah should be conducted as one project. The Government should formulate plans for the Kai Tak Nullah on three major principles, namely, consistent design concept, preservation of the Nullah, and revitalization design and integration with the community, with a view to ensuring the sustained development of the Kai Tak Nullah while at the same time enabling this major infrastructure of Kai Tak Development to proceed smoothly.

Deputy President, I will now express my views on housing for the elderly. I remember that in the motion debate on elderly housing six months ago, I expressed concern about the lack of facilities for the convenience of the elderly inside public rental units and in the common areas, pointing out that lifts are not even provided in some of the old public housing estates and urging the Housing Department to retrofit lifts in these estates as soon as possible. In this connection, the DAB welcomes the proposal in the policy address of retrofitting 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 access.

However, the policy address also pointed out that the number of people aged 65 or above will increase to 2.17 million by 2033, or two and a half times the present figure. From this we can envisage an increased demand for housing among the elderly. The Government must adopt a multi-pronged approach and formulate a more comprehensive and long-term elderly housing policy, including providing incentives to the Housing Authority to build a larger number of small flats to shorten the waiting time of the elderly, and providing more sites to encourage public bodies to develop elderly housing units of different kinds and at different cost levels. Moreover, the Government should map out plans for the development of residential care homes for the elderly, with a view to shortening the waiting time for placement in these homes from 12 to 18 months in a short of period of time in the future.

Deputy President, on the provision of housing to the people, apart from providing suitable public housing to the lower class, the Government has all along relied on a *laissez-faire* policy under the so-called market-led principle. Even the Home Ownership Scheme which is an effective means to respond to the aspirations of the low-income group for home ownership has been shelved. The lower class has long faced difficulties in home ownership. Does the

Government know that this group of people who are not allocated subsidized housing are living in plights? Does the Government really understand the situation?

During the past four years, the real estate market in Hong Kong was ever booming. The price of a flat could cost over \$6,000 or \$7,000 per sq ft, and a small flat of some 400 or 500 sq ft could cost up to over \$3 million. The housing expenses of the public often account for more than 50% to 60% of their income. Even buildings of some 40 to 50 years old in the old districts were not inexpensive, as they still cost nearly \$3,000-odd per sq ft. The price and rent of commercial buildings were exorbitantly high, too. The rent of an office unit, which cost only some \$20 to \$30 per sq ft some years ago, also surged to some \$70 to \$80 last year and some of the units were even more expensive. Office rental in Hong Kong has already increased to a level ranking among the top in the world. The operational cost of business operators has increased drastically, and facing exorbitant rent, SMEs in general are struggling in very straitened circumstances. The financial tsunami from the United States has obviously hit office rental the hardest. It is reported that the rent of commercial buildings has come down by as much as 30% to 40% recently and some units have not even been leased out, while the rent for luxurious residential units has also fallen by a large margin.

Deputy President, we cited these facts mainly to point out that the *laissez-faire* policy on the property market will result in market volatility and adversely affect the people's livelihood and economic development. To people who purchased a flat when property prices are high, their monthly mortgage repayment would put a heavy burden on them, and when property prices plunge, their property would even become a negative equity asset. The market-led principle often stressed by the Government will easily be interpreted as developer-led, because supply in the market entirely relies on the developers, and even when there is an imbalance in the market, the Government would not know how to address it. We think that these phenomena do warrant a review.

Deputy President, I so submit.

MR KAM NAI-WAI (in Cantonese): Deputy President, I am a new Member of this Council and before I took office, the financial tsunami had already struck us. I think I am among those Members of this Council who have met with the largest

number of victims of the Lehman Brothers incident. If Members have seen these victims in the process, they will fully share and appreciate the feelings of these victims whose savings had been swindled by banks. They will fully understand why the banks, which we have long trusted, have become big liars to the public. They will fully understand the great agonies and sorrow felt by us Hong Kong people whose entire savings in banks have suddenly vanished into thin air.

But much to our regret, what did the Chief Executive say in the policy address? What did he say about what the Government should do to supervise banks? The Chief Executive said, "The Hong Kong Monetary Authority, the Securities and Futures Commission, and the Office of the Commissioner for Insurance have strengthened their regulation of financial institutions to ensure proper protection of the public interest." I wish to ask: What protection is given to us Hong Kong people? The Chief Executive said earlier that the minibonds are not bonds, but a complex derivatives product. The Chief Executive said that regulation in the banking system in Hong Kong has been very effective and underpinned by full compliance with rules and regulations. I wish to ask: Why could bonds that are not bonds at all be sold in the banking system of Hong Kong? After the Lehman Brothers incident, the Chief Executive said that we could always take every opportunity to consolidate our system against loopholes, but the life savings, hard-earned money, and "coffin money" of many Hong Kong people may vanish into thin air. Can this incident be resolved simply by this remark of "taking every opportunity to consolidate our system against loopholes"? Why did the Chief Secretary make such an unsympathetic, heartless remark? Why should the money of Hong Kong people be used to pay for the "tuition fees" for the Government?

Last week, we in the Legislative Council passed a motion on assisting the victims of the Lehman Brothers incident. Amendments were also passed to criticize the Government for ineffective regulation. Regrettably, as at today, the Government still has not said that it had been wrong. It has never come forth to tender apologies to Hong Kong people. What sort of a government is this? What is wrong with this Government? A number of colleagues said earlier that the governance of our Government is problematic. Can our Government feel the pulse of the people and understand the sentiments of the people?

Yesterday, the DBS Bank (Hong Kong) Limited (DBS) told many victims that the value of their investment or savings with the DBS is zero. Some time ago, the Secretary openly urged the public not to be worried, saying that many people might be able to recover 60% to 70% of their investment. But the greater the expectations, the greater the disappointment. Why does the Government always disseminate wrong messages to Hong Kong people? As things now stand, we must ask: Why has the Government not punished one single bank for violating the regulations? A fortnight ago we had a marathon meeting in this Chamber. Members may recall that HKMA's Chief Executive Joseph YAM said that investigation would be initiated on some cases within the week. We thought at the time that banks would be punished but now, we realize that this is not the case. What they will do is that the cases, after the investigation initiated by the HKMA, will be passed onto the Securities and Futures Commission for it to conduct an investigation all over again. When will an investigation be initiated? God knows! They have reacted so slowly despite prompt actions are warranted. The many victims are on tenterhooks, but our Government lacks the will and the ability to help them. Can this Government continue to operate? This is indeed questionable.

The Democratic Party proposes that we will strongly urge Although we hold that the Government cannot continue to operate, it remains to be the Government and so, I very much hope that it can immediately punish those banks which have violated the regulations and will not drag its feet any longer. Second, the authorities should immediately deal with those cases in which the victims had purchased DBS's Constellation products by immediately showing them that they are working on some cases and that these banks will be punished for using sales practices that violated the regulations. Third, I hope that the Government will cease to say that they would deal with cases involving elderly aged 65 or more. We must tell the public that banks using unscrupulous sales practices will be punished, and that compensation will be given to victims who purchased these products regardless of their age. This is the most important message. I do not understand why the Government should echo the view of the banks. The banks said that they would give priority to cases involving elderly aged 65 or above, but this is not the role that the Government should play. The role of the Government is to protect all Hong Kong people. The Government should protect not only people who purchased minibonds, but also victims who purchased ELN and the Constellation products. I do hope that the SAR Government can do something for us Hong Kong people.

This is all I wish to speak on the financial tsunami and I would turn to another topic now. While we are facing the financial tsunami, trees in Hong Kong are also facing a man-made tsunami and man-made damages. As Members may know, a fatal accident recently took place at Stanley Main Street and it has aroused an increasingly greater concern among Hong Kong people about the management of trees. A long time ago we did discuss quite often the problems concerning walls on which old trees are growing. There has been a lot of discussion in society and yet, insofar as the protection of trees is concerned, government monitoring and protection has remained inadequate and ineffective, as the Government has still refused to inject more resources into protecting trees.

Legislation on the conservation of trees has all along been lacking in Hong Kong. Worse still, there is not a department tasked to oversee the handling of trees in Hong Kong. The relevant departments have only been working on their own. The duties of inspecting the health conditions of trees and conserving trees are divided among seven government departments, and I repeat, seven departments. How ridiculous is this! These departments include the Agriculture, Fisheries and Conservation Department, Leisure and Cultural Services Department, Highways Department, Housing Department, Architectural Services Department, Drainage Services Department, and Water Supplies Department. I cannot read out their names in one breath. Since the occurrence of the accident involving the collapse of a tree in Stanley, the Government has, in fact, removed a lot of trees. With regard to the Register of Old and Valuable Trees alone, more than a dozen trees on the Register might have been felled. I understand that the Government has removed these trees for the sake of public safety, but some of these trees may only need to be reinforced and may not necessarily have to be removed and yet, the Government has adopted a sweeping approach of felling all of them indiscriminately. The health conditions of trees So long as abnormal conditions are found in a tree, it would have to be eliminated, in order to remove all possible causes of future trouble.

This is not at all a solution that can address the problem at root. If the Government is committed to protecting trees while ensuring public safety, additional resources should be provided not only to enhance daily inspections and measures of tree care. The Democratic Party also suggests that the Government should at the same time draw up legislation on the conservation of trees as soon as possible, in order to preserve trees with ecological value. This, I think, is an unshirkable duty of the Government. On the other hand, our colleague, Mr LEE Wing-tat, mentioned the problem of screen-like buildings earlier, and I wish to

add two points. As we can see, paragraph 90 of the policy address vowed to "make Hong Kong an ideal home", but insofar as the problem of screen-like buildings is concerned, the Government has not proposed specific measures of improvement.

I wish to add two points for the consideration of the Government. In many developed districts and also old districts, many developers who, after buying their sites, would certainly wish to erect mega skyscrapers. We propose that the Government should consider formulating a policy to put in place a mechanism whereby development rights are transferable, that is, a mechanism for transfer of plot ratio, so that in the old districts, the plot ratio for areas to be developed can be transferred to other districts, in order that new buildings in the old districts will not be so tall and closely-packed. Second, I also hope that the Government will introduce an air circulation assessment for all new buildings in future, so that the development of new buildings will not affect the quality of air circulation in Hong Kong, especially in the old districts. These are the two points that I wish to make.

Lastly, I wish to make two points. The policy address mentioned improvement of pedestrian environment. A number of colleagues mentioned paragraph 108 which is about installing outdoor escalator links and elevator systems. While some colleagues said that they welcome the Chief Executive's proposal in paragraph 108 of establishing an assessment system for these facilities, this assessment system is precisely my concern, as I am afraid that it would become an obstacle to the installation of these elevators or outdoor escalator links. There has actually been plenty of discussion in the districts and a suggestion has been made to the Government on the installation of these facilities for the convenience of the elderly and Hong Kong people. However, the Government has often stalled the installation of these facilities by presenting statistics to show that the pedestrian flow is low or questioned their economic benefits. I think if the Government is committed to implementing this measure, it must not focus only on the promotion of economic development. Rather, it must seek to create more job opportunities. In fact, all that the Government needs to do is to consult the various District Councils (DCs) which will then provide a very detailed list to the Government. The Government only has to work according to the list and so, an assessment system would not be necessary.

Moreover, paragraph 107 mentions the footbridge system. I have suggested to the Government that a footbridge system be developed from the Western District to Causeway Bay on Hong Kong Island to provide smooth access for pedestrians. Now, there are footbridge systems only from Central to some parts of Admiralty, and such systems cannot be found elsewhere in the territory. I think this system should be extended.

Furthermore, the Government should also develop a waterfront promenade around Hong Kong Island, stretching from the Western District to the East and South Districts. Many DCs have actually put forward many proposals in this connection and I hope that the Government can give consideration to them.

Lastly, I would like to talk about railway development. I am concerned about the timetable for developing the West Island Line and South Island Line. I hope that the Government can speed up the development of these railway lines and listen to as many opposition views of the residents as possible. Take the West Island Line as an example. With regard to the provision of vent shafts, the nuisance caused by the use of explosives for the tunnelling works to residents, the location of the stations of the South Island Line, and whether or not the full-tunnel model will be adopted for the South Island Line, I hope that the Government will look into the opposition views as soon as possible to allay the concern of the residents, so that it can proceed to developing the West Island Line and the South Island Line at full speed.

Deputy President, I so submit.

DR LAM TAI-FAI (in Cantonese): Deputy President, as a representative of the Chinese Manufacturers' Association of Hong Kong (CMA) in the Legislative Council, I wish to bring in the voices of a group of long-neglected people in the industrial sector and the SMEs.

Immediately after the publication of the policy address, I consulted the views of CMA members. And then in the following days, I attended meetings convened by different manufacturers' associations, professional bodies and the trade to listen to their responses and views. I can tell Members that everyone

from the manufacturers' associations and the trade is gravely disappointed and disheartened to note that the Government has neglected the industrial sector and the SMEs in this year's policy address — they should better be described as outraged and saddened. In the policy addresses of the past few years, the part concerning industry was very small. It is even worse this year because there is no mention of the industrial sector at all and it is completely silent on any policy to develop and assist the industry. Neither is there any mention of the SMEs. In fact, before the publication of the policy address, CMA members and I had met with the Chief Executive and various Secretaries of Departments and Directors of Bureau several times to reflect the situation of the trade and make recommendations. However, the Government has not attached any importance to or taken the matter seriously.

The financial sector was hit by a once-in-a-century crisis this year, and many banks have unexpectedly tightened their credit to the industrial sector as a result. As Members may be aware, many companies have insufficient liquidity. In fact, many SMEs have already run out of capital, on the verge of a major "industrial drought". Without any explanation from the Hong Kong Observatory, I can tell that this major drought is caused by long years of absence of an industrial policy to support the industry's development, leaving it to run its own course.

Recently, a number of Hong Kong-owned factories on the Mainland closed down. Yet, this is only the tip of the iceberg. The trade believes more factories will close down one after another in the future. The present situation is really very pessimistic and severe. After conducting a survey, the CMA projects that more than 10 000 factories in the Pearl River Delta (PRD) will probably close down or cease operation within this year. It is wrong to think that the closure of these mainland factories will have no impact on Hong Kong. Only that people do not feel the pinch until the needle is pierced into their flesh. Factories in the PRD are said to be our hinterland in recent years, and they have maintained an intimate relation with Hong Kong like one of shophouses. While manufacturing is done on the Mainland, major departments responsible for taking orders, marketing, design and finance are still stationed in Hong Kong. Closure of factories on the Mainland will therefore affect the companies in Hong Kong and result in massive unemployment, thereby dealing a serious blow to the economy.

Government revenue will definitely drop, and there will not be provisional tax. In that case, I can also save my effort of fighting for hold-over of provisional tax for the industrial sector.

According to the information collected by the CMA, our prosperous trade, which was attributable to industrial restructuring, accounts for as high as 25% of the Gross Domestic Product (GDP) and employs nearly 800 000 staff direct, accounting for 23% of the total workforce. This shows the importance of industry to Hong Kong.

Deputy President, given the importance of industry to Hong Kong and the difficulties that people of the trade face in operation in the Mainland, why did the Government fail to exert greater efforts to support our development and survival? I am really puzzled by the absolute silence of the policy address on industry. In the policy agenda, the Government has just generally stated that it would strengthen its support to the SMEs and assist them to upgrade and restructure their operations. What will be done to strengthen its support? We can hardly see nor feel it.

(THE PRESIDENT resumed the Chair)

The Government has stressed the need to develop high-tech industries for many years. Is there any other example apart from DuPont as mentioned in the policy address? Are there any cases of successful SMEs? The threshold of the Hong Kong Science Park is really too high for the SMEs, which find entry extremely difficult. The development of the Lok Ma Chau Loop has also been discussed for quite some time, but so far it has been all smoke but no fire. Over the years, the industrial sector has put forward our requests and aspirations time and again, hoping that the Government would formulate a long-term, comprehensive industrial policy, instead of implementing development in an ad hoc manner. The industrial sector eagerly hopes there will be a designated Policy Bureau in the Government to promote industrial development, formulate and review industrial policies and assist Hong Kong businesses to tackle their difficulties with a view to achieving sustainable development.

In fact, the Government is no stranger to establishing special committees. But why did it not establish one to provide continuous support to the industrial sector? Even though the committee concerned would only indulge in empty talks, it is better than being silent. What is most unfortunate is that, not only were our aspirations, both oral and written, neglected by the Government, our difficulties were also addressed only in a passive manner. I just wish to tell Members that whenever our members or the SMEs encounter any difficulties in their operation on the Mainland, they would immediately turn to the CMA, Hong Kong Deputies to the National People's Congress and Hong Kong members of the Chinese People's Political Consultative Conference but not the SAR Government for help. This shows precisely that the trade has probably lost confidence in the Government, not knowing if it can really help.

I agree that both the Guangdong Office and the Beijing Office have done their very best, but they mainly play a consultative role. Very often, it was not until the trade had expressed its response and opposition to some newly introduced regulations or policies that they would relay our views to the mainland authorities, instead of pursuing or seeking conciliation for the trade before any policy or regulation is introduced. The trade and the CMA have wasted too much time and effort making contacts with the mainland authorities in recent years, explaining the impact of the new regulations and policies on the survival and development of our trade, as well as pursuing an amendment or even the shelving of such regulations and policies. As a result, many people of the trade have failed to concentrate their effort and resources on the restructuring and upgrading of their operations.

In fact, the difficulties currently faced by the trade arose not from within, but were attributable to the external environment and policy implications. Without the support and help of the Government, it is downright impossible for us to cope with or resolve these problems. With the banks' tightened credit policy, for example, nothing could be done by the SMEs. Worse still, despite the poor market condition, The Link REIT insisted on increasing its rental. Without mediation by the Government, how are the SMEs able to respond to it? The slogan of this year's policy address is "Embracing New Challenges", but given the gloomy future, how can the manufacturers face new challenges and turn crises into opportunities when they could hardly keep their business afloat?

In many places overseas, even though both the financial and service industries may have achieved healthy development, efforts are still made to strive to promote industrial development in the hope of achieving a balanced economic development. Therefore, our Government should make reference to successful experiences and precedents in order to promote local industrial development, and look squarely at the long-standing aspirations of the industrial sector and the CMA — unless we all consider Hong Kong does not need the industrial sector anymore.

When the Government learnt that many SMEs were on the verge of closure, it was like a knock on its head. It then accepted the CMA's recommendations and announced the introduction of an improved SME Loan Guarantee Scheme and enhanced credit insurance. Frankly, though a belated understanding, it is better than nothing. Being the representative of the CMA in the Legislative Council, I am very grateful for and supportive of the Government's response this time around. Nonetheless, I hope that those initiatives can be implemented as soon as possible. To fight this "industrial drought", however, the implementation of these measures alone is not enough. I therefore earnestly hope that the Government will expeditiously formulate a comprehensive — including short-term, medium-term and long-term — support and development plan to revitalize the factory zone and factory buildings. If the Government still does not attach importance to the industrial sector and remain silent, industries will soon disappear from Hong Kong. I can tell Members that the unemployment rate will then rise significantly, and it will be very difficult for the community to develop in a harmonious manner. What is more, the industrial sector will also lose hope in the Government. I therefore implore the Secretaries of Department and Directors of Bureau to give due audience to the voices of the CMA and me.

President, I so submit.

MR ANDREW CHENG (in Cantonese): President, on behalf of the Democratic Party, I will speak on the part concerning transport in the policy address. President, there are five transport issues which I hope Secretary Eva CHENG will deal with in the next few years of her tenure of office.

Both CHEUNG Man-kwong and I find that a remark made by Dr LAM Tai-fai just now was very interesting, and that is, "it is better to blow some hot air than to remain silent". What a succinct remark. If there is anything that Honourable colleagues would want the Government to do, but it turns out that there is no mention in the policy address, I think this remark can aptly apply.

What I wish to discuss in the first place is, of course, the tunnel issue. President, it is not that the Secretary has failed to mention the issue or the Chief Executive being completely silent on it. Rather, it is because the mention of the tunnel congestion problem this time has made us even more worried. It is not as simple as blowing hot air for the Government stated that a consultant would be commissioned to look into the problems of traffic congestion and uneven distribution of traffic among the three tunnels.

First of all, the Democratic Party strongly opposes the Government to use public money again to commission consultants to do something which this Council has been discussing all these years President, I believe we have spent nearly 10 years — at least eight even if it is not 10 — discussing the uneven distribution of traffic at the tunnels. We have talked with different Secretaries of Department a long time ago I recall that from the era of Nicholas NG to that of Dr Sarah LIAO, and now Secretary Eva CHENG, it has been our earnest hope that the Government would, in respect of the tunnel issue This Council has reached a major consensus that the Government should either buy back the ownership of the tunnels or extend the franchise period, or enter into a joint venture with the tunnel companies.

With regard to these options, I certainly understand that there is a need to commission a consultancy again to consider Honourable colleagues, Secretaries of Department or Directors of Bureau present at the meeting would understand that, the consultancy commissioned to do the job would certainly have to find out what its client wants, and what and how it is supposed to write the report. The Government will definitely deny that there is a predetermined stance. But frankly speaking, we are all adults and we know very clearly how consultancies operate in the government framework.

So, I am worried that the Government is using the consultancy as an excuse for further procrastination. The franchise of the Eastern Harbour Tunnel (EHT) is due to expire in eight years. Should the Government allow the issue to drag

on by spending another year on the consultancy report, to be followed by another two to three years on the implementation of the report, the franchise would have expired then. While the EHT will continue to have traffic congestion, the situation at the Cross Harbour Tunnel (CHT) will be even worse.

At the briefing on the policy address There is a major difference between the Secretary and I, and that some of the Secretary's remark I personally consider the Secretary a very humorous person. I wonder why she made so much pretence when issues over which we have divergent views were discussed at the meetings. Obviously, she represents the Government and she is a good Secretary in the sense that she would do everything to defend government policies. She even said on that day that the tunnel issue could not be resolved by simply quoting a price at will, neither was it ideal theorizing.

President, I do not consider this remark conducive to a good executive-legislature relationship. She implicitly and even explicitly advised that Members should not think that they could say whatever they wished. Just as Dr LAM's earlier remark about "blowing hot air", the Government would certainly respond by saying that the purpose was not as simple as to blow hot air. The conclusion was drawn after consideration. However, as we all know, the Legislative Council is subject to many restrictions under the Basic Law. Given these constraints, it is impossible for me to propose a private bill to request the Government to buy back the tunnels. Only the Government can take actions, and we can do nothing but to monitor the Government and make suggestions to it. I had used a little of my limited resources to conduct a research to calculate the buyback price, but the Government threw a wet blanket on me by saying that we had said whatever we wished and it was little more than ideal theorizing.

Therefore, President, I wish to take this opportunity I am now standing to say whatever I wish as usual. This year, I have changed a seat which I have never taken before. I always think this is a very good seat in the Chamber, so when Members of the Democratic Party were asked to choose our seats, I indicated my wish to take this corner seat which would give me a full view of the entire Chamber. I am very happy with this seat and also because I can leave quicker — I may leave when the speeches make me feel unhappy — What is more, I am now able to see the response of every Member and even student or member of the public in the public gallery.

Although we can speak freely in this Chamber, I do hope the Government will understand, being the Vice-Chairman of the Panel on Transport — I used to be the Chairman — I hope the Government will understand that we are sincere to work with the Government. Therefore, President, my suggestion is not made off the cuff. I am going to quote some figures and I hope that the Secretary I can see that the Secretary is jotting notes very seriously, so I hope that she will jot down the figures that I am going to quote.

Actually, these figures were mentioned before during the Question Time, but there was not enough time. The per capita Gross Domestic Product (GDP) — (Secretary for Financial Services and the Treasury, Prof K C CHAN, was also present) is used to assess the loss of productivity for each person in every minute due to traffic congestion, the annual waiting time in a tunnel, the social cost incurred and the productively loss caused by traffic congestion. I just cite these freely, but I do hope that the Secretary would not say they are just empty words.

Information shows that every employee in Hong Kong works for around 2 100 hours per year and the current per capital GDP is approximately \$240,000. In other words, each minute probably costs \$2, meaning that our work, on average President, the cost is certainly much higher for you as your salary is double that of ours. The cost certainly varies with the salary, but it is approximately \$2 per minute.

I reckon that traffic congestion is the most serious at the CHT. According to my conservative estimation, probably 40 000 to 50 000 people suffer from traffic congestion on buses and private vehicles, for instance, every day. Since 50 000 people working one minute will yield \$100,000, so a daily traffic congestion for one hour — which is very common for the CHT — will cost \$6 million. Even if traffic congestion does not occur every day but just 300 days a year, it still costs as much as \$1.8 billion. President, in other words, it incurs a daily social cost of \$800 million to \$1 billion and even \$2 billion. And yet, this is not paid by the Government direct, but probably shared by each and every member of the public, SME, and even an employer in terms of loss of productivity due to workers being late for work.

Many academics or economists will certainly consider the Democratic Party's computation unreliable for we know nothing about economics. Frankly, this calculation method If my memory has not failed me, I had asked the

Hong Kong Observatory if the same calculation method applies when typhoon signal No.8 is hoisted when people need not go to work. Academics and economists certainly have different views on this, so do lawyers, right? There are divergent views in society, and this is one example only. It is hoped that the Government can be convinced. Should government action be postponed for one year, it will incur hundreds of millions of dollars of social cost, discounting the medical cost incurred by air pollution that traffic congestion has caused, which is intangible.

For this reason, I hope the Secretary will understand that since the buyback proposal, extension of franchise and tunnel issue have been discussed for so many years, no further delay should be allowed. This is the first point.

Secondly, it is the taxi issue which aroused a heated debate here yesterday. President, this is a pressing issue. Yesterday, members of the taxi trade came to this Council. President, Members who have watched the news should realize that there are divergent views within the taxi trade but not among Members. And among the numerous livelihood issues, it is on this issue of transportation that different political parties and groupings have uncommonly reached a consensus. It is unlike the constitutional issue on which no conclusion has been drawn despite numerous suggestions of how universal suffrage should be implemented.

Insofar as transportation, taxi fare bargaining and paying taxi fares recorded on the taximeters are concerned, all political parties consider that the Government should expeditiously enact legislation to deal with these matters. Subsequently, the principle of raising short-haul fares and lowering long-haul fares was also endorsed by different political parties and groupings. The biggest controversy now is how the amendment law should be introduced to deal with the issues of fare bargaining and long-haul fare reduction, and to combat the discount syndicates. It is no easy task, President, so I hope that the Secretary Certainly, it is also hoped that with the recruitment of so many Under Secretaries — there was the appointment of an Under Secretary and a Political Assistant, together with a large number of staff tasked to do research in various Policy Bureau. I hope that the authorities will exert greater efforts to tackle, in particular, the issue of paying taxi fares recorded on the taximeters. This is what many advanced cities around the world are actually doing. Tourists are most unwilling to get on a taxi that the meter is not working, President, because they will feel frightened. What is more, tourists may be charged an extremely high

fare on arriving at the destination as a result of communication breakdown. This is the last thing that Hong Kong, being a cosmopolitan tourist city, would wish to see, where passengers bargain the taxi fares or not paying the fares recorded on the taximeters.

The third issue is even more serious, President, and it is about the retrofitting of platform screen doors (PSDs). President, during the discussion on the rail merger, I was sitting there facing the then Secretary Dr Sarah LIAO. The debate went on for a few days. Certainly, the toilet issue is still outstanding, right? But I am not going to talk about it today as it is, after all, rather disgusting. To me, the issue of PSDs is more serious.

I am going to quote some figures for the Secretary's information again. The figures were supplied by the Transport Department and can be ascertained, but they only cover the period from 2000 to 2006, well before 2008. During the six years to 2006, 24 people died after falling from MTR platforms onto railway tracks, whereas it is 17 for the East Rail. In other words, they have taken a total of 41 lives as at 2006. According to my rough estimation of the relevant figures for the two railway corporations between 2006 and 2008 I asked my personal assistant to check the number of outstanding platforms where PSDs have yet to be retrofitted, and the result is there are still 30. If my memory is correct, over the past two years, another eight or nine people died after falling from these 30 platforms which have yet to be retrofitted with PSDs. It means that from 2000 to 2008, 50 people had fallen from the platform without PSDs and were killed by the trains.

President, the financial tsunami has indeed created many personal problems. I am not saying that many people would commit suicide. But why did the Government not request the MTRCL to expeditiously retrofit the outstanding PSDs if it is aware that this is a serious problem, thereby allowing so many passengers jumping onto the railway tracks to commit suicide when they lose their mind on the spur of the moment or being shoved Among these 50 lives, President, some were actually shoved onto the railway tracks because of overcrowdedness. These were genuine cases. Therefore, President, the figures are there. I have just looked up some Legislative Council papers, and as we all know, the newly commissioned West Rail (WR) is fitted with PSDs, but not for the Ma On Shan Rail (MOSR). Do Members know the justification given at that time?

President, the justification is not funny at all, but actually quite saddening. Why would this be used as a justification in this modern society? The justification was the WR has a perfectly straight platform — meaning as straight as a pen instead of "not straight" as it sounds to the President. Given the straight platform, the gap is so small that PSDs can hardly be retrofitted. The MOSR was also built by the authorities. It is true that some of the railway tracks are winding, but the authorities can straighten it by all means. It may not be perfectly straight, President, but our great Motherland will soon be able to send people to the moon. While men had flown to the moon three or four decades ago, the authorities were still saying that the failure to retrofit PSDs was attributable to the failure to straighten the winding platforms. What kind of reason is this, President? I hope that the Secretary will understand that we are all in grief, and do not wish to any more people losing their valuable lives because of the absence of PSDs.

The fourth point also relates to human lives, President, and that is the legislation on vehicle reversing. There is a very strange thing about the news of vehicle reversing in Hong Kong. President, whenever someone was killed or injured in a vehicle reversing accident, such accidents would then come in a row. This is exactly what we saw in those days, and the Government did promise to introduce legislation as early as possible. Legislation is necessary for vehicle reversing. With regard to this point, I agree that this Council has not reached a general consensus as Members representing the trade consider that some vehicles, say, box-type lorries, are too big and the drivers may not see very clearly.

President, I agree that some vehicles may not be brought under regulation so soon, but it is hoped that the Secretary will expeditiously try to do as much as possible. In view of the ageing population, there will be more and more elderly people in our society. If a driver fails to see clearly, or the vehicle concerned does not make any sound We have suggested that not only a beep sound should be made, but also pre-recorded, trilingual warning messages, like "mind reversing vehicles" in English, Putonghua and Cantonese.

I have seen an elderly person stopped and stood behind a light goods vehicle at hearing some delightful music, probably Tchaikovsky's, trying to locate where the music came from. Without the music, he would have been knocked down. This is the scene which I have seen with my naked eyes in the community, and the issue has been raised with the Secretary.

Different countries and regions Nowadays, many vehicles give messages in Japanese, which is very interesting. I wonder if Members know that some Japanese-manufactured vehicles give a Japanese message when reversing. We have no idea what the message is about, but we only know that the vehicle is reversing. Therefore, legislation will achieve the purpose.

President, last of all, the fifth point is about sectional fares of buses. In the face of a gloomy economy and the onslaught of the financial tsunami, I believe, in the next eight to 10 years, Hong Kong will certainly face I hope my forecast of eight to 10 years is wrong, but at least in the next five years, I believe Hong Kong people will have to tighten their belts. Among clothing, food, housing and transportation, transportation is the fourth. But it is known to all that its cost is the highest. Railway fare is exorbitant. Yet, forget it, for the MTRCL is the dominant market player. The existence of a number of bus companies, however, enables competition to take place, whereas the Transport Department will play a regulatory role. I hope that serious consideration will be made by the Government which is also the consensus of different political parties and groupings. During the Legislative Council Election, I had seen a very large banner of James TIEN of the Liberal Party put up at the exit of either the Tate's Cairn Tunnel or the Lion Rock Tunnel, carrying the words "Support Sectional Bus Fares". I felt very glad because if the Liberal Party and the industrial and commercial sector were also in favour of the sectional bus fare proposal, it should not meet with much opposition.

Therefore, I hope that the Secretary will study the matter. We have made a lot of suggestions, so would the Secretary please stop using such excuses as payment by Octopus card being too troublesome simply because passengers have to swipe the card at the reader when getting on and off the bus. I think this is not an argument at all. Representatives of bus companies had really said that when they came to this Chamber. I, however, do not consider this tenable, President.

President, we used to pay sectional bus fares when we were young. The only difference is we had conductors in those days, right? Nowadays, quite a number of modern societies or cities are charging sectional fares. The Secretary would probably say that there are sectional fares in Hong Kong, too. The point is each section covers a large area, and the bus would usually move on to another section after crossing the harbour tunnel. Take Hong Kong Island as an example. Some people may choose to ride on a tram for a few stops. It is

possible that they may also ride on a bus for a few stops The bus companies may gain rather than lose as a result. Under a gloomy economy, members of the public, especially employees who need to take a bus ride, would prefer paying sectional fares because they may save more money, though a mere 10 cents.

President, I hope that the Secretary will respond to the five issues mentioned by me. Insofar as the transport policy is concerned, it is hoped that the Secretary will act accordingly in the years to come and make it a benevolent measure of the Government. Thank you, President.

MS MIRIAM LAU (in Cantonese): President, about one month before the Chief Executive released this policy address, the bankruptcy of Lehman Brothers in the United States raised the curtain of the recent financial tsunami, forcing the title of this year's policy address to make a last-minute change to "Embracing New Challenges". This direction is right, but the Liberal Party considers that in the face of the difficult challenges associated with the economy and people's livelihood ahead, particularly the recent financial tsunami which is a crisis of the century, this policy address still has plenty of room for improvement. The Liberal Party therefore considers this policy address is just "barely passed".

In fact, the Liberal Party and members of the public do share more or less the same view. Between 16 October and 24 October, the Liberal Party successfully interviewed 1 299 people using tone dialling telephone. The result showed that 46.6% of the respondents were dissatisfied with this policy address and 53.7% considered it unreasonable for being silent on the provision of support to SMEs. Only 20.9% of the respondents considered it reasonable.

The significant impacts of the financial tsunami have gradually surfaced and caused damages across the city. Chain stores, enterprises and shops have failed and closed down one after another. Worse still, many SMEs are caught in a predicament due to the credit crunch by banks, on the verge of closure. So, the Government must make timely and more efforts to save the economy and the SMEs, and promote employment.

The Liberal Party has been busy liaising with the trade in these few days, and requesting government officials and the Hong Kong Association of Banks to rescue the SMEs by immediately making credit facilities available. If not, the SMEs would die of thirst, like those representatives who petitioned outside the Legislative Council Building this morning, leaving nothing but skeletons. I strongly agree with the remarks made by Joseph YAM, Chief Executive of Hong Kong Monetary Authority (HKMA), that banks must ride in the same boat with the SMEs. The boat would sink without the supply of water by banks, and this will hurt both parties. After all, the SMEs still enjoy a 50% credit guarantee from the Government. There is no reason for the banks to tighten their credit facility. Later on, Mr Vincent FANG will further elaborate on the Liberal Party's stance on supporting the SMEs.

We welcome the Chief Executive's fresh announcement on the establishment of a high-level committee, the Task Force on Economic Challenges, to deal with the problems arising from the financial tsunami and look for new opportunities for our economy, but we hope that it will genuinely consider what assistance should be given to different sectors of the community so as to help Hong Kong turn the crisis into opportunities. Efforts should be made to avoid by all means ending up with just two industries, namely finance and real estate, in Hong Kong.

President, this financial tsunami has also made a large number of innocent victims of the Lehman Brothers incident. The majority of them were lured into buying high-risk investment products not in an informed manner, having no idea of what they had actually bought. It was only until yesterday that these victims were informed by the DBS Bank that the products they bought were now worthless. I guess they should feel very puzzled. Many victims really cannot figure out why their hard-earned savings of hundreds of thousand dollars, though not plenty, would disappear all of a sudden after being put into investment.

The Liberal Party hopes that the Government will make every effort to help these victims claim their rights. The best way is to expeditiously establish an independent mediation body that has credibility, so that the victims could obtain compensation without going through protracted proceedings in court. In case a settlement cannot be reached, the Government should render full support to the Consumer Council to claim compensation for the innocent victims using the Consumer Legal Action Fund.

The Liberal Party's stance is crystal clear. All investments bear risks and every investor should bear the necessary responsibility regardless of the gain or loss of the investment concerned. However, having said that, many victims of the Lehman Brothers incident are elderly people with low educational attainment who know simply placing fixed deposits in banks. All of them are conservative investors, but it was this group of people who suffered losses in this incident. Therefore, the authorities should conduct a thorough review and plug the loopholes in regulation, for instance, to prevent such complicated derivative products from being sold to innocent bank account holders so easily. Furthermore, the sales practices adopted by banks to sell non-interest bearing financial products must also be subject to stricter supervision.

What is more, the CITIC Group had suffered huge losses from buying currency accumulator and its stock price took a nosedive the other day. As there were many doubts in the incident, the image of Hong Kong as an international financial centre was also tarnished. We therefore consider that the Government should expeditiously inquire into the incident. Only with good supervision of the financial sector can we prevent Hong Kong's reputation as an international financial centre from being undermined, and protect our economy from further damages.

President, the economy and people's livelihood are interrelated. In times of economic downturn, the Government should take better care of people's livelihood, and support should be given to the grassroots and the middle class in particular. While the basic rate of inflation of September finally dropped for the first time in more than a year, it still stood at 6.1%, whereas the prices of food, which affect households at the grass-root level most, also remained high. For instance, the price of rice has increased by 59.3% over the same period in 2007, so do beef and pork, which have also increased by 23% and 22.2% respectively.

Originally, the theme of this policy address was precisely about high inflation and relief measures for the people because it is believed that the phenomenon of high inflation would last for some time. However, given that economic recession is around the corner, the Government must do everything to relieve the difficulties of the lower and middle classes. For this reason, the Liberal Party thinks that the Government should continue to grant rates relief and rates concession for Government rent in the coming year, negotiate with the MTRCL to extend the monthly ticket scheme, and proactively resolve the

problem of different toll levels and uneven distribution of traffic flow amongst the three harbour crossings. These are helpful to relieving the financial pressure of the general public.

The middle class, on the other hand, also has a very hard time in the financial tsunami. Unfortunately, their voices are often not heard. This policy address is actually completely silent on support for the middle class. The Liberal Party therefore considers it necessary to speak for them.

Take the Employees Retraining Levy (ERL), which is commonly known as the "levy on foreign domestic helpers (FDHs)" as an example. The Liberal Party is the first political party — a few years ago — to suggest the Government to completely remove it. Although the Government has now temporarily waived this levy for two years, not all FDH employers could benefit from it. It all depends on the contract. Employers could only enjoy as long as 47 months of levy waiver with careful calculation, which is indeed a headache to many FDH employers. Moreover, the ERL has accumulated as much as \$4.9 billion and it should be sufficient to pay for the necessary expense of local retraining. There is no reason for continued collection for this would impose a heavier burden on the middle class. So, we eagerly hope that the Government would take heed of public views and remove this levy once and for all as in the case of the proposed increase in "fruit grant".

President, the unfolding financial tsunami has not only caused the stock market to plunge, it has also affected the property market. I think Members would still remember the painful lesson of the 1998 Asian financial turmoil when a large number of negative asset owners emerged. To pre-empt the recurrence of similar incidents, we welcome the initiatives proposed in the policy address to stabilize the property market and protect the interests of the middle class by not selling land at dirt cheap prices.

Now, I wish to express some views on the toll levels of the harbour crossings. For many years, there have been different toll levels and uneven traffic flow amongst the three harbour crossings, namely the Cross Harbour Tunnel (CHT), the Western Harbour Crossing (WHC) and the Eastern Harbour Crossing (EHC). This has not only increased the burden of the public and the trade, CHT users also have to endure serious congestion every day. Worse still,

public resources were not properly utilized. Members of the public really hope that the Government could expeditiously resolve this long-standing problem.

Three years ago, the Government finally put forward a number of proposals to resolve the problem of uneven distribution of traffic amongst the tunnels, and consultation was also conducted. The Government subsequently stated that it would liaise with the EHC and the WHC companies to see if an extension of their franchises would in return result in a reduction in toll. However, the discussion has dragged on for three years, but so far the Government has not given a reply. We have therefore commissioned a consultancy to conduct another study — I wonder if I should feel agitated or find it laughable. I can see that Ms Audrey EU is smiling. I really do not know whether I should feel agitated or find it laughable — I eagerly hope that this problem can be resolved because it has been discussed for three years and bogged down for the past eight to 10 years. I do not want to wait another eight to 10 years, and yet, without resolving it. If it is really necessary to prepare a consultancy report, I eagerly hope that the possibility of implementing a pilot scheme would be explored to see what would happen to the traffic flow should the toll be reduced. Discussion would then be conducted, basing on these figures, to consider whether the franchises should be extended and for how long. Only by so doing can we obtain some practical figures. I genuinely hope that this is our last discussion and we do not need to wait another three years. There is no use preparing any other consultancy reports.

In the short run, pinpointing the traffic congestion at the CHT, the Government could explore with the operator of WHC all viable measures to encourage vehicles to switch to the WHC. For instance, to encourage taxis and public light buses not carrying passengers to use WHC by offering toll concessions. This will increase the traffic flow of the WHC on the one hand, while relieving the pressure of the CHT on the other as the traffic flow of the WHC increases. In addition, not only can the pain of traffic congestion suffered by drivers be relieved, the operating cost would also drop as a result. This is actually killing several birds with one stone.

President, I wish to talk about the logistics industry. While the emphasis of this policy address is to turn crisis into opportunities, it also mentioned the need to reinforce the financial sector. However, in this policy address, the Chief

Executive has not suggested any policy to consolidate our presently shaky position as an international shipping and logistics centre, a pillar of our economy, too. The shipping and logistics sectors are very disappointed about it.

The major problem currently encountered by the shipping and logistics sectors is the rising operating cost. The situation is particularly acute when the additional security cost incurred by the shipping and logistics sectors continues to rise as a result of the heightened need to guard against international terrorist acts and for cargo security. Certainly, the persistently high oil price is another factor that bothers the two sectors. Following the SAR Government's negotiation with the mainland Customs General Administration and the Guangdong provincial authorities, certain costs have been slightly cut down. Among the achievements made are the relaxation of the "one-truck-one-driver" rule and the "four-up-four-down" rule. The actual cost saved is nonetheless negligible. In order to substantially cut down the cost of the industry, greater effort is necessary. Even though the cost has been reduced this time, the amount actually fails to offset the increase in security cost. The effect is, after all, not great.

In my opinion, the most effective and immediate measure is to rationalize the insurance premiums and vehicle examination fees payable by cross-boundary vehicles to the authorities of the two places. To regulate cross-boundary trucking enterprises, the Guangdong authorities currently charge the relevant Hong Kong-Guangdong joint-venture enterprises (JV licence holders) a licence fee or commonly known as "licence quota fee". Since mainland trucks are not required to pay such a fee, their operating cost is therefore comparatively lower than the JV licence holders and this has seriously undermined our competitiveness. In fact, after reunification, the regulatory systems of vehicles of the two places should be rationalized to align the operating costs of the two places, with a view to enhancing Hong Kong's competitiveness.

Apart from lowering the freight cost, enhancing the efficiency of clearance at the boundary control points is also an important element to strengthen the competitiveness of our shipping and logistics industries. The Customs and Excise Department is now actively setting up an electronic advance road cargo information system to provide a seamless platform for cargo clearance, with a view to enhancing the competitiveness of the logistics industry. The system is expected to be launched in 2009. In recent years, the mainland customs authorities has also introduced a series of measures to promote convenient

customs clearance, for instance, the adoption of the unified road cargo manifests and the mutual recognition of Customs green seals. These have enhanced the efficiency of customs clearance, and are generally welcomed by the trade. However, the two places have yet to achieve sharing of electronic customs declaration. The sharing of declaration would enhance the effectiveness of the system, such that the ultimate goals of standardized electronic customs declaration and a common electronic platform can be achieved. Despite that a plan has been drawn up, the failure to achieve a common clearance platform between the two places has rendered it possible only theoretically, but not in practice. For this reason, it is hoped that Hong Kong will make an effort to negotiate with the mainland Customs so that the platform is genuinely mutually acceptable and beneficial to the industry.

Apart from freight costs, another issue of concern is the nurturing of shipping and logistics talents. Following the rapid expansion of passenger services in the Pearl River Delta (PRD) Region in recent years, coupled with the rapid development of tourism in Macao, the demand for high-speed ferry services has increased significantly. Nowadays, the fleet of high-speed ferries in Hong Kong is almost the largest in the world. This is not only a feature of Hong Kong, but also our pride.

However, the authorities' decade-long neglect of training of maritime talents has resulted in a serious shortage of manpower with such qualification despite the introduction of the Sea-going Training Incentive Scheme in 2004, which aims at enhancing the supply of local qualified personnel with seagoing experience to work in the maritime industry. Furthermore, there is now a succession problem in the high-speed ferry fleet. Should the problem continue to deteriorate, not only will the operation of high-speed passenger ferries be affected, so will the development of passenger services in the PRD Region, which is detrimental to integration in the PRD Region.

What is more, the succession problem is also found in the local maritime industry. According to the trade, new entrants and serving staff are required to receive on-the-job training from time to time. But the one and only Maritime Services Training Institute (MSTI) in Hong Kong fails to organize pre-employment and in-service training courses for the trade. Very often, the MSTI would open courses only when the number of trainees reaches a certain level. As a result, potential entrants who were unwilling to wait turned to other job opportunities instead. Also, the arrangement of on-the-job training for

trainees was made more difficult. The trade therefore suggested the Government to provide more resources to the MSTI so as to enable it to organize pre-employment and in-service training courses on a regular basis. I hope that the Government would expeditiously adopt our suggestions to revive the transport industry, a pillar of our economy, which would be conducive to promoting overall economic development and hence creating more job opportunities.

President, Hong Kong will face many tall challenges in respect of the economy and people's livelihood in the coming days. In order to tackle them properly, there are some basic requirements which we must not forget, and that is, to adopt proactive measures to maintain the vitality of different sectors, to stabilize the SMEs and the job market, as well as to provide timely assistance to relieve the financial pressure of the people. Only through all this can we genuinely achieve the theme of this policy address, that is, properly meeting the new challenge posed by the recent financial tsunami.

President, I so submit.

MRS REGINA IP (in Cantonese): President, this is the first time I take part in a policy debate as a Member, and I feel very excited.

As many people have asked me to guess whether or not this year's Motion of Thanks can be passed, I have therefore undertaken some studies to gain an understanding of the background of the Motion of Thanks debate. With regard to the information I have gathered, I believe many colleagues should know better than I do. Why does Article 73(4) of the Basic Law stipulate that the Legislative Council of the Hong Kong Special Administrative Region (SAR) can receive and debate the policy addresses of the Chief Executive? Because, before the reunification, it used to be the tradition of the British Government for the Governor of Hong Kong to deliver the policy address. Then why was there such a tradition for the Governor of Hong Kong? It was certainly a tradition inherited from the British Parliament, the Mother of all Parliaments, where the throne, that is, the Queen, would deliver a Speech from the Throne in the House of Commons every year at the beginning of the Legislative Session. The speech, of course, would outline the legislative programme of the new session. It is, however, not drafted by the Throne, but by the ministers. The Throne needs only read it out.

Given the ruling party system of the United Kingdom, after days of debate on the Speech from the Throne — the debate is also expected to last for a few days in the British Parliament like us — endorsement would generally be obtained.

In other words, our case is very special because our policy debate has all along been conducted in a Westminster style in the absence of a Westminster-style parliamentary system. Without the backing of a ruling party, as Members may be well aware, Motion of Thanks of the past years had failed to pass the Legislative Council. I told my former colleagues in the Government not to take offence at issue on whether the Motion of Thanks was passed or not. This is, after all, a formality. The most important point is that the Chief Executive's policy address is thoroughly debated.

President, I am going to speak on the economic strategy proposed by the Chief Executive of the SAR Government in the policy address. The first point is that the SAR Government has not suggested any new economic strategy at all. This is the Chief Executive's third policy address since he took office, but the initiatives that he has proposed to promote economic development are little more than strengthening certain industries or pillars, to the neglect of the consensus reached by all economists of late. To enhance the value of an economy, simply promoting a few leading industries is not enough. Only by increasing the knowledge content of the economy and turning it into a knowledge-based economy can we improve the people's standard of living in the long run.

I am very grateful to see that both the Financial Secretary and Prof CHAN are present. I had better not try to show off before an expert as Prof CHAN should know much better than I do. Studies conducted by either the recent Nobel Laureate in Economics, Paul KRUGMAN or academics studying economic development, such as Paul ROMER, have proved that among the three major elements promoting economic growth, which are traditionally referred to as labour, capital and technical progress, knowledge has become a more and more important component. I believe our State is fully aware of this. Therefore, in the National 11th Five-year Plan, heavy emphasis has been put on scientific development and self-innovation in the notion of economic development. After reading the Chief Executive's three previous policy addresses, I discovered that he is not only slow and unresponsive, but has been completely silent on what a

knowledge-based economy is and how economic efficiency can be enhanced by genuinely working our way up from the fundamentals. I can say that he is actually totally unaware of these.

With regard to this point, I would like to highlight in passing a report on Hong Kong's competitiveness for the information of a few senior government officials and Members. Sometimes, the SAR Government would be very excited to inform members of the public that Hong Kong was again ranked second to none in the reports on economic freedom released by the Heritage Foundation and the Canadian Fraser Institute. And yet, we have never seen the Government informing us that Hong Kong has dropped one place from the 12th to the 11th in the Global Competitiveness Report released by the World Economic Forum for the year 2008-2009. For me, a mere drop of one place is no big deal, and I could not care less about the ranking of the overall economy, or that released by universities.

It should however be noted that, as described in this detailed report, an assessment of economic competitiveness can be divided into three levels: firstly, the basic requirements; secondly, the efficiency enhancers, and thirdly, the innovation and sophistication factors. These few points have sounded an alarm for Hong Kong. Let us look at the detailed analysis of the report. Insofar as basic requirements are concerned, which include maintaining an open market, a simple tax regime and rule of law, Hong Kong has done a good job and is ranked fifth in the world. Our performance in terms of efficiency enhancers is also good and is ranked sixth in the world. However, we only ranked 21st in terms of innovation and sophistication factors.

Many experts have pointed out that the third level is actually the most important of all because if we achieve a high ranking by scoring high in the basic requirements, it just means that we are living on our established advantages. In other words, nothing has been done to add value to our economy over the past years. If we take a closer look at our ranking in innovation, this warrants special attention. Which country is ranked first in innovation? Perhaps all Members could make a correct guess by saying the United States. Is innovation a privilege of those great nations? No, because Finland comes second. It is just a small nation which 5 million less people than us. Japan comes third. So, how about other Asian cities and regions? Taiwan is ranked seventh, Singapore is the 11th, Korea is the ninth, and even Malaysia is ranked 22nd. Hong Kong, however, is ranked 24th only. It means that we have lagged behind our

competitors in terms of innovation, a higher level component that adds value to our economy. I hope that the Government and our highly-educated officials have noted this problem, and will genuinely consider how the value of our economy can be enhanced.

Here, I consider it worthwhile to read out the observations of the World Economic Forum. I believe a number of officials present are well-versed in them, and Secretary John TSANG had even attended the Forum. This reputed Forum is convened once a year in Davos, Switzerland. What is its comment about Hong Kong? It says "Hong Kong is ranked first for its legal rights, capital flows and access to financing through the local equity market." This is a pretty fair and impartial evaluation because our legal system, the inflow of capital and access to financing through the local equity market are the edges of Hong Kong. However, in other respects, "On the other hand, Hong Kong's competitive disadvantages stem primarily from its small domestic market size and its mixed performance in the areas of health and primary education as well as higher education and training." So, given our tiny domestic market, I am sorry to tell my neighbour, Mr CHAN, that the efforts made to revitalize the local market are inadequate given its small size. The World Economic Forum nonetheless highlighted the importance of education. Its next remark about the rates of education participation and educational attainment merits our serious consideration. "And attainment rates remain quite low at all levels of the educational ladder, with primary, secondary and tertiary enrollment rates so low as to place Hong Kong 101st, 72nd and 63rd, respectively." In other words, Hong Kong's ranking in primary, secondary and tertiary education is 101st, 72nd and 63rd respectively. There is a serious shortfall in both quality and quantity. Therefore, I totally agree with the remarks made by a number of Members (including Mr CHEUNG Man-kwong) that there is indeed little mention of education in this year's policy address. It has only stated that sites would be identified for the building of international schools, and national education is also seriously lacking. I am not an expert, and I am only making suggestions, to the best of my understanding, as to how the Government should increase the knowledge content of the economy and enhance productivity and efficiency.

Firstly, I think that we should start with the Government because if we take a look at the top financial officials — Sorry, let me apologize to the Secretaries of Department and Directors of Bureau — they compare less favourably with the relevant officials of our Asian counterparts in terms of both professional qualifications and training. Therefore, I was so glad to see Prof K C CHAN being invited to join the Chief Executive's newly formed government last year,

because we finally have a professionally-trained official with a doctorate degree to take charge of our financial policies. Under the system of Under Secretaries, two experts have been recruited and this is really a very good start. Although a particular Under Secretary has been criticized for making improper remarks, we must understand that she is a novice after all. It is too early to comment at this moment the performance of any Under Secretary or Political Assistant in the long run.

However, I am very disappointed to see that the post of Government Economist was recently succeeded by a lady through internal promotion following the departure of Mr KWOK Kwok-chuen. This is indeed a conservative approach adopted by the Government to simply follow old practices. I am not familiar with this lady, neither do I have any doubt about her capabilities. I just think that the Government has missed an opportunity to introduce outside knowledge and experience from either the private sector or the financial market, or enrich its international exposure so as to broaden its knowledge base and experience. In other words, in the recruitment of talents, the Government has all along relied heavily on Administrative Officers like me. I remember that when I joined the Civil Service as an Administrative Officer in the 1970s, with the prevailing constraints in education, officers like me or more senior ones were nothing but university graduates majoring in History, English Literature or Mathematics. If they do not continue with their studies, it is impossible for them to catch up with the global economic development. It can therefore be said that the Government has made a mistake in the recruitment of talents by allowing too much internal promotion. Just as many people said, in a biological sense, this is tantamount to having a tiny gene pool, which is undesirable to the exchange and training of talents from the perspective of genetics.

Secondly, in the long run, drastic improvements must be made to education to increase the knowledge content and value of our economy. I am not simply referring to the input of resources because I know that government officials are always saying that \$1 in every \$4 is spent on education. However, money alone cannot achieve all purposes and the key is effectiveness. Insofar as education is concerned, just now we have seen a pretty objective evaluation made by the World Economic Forum, which states that both quality and quantity are lacking. The Government should look squarely at this issue as there are actually lots of problem with education. Later in the debate session for education, I will make some more suggestions if time allows.

Furthermore, investment should also be made to promote the productive capacity of our economy, which the Chief Executive has never mentioned. It concerns how the productive capacity of our economy can be enhanced by working at the fundamentals. Looking around the world, even the two presidential candidates of the United States made proposals on the promotion of education, basic infrastructure and technology, that is, investment in research and development (R&D). I have just talked about education. As for infrastructure, it can be divided into hard infrastructure (such as the construction of roads and bridges and telecommunications network upgrading) and long-term infrastructure, that is, what else can be done to improve our innovation.

Certainly, there is still another important factor, which is now strongly advocated by Obama, the presidential candidate of the United States and I heard a number of Members from the industry and business sectors also mention earlier on. It is R&D. Government investment in this regard is seriously lacking with the overall expenditure still remains at 0.7% of GDP, lagging behind Singapore and a number of cities on the Mainland. This is probably attributable to the terrible experiences of the Government in which heavy losses were incurred in certain technology-based projects. Such terrible experience has caused permanent fear, and the Government has gone so far as to remove the Commerce, Industry and Technology Bureau last year. This has led to some mainland officials asking me why we have to be "de-technologized". In this year's policy address, the Chief Executive has dedicated two paragraphs to technology and innovation, but no much was mentioned about technological innovation. It has merely mentioned a new R&D project, under which DuPont will set up shop in our Science Park. Most unfortunately, despite its landing in the Science Park, all its production facilities would be set up in Shenzhen. In other words, nothing has been proposed by the SAR Government to localize the new and high technology.

As for the nurturing of talents, the Chief Executive has put forward the Internship Programme. And yet, if we take a closer look, we will find that there is just a mere increase of \$1,000 to induce more people to engage in R&D. This is much too negligible. Despite the outlining of the development of R&D or creative industries in the policy address, the content is pretty empty. It has been some years since the Chief Executive first mentioned the creative industries in 2006, but how do we define creative industry? Does it refer to the film industry alone? Was money only lent to this industry? Will the launch of a major infrastructure project, like the provision of such hardware as a performance venue

in the West Kowloon Cultural District, obviate the need to provide software? In the policy address, neither a philosophy nor strategy to promote creative industries has been mentioned.

As we all know, the Chief Executive has all along thought that he can rest assured for the rest of his term by maintaining a sound financial sector. All he has to do is to maintain the vitality of the stock and property markets, make people happy and create a rosy future. However, after listening to the speeches of a few Honourable colleagues, I believe this Council has reached a consensus. Hong Kong should in fact study afresh how our economy can be diversified to tie in with the rest of the world with a new mindset, but not merely focusing on our development into a financial centre. I call on the Government to make good use of the opportunity presented by the Lok Ma Chau Loop and the New Development Areas in New Territories North — land available for development is becoming scarce, and this is probably our last golden opportunity — and consider how to grasp this opportunity to strengthen our co-operation with the Mainland with a view to developing new industries in Hong Kong. By new industries I mean the adoption of a new mindset, not simply a certain industry or pillar. In the previous speeches made by me and the question raised to the Chief Executive earlier, I have mentioned that it is the consensus of international academics that the distinction between the manufacturing and servicing industries has become more blurred than ever. It is no longer necessary to place the manufacturing and servicing industries in an antagonistic position. Under the present globalization and digitization, our new economic strategy should not simply focus on what industry should remain in Hong Kong. Rather, we should look at the global chain value, that is, the production chain. Insofar as the conditions of Hong Kong are concerned, we have an open market, a simple tax regime, a sound legal framework, well-protected intellectual property rights and an open embrace for talents. So, which segment of the global value chain can be placed in Hong Kong? India has made it. Seeing that both the manufacturing and servicing industries will have global development, India has focused on business process outsourcing (BPO), that is, the outsourcing of software and business processes. There is no doubt that India is also going through very difficult times because of the dwindling United States market, but some experts have pointed out that while BPO is low-value added, knowledge process outsourcing (KPO) is high-value added. Hong Kong should explore this approach.

I am so glad to see that the Financial Secretary is listening. It is hoped that the top financial officials of the Government will collect their thoughts and see how we can tie in with the development of globalization and digitization, and grasp the opportunity presented by the development of the Loop and the New Development Areas in New Territories North to create new industries in Hong Kong. Also, we should foster good co-operation with the Mainland and integrate the advantages of the two places to make our economy more diversified, so that when our students graduate, they will not be excluded from such fields as engineering or technology and be compelled to join the actuarial profession because they are good at Mathematics. This will also result in low enrolment of such faculties as chemistry and history when everyone flocks to take global finance or global business quantitative finance. In the end, the knowledge framework of universities, and even the economic and social framework, will shrink.

President, I so submit. I know that officials of the SAR Government have worked very hard to write up this policy address. Though no achievement, much effort has been made. President, I can assure my former colleagues that I will support this motion. President, no one has lobbied me to do so. Thank you.

DR RAYMOND HO: Mr President,

Economic Development

During the past couple of months, the Government has been telling us the financial storm had not come yet. The Financial Secretary Mr John TSANG went further to remark, "we have to tape the windows before the storm comes" in early October, shortly after the announcement of five temporary measures to ease the credit crunch of the local banking system in Hong Kong.

Though the worst has yet to come, we are all worried about the current state of the overall economy, which has already been battered by rounds of grim economic news: mass layoffs and corporate bankruptcies.

I appreciate the fact that the Government has put forward a number of initiatives to address the challenges, namely, setting up a task force to assess the impact of the financial tsunami on Hong Kong's economy and propose specific

options, stepping up co-operation with Guangdong, with a focus on service industries, reinforcing Hong Kong's intermediary role in technological co-operation between the Mainland and the rest of the world as well as examining feasibility of Phase 3 expansion of the Hong Kong Convention and Exhibition Centre. However, all these measures may take some time to make their desirable effect on our economy.

The global financial tsunami should be a wake-up call to the Government that Hong Kong cannot solely rely on the development of the financial sector. The Government's economic and trade development initiatives including development of scientific research and creative industries are most welcome. However, the Government must not overlook the healthy development of the construction industry, which has always been one of the pillars in Hong Kong's economy.

Development (Planning, Lands and Works)

There are about 300 000 people including professionals and workers in the industry. If their family members are also taken into account (that is, 3.5 persons per family), there are over 1 million people of our 6.9 million population at stake. With the improvement of the economy in recent years, the unemployment rate of the industry has reduced from the 20% all-time high in 2003 to the current level of 6.7%, which is still double that of the general unemployment rate of Hong Kong. Therefore, the Government must expedite the implementation of the 10 major infrastructure projects in order to keep up this momentum in the construction industry. Meanwhile, the Government needs to think ahead of the development after the 10 major infrastructure projects. A continuing flow of new projects with steady volume of work will ensure steady development of the construction industry. Apart from initiating more infrastructure projects, the Government should increase public expenditure in upgrading and maintaining existing facilities. Minor projects including maintenance or environmental improvement works should also be launched. These projects may create more job opportunities in a very short time, not forgetting that unemployment will probably be going up very fast in the days ahead.

According to the latest information released by the Government, hardly any of the 10 major infrastructure projects has reached the tender-award stage, their immediate impact on labour market is very limited. It is therefore necessary for

the Government to streamline the administrative procedures and strengthen the co-operation between various Bureaux with a view to expediting the implementation of these projects. For the smooth implementation of these projects, the public should also have participation in the early stage of their implementation through the public engagement exercise. Both stakeholders and professional bodies must be invited to be involved in the process so as to take into account their views and suggestions. Doing so will ensure a balanced representation of different sectors. This will help prevent the agenda being hijacked by some outspoken interest groups and the last-minute protests staged by activists as experienced in some of the recent projects.

On the other hand, the Government must also plan ahead so as to ensure that there is a steady workload throughout the implementation stage of the 10 major infrastructure projects. It must also avoid the past practice of awarding mainly large-scale contracts for administrative convenience. The practice usually benefits a few large contractors or consulting firms. In order to maximize more medium and small-sized companies, the Government should consider breaking up projects into smaller contracts.

Among the 10 major infrastructure projects, four of them are cross-boundary. They are the Guangzhou-Shenzhen-Hong Kong Express Rail Link, Hong Kong-Zhuhai-Macao Bridge, Hong Kong-Shenzhen Airport Rail Link and Hong Kong-Shenzhen Joint Development of the Lok Ma Chau Loop. Their smooth implementation will call for closer co-operation between Hong Kong and the mainland authorities. Apart from these projects, other environmental initiatives in the region will need us to work together with our neighbouring regions. We must not step back to the undesirable situation in the early years after the unification with the Mainland when we tried to keep a distance from our neighbouring region.

Smooth implementation of infrastructure projects always requires constructive inputs from related professionals including engineers. I have made this point to the Government repeatedly over the last decade. However, the newly released membership of the West Kowloon Cultural District Authority has disappointed me again. I was surprised to note that not a single practising engineer has been appointed to the Authority, which oversees the planning and development of such a large-scale project. I have repeatedly stressed the importance of including a practising engineer in the Authority during the scrutiny of the related Bill in this Council. The failure to do so will seriously undermine

the effectiveness of the Authority in exercising its responsibilities, particularly those pertinent to overseeing the planning and development of infrastructure facilities.

Financial Affairs (financial services)

Following the complaints of holders of Lehman Brothers-related Minibonds and structured financial products, there are grave concerns about the regulation of the sale of such products to small investors. Members of this Council have therefore decided to set up the Subcommittee to Study Issues Arising from Lehman Brothers-related Minibonds and Structured Financial Products, of which I have just been elected as the Chairman. I strongly believe that it is time for the Government to make a comprehensive review in its present regulatory framework in the sale of financial derivative products and take necessary measures to strengthen its regulations with stricter enforcement.

Such improvements will further reinforce Hong Kong's status as one of the world's principal financial centres. Despite banking systems in many other countries have plunged into chaos in the current financial tsunami, the local banking system in Hong Kong has proved its strength and is still holding up very well. This is the remark made by the Government. I hope this statement will hold true through the test of time.

Transport

Six out of the 10 infrastructure projects are transport-related, namely the South Island Line, Shatin to Central Link, Guangzhou-Shenzhen-Hong Kong Express Rail Link, Hong Kong-Shenzhen Airport Link, Hong Kong-Zhuhai-Macao Bridge, Tuen Mun Western Bypass and Tuen Mun-Chek Lap Kok Link. The former four projects are railway projects.

As mentioned earlier, it is important that the Government must plan ahead to ensure a steady workload throughout their implementation. If possible, these projects should be planned and dished out in small contracts for the benefits of medium and small-sized companies.

Now I would like to talk about the transport management of Hong Kong. I must say that Hong Kong is not doing too badly, given the fact that we have to accommodate over half a million vehicles of different types in such a small area.

However, there is still room for improvement. First of all, improvements can be made in directional signing. Directional signs in some of the primary distributor roads, trunk roads and expressways fail to provide motorists with good guidance to their destinations. Moreover, some of the important traffic signs could not be read clearly from a distance because of poor illumination. Overgrowth of trees or bushes sometimes also obscures these traffic signs. In this respect, there is definitely room for improvement.

Noise barriers is the other issue I want to raise here. It is an environmental issue too. In the past decade, more and more noise barriers have been erected on our roads. More often than not, they have become eyesores, which may also block the views of nearby residents. In fact, they are also very expensive to build. As I recall, the provision of noise barriers for three highways projects was brought to the Public Works Subcommittee for approval, and we worked out the cost of all these noise barriers, which came to a total amount of \$1.085 billion. What a waste of resources. Besides, noise barriers are not always effective. They block the views of drivers and adversely affect air circulation. In some cases, noise barriers are not necessary if we have better planning in road alignments. Besides, there should also be a review of the Environmental Impact Assessment Ordinance as some of the related provisions may be outdated.

Energy [Economic Development (energy)]

The Government should be praised for its green energy initiatives in the policy address. To tackle the worsening air quality, the Government is studying ways to gradually increase the use of natural gas from 28% to 50%. A long-term and stable supply of natural gas from the Mainland has also been secured after the signing of the Memorandum of Understanding signed between the Government and the National Energy Administration in August 2008. Nevertheless, it is not desirable to increase the use of natural gas for local electricity generation to 100% or too close to 100%. In doing so, electricity supply will be highly susceptible to disruptions of supply of natural gas from sources outside Hong Kong.

The Government should step up its efforts in promoting the development in renewable energy resources in Hong Kong. As early as 2001, I moved a motion in this Chamber on this subject, which was passed subsequently. If my recollection is correct, targets of local renewable energy contribution to meet

electricity demand are set at 1% by 2012 and 2% by 2017. I understand that some utility companies in Hong Kong have undertaken some related pilot projects. But more initiatives are required from the Government if we are to raise the targets of renewable energy contribution. The Government should therefore consider providing more incentives for interested companies to develop renewable energy resources. The development strategy may involve co-operation with the neighbouring regions of the Mainland, which are endowed with favourable natural conditions for developing renewable energy.

The Building Energy Code is a very important document and will serve as energy saving guidelines for the industry. It is the right time for the Government to move ahead to legislate for its mandatory compliance to improve energy efficiency in new and existing buildings.

Welfare Services

I welcome the latest move of the Government to increase the Old Age Allowance to \$1,000 per month. While there is a valid concern about the sustainability of our existing social security and welfare system, it is definitely not the right time to discuss the introduction of a means test mechanism to this allowance. I agree with the Chief Executive Mr TSANG that Hong Kong should now stand united and focus its energies on economic issues.

Civil Service (Public Service)

I am pleased that the Government has made a number of positive moves to boost the morale of government engineers. Among them is the increase in starting honorarium for the graduate engineers last year after my repeated calls for it to do so. However, many serving non-civil service contract (NCSC) engineers are still worried about their chances of joining the Civil Service. In the past decade, many NCSC engineers had to leave the Government upon the expiry of their contracts. Their exits have ultimately created a succession problem, which has become more obvious in some of the works group departments. The same mistake must not be made again by the Government. To ensure the smooth implementation of the 10 major infrastructure projects, the Government should make the best use of these serving NCSC engineers and absorb them into the Civil Service. With their professional expertise and working experience in the Government, they will surely help make valuable contribution to the successful implementation of infrastructure projects.

On the other hand, the Government must consider restoring the incremental credit for experience (ICE). At present, applicants for government engineer posts are asked to indicate in their application forms whether they will accept the offer if ICE is not given. As a candidate, they do not have much choice but to take "Yes" for the answer. What is the point for submitting the application if one takes "No" for the answer? The arrangement is a kind of unequal term set for the candidates. ICE is crucial to attract experienced professionals, including engineers to join the Government. I have repeatedly made this important proposal to the Government but the effect is like I am talking to a brick wall. I appeal here again to the Government for the immediate restoration of ICE.

In conclusion, the Government's commitment to the implementation of the 10 major infrastructure projects has allayed some of the fears of the public in face of the economic uncertainty triggered by the financial tsunami. However, their smooth implementation will require good planning in order to optimize the best allocation of resources and to ensure that a steady flow of works for the construction industry. Besides, the Government should also make the best use of its human capital including professional engineers to work wholeheartedly for these projects. A pool of talents are readily available if the Government cares to show its commitment by offering NCSC engineers with permanent terms. The restoration of ICE will surely help to attract experienced professionals to join the Government, too.

Thank you, Mr President.

MR IP WAI-MING (in Cantonese): President, I would like to express my views on financial services and transport issues. In fact, the Chief Executive has devoted many paragraphs to explaining how he is going to maintain Hong Kong's position as a financial centre. But if the SAR Government is not too forgetful, a few years ago we were talking about the four pillar industries, namely, financial services, logistics, tourism, and producer and professional services. However, for reasons unknown, it now seems that logistics, tourism and producer and professional services are not mentioned at all. All that has been left is just the pillar of financial services. The situation is like one single pillar holding up the sky.

Our economic structure is far from sound and healthy and under such a structure, it is always the case that when the economy booms, the wage earners are the last to enjoy welfare or the relevant benefits but the first to bear the brunt when the economy is in the doldrums. I remember that in August this year when representatives of the Hong Kong Federation of Trade Unions (FTU) met with the Chief Executive to put forward our views on the policy address, we said that the wage earners still could not share the fruits of economic prosperity. Despite sharp rises in the stock market over the past few years, it seemed that the grass-roots workers still could not share any fruit. The Chief Executive said at the time that we should wait and see, for they would be able to enjoy the gains later. While these words still ring in our ears, the financial tsunami arrived and the first to be hit hard and victimized are still our grass-roots workers.

In fact, a series of labour movements and strikes, and incidents of drivers staging a strike or blocking traffic took place some time ago. This has reflected that the income of grass-roots workers still has not increased reasonably and, coupled with the high inflation rate in the first half of the year, the wage earners have had to bear a heavier burden in their living. As the market conditions have been deteriorating drastically, we are afraid that the employment situation of grass-roots workers will further worsen. Meanwhile, we are set to face a new round of economic recession, with retail chain stores or restaurants closing down one after another. We think that this situation will emerge gradually and reach its peak around the Chinese New Year. The FTU is gravely concerned about the number of unemployed workers rising considerably and hence further aggravating the Hong Kong economy. However, this policy address is very disappointing to us because it is silent on measures to promote employment, except for the proposal of establishing a Task Force about which we know nothing at all. As a matter of fact, what effects will it have on our employment situation? We, therefore, hope that the Government will not do nothing because nothing is mentioned in the policy address. We hope that the Government will do more in respect of employment, especially in the light of the current economic conditions.

President, the onslaught of the financial tsunami has made it clear to us that the sole reliance on the financial services industry is unsafe. We consider that when the economy prospers, the grassroots will not gain any benefit from it, but once problems occurred, the grassroots will be the first to be affected. If we continue to follow this path of unitary industry or the path of developing the financial services industry, as I said earlier, it would turn out that three of the four

pillar industries would gradually disappear into obscurity. Is sticking to the development of the financial services industry really the ideal way out? We hope that the Government will think twice. Can industrial diversification provide more diversified and stable jobs for us? We hope that the Government will give more thoughts to this and respond to the questions raised by the Legislative Council in this regard, as I have listened to the views of many colleagues today and they hold the same view as that of the FTU. Is it possible to develop in the direction of industrial diversification?

Next, I wish to talk about transport. President, a good transport system can generate immense dynamics and movements for a city and at the same time, the development of logistics can also provide growth momentum for the economy. I, therefore, support the series of transport infrastructure projects proposed in the policy address (such as the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the link between the airports in Hong Kong and Shenzhen, and so on) because these projects can bring more jobs to the construction industry while giving a boost to the logistics and transportation industries, thus giving impetus to the economy and providing more convenient transport services to the public. But according to the papers of the Transport and Housing Bureau, we found that the plans and timetable for implementing some transport projects have not yet been set out. We consider that the Government should expedite these projects and effectively draw up the design of these projects and conduct necessary research studies. In respect of railway, take the Northern Link as an example. We understand that this project was proposed by the Government many years ago but the Bureau has yet to put forward any specific proposal or design option. In fact, the Northern Link can link the eastern and western sides of the railway to provide a more compact railway system. But we have yet seen any specific proposal from the Government. We do not hope that these projects would again vanish into obscurity after discussion. In the future, there will be a new development area in Northeast New Territories and that is, the development of the Loop area. Without the support of railway infrastructure, there may be problems in the matching facilities for this development. So, we call on the Government to pay more attention to this point.

President, we would also like to urge the Government to introduce concessionary monthly pass schemes for public transport. Given an economic downturn, the burden of transport fares is inescapable to many people, for they have to travel by public transport anyway. But to wage earners living in the remote areas in the New Territories, their transport fares are even more expensive

and heavy. In this connection, we hope that the Government can help the wage earners ride out the hard times by providing support to them in respect of their transport fares. This, we think, is a good measure. So, we hope that the Government can provide transport support to alleviate the burden on grass-roots workers in all districts. Moreover, we call on the MTR Corporation Limited (MTRCL) to offer the monthly pass option on all MTR lines to reduce the transport expenses of grass-roots workers. I understand that the MTRCL has now provided monthly pass schemes for selected lines, and this is proof that the monthly pass system is feasible. We, therefore, hope that on the provision of monthly pass, the Government can actively introduce monthly pass schemes to all lines for the general public, so as to benefit the general public in times of an economic downturn.

President, I so submit. Thank you.

DR SAMSON TAM (in Cantonese): President, like many members of the public, after going through the Chief Executive's policy address, I feel helpless and a bit worried. Why do I feel helpless? Because I can see that the financial industry, which has all along been upheld by the Chief Executive as the miracle cure for all problems, is now fraught with problems from the severe blow dealt by the financial tsunami. Everyone expected that some new initiatives would be introduced in the policy address. Unfortunately, however, there is neither any new idea nor any new economic policy in it. Therefore, many members of the public are worried whether the Government is capable of leading us to walk away from this predicament.

This policy address has proposed neither any effective short-term contingency measures nor any medium-term adjustment in the future economic strategies, and it has not explored any long-term development strategy for Hong Kong either. It is therefore not surprising that various sectors have called it a "report with three have-nots".

Honourable colleagues, I believe that every one of us would like to see a new way out for Hong Kong. However, has the Government informed us of what the way forward is like? Has the Government introduced any new policy to find the way out or seize new opportunities for us? In the absence of any new policy, will Hong Kong be able to develop fresh economic impetus when opportunities arise in future?

President, I am not aware of any government throughout the world which is capable of capitalizing on economic development opportunities by only taking stopgap measures and making up for oversights while not being mindful of long-term development. However, to be honest, Chief Executive Donald TSANG was convinced throughout last year that our economic development could rely primarily on financial services. He believed that a large part or even the overall economy of Hong Kong could be sustained solely by economic development. If he maintains this idea, he is indeed too optimistic.

Although the Chief Executive has, in paragraphs 42 and 43 of this policy address, mentioned innovation and technology and stressed that Hong Kong is able to take up an intermediary role in promoting technological co-operation between the Mainland and the rest of the world, this proposal is by no means mature. On the contrary, it has brought a series of questions to the industry. We very much want to know whether the role of Hong Kong as an intermediary is our new long-term strategy for technological development. Is this positioning adequate? Even if it is, how will the Government implement this strategy? I hope the Chief Executive can provide us with more details in this respect.

President, given that Hong Kong is caught in an unprecedented predicament in economic development, I think that the Government must draw up long-term strategies and explore how economic development can be promoted making use of technologies.

Over the past two decades, with the relocation of local factories to the north, the manufacturing industries in Hong Kong have gradually transformed into service industries, and Hong Kong has successfully developed into a financial and logistics centre. However, with the reform and opening up of China, the financial, logistics, tourism and business support services in Hong Kong, on which Hong Kong has heavily relied, are facing very keen competition. Their growth is definitely limited in the long run. Looking ahead, new economic growth is definitely required in the decade ahead to push the transformation of the Hong Kong economy, and the development of high value-added industries to promote economic diversification is the sure road to take. I strongly believe that with globalization of the world economy and the growing penetration of the Internet — there are almost 100 million Internet accounts just in China alone — whichever place or city that can gain access to information can secure the headway and strength for future economic

development. Therefore, I strongly believe that Hong Kong should develop into an international information centre in the Asia Pacific Region, for this will help Hong Kong move towards a new economic domain.

Over the past decade or so, neighbouring economies such as Singapore, Korea and Taiwan have developed ahead of us and actively invested in the development of information and communication technology, which has enabled their technology industry to become a new point of local economic growth. As for Shenzhen, which is adjacent to Hong Kong, it also made such a move a decade ago and has since gradually turned the technology industry into one of the major industries in the local economy. Hong Kong is the only place where the technology industry is not supported by the Government. When facing external competition, many technology enterprises in Hong Kong can only fight a lone battle and as a result are gradually marginalized.

Actually, certain ranking statistics have sounded warnings for us. According to the Global Competitiveness Report 2007-2008 of the World Economic Forum — Mrs Regina IP has also mentioned this Report just now — Hong Kong ranked 23rd in the innovative subindex of economies, which is lower than South Korea (8), Taiwan (9) and Singapore (11). From this, we can see that the economic structure of Hong Kong is already seriously imbalanced with too much weight being given to traditional industries such as the financial and real estate sectors. To enable the smooth transformation into a new economy, the development of the innovation and technology industry can brook no delay.

President, why is the development of the technology industry in Hong Kong so slow? As I have mentioned in my article recently published in the *Hong Kong Economic Journal*, the Chief Executive is, as reflected in the policy address, indeed closer to some in relationship than the others — closer in relationship to the financial industry than the new economy and the technology industry. In reorganizing the Policy Bureaux last year, the Government removed "technology" from the name of the relevant bureau, thus adequately revealing that no importance is attached to technological development. Although the then Secretary, Frederick MA, explained that a prime position had been reserved for the technology industry in the Commerce and Economic Development Bureau, unfortunately, he retired early in less than two weeks after making this remark.

Therefore, our sector is very concerned whether the SAR Government will still keep to its words and attach great importance to the technology industry.

Besides, we find that there is a more serious problem, that is, under the system of civil officials all along adopted in Hong Kong, the officials responsible for the relevant policies basically do not have in-depth knowledge of technology. Worse still, the Secretary of the Policy Bureau responsible for technology has changed five times over the past eight years (Financial Secretary John TSANG present here was also once the Secretary of that Bureau). With a constant change of the relevant Secretary, coupled with a lack of long-term policy on technology in Hong Kong, how can there be sound development for technology in Hong Kong? Just because of the absence of sound development, Hong Kong has indeed missed many opportunities of transformation, thereby making it impossible for many SMEs to transform towards a high value-added structure.

What does the Chief Executive have in mind? What is his worst fear? Does he think that it is already too late for Hong Kong to catch up and develop technology? President, in fact, there are always opportunities ahead, just that a government with insight is now lacking in Hong Kong. It is because technology enterprises all over the world would like to enter this huge new market of China. Unfortunately, Hong Kong has missed the first opportunity. In the 30 years since the reform and opening up of China, most of the enterprises in Fortune's World Top 500 list have bypassed Hong Kong and have been directly invited to start their business in various provinces and municipalities in the Mainland.

As Hong Kong has missed the first opportunity, will there still be any opportunity in the future? I believe the second opportunity is round the corner. With the onslaught of the financial tsunami and the slowdown of the European and American economies, there will be an influx of more medium-sized technology enterprises into the Asian market. However, they may not be in the same advantageous position as large enterprises which can enjoy the policy concessions offered by various provinces and municipalities. Therefore, I consider that Hong Kong should seize this opportunity and attract them to Hong Kong with its strengths under CEPA, so that these technology industries can make use of the platform in Hong Kong to carry out technology commercialization and

enter the mainland market. Of course, opening up the mainland market is easier said than done. In the past, problems in technology or information technology, especially in the interface between bodies which enjoy freedom of information and those which do not enjoy so much of this freedom, were often encountered under CEPA. I believe that the SAR Government still has to redouble efforts to enable the smooth entry of this new economic realm of information technology into the China market.

Besides, Hong Kong has to make continuous efforts in enhancing the infrastructural construction of the Internet, especially in enhancing the protection of intellectual property rights, in order to sustain the growth of more knowledge-based enterprises in Hong Kong and ultimately enable Hong Kong to become the Internet hub in Asia for developing electronic business with great potential, thereby enabling Hong Kong to become the leading knowledge-based innovative city in Asia.

President, here I urge the authorities to listen more to public opinions, pool the wisdom and strength of the industry, consolidate various resources and structures, establish and implement long-term policies on technology, as well as follow the example of neighbouring regions to introduce proper tax concessions. Only in this way may international technology enterprises be attracted to set up operational headquarters and R&D centres in Hong Kong and create more high quality job opportunities that can provide local talents with more room for development and attract more graduates to engage in R&D work, such that the previous speculative culture in which attention was focused on speculating on stocks and properties can be cleansed. I believe that only with this can we enhance Hong Kong's global competitiveness and bring it on a par with the other advanced economies, as the Chief Executive has said in paragraph 121 of the policy address. Only with this can Hong Kong achieve the target of "Embracing New Challenges", as suggested in the title of the policy address.

President, Members may have noticed that the Chief Executive has set up a Task Force on Economic Challenges. It is of course a good idea to mend the fold, but it remains to be seen whether or not it is helpful. However, the introduction of new thinking is essential to success. The Government should conduct more discussions with the sector which is really engaged in

future-oriented industries and participate more in the search for new directions. We very much hope that this Task Force will be effective both in appearance and in substance and can really explore new opportunities. Therefore, I appeal to the Chief Executive to include in the already announced membership of the Task Force more relevant persons in future-oriented industries, especially experts who are well-versed in the new economy and new technological development, and elites and foreign experts with a good understanding of the operation of SMEs in order to elicit their opinions and assist SMEs which have all along been working hard quietly, and to seek new impetus for economic development in Hong Kong.

Finally, I am eager to let the Chief Executive know why I am so confident that Hong Kong will move towards new economic and technological development. It is because in developing a new economy, Hong Kong should neither fight a lone battle nor draw up plans behind closed doors. We should find ways to co-operate with neighbouring regions so that we can complement each other, in particular, we should find ways to co-operate with the neighbouring city of Shenzhen, including discussing and implementing the development of the Loop to promote the development of the Shenzhen-Hong Kong Innovation Circle. As long as the relevant project can be expeditiously implemented and completed, and with the proper complementary policies being put in place, I strongly believe that chances are we will be able to break away from the present economic predicament and open up more new economic horizons. Public confidence and the popularity of the Government will then naturally rise.

President, I so submit.

MR CHAN KIN-POR (in Cantonese): President, the policy address this year has raised a few significant points in respect of the insurance industry. I wish to discuss them here.

First of all, the recent financial crisis has caused great impact on various trades and industries, including the insurance industry. I hope that the Government will help the insurance industry in the same way as it helps banks and SMEs. As there are more than 60 000 insurance practitioners, assisting the

insurance industry will definitely reduce redundancies in the industry, thereby reducing unemployment and preventing the emergence of a vicious circle which will cause an economic downturn in Hong Kong. Therefore, in order to boost public confidence in taking out insurance in Hong Kong, I hope that the authorities can consider expanding the scope of the existing Deposit Protection Scheme for banks to various insurance policies. For example, I hope that the Deposit Protection Scheme can be expanded to cover the present value of life insurance premiums in order to restore people's confidence in insurance and avoid the hasty cancellation of insurance policies by members of the public, which will in turn pre-empt the situation in which insurance companies are forced to sell their assets early and their asset value plunges as a result.

Besides, I would also like to suggest that consideration be given expeditiously to implementing tax deduction arrangement for insurance premiums because the more the number of people who are willing to take out insurance on their own, the less the number of people who will have to rely on the Government. Therefore, the Government actually has the responsibility to encourage members of the public to take out more insurance, especially medical and retirement protection insurance. I hope that the Government can expeditiously consider the provision of tax deduction for those who have taken out insurance. As for establishing the Policyholders' Protection Funds, I am supportive of this idea. However, the numerous technical problems encountered during the process of establishing such Funds, in particular the funding sources, have yet to be solved. If insurance levies are the only source of funding, it may take five to six years to accumulate a relatively adequate amount. In order to enable the early implementation of the Funds, I hope that the Government can provide funding assistance so that there will be sufficient funding before an adequate amount is accumulated in the Funds, thereby enabling the early operation of the Funds and boosting public confidence in insurance.

As for the independence of the Office of the Commissioner of Insurance (OCI), I support any initiative to perfect the monitoring of the insurance industry. However, regarding the proposal of making OCI independent of the Government, as it will involve the need for OCI to increase resources and operate on a self-financing and cost-recovery mode, insurance companies may be most directly affected. It is because this will cause a rise in their licence fee and

operation cost, which will in turn make their operation more difficult. With the current blow dealt by the financial crisis, I suggest that the timeframe for the independence of OCI should be considered with regard to the prevailing economic environment of Hong Kong. Most importantly, it should be recognized that after the independence of OCI, recovery of its operation cost may not necessarily be achieved by increasing the licence fee, and consideration may also be given to other options, for example, a one-off resource injection into OCI may be made in order to avoid putting insurance companies under the pressure of licence fee increase immediately upon OCI's independence, as a substantial increase in licence fee will add to the already heavy burden of the insurance industry.

As for co-operation with Guangdong, I am very glad that the Government has all along been implementing CEPA and I am very grateful to the Mainland for its support of Hong Kong. However, under the agreement of CEPA, Hong Kong insurance companies must possess an asset of US\$5 billion and an operational experience of 30 years and must have established a mainland office for two years in order to enter the mainland market. As this threshold is very high, not many Hong Kong companies can enter the mainland market. At present, the most desirable measures are the pilot measures for service industries implemented in Guangdong. I hope the Government can seize this opportunity and liaise with the Guangdong authorities for a lower threshold so that insurance companies in Hong Kong can develop their business in the Mainland. That way we can kill two birds with one stone. On the one hand, it will enable exchanges of knowledge on products, sales practices, coverage or even compensation between the two places; and on the other hand, many Hong Kong companies that have set up factories in the Mainland may also hope that other Hong Kong companies can set up operations in the Mainland to support their business.

As for other discussions on health care reform and environmental protection, I am prepared to raise them in the next session. Thank you.

DR PRISCILLA LEUNG (in Cantonese): President, first of all, I welcome the initiatives proposed by the Chief Executive in the policy address regarding the introduction of a minimum wage, the provision of footbridges in old districts and

the installation of lifts in old housing estates, because many people from the local communities have fought for them over the years. I consider this part of the policy address commendable. I am also glad that the Chief Executive has increased the "fruit grant" to \$1,000 shortly after presenting the policy address upon listening to the views of various political parties and independent Members. I have discussed these initiatives and the relevant approaches adopted by the Government with many friends from the local communities and have come to the conclusion that we will vote for this Motion of Thanks.

Although we will vote for this Motion of Thanks, it does not mean that we are very satisfied with this policy address. After the announcement of the policy address, we have conducted many surveys in the districts. Basically, at least six different groups of people have indicated that they are very disappointed with this policy address.

The first group are the middle-class people. A lot of friends from the middle class hope that I can voice their views for them. They have all said that middle-class people have not committed the "original sin", and they have asked why, being the major pillar of society, they only have the obligation to pay tax but not the right to enjoy welfare benefits. Over the past few years, many middle-class people have shouted themselves hoarse in requesting the authorities to introduce some new initiatives in the policy address to bring about some breakthrough in the pressure they face in their living, work and other welfare services. However, to our great disappointment, this policy address has not mentioned the rights and interests of middle-class people at all. They have a feeling of being abandoned. Either we die in silence or we go off in silence. I hope that we are the tier which brings stability to society. Therefore, we hope that the Government can really take our voices seriously and really listen more to the middle-class people about their hardship.

Over the years, I have been pointing out that middle-class people do not even enjoy basic legal rights because we are not eligible for legal aid. This deficiency can be seen in the Lehman Brothers incident in which many victims are middle class. However, they are unable to fight for legal justice in Hong Kong as they cannot afford the enormous lawyers fees.

Besides, regarding the levy on foreign domestic helpers (FDHs) and fuel duty, the abolition of which has long been hoped for, I have not heard any positive response from the Government either — except for the temporary suspension of the levy on FDHs for two years. We think that the retraining expenditure for the whole territory should not be borne by the employers of FDHs alone. Actually, many employers of FDHs are from the middle class. For many middle-class families, an annual expenditure of \$4,800 may already be the only source of expenditure on purchase of textbooks for their children and participation in social activities. Therefore, we consider that retraining expenditure for the entire territory should be included in the territory-wide expenditure, and the authorities should also note the hardship faced by numerous employers of FDHs. The duty on wine has long been abolished. Actually, we also hope that the Financial Secretary can hear our voices on the levy on FDHs here and really consider abolishing in full the levy on FDHs, thus giving a piece of good news to the middle-class people.

The second group are the SMEs, which we also mentioned yesterday. We agree with the Government's proposal of providing temporary financial assistance to SMEs. However, as I pointed out yesterday, such assistance is like instant blood transfusion that cannot really save the patient's life. I think the Government should consider ahead of time that there will be a large group of unemployed people who are also professionals, who are not comfortable with the idea of applying for Comprehensive Social Security Assistance. They may be management professionals or even owners of small enterprises. The authorities should, in its overall resource planning for the coming four years, consider ways to handle this large group of professionals who are facing the risk of unemployment. It should also consider how to help them switch to other professions and settle down and seek business opportunities in the process of training and transformation, and it should come up with some new thinking as well.

The Government has also put forward many proposals. For example, in environmental industries, some SMEs may only be able to seek these business opportunities after transformation. In such case, the Government may have to provide complementary software in various aspects and provide training programmes, including offering diploma programmes or training courses in collaboration with various universities, so that these people, who are the pillar of

society, will not be at a loss as to what they should do or join processions and protests in the years to come. Instead, the Government should make them aware that they can reshape their destinies in a few years' time after having equipped themselves.

The third group are Chinese medicine practitioners (CMPs), the development of whose profession is not mentioned at all in the policy address. In fact, in recent years, Chinese medicine has been the second career of many people, and a lot of people have actually acquired the qualification required for CMPs before undergoing such transformation. We hope that the authorities can really provide additional resources in the future plans to encourage the Chinese medicine profession to complement existing western medicine doctors, instead of just mentioning it in passing as it has done a few years ago, so that the direction for combined Chinese and Western medical treatment of patients will bring a new ray of hope to them. Friends from the Chinese medicine profession have repeatedly expressed their hope for me to voice to the Chief Executive that they are gravely disappointed about the fact that there is no mention of the Chinese medicine profession at all in the policy address.

The fourth group are people related to education. Regarding university places for corresponding associate degree programmes, we already discussed this with the education sector a few years ago. Actually, as there is an inadequate supply of university places for associate degree graduates, and they are unable to find a suitable job, this group of young people have become misanthropes. They will probably be incapable of taking up senior posts and yet too proud to work in junior posts. Therefore, the Government must address this problem squarely, especially when society is full of grievances and the young people are susceptible to being instigated into radical actions. Therefore, we suggest that loans be provided by the Government so that they will be able to further their studies and join the retraining masses, which is better than their locking themselves up at home and becoming self withdrawn youths or going about to undermine the stability of society. I hope that we can adopt a positive attitude to enhance the value of people who are dissatisfied and resources which have been neglected by society, so that they will become healthy forces.

The fifth group are those people affected by the Lehman Brothers incident. Secretary Prof K C CHAN is also present today. I remember I mentioned last week that I very much hoped that the Government could hold existing banks responsible because I consider that after all, the primary responsibility rests with the banks, and I hope that they can set up a contingency fund. To resolve this problem, I think that the emotional and practical needs of the victims have to be met first. Actually, I have all along been reluctant to use this word, but I really think that there are a lot of "unscrupulous" banks in Hong Kong. Throughout the years, I have never thought of describing banks as "unscrupulous", but in fact such proof abounds. I have been privy to many contracts and business practices, and practices adopted by banks are indeed most problematic. Besides plugging loopholes in law, we really have to make the banking sector do something about it. Besides holding banks responsible, the Government has to require banks to provide explanations and financial support because they have the resources.

Actually, many professional sectors have also started setting up professional indemnity funds because of some risks or because there are some black sheep in the sector. Even professionals who are not at fault have to make contributions to the fund so that compensation can be made to the victims when someone in the sector has to bear a very heavy responsibility in the future, so that the money of the victims will not go down the drain. When even some small professional sectors are willing to do so, why cannot the banks, especially when this is no longer a future problem? The people of Hong Kong, including professionals — including myself and even scholars at universities, have already put a big question mark over the integrity of the banking industry.

I consider that by doing so, the banking industry can restore their reputation and at the same time directly relieve those people who need immediate assistance with this contingency fund. They are doing this to restore others' confidence in them instead of meaning to be kind. Therefore, the banking industry should set up a fund at once instead of waiting for the conduct of an investigation or the institution of litigation. Neither should it wait for the completion of the work of the select committee of the Legislative Council or our setting up of an arbitration commission. If they are willing to take immediate action, I believe this social crisis, political crisis, and the reputation crisis of the banking sector will at least be resolved in a large measure.

If the amount of money involved in some victims' cases is so great that the relevant bank is unable to handle it at this stage, we can leave it to the legal proceedings, arbitration and litigation, and the Government can provide some resources for these victims to seek legal justice. I consider this a very important stop-gap measure. The Government must see to it that this be done as soon as possible, especially when the DBS Bank already announced the relevant information yesterday. I think the grievances of the community have already escalated, and so we have to "put out the fire" at once.

The sixth group are the residents in Western Kowloon. I wish to express on their behalf that they are very disappointed with this policy address. I have also pointed out in the relevant environmental committee that the Government seems to have attached much greater importance to the waterfront promenade on Hong Kong Island than the West Kowloon Waterfront Promenade. People cannot help but wonder whether the development of the Kowloon waterfront promenade does not merit serious attention or whether there exists preferential treatment.

The work of the West Kowloon Cultural District (WKCD) is about to commence. We very much hope that this project can promote the development of the old district. We hope that, with a project as large as the WKCD, the development of old districts will be revitalized. Friends from numerous industrial buildings in old districts such as Cheung Sha Wan, Sham Shui Po and Ap Lui Street and even friends from the ethnic minorities in Tsim Sha Tsui also hope that the large-scale project of WKCD can promote the revitalization programme. As for local facilities, we hope that a community centre with a capacity of 1 000 people can be provided in the poorest district, Sham Shui Po, for the people there to conduct cultural activities.

I think the WKCD project should not be reduced to a huge white elephant. We should provide real cultural education in order to help members of the public, be they rich or poor, to give full play to their culture. Therefore, software must be specifically designed to complement the development of WKCD. The residents in Western Kowloon are also very eager to see the integration of the new and old districts. We hope that everyone, whether it be the rich, the poor, the privileged or the underprivileged, can have an equal access to the natural environment and economic resources. Therefore, the West Kowloon Waterfront Promenade has all along been our hope. We hope that the Government can consider our suggestion.

Actually, during May and June, we in the Kowloon West New Dynamic, together with more than 30 independent District Council Members in the Western Kowloon district, met with Secretary Carrie LAM, and submitted to her a planning proposal for Western Kowloon. At that time, we proposed the idea of constructing a Western Kowloon waterfront promenade stretching from Mei Foo Sun Chuen to To Kwa Wan and hoped that the Government would achieve a breakthrough by considering this idea. We also put forward some new ideas, such as using floating bridges or viaducts to solve the problem of the fact that reclamation is no longer feasible at certain areas. As for issues involving public space in private development, as members of a community group and myself being a Member of the Legislative Council, we hope that we can help to convince the business sector to achieve collaboration among the Government, business and the public. Therefore, we still hope that the easiest-way-first approach can be adopted for the waterfront promenade in Western Kowloon so that we can take the first step forward.

There is also a significant site in Western Kowloon, that is, the comprehensive development site in Hung Hom. In this connection, I have to point out on behalf of many Western Kowloon residents that we hope this site will not be used only for developing high-rise buildings, such that some green waterfront areas and some green spaces can be reserved for our next generation. Green waterfront areas are an important heritage for our children because there is a lack of space for arts development and leisure for many young people nowadays. If it is really necessary to develop some high-rise buildings in the waterfront promenade development, I still hope that the Government can designate some space for the young people and the retired elderly so that they can enjoy some open space for reading and arts development.

We also hope that there will be integration of old and new districts, with wide boulevards lined with trees or plants. Residents of Cheung Sha Wan and Tai Kok Tsui have kept asking what the waterfront promenade and WKCD have to do with them because it seems that the relevant projects are the rich men's games and belong only to the cultural sector. However, if we can develop boulevards lined with trees or plants so that the poor in the district can take a walk to the waterfront, I believe members of the public will really support such a large-scale project from the bottom of their heart. This can really realize the sharing of our cultural development and natural resources by the rich and the poor, the privileged and the underprivileged alike.

Beside the development of Western Kowloon, regarding many issues on public housing estates (PRHs), I have to express my gratitude to Secretary Eva CHENG here. I have met with her on behalf of various people from the local communities to raise the problems faced by the elderly in PRHs. Actually, we have conducted on-site surveys and found that in some PRHs, the lifts only serve every 5th level. This policy address has also mentioned the breakthrough in this respect. However, I have to point out that the practice adopted by the Hong Kong Housing Society (HKHS) is different from that adopted by the Housing Authority (HA).

Ever since the HKHS has become an independent organization, it has been criticized as not being regulated at all. Regarding public facilities, many PRH residents hope that the HKHS can provide resources to install lifts in PRHs without such installation. It is because in some PRHs, the lifts may only serve every 10th level and residents have to climb up the stairs, with some of them having to do so using crutches while others with a child in their arms. Take Lok Man Sun Chuen as an example, this problem is yet to be solved. We hope that the Government will instruct the HKHS to solve this problem of resources or assist the HKHS to do so. We hope that besides the housing estates under the HA, those managed by the HKHS can also achieve a breakthrough in this respect and assist the elderly to overcome their difficulties in walking in their daily living.

In Western Kowloon and Mong Kok, there exists the phenomenon of "vehicle-pedestrian conflicts". I am very glad that this problem is mentioned in paragraph 107 of the policy address. We have also submitted a report requesting that a transportation hub be provided in the vicinity of Sai Yee Street. As regards the problem of traffic congestion in Hong Kong, especially in Mong Kok, caused by coaches to the Mainland, no solution has been found yet. We hope that the authorities can fully resolve this problem. In this connection, we have spent almost half a year on discussion with many people from the local communities and consulted many experts, compiling a recommendation report in this course. We hope that the Government can take the views of the other parties into consideration.

I remember that during July and August, Members raised the issue of inflation, and many Honourable colleagues have also mentioned this just now. However, before the inflation problem is solved, deflation is approaching. Nevertheless, regarding our proposal for inflation subsidy, that is, to provide assistance in rental, education, medical and transportation expenses to the

"five-have-nots" or "ten-have-nots" households which do not receive Comprehensive Social Security Assistance, actually such a need still exists for this group of friends under deflation. We hope that the Government can help them meet this pressing need and seriously consider the needs of the "five-have-nots" and "ten-have-nots" households.

As for other issues, I will have detailed discussions with the Government at various committees. However, regarding the eight major areas mentioned just now, including enhancing employment, revitalizing old districts, environmental projects, creative industries of a soft nature which enable the transformation of SMEs and the 10 major infrastructure projects and the WKCD development, I hope that they will be open to participation by the local labour force and professionals and benefit local professionals and labour as much as possible so as to enhance their chances of employment. Regarding the provision of training programmes, the authorities should engage the complementary efforts of the education sector to provide more programmes in order to enable more people to achieve transformation. This is vitally important.

If I proposed the above projects three months ago, they might still be considered impractical wishes, but today, we can see that many SMEs are closing down soon. I believe that even if the Government implements the "blood transfusion programme", at least tens of thousands of SMEs will have to close down all the same. This is exactly why the projects proposed by us will provide a good direction. If the Government can launch these additional infrastructure projects and town planning and transportation enhancement projects, our next generation and the professionals who will otherwise have to join the unemployed ranks amidst the prevailing crisis will be provided with employment opportunities and a chance of survival. Therefore, I urge the Government here to genuinely consider our proposals.

Finally, I consider that although there are still a lot of inadequacies in the Government's policy address, at least efforts have been made in it, even though such efforts may not achieve effective results. Therefore, I am prepared to support this Motion of Thanks.

Thank you.

MS STARRY LEE (in Cantonese): President, I very much agree with the new Kowloon waterfront promenade proposal put forward by Dr Priscilla LEUNG just now. Some time ago, I also visited the district with Secretary Carrie LAM in the hope that the Secretary could hear the voices of the public. Regarding the waterfront promenade, I will continue to discuss it in detail tomorrow.

Although this policy address stresses that Hong Kong is now facing the crisis arising from the financial tsunami and that there is a need to turn this crisis into opportunities, it seems that no concrete remedy has been proposed, except for the setting up of the Task Force on Economic Challenges to be led by the Chief Executive.

The membership list of the Task Force on Economic Challenges has also been released lately, among such members are either big bosses or senior executives. I am worried that they will be so focused on discussing the broad direction of Hong Kong — which is of course necessary, but "water from afar cannot put out a fire nearby" — that they will neglect the difficulties faced by members of the lower strata in the financial tsunami and will thus be unable to formulate any timely policy for the benefit of the public.

Yesterday, Premier WAN Jiabao made a lot of promises and gave the public assurances by saying that the Central Government is very concerned about Hong Kong and will give Hong Kong its full support in whatever problem that may arise during this process. However, Hong Kong people realize that Hong Kong must strive for self-enhancement instead of solely relying on the support of the Central Government. If not, when Hong Kong has lost its unique role in the development of the country or even its competitiveness, Hong Kong people will ultimately be the victims. Therefore, I hope that officials of the SAR Government will capitalize on the momentum of the development of the world, and even our nation, to enhance the competitiveness of Hong Kong.

Today, I would like to express some views on the Hong Kong Government's economic policy on behalf of the DAB. In the face of the challenges arising from globalization, various countries and places have been competing to promote the development of their own industries through co-operation in order to upgrade their competitiveness. The DAB considers that

the Hong Kong Government can adopt a strategy of "befriending our neighbours and capitalizing on our strengths" to promote the economic development of Hong Kong and the country.

"Befriending our neighbours" refers to promoting regional co-operation. Recently, the relationship between mainland China and Taiwan has improved, negotiations on the Three Direct Links are underway, and weekend cross-strait chartered flight services and the arrangement allowing mainland tourists to visit Taiwan have been implemented. These are all great opportunities too good to miss. It is necessary for us to enhance our economic and trade co-operation with Taiwan and promote the further materialization of the proposal on developing the Greater China Economic Area, which has been advocated for a long time.

To consider the issue from a broader perspective, the Hong Kong Government can boldly discuss with the mainland authorities on the establishment of the 10-nation ASEAN bloc plus mainland China, Japan, Korea and Hong Kong, and when the time is ripe, consideration can surely be given to including Taiwan, in order to promote full co-operation within the region. Hong Kong and Taiwan may participate in it as non-sovereign members, following the practice adopted by the Asian Development Bank. Recently, the 10-nation ASEAN bloc plus China, Japan and Korea have discussed the establishment of a fund of US\$80 billion to meet the needs arising from the impact caused by the financial tsunami. However, places in the region such as Hong Kong and Taiwan are equally subject to the impact of the financial tsunami, so there is indeed a practical need for us to participate in it, and it is believed that a better result will be achieved.

Besides handling the prevailing financial crisis, there is also ample space for promoting co-operation in such areas as finance, trade, investment, tourism and logistics in the 10-nation ASEAN bloc plus China, Japan, Korea and Hong Kong.

In promoting co-operation between Hong Kong and Taiwan, I am very glad that the Hong Kong Government has appointed the Financial Secretary to establish a cross-departmental steering committee to examine and co-ordinate the overall strategy and plan for promoting economic and trade co-operation with Taiwan. The DAB considers that the Hong Kong Government should examine

and implement various active measures regarding arrangements in finance, economy and trade, air transport, tourism, technology, immigration and taxation.

First of all, on the financial service front, we consider that the authorities should enhance their liaison and co-operation with the Taiwan Stock Exchange to attract more Taiwan-funded enterprises to seek listing in Hong Kong such that better financing services can be provided to Taiwan businesses. Secondly, on the economic and trade front, Hong Kong has to enhance its efforts in soliciting business and attracting investment to attract Taiwan businesses to make use of the high-quality services provided by the accounting, legal and the MICE (Meeting, Incentive, Convention and Exhibition) sectors in Hong Kong. With regard to air transport and logistics, Hong Kong has to redouble its efforts in opening up the air space and adopt a more open policy on air transport. Besides, it has to promote logistics co-operation with Taiwan to enable Hong Kong to become a platform for logistics distribution across the straits. Regarding tourism, Hong Kong should actively promote tourism co-operation with Taiwan, and enhance the sightseeing routes in Hong Kong, Macao and Taiwan. Fifthly, with regard to technological co-operation, Hong Kong can enhance its complementary facilities and provide concessions to attract Taiwan businesses to invest in high-productivity industries in Hong Kong. Sixthly, regarding immigration arrangements, the Hong Kong Government has to fight for the reciprocal visa-free arrangement to facilitate exchanges between residents of the two places. Seventhly, on taxation arrangement, it should negotiate with the Taiwan Government to implement the double taxation avoidance arrangement. We hope that with measures in various aspects, our economic and trade co-operation with Taiwan can be further promoted to provide an economic and trade platform for Greater China.

President, leveraging on the Mainland and engaging ourselves globally has been an important approach adopted by Hong Kong for its economic development in recent years. There is a need for Hong Kong to keep on intensifying its co-operation with the Mainland. With the signing of CEPA, especially the signing of Supplement V to CEPA in July this year, a number of measures will be implemented in Guangdong as pioneering and pilot attempts. Of course, different systems are currently adopted in the two places, and there are still many constraints in co-operation. It is hoped that with regular high-level discussions, and coupled with the development of the 12th Five-year Plan, active and collaborative studies can be conducted on the "special co-operative region" in

order to further promote co-operation and development in the region. I believe that only with collaborative efforts to complement each other can the fruits of economic development of the two places be further capitalized and promoted.

As for "capitalizing on our strengths", we agree that the financial industry is one of the main areas of economic development in Hong Kong. However, in order to achieve a certain degree of economic diversification and create different types of employment opportunities, Hong Kong still has to have its own strength and develop industries with a competitive edge. The Government may consider developing creative tourism as one of the objects of "capitalizing on our strengths".

Thanks to the impetus of the Individual Visit Scheme, the tourism industry in Hong Kong has continued to prosper, yet not without hidden ills. It is because shopping is the main activity of mainland visitors in Hong Kong. In order to enrich tourists' experience in the trip and extend their stay in Hong Kong, more tourism complementary software is needed. Actually, two major projects will be carried out in Western Kowloon in the near future, one being the cruise terminal at the ex-Kai Tak Airport, another being the Western Kowloon Cultural District (WKCD). The Government's determination to develop the cruise terminal is evident to all. However, I hope that when tourists can take a cruise to Hong Kong after the completion of the cruise terminal, they will not only visit the Ocean Park or the Disneyland, which we are all familiar with. I always say that it seems Hong Kong, especially the Tourism Development Council, has totally neglected the integration among districts in promoting tourist spots in Hong Kong. There are actually many magnificent landscapes in Hong Kong. I hope that in developing tourism, the relevant officials can promote the further integration of Hong Kong's ecotourism at the same time.

I also hope that with the establishment of the WKCD — but unfortunately the Secretary has just left — I do not think the WKCD is only a cultural district for that newly developed area. Actually, with the development of these two large-scale projects, I hope that the Secretary or various government officials can examine how integration with the old districts can be further achieved. I believe that in order to promote the WKCD to become the cultural district of the entire area, just bringing tourists to operas is not good enough. Besides enjoying these cultural activities, they should also be able to see some local cultural characteristics in Hong Kong. Districts in the vicinity of these areas, such as Yau Tsim Mong and Kowloon City, are those with the longest history and the most streets with unique characteristics. I hope that the WKCD Authority can

further transform the characteristics of the old districts into the trademark of Hong Kong travel at the same time, so that members of the public can view and admire them when visiting the WKCD and appreciate this unique cultural heritage of Hong Kong.

As for the development of creative industries, to develop a knowledge-based economy, Hong Kong has to achieve continuous innovation in order to maintain its competitiveness. The policy address proposes to integrate resources, set up a dedicated Creative Industry Office, provide one-stop services and include courses on animation and comics in design programmes. I think this is a good start. However, the policy address has not mentioned the contents of the creative industries. Do they only include the film industry or comics? I hope the Government can take reference from some successful cases in neighbouring countries to promote the work on creative industries in Hong Kong.

Finally — the Secretary has left again — I would like to speak on the Shatin to Central Link. After Kowloon City residents' fighting for over a decade, the Government has finally undertaken to construct the Shatin to Central Link. However, from the consultation on the provision of stations along the Yau Ma Tei extension just released and from our discussions with the residents and the MTR Corporation Limited (MTRCL), we know that the preliminary station provision arrangement has totally neglected the needs of residents in the old districts. I can see that the preliminary station provision arrangement has only considered the needs of the new districts, including the new Kai Tak Development, as well as some large housing estates which will be or has been completed, while totally ignoring the needs of residents in the old district of Kowloon City or members of the lower strata living in public housing estates such as Ho Man Tin Estate and Oi Man Estate. They will basically be unable to enjoy the rail link, which they have been fighting for together for more than a decade. Actually, this is only the initial design stage. I hope that the Secretary or the MTRCL can give it a second thought and conduct thorough discussions with residents on station provision so that the construction of the Shatin to Central Link can benefit all the residents and promote the economy of the district.

President, I so submit.

PROF PATRICK LAU (in Cantonese): President, in this first policy address announced in this term of the Legislative Council, the Chief Executive has finally implemented some policies which, although discussed for a long time, have not been put into effect. Policies such as those on the footbridge system, e-books, home-based child care service, and so on, are all very important ones which can address the needs of the public. However, as the policy address only focuses on these micro policies to the neglect of the macro direction, the entire policy address gives the impression of a lack of vision, while only proposing the setting up of task groups to carry out "studies" and make "considerations" — Mr LEE Cheuk-yan even said that it is "empty talk". There is neither any concrete implementation timetable nor any long-term goal and direction, which gives people the impression that the Chief Executive only knows how to "get the job done" without any creative thinking that can lead the people of Hong Kong to face this drastically changing economic environment. The last few remarks seem to be the same as those made by Mr Ronny TONG, but what is special about them is that, like Mr Ronny TONG, we support this Motion of Thanks.

I think the shortcoming of this policy address lies in its limited coverage of employment. It has neither specified how job opportunities can be increased by developing creative industries nor mentioned the assistance to be provided to SMEs. Although the proposal of introducing a means test to the "fruit grant" has been shelved, no concrete arrangement has been made for a review of the subsistence grant for the elderly. Therefore, relevant details should indeed be provided as soon as possible.

Although this policy address has not brought any pleasant surprises, it has conveyed two important messages: one being that the "active non-intervention" policy which has long been upheld by the Government has been replaced by "suitable intervention"; and the other is that "affinity difference" has been overridden by the "Third Way". I believe these two messages will have a certain bearing on the free market, development of the financial system and constitutional reform in the next few years. Looking back at the global trend, suitable intervention may be necessary in such a volatile economic environment. Besides, in order to implement the constitutional reform smoothly, the Third Way, which is impartial and not leaning to either side, may be exactly the only way to promote good administration and social harmony.

President, regarding development, as a result of the impact of the financial tsunami, the market will experience a downturn in the coming few years, and the costs of labour and materials will also drop. Therefore, I consider this the best opportunity to proceed with the 10 major infrastructure projects and other public works projects. Various works processes should be expeditiously implemented in phases. Besides conducting studies or designs, tenders should also be invited without delay for processes which are ready for commencement. In this way, it will be easier to put the progress of the works under control. Never should super large-scale projects be launched at the same time because in this way, they will only be monopolized by large international consortiums in the end.

Most importantly, the tendering approach always referred to as "design-and-build" by the Government should be timely modified. Actually, a more reasonable approach is to select the most suitable design option by conducting an open design competition or whatsoever before tendering the works under the construction contracts because only with this can the cost of the works be kept closer to the actual level. Therefore, design competitions should be conducted early for the 10 major infrastructure projects and other large-scale projects and then the works projects should be parcelled out to tendering. The most important point is that large, medium and small local enterprises should be given more opportunities of involvement so as to keep workers and professionals employed on a sustained basis.

As the market of Macao has begun to experience a downturn, many construction workers who have been working in Macao will gradually be returning to Hong Kong. Grievances in society will rise dramatically if inadequate works projects are not implemented. Although it is reiterated in the policy address that public expenditure on infrastructure will not be cut, the \$29 billion earmarked has not been put to proper use over the past few years. Therefore, I really hope that the Government can parcel various works projects out for implementation, for example, the processes of ground investigation, site formation, laying of foundation, provision of complementary road networks and tree planting — President, actually it takes many years for trees to grow — all these processes can be launched immediately to expedite the progress of the projects so that the core works of such projects as the Western Kowloon Cultural Development, the Kai Tak Development and projects along the railway lines can be commenced as soon as possible.

The policy address has proposed to improve the pedestrian environment. I have all along been strongly advocating this and the Democratic Party also shares the same view. It is a good thing that this idea will finally be materialized. But, I think something more can be done. The policy address has not mentioned the point that we can make reference to cities in Europe and the Mainland by providing additional roads in the form of pedestrian boulevards and planting a large number of trees on both sides of such roads to make them more appealing and encourage more people to walk instead of taking rides, thereby reducing vehicle emissions. Actually, the pedestrian precinct in Mong Kok has been running as a pilot scheme for years. President, everyone has grown accustomed to the fact that the area is a pedestrian precinct, so the environment of the district will be greatly improved only with minor alterations such as adding landscaping features like beautiful street lighting and signage to enhance the cityscape, laying a smooth and beautiful pedestrian pavement and planting ornamental plants extensively. The most important thing is that advertising billboards should not be allowed to block the view of the entire road and mess up the environment. In this way, the pedestrian environment can really be improved.

With regard to lands, as the Government has indicated that it will exercise "suitable intervention", it should consider abolishing the policy on the Application List System and replacing it by a government-led system which maintains stable land supply. As banks will further tighten financing and credit in the future, a lot of programmes will be shelved as a result of the failure to obtain loans. In face of the absence of bids, I consider that the Government should resume regular land sale to ensure adequate land supply and maintain market stability.

The policy address has not mentioned how to make the best use of existing factory buildings. I consider it wasteful to leave them vacant. Old factory buildings should be allowed on discretion to be used for other purposes. They should not be demolished and then rebuilt again as it is not environmentally-friendly to do so. The relevant authorities might as well consider waiving the payment of large sums of regrant premium in order to encourage the efficient and effective use of the vacant factory buildings. As the Government will vigorously promote the creative industries, why does it not encourage the use of these old factory buildings by all means? This is not only environmentally-friendly but can also help SMEs develop the creative industries.

The policy address has finally put on deck the issue of seriously solving the traffic congestion problem of the three harbour crossings. I consider that it is the best timing to put forward the buyback proposal. I hope that it can complement the arrangement for interchange stations. This will not only solve the traffic congestion problem but will also reduce air pollution caused by buses.

With regard to housing, I am very glad that the motion on elderly housing policy moved by me last year will be implemented. The Government has decided to build elderly housing in Tin Shui Wai and North Point and allow the elderly to apply for such housing without going through the means test, thereby further promoting the Special Scheme for Families with Elderly Persons and encouraging young families to live close to the elderly so that they can look after each other. I very much hope that the Government can pay more attention to the elderly housing problem in future and encourage the building of more elderly housing with different styles to complement the social support network and help elderly solve their problems in daily living, thereby reducing the social problems arising from the elderly in poverty.

In the wake this financial tsunami, I consider that a review has to be conducted of whether or not we should still be relying on the financial industry as our pillar industry. I wish to reiterate that urban development and infrastructural facilities are more reliable in promoting tourism and the creative industries. I also believe that making Hong Kong a hub for education can bring stable economic benefits, and Australia, which has been vigorously developing its education, is a good example. Therefore, I hope that the Government can take immediate actions so as not to allow neighbouring cities to take the lead in this respect, or it will then be too late to regret it.

President, I wish to ask the Government a question. The development of Hong Kong as a financial centre as often stressed in the past has attracted a large number of talents, especially young talents, to join the financial industry, with many of whom being my former students in the Department of Architecture. They are now facing the threat of unemployment or are already unemployed. In such circumstances, has the Government come up with any plans to help this group of victims who are even more helpless?

I so submit. Thank you, President.

MR CHIM PUI-CHUNG (in Cantonese): President, this motion today is about the second policy address delivered by the Chief Executive in his second term of office. I remember the Chief Executive once said that Hong Kong's financial industry could support 7 million, or even 10 million people. His ambition and view were not unfounded because he was once the Financial Secretary. He and his colleagues have forged Hong Kong into an international financial hub. A financial hub is no doubt a hub. But, most unfortunately, Hong Kong has been turned into a centre for global predators to withdraw money. Even this withdrawal centre has been robbed by global major financial institutions. Why am I making this statement? It is founded on facts.

President, we can tell from Hong Kong's stock market history that the Hang Seng Index once plummeted 92% from its peak on 9 March 1973 to December 1974. For practitioners of the local financial industry, especially those who have served in the stock industry for a long time, they would realize what is happening. First, they understand that the rise and fall of stocks is perfectly normal. Second, they are also aware of their own knowledge of the stock market and their own capacity. Hence, we witnessed another peak on 30 October 2007, 35 years after 1973, when the Hang Seng Index hit 31 638 points. However, it has since fallen by 65.2% to only 34.8%. Despite such circumstances, stock investors in Hong Kong still stand fast in their positions. They have been watching history changing as stocks hit an exceedingly low level the day before yesterday and climbed up yesterday. Regrettably, extremely unfair measures have been adopted by the SAR Government because of its policy blunder to turn Hong Kong into a so-called international financial hub.

The first unfair measure concerns warrants. We know that, according to Hong Kong's requirements, a company wishing to be listed has to produce three years' records of profit-making. Furthermore, the Board of the company must work hard in silence before they can create an opportunity for the company to be listed. After the listing, and with the approval of the Securities and Futures Commission (SFC) and the relevant organization, other institutions will immediately issue warrants. In other words, those institutions would make use of its listing position to exploit investors' interests because a premium of more than 20% to 30% would have been pocketed by them. Originally, the premium should go to the listed company. However, under the approval of the Government — especially the SFC and the Hong Kong Monetary Authority (HKMA) — these financial institutions are close to exploiting the interest of the market. This is the first mistake made by the Government.

The second unfair measure concerns the so-called minibond problem that occurred recently. It is right to say that the SFC should take the blame for the problem. However, as the SAR Government's policy is based on disclosure, and given that disclosure of information has been made, I personally think that the SFC has made no mistake in approving the issuance of the products. The mistake really lies in the leaflets distributed and the promotion tactics. In this connection, as the SFC supervises stock brokers, it should bear the responsibility. However, we understand that since the passage of the so-called "securities legislation" or "securities draconian law" in 2002, the SFC has simply President, I understand that you are a Non-Executive Director of the SFC. Although such information is not essential, it can still be made known to others. You do not necessarily have to be held responsible. Fine, under such circumstances, the SFC cannot supervise the securities departments of banks, for they come under the jurisdiction of the HKMA. This is the result of Joseph YAM's fight. This is what he thinks: Given that one is allowed to take charge of a major bank, why can he not take charge of the stock department of his bank? In this respect, how could the SFC be in a position to compete with him?

We can tell the influence of the Chief Executive of the HKMA and his independent kingdom from his move to immediately make clarification just one day after the brief criticism made by the Chief Executive. I believe even the Central Government is backing him. In such circumstances, he has been given the power. Actually, it does not matter, as long as everyone co-operates in serving Hong Kong as a financial centre. However, he has failed to perform his monitoring role after acquiring the power. Why do I say so? It is evident from his remarks about the recent occurrence of the so-called minibonds incident that he has failed to perform his monitoring role, because no investigation and report have been made until after the occurrence of the incident. Had monitoring be carried out, he would have, in his words, had foresight. The incident would not have occurred as he could have instructed banks not to do this and that. However, he has not acted in this manner, and there is no doubt that banks are at fault. Now the banks are watching the Government and their "head" — the HKMA. If the HKMA does not admit its fault, how can the banks admit their mistakes?

Actually, the banking sector has made a very serious mistake. First, it is stipulated in law that the product cannot be sold to elderly people aged over 65. This is the first mistake the banks must review. Second, the banks should be experienced in these products. I believe most of the banks have no experience at all because they merely wish to get the 4% to 5% commission. Some of the

banks have even unknowingly accepted the responsibility — in other words, they have accepted money from their clients. Nevertheless, have they handed the money to the issuers or other people? They should have kept such records. The third mistake is attributed to the over-zealous promotion tactics adopted by bank staff. Although the explanation process should very often be recorded, the banks are now reluctant to produce the recordings. Why do the banks insist that they have not done anything wrong? It is because their "head" — Mr Joseph YAM — does not admit his mistake. So, how will they admit their mistakes? This has also affected the integrity of Secretaries of Departments and Bureau Directors. In the end, we can only read the report to be submitted three months after, but this is not helpful to the situation at all.

The third point I wish to raise concerns accumulators. We can see that this has been the most serious incident. We have learnt from newspapers and the media that the incident had occurred simply because CITIC Pacific expected the Australian dollar to fluctuate. Of course, I personally think that, if we merely look at the case *vis-à-vis* the explanation offered, it is unreasonable for such an enormous sum of money to be involved. However, we can explain the matter with the aid of figures. Today, the Australian dollar has risen slightly. Should it fall to AUD\$1 to US 60 cents, there will be a chance for CITIC Pacific to lose more than \$20 billion. Should it fall to AUD\$1 to US 55 cents, the company will lose more than \$25 billion. Should it fall to AUD\$1 to US 50 cents, there is a possibility of the company facing liquidation. We can see that such a crisis can possibly happen.

President, sometimes we can see on the television that 10 lions were springing on an elephant or a giraffe. If this was allowed to continue, the elephant or giraffe would definitely be eaten by the lions. Similarly, under the policy adopted by the HKMA and the SAR Government, the banks are allowed to, in addition to operating their normal business, make use of their privilege to kill, withdraw money and even commit robbery in Hong Kong. It should be understood that there is a global power which is essentially robbing the world of its wealth. Let us recap some history. How could the so-called 1987 global stock market crash be considered a catastrophe? Was the Asian financial turmoil after the reunification in 1997 not another operation to rob the whole world of its money? The turmoil this time around, which should have occurred in 2007, has been delayed for a year, why? Because it is targeted at the Mainland and the tool employed is the so-called accumulator. Many businessmen and factory operators are now operating industries in the Pearl River Delta and the Yangtze

River Delta Region. Over the past two decades (not to mention three decades), they have worked hard in silence under China's opening policy and indeed made a lot of money. This was particularly so for factory operators. Their money will either be invested in real estate or deposited in banks. Noticing that these factory owners have money and they have also invested in stocks, bank staff would often employ all sorts of tricks and use different tactics to explain to and lobby them. Members can see, and it has often been reported in newspapers, too, that stock No. 34 and 208 are already considered as quite conservative. However, they could still incur a loss of more than \$4 billion. Without the support from the company's Chairman, the company assets could have been liquidated. However, what we have seen is just the tip of the iceberg. Other losses are simply incalculable.

As far as we see, there is no doubt that these businessmen and factory operators are engaging in alternative exploitation, or even lawful exploitation, on the Mainland by transferring the money made with the blood and sweat of mainland labourers to the territory. However, they are in turn exploited by international institutions in Hong Kong. Will the SAR Government and the HKMA be considered as suspects? Who are they if they are not accomplices? What are their identities? Despite their intention to turn Hong Kong into a financial centre, they are actually assisting the global power in committing robbery in Hong Kong.

President, let me take a sip first. During his meeting with Russian Prime Minister in Russia yesterday, Premier WEN raised the Hong Kong issue. Undeniably, the Central Authorities should give Hong Kong people absolute confidence, because the territory is not an independent city but a special administrative region of China. Hence, the Central Government is absolutely obliged to help Hong Kong people face all hardships. Accordingly, it also has all powers to safeguard Hong Kong's prosperity and stability, and it can exercise its powers, including constitutional development, and so on. Insofar as this point is concerned, the SAR Government is obliged to explain clearly to all people of Hong Kong. Premier WEN mentioned that Hong Kong had to take this opportunity to identify its adequacy. We can see that the inadequacy lies in the superior position of the HKMA. In many cases, banks are used as its protective shield, thus making the HKMA an invulnerable kingdom. I believe the Central Authorities also understand such a mentality and philosophy of the HKMA.

I am an absolutely responsible person. As a representative of the finance sector, I will not succumb to any pressure. It is right that, according to an article in *Hong Kong Economic Journal* yesterday, my representativeness is no different from Dr David LI's representativeness, as some of my voters are relevant stock brokers. I can tell Members that, if my voters have done anything wrong, I will definitely point it out. Even if I have made a mistake, I will admit it bravely. As Members of this Council, we must tell the truth bravely and face it.

As mentioned earlier by Members, we must review the mistakes made by banks in selling minibonds and, in this connection, a committee will be set up on or after 12 November. Unless a miracle happens within these 10 to 20 days so that the problems facing the victims can be resolved, I would encourage Members to face the reality with courage and make decisions according to their conscience. Otherwise, there will be no way to know all the grievances and inside stories of the victims. Personally, I am not encouraging Members to uncover all secrets or impose other pressure on the banks. However, the banks must be responsible for their faults because their responsibilities are unshirkable. Hence, should we fail to exercise our power at this solemn and critical moment, we will not only lose face, but also fail to live up to the expectations of the citizens and voters. We must have the courage to make commitment. Hong Kong needs people who can express themselves in this manner. I can tell Members that some people have lobbied me, but I still hope the matter can be resolved by the banks in the next couple of days. If the banks evade their responsibilities, and if Mr Joseph YAM is unwilling to apologize to the public, we are duty-bound to fulfil our responsibility.

President, Mr YAM has written another article immediately on the offer of full deposit protection in Hong Kong. Actually, he is manipulating his power. If no incidents occur in Hong Kong within two years, he would then take credit for it and say, "I predicted a long time ago that Hong Kong would definitely be fine." However, if incidents occur during the period, he would say, "I already reminded everyone a long time ago, only that no one was paying attention." It is absolutely irresponsible of Mr YAM to act in this manner. President, it must be borne in mind that the issue of full protection must be addressed with caution in future. Has the HKMA actually performed its role in supervising banks? Incidents will possibly occur at any time. In the event that their deposits have trouble in overseas countries, how can the HKMA exercise supervision or prove whether or not further borrowings have been made? In times of collapse of

financial institutions, borrowers are not required to make repayments, whereas the deposits of Hong Kong people will be compensated by the Hong Kong SAR Government's Exchange Fund. This explains why the HKMA has the obligation and responsibility to give all the people in Hong Kong a clear explanation on this matter. Otherwise, the loss will not be suffered by us alone, because we cannot, if we look back at history, say that the Government has not made any commitment and taken any responsibility. There were once problems with the Overseas Trust Bank, though it continued to operate eventually. There were also once problems with the Hang Lung Bank, and the people in Hong Kong were compensated under the influence of the Government. Therefore, the Government should not say that the matter will be perfectly fine. Problems did occur before, only that they were relatively minor. However, the occurrence of minor problems does not mean that everything is fine. Therefore, as taxpayers and owners of the funds, members of the public are in a position to demand a detailed explanation from the Government.

As mentioned by me earlier, the first financial incident took place in 1987, the second in 1997. The one occurred in 2007 was only the third in history. How will the situation unfold? I would like to take this opportunity to advise the public that the phenomenon is cyclical, and I can assure the public that no blunders will occur. It is most important for the Government to protect our property in a fair and reasonable manner. The Government must not shirk this responsibility.

President, I will not restrain myself. I am going to spend the remaining 30 minutes to talk about other issues.

In this policy address delivered by the Chief Executive, I think that some issues warrant discussion in future. The first one concerns retired civil servants. We understand, and are pleased to know, that a committee has been immediately set up by the Government. Anyhow, this is a matter of concern to the public. In general, civil servants receive better treatment than members of the public. Furthermore, they have access to a lot of insider news and, in theory, they are above the people. Though they are now being called civil servants, many of them still think of themselves as officials. Given that they are officials, those performing the roles as Secretaries of Departments and Bureau Directors must have a sense of mission. Should they lack this sense of mission, I would encourage them to learn from a mainland concept of "turning to the business sector by resigning from their government posts". Should officials envy better

income offered by other trades and industries, they should quit their jobs. Government officials must have a sense of mission. Even if they are facing difficulty, they should know how to smile. Hence, that the Government has readily accepted good advice and made it a point to review the future course to be followed by retired senior officials is worthy of our admiration. However, it is most important that the Government really has the courage to act and remove public doubts about transfer of benefits and cronyism. I hope the committee can take the opportunity to seek public approval during the year.

Another issue concerns oil companies which are quick to raise prices but slow to reduce them. I firmly believe that there is no question of collusion between business and the Government and transfer of benefits. However, anyhow, we can see from the information chart its former price when oil was sold for \$60 a barrel and its current price. If it is said that there are problems with storage, I am sure assistance will definitely be offered by the Mainland. There should be no problem with building an oil depot for Hong Kong in places such as Yangjiang, Zhanjiang, and so on. I think there should absolutely be no problem, only that I have no idea whether the SAR Government is willing to do so. It will actually be unfair to the public if the Government is not willing to do so, or there are too many Tai Chi masters among the officials.

The third issue concerns the Western Harbour Crossing. Just now, a Member questioned whether we should wait another three years. This reminds me of a Mandarin song describing a long wait of 12 years. Coupled with this year, it will add up to 13 years. However, how can such a mentality be tolerated? We do not mean to take advantage of CITIC Pacific at a time when it is in great trouble, but the matter must be dealt with in a reasonable and sensible manner. I suggested a long time ago that a fourth crossing should be built. Why can my proposal not be accepted? The Government talked about law, saying that other people must be respected. There is absolutely no need for explanation because, in addition to interest consideration, it is unreasonable for us to waste time in traffic jams. Transportation in Hong Kong is already excellent because we have the Mass Transit Railway. However, Hong Kong people are determined to do even better. I believe even the Government will have no objection to this matter.

The fourth issue concerns the Lehman Brothers incident. As the saying goes, "A single spark can start a prairie fire". This is not a minor incident. I am convinced that the SAR Government hopes to address this properly.

However, the Government is incapable of doing it. What is the point of mere thinking? Everyone hopes to do so. For Mr TSANG, it is most preferable for him to serve as Chief Executive for two more terms. However, this is impossible because of the relevant provisions. However, the Government is still obliged to do things even though they are considered to be impossible tasks. Singapore has managed to do so. If our Government cannot do so, the leadership simply has to step down.

The fifth issue concerns the linked exchange rate. I know that the Chief Executive has once said that this is a taboo, but I think he is prejudiced. Why should this be a taboo? Nowadays, even Premier WEN Jiabao warns against allowing a single currency to occupy a dominant position. What he had in mind although he did not explicitly state that he was referring to the US dollar, I can speak for him (of course, he might not agree). Why must the SAR Government link the Hong Kong dollar with the US dollar? The problem with Hong Kong is that it has only one trick — the discount window. Despite the Government's saying that there are five, six, or even seven tricks, it actually has only one trick. So, do not consider yourself to have done a great job. Therefore the Secretary is back. The linked exchange rate must be reviewed. I am not saying that it must be scrapped immediately. Can a review not be conducted? Even suggesting a review is not allowed? Is he really such a hegemonist? Of course, many people might not agree with my proposal of reviewing this policy. However, I still believe it must be reviewed. We understand that, as the exchange rate between the Hong Kong dollar and the Renminbi has fallen from \$106 to \$80 or so now, the exchange value of the Hong Kong dollar has dropped by 10% to 20%. With prices on the Mainland keep spiralling, the poor have suffered a loss of nearly 50%. Though I am not entirely clear about their pressure and hardship — to put it bluntly, I am not under such pressure — I do know about their situation. So, why should a review not be conducted? The only explanation is that the HKMA would then not be required to do anything in this regard. Should the linked exchange rate not be maintained, the Chief Executive of the HKMA would have to handle this issue in the morning and other matters in the afternoon. It would then be difficult for him to lead a peaceful life even if he received a salary of \$10 million.

The sixth issue concerns reviewing CSSA. We understand that Hong Kong is under increasing pressure because of CSSA commitment, including the "fruit grant" mentioned today. With respect to the issue of "fruit grant", the

Chief Executive has readily accepted good advice. After he had mentioned "Chief Executive YAM" on that day, he apologized on the following day, "Excuse me, he will continue with his term." Did this incident make him lose face even further? Hence, in dealing with the issue of "fruit grant", he implies, "I respect public opinion. As this represents public opinion, I will accept it immediately." However, I think he stopped short of saying one thing. He should urge people without the need not to apply for the \$1,000 and tell them the Government would issue a certificate of award to them so that they will not be required to be means-tested in future. Actually, even a retired Chief Secretary — I am not going to divulge his name — is among the "fruit grant" applicants. Under such circumstances, the Chief Executive should call on the rich not to apply for the "fruit grant" for the good of Hong Kong. A medal or a certificate of award will be issued to them in future. This is not only beneficial to everyone, it is also better than carrying out means tests. Most importantly, every one in society must live happily. We must respect the fact that even the Chief Executive has his own difficulties. Therefore, we should not condemn him too severely over this matter.

Furthermore, the 10 projects must be implemented expeditiously. Of course, the authorities have stated that a lot has been done. However, I personally consider the progress still too slow. It was reported by a colleague just now that there would be massive job cuts in Macao shortly, and many people would therefore return to Hong Kong. Hence, the 10 projects must be expeditiously implemented, for the implementation of the projects will benefit society at large. However, we still have to expedite our effort in many other areas.

The eighth issue concerns Members. Besides constitutional development, I believe Members — because there is no need to discuss constitutional development next year, for we can stay put between 2007 and 2008. But why can universal suffrage not be implemented in 2012? Twenty-three Members As at least 21 Members have a firm position, it is superfluous for me to say anything. Hence, there is no need for argument among Members.

Therefore, there is practically nothing which needs to be argued. If there is no argument, it would be much easier for discussion to be held on many issues when the Chief Executive lobbies us, for Members will not be too mindful about things. For the sake of securing votes, some Members would stop arguing so long as they can account to their electors.

The remaining issue concerns the media. Of the two or three major newspapers in Hong Kong, one or two — as this is well known to all, there is no need for me to publicize these newspapers — actually have a relatively poor relationship with the Chief Executive. As a result, the Chief Executive is criticized and condemned every day. As the leader of the Government, the Chief Executive must have a good understanding of the media's opinion. If their opinion is right, the Chief Executive must accept and correct his mistakes. If their opinion is wrong, the Chief Executive will have to offer explanations because many members of the public would read newspapers. If they see the newspapers condemn the Chief Executive and the latter does not respond, they would think the latter has really done something wrong.

Insofar as this point is concerned, those led by the Chief Executive, especially his think-tank, is not simply responsible for preparing scripts only. Establishing relations is what the Chief Executive is obliged to do, for he can then find out the difficulty confronting the media and the inadequacies. A responsible government should correct its mistakes, if any. Even if it continues to be condemned by others, even though it has made no mistakes, it should still humble itself before others. In so doing, the problems raised by others might probably be resolved. This is a very important step to foster harmony in the territory as a whole. It does not matter.

The 10th issue concerns Undersecretaries and the Political Assistants. As Members are aware, it is wrong to say that the appointments are aimed at training political talents, because what they are offered is not training, but very generous remunerations. Therefore, we expect them to deal with issues properly, even if not outstandingly, and to be well-versed in a lot of things. Furthermore, they must not do any disservice. As regards their appointment date, we Members have no requirements. Provided that they can behave themselves properly, the public will give their approval. I believe this would be helpful to the SAR Government's administration and the Chief Executive's reputation.

President, the remaining issue concerns whether the Office of the Privacy Commissioner for Personal Data and other committees have actually made contribution, and are useful, to members of the public. We will definitely be pleased to see that the answer is in the affirmative. However, if there are many instances of improper use of public funds, I am sure members of the public are sharp-eyed.

Hence, in any case, in the debate today, as pointed out by a number of colleagues earlier, we can see that Members have different aspirations for the contents of the policy address and share the view that what has been done is inadequate. As a representative of the financial services sector, I also find what is written in the policy address inadequate. In any case, the Chief Executive must be anxious to achieve something at this stage. As Members are aware, gamblers used to say that "people who are anxious to win will lose their money instead". The more anxious the Chief Executive is, the more erroneous his policy will be. The Chief Executive had worked as an administrative officer for so many years. His behaviour he is also convinced that he will definitely succeed. But it is a great pity that many things he has done recently — his advisor, all the Secretaries of Departments and Bureau Directors should also be held accountable — unless the Chief Executive refuses to listen to their opinions, including those on the issue of "fruit grant". Actually, it is no big deal for the Chief Executive to listen to our opinions, is it?

I have once said that it is not a sin for a responsible government or a responsible leader to err. Most importantly, they must be able to readily accept good advice and fight for victory for the sake of public interests and co-operation. In the end, he must recognize that he is serving our nation, China. I firmly believe Hong Kong can overcome all difficulties in the future.

President, I have used up all my "money".

(Some people in the public gallery clapped their hands)

PRESIDENT (in Cantonese): Will those in the public gallery keep quiet.

DR JOSEPH LEE (in Cantonese): President, I would like to speak on the housing policy as stated in this policy address which has actually talked little about housing policy. But there are three points that we have long been discussing and I am really glad that the Government has finally mentioned these points in the policy address and started to put in place the relevant measures. The first point concerns the lifts and escalators in housing estates. Over the past few years, we have been telling the Government on various occasions that the elderly or people with disabilities in housing estates, especially those in old districts, could not use such facilities as lifts and escalators because of the

restraints in the buildings, and they also encounter difficulties inside and outside the housing estates. It is good news that this policy address shows us that the Government has started to allocate funds for carrying out the projects concerned.

Second, concerning the plan to promote inter-generational harmony which has been implemented for two years, it is stated in this policy address that the waiting time and eligibility for the Special Scheme for Families with Elderly Persons has been shortened and relaxed, to enable elderly people to live with young people or their families, which is most desirable. There are other measures under the Special Scheme for Families with Elderly Persons such as transfers and additions policy, which should continue to be implemented. This is a wonderful measure in the policy address. We hope that, through these continued schemes and favourable housing policies, the Administration would attain inter-generational harmony among old people, young people and adolescents in the communities. This is the second point.

Third, it is about environmental greening. A greener environment is both good and bad. It is good because it is mentioned in the policy address that the Housing Department has started to carry out greening works, especially a pretty good job has been done on rooftops and in housing estates, and funds have been earmarked for carrying out the works.

But why is it bad? It is about the Community Garden Programme, a point I have mentioned on various occasions in the past three years. The Programme is in fact related to the greening of communities. Different surveys have shown that the Programme is really good; it not only provides community gardens in the urban area for planting activities by the participants but also allows social activities such as parent-child activities to be conducted in the communities. Elderly people can also put theories into practice and participate in gardening activities in their communities. In fact, these activities do not cost much. Precisely I asked a question today about the use of new and lightweight materials for easier rooftop greening works in housing estates, which can pre-empt an increase in loading or risk of leakage. Given that the Government finds the new material satisfactory, why can it not concurrently promote the Community Garden Programme such that greening will not only improve air quality but also the atmosphere of the communities and enhance social activities in the communities? As to the third point, though the Government has made greening efforts in the communities or carried out greening of buildings, it would be more satisfactory if

the Government can step up efforts to promote the Community Garden Programme so that greening schemes can not only have greening effects but also promote social activities and foster harmony in the communities.

All of these points are my views on the housing policy, and I will speak on other areas later on. Thank you, President.

MR TOMMY CHEUNG (in Cantonese): Without me telling them, I believe Honourable colleagues are aware that the catering industry badly hit by the financial tsunami is now in an abyss of suffering. I am deeply disappointed that the policy address has not noted the gravity of the situation and has failed to propose measures to help the SMEs.

I would like to warn the Administration against treating the matter lightly. If the surge in closures in the retail and catering industries worsens, I am afraid panic would spread throughout the community, which will give rise to social instability.

The first and foremost task of the Administration, learnt a lesson from the Asian financial turmoil and SARS outbreak, is to call upon Hong Kong people to save one another. In spite of the currency depreciation in other places in Asia, the Administration should encourage Hong Kong people to take the whole situation into account and spend money in Hong Kong, sparing no efforts to rescue the local economy. Hong Kong people with investments and deposits overseas should bring their capital back to Hong Kong to help solve the problem of short-term monetary stringency.

The Administration should provide all-round assistance to the catering industry to enable it to tide over the difficulties. I urge the Administration to make reference to the measures adopted in the wake of the SARS outbreak and offer the catering industry a loan of \$1 million to facilitate the on-going operation of small food establishments that have greater difficulties in securing bank loans.

Furthermore, the Administration should lower further the threshold for the SME Loan Guarantee Scheme to allow applications by companies in industries

other than the manufacturing industries such as the catering industry employing more than 50 persons, and to include the orders placed by the catering industry within the scope of the loans under application.

Concerning high rents, the Administration should make reference to the precedent in which the Housing Authority reduced rents for the commercial tenants in its shopping centres. Since the damage inflicted by the financial tsunami is more serious than the SARS incident, the Administration should expand the scope of rent waivers or rent waivers to cover the commercial tenants in the shopping centres and market stalls under the Housing Authority and the Food and Environmental Hygiene Department, as well as the wholesale markets under the Agriculture, Fisheries and Conservation Department.

I wish the Administration would understand that, if only the Government would take the lead, it would be able to put pressure on The Link REIT and other landlords to bear social responsibilities, reduce rents to levels affordable by commercial tenants and tide over the difficulties together with the commercial tenants.

In the short run, the Government should consider holding over payment of provisional profits tax and remission of business-related licence fees, relief of water charges, sewage charges and trade effluent surcharges. In addition, it should expeditiously solve the problems of high prices of live chickens and pigs — the only problem with live chickens is Secretary Dr York CHOW — and reduce food costs with a view to offering all-round assistance to resist the domino effects of the financial tsunami.

Lastly, I would like to talk about the minibonds incident. I have not invested in minibonds but I learnt from the announcement made by the DBS Bank yesterday that the majority of minibonds it issued were worth nothing, and the redemption prices of Series 36 and 37 were only 8.7% of the original prices. There is such a big difference between these prices and the redemption prices of 60% to 70% of the original prices initially estimated by the Financial Secretary and the Secretary for Financial Services and the Treasury, Prof K C CHAN — luckily, both of them are present now.

I am asking if the Administration made irresponsible remarks on that day. Does it have integrity? How is it going to give the more than 430 000 minibond victims an account? This incident fully exposes the problems of our financial

monitoring mechanism. The matter is crucial and the Administration should really remedy the situation as soon as possible and try its best to strive for the victims the most favourable redemption prices for the minibonds.

I so submit, President.

MRS SOPHIE LEUNG (in Cantonese): President, I am going to speak on a few areas today. The first area is economic development. We all know that Hong Kong has a liberal economic regime which is easily affected by the external environment. It has always been the Government's hope that Hong Kong will develop into a knowledge-based economy. We definitely support such a direction because we think that individuals and enterprises need continuous enhancement in value. It is a pity that the Government's support for the value enhancement of local enterprises has been limited to hardware throughout the years, and it lets academic institutions train and recruit talents on their own, probably not paying attention to talents that our society really needs. In recent years, the Government has emphasized the development of Hong Kong into a financial centre and it has allowed other industries to develop freely, which is not at all appropriate. If those joining the financial sector are considered as Number One Scholars (the best in society), fewer people would be willing to join other industries. The manufacturing industries have been one sector seeing the least enhancement in value in the past few years.

Concerning assistance in terms of talents and the value enhancement of industries, the grand opening of the Jockey Club Creative Arts Centre earlier on is a good example from which lessons can be drawn. I wish to say that I have all along promoted using old industrial buildings for similar purposes; certainly, my focus is on the textiles and garment industries and I have been following up the application of the concept of the Creative Arts Centre in their development. The Creative Arts Centre has done very well. It is financed by a fund and forms strategic partnerships with the tertiary sector and arts organizations such as the Hong Kong Arts Development Council and the Hong Kong Arts Centre. As I have observed, the Baptist University can also achieve the same though it does not have culture-related subjects. Such hardware is desirable because it can allow local artists and arts organizations to get together, which would effectively help promote arts and culture. It also provides artists with a commercial platform for interested investors seeking partners. It is a very good example. However, I wonder if the Government would likewise consider providing a

fashion design platform for such original industries as the garment and textiles industries while pursuing joint management with partners from the commercial and education sectors?

To cite a few examples, the City University of Hong Kong in Kowloon can do so, The Hong Kong Polytechnic University is now focused on the hotel management industry and is carrying out the construction of hotels; and the Vocational Training Council (VTC) is also doing very well. I would like to give the Government some information. Around three to four years ago, I helped the VTC establish a fund of around \$2 million for application by SMEs. This is a micro but very successful concept of the VTC, and quite a lot of SMEs sought assistance from the VTC in the first few years.

Actually, the point I would like to make is that value enhancement and design are essential elements in adding value to our sector. "The Red Pants" in our sector started their undertakings in the 1980s, and nobody other than "the Red Pants" was silly enough to do so after the 1980s. With such a good example in mind, I believe we should start doing similar work. When the concept becomes a mode, it can assist in the building and promotion of Hong Kong brands or young designers. It is my hope that the Government would take this into serious consideration.

President, I would like to talk about the Lok Ma Chau Loop. I proposed the concept back in 1999 and I am delighted that the Government is taking the matter into consideration now. Quite a few Honourable colleagues have said today that the Loop may in future become a platform for co-operation between Guangdong and Hong Kong or Shenzhen and Hong Kong. I visited the Futian District in 1999 and 2000 and I found that some modes of industries, development or medicine manufacturing were already taking shape there. Although there are lots of deficiencies and assistance in promotion is needed, for instance, only Hong Kong can provide quality assurance and play the role of commercial transformation, it is better late than never. I absolutely believe that some new industries may be bred in the Loop. Similarly, the SMEs initially only ran labour-intensive industries in the Pearl River Delta but now they have already made some achievements in respect of food production and accessories. The vanguards have brought about all this. I believe it would be great for changes to happen to the Loop in the future.

President, Members who have risen to speak today have focused on the financial turmoil and all of us would like to express our concerns. Mr Jeffrey LAM, Mr Andrew LEUNG and I have made suggestions to the Government concerning the credit facilities and assistance for SMEs. That is not all. Also, we would like to help many large and medium enterprises which may close down in the future. We have made a number of visits to the market recently and found, as stated by Mr Tommy CHEUNG, that the business of many food establishments has reduced by 50% to 60%, which is very astonishing. Is the situation in Hong Kong so bad?

As I have said here many times already, our financial system is relatively robust compared with many economies but the biggest problem arising from the financial turmoil is consumer confidence as reported in the newspapers today. The aggravation of the confidence problem will trigger off a very serious domino effect. We all know that the Government has done a lot despite criticisms by many Members, for example, deposit protection. The Government has to do something, and if it has not or other regions have done something, our financial system may be undermined. While the Government has to spend a lot of money, banks, principal landlords or the owners of leased shops should bear in mind that we should help one another in the same boat and try our best to stop the domino effect.

Regarding people's confidence, we hope that consumption could be stimulated. There is this suggestion and the three of us discussed it last evening and this morning. It is about whether the Government could consider giving away in certain ways consumption vouchers to some people and even tourists. How is it going to give away such vouchers? We suggest the Government can give away these vouchers by drawing lots or by other means. The holders of such vouchers can get discounts such as a 10% discount at food establishments or places for the sale of food, but the food establishments must similarly get discounts from food suppliers. Food establishments may even offer deeper discounts to attract more patrons. Instead of spending money elsewhere, the Government can consider doing so; at least it can make people's living less miserable.

I attended a charity ball in North Point last evening. The middle class and grassroots who bought tickets for the function to raise funds for Sichuan relief work danced and sang happily. Rather than tiding over the financial turmoil in bitterness, they might as well dedicate themselves to charitable work and display their vitality to drive away sadness. They were influenced by a group of volunteers who encouraged them not to be unhappy but to enjoy themselves. It

is my hope that the Government would consider doing so by drawing lots or by other means, and I believe it would not have to spend a lot. The Government can definitely sort this out.

There are two other issues, President, on which I would like to express my views. Quite a few Members have mentioned the West Kowloon Cultural District (WKCD) today. The objectives of the WKCD are to boost the development of creative industries and encourage greater participation in cultural development. I am pleased that the policy address has undertaken to bring more cultural activities to the local communities, for instance, the Government will encourage cultural and performing arts groups to stage performances across the territory. Nevertheless, I hope the Government would consider the development of street performances. I trust that the officials present must have heard my comments on the issue over the past few years; I also submitted certain proposals to the then Home Affairs Bureau. Bringing creative arts and cultural activities to local communities will facilitate first-hand experience by the public. Street performance is new to Hong Kong but if an international street performance festival is organized every year for street performers from around the world to gather in Hong Kong and stage a diversity of artistic performances, it would be welcomed by the public.

We estimate that such activities would not be costly. The Government can solicit the help of people from various sectors in promoting the festival. For example, a tourist from Hong Kong who met a street performer in a foreign country might give the performer a name card and ask him to register online for participation in the festival. We may then subsidize the travelling expenses of the performer from his place to Hong Kong. The Government can designate performance areas in the communities where performers are allowed to stage performance for two weeks. Arts performers, be they well-known or not widely known, can apply and register for staging performances there.

In terms of administrative procedures, we have made some pretty good and simple suggestions just now. Let us visualize this: All performers can stage street performances in Hong Kong; there are no time limits and people do not need tickets; and they can observe, learn from, experience or even assist in these performances. This sort of interaction will help popularize the development of creative culture, which the Government would like to promote. Mrs Regina IP

has provided some data on creative industries a short while ago. I concur with her that, creative industries in many places will only be considered when there is a strong foundation for a creative culture. This issue merits our consideration.

I so submit, President.

MR PAUL TSE (in Cantonese): The issues mentioned by Honourable colleagues today are more or less connected with the tourism sector. There are two points in Mrs Sophie LEUNG's remarks a while ago that fit this subject most aptly. She suggested we might as well be happy and travel elsewhere in unfavourable circumstances instead of dwelling on the bad news. While attempting to put out the fire, the Government should encourage people to travel within or outside the territory.

Moreover, there is a connection between tourism and street performers. The West Kowloon Cultural District that Ms Starry LEE has referred to earlier, and the pedestrian street mentioned by Prof Patrick LAU are also related to tourism. But all this precisely reveals that the policy address is sorely lacking in mention of tourism. I was really at a loss, so I studied each and every paragraph — those of us with a legal background are accustomed to examining documents carefully. Only two paragraphs out of 137 paragraphs in the policy address contain the word "tourism", and there are not any special headings or sections dealing with the matter. There are only two paragraphs that make indirect references to tourism.

The Government often states that tourism is one of the four economic pillars of Hong Kong; does it mean what it says? When dealing with tourism-related matters, has it pinpointed the tourism sector just like what banks are doing? I will elaborate this point later on. While the financial sector as one of the four pillars is at its last gasp, does the Government wish to pool forces to deal a blow to the tourism sector — another pillar? Or, does it wish to treat the tourism sector like an orphan and pay no attention to this sector for it is not worth mentioning? There are two paragraphs in which tourism is mentioned, one is about exchanges with Taiwan in which the word "tourism" is used in respect of measures to facilitate the entry of people from Taiwan; while another one is about the cruise terminal facilities, and "tourism" is only indirectly referred to. The Government is rehashing these old stuffs that are just like "last night's rice". The Chief Executive has not proposed any measures or policies to assist the tourism sector at this time. The tourism sector is not only an economic pillar, it can also

help the general public take this opportunity to forget about their worries for a while and take a rest with their families so as to get prepared to take on new challenges. In this policy address, why has the Government totally ignored its responsibility to help the tourism sector address the problem? The tourism sector has an extensive scope covering airlines, hotels and travel agents, and employs lots of people. Later on, I would like to make some suggestions for consideration and implementation by the Government.

To highlight the theme, I would first discuss the serious deficiencies or inadequacies of this policy address. Before making the criticisms, I would like to say that this policy address is not without merits and it at least has a few strong points. As I have just said, tourism is closely linked with our lives. For instance, paragraph 91 of the Chief Executive's policy address is about improving the air quality. If the relevant improvement measures are taken, they will help the tourism sector indeed. If the measures for immigration convenience in paragraph 111 are implemented early, for example, measures are taken to facilitate the entry of people from Russia or Taiwan; it will also be helpful to the tourism sector. Regarding the cruise terminal mentioned in paragraph 4, despite the current turbulence, the Government has finally made up its mind to shoulder full responsibilities for the construction of the terminal, which is worth commendation. But it seems that there are quite a lot of demerits for criticisms and there is not much for praises to be sung. I will go over these demerits one by one if I have a chance.

Turning to the cruise terminal, I support the suggestion made by Mr Ronny TONG this morning. If Honourable colleagues have ever travelled on a cruise, they would know that the cruise would be berthed at the terminal and travellers would go ashore to visit the Greek Islands, for example, though there are not many facilities. Similarly, there are not many facilities on the Caribbean Islands but a place for berthing is enough. During the interim from now to 2013, should the Administration try to identify faster and cheaper ways to expeditiously provide deep-water berthing facilities for cruises in Hong Kong instead of emphasizing that cruise terminal facilities would only be provided after the completion of the terminal building and all ancillary facilities? The Government might as well consider taking temporary measures to facilitate cruise berthing for the convenience of cruise passengers. I believe the further excavation of the sea bed would be cheaper and take shorter time but there would be instant effects.

For the tourism sector, the policy address has not presented both slow and instant remedies. For example, Singapore to which Hong Kong is often compared has very effective and forward-looking tourism measures, including short-term, medium-term and long-term measures. On the contrary, I wonder if it is because Hong Kong is so-called democratic, the Government is always over-cautious and it dares not finalize or put in place more forward-looking measures for fear of being rebuked or hurled bananas. What long-term tourism policies can be implemented? The Government can implement short-term projects. Shanghai and Singapore have new and exciting projects such as Formula One and some sports events. Short-term projects that do not require a lot of expenses can also make the tourism industry flourish. Putting long-term measures aside, why has the Government not implemented or even considered short-term measures?

I would like to take this opportunity to talk about things that the Government can do for the tourism sector at once. I have just referred to mega events. At a time of economic adversity in the past, the Government readily allocated funds to sponsor certain mega events. Some of these events were successful while some others were problematic, say, the Harbour Fest. They were not defective events underpinned by defective policies; they were only put into inappropriate hands. We should not "have fear of the dark after seeing ghosts"; instead, we should review why we "saw ghosts". There would not be significant problems so long as "human beings" replaced these "ghosts". Excuse me but I would like to clarify that this is not racial discrimination and I have only cited the expression "have fear of the dark after seeing ghosts" to clarify this point. Although we have been taught a lesson, should we shy away from making investments? Nevertheless, the Administration should offer financial assistance, though not too much, for application by the sector or private enterprises for organizing such events. The examples of success I cited a short while ago include the Rugby Sevens. Not much was spent and the event was solely organized by the private sector; the Government was only in charge of complementary or publicity work. The Hong Kong International Dragonboat Race had been a great success but the event is cancelled this year because of a shortage of funds. Should we come up with new projects as quickly as possible and allow the trade to apply for funds for organizing such events? This is the first point.

Secondly, there have been quite a lot of discussions about the operational difficulties of SMEs lately. As far as I can recall, the tourism sector was the hardest hit during the SARS outbreak, and the Government resolutely took measures then, including SME loans. Despite the limitations, those measures such as only three months' wage payments were better than nothing even though they were not very helpful to the trade. Today, in the wake of a financial tsunami which is considered more severe than SARS, I urge the Government to reconsider at once more feasible measures taken before, such as further relaxing the loan requirements in order to help trades and industries — not only the tourism sector but also other SMEs — pass the cold winter.

Regarding the stamp duty for the tourism sector, as Members may be aware, the Travel Industry Compensation Fund has an accumulated balance exceeding \$500 million at present. The original objective of the Fund is to provide 90% of compensations to affected consumers in the event that travel agents close down. The fund is proven and has a considerable balance of over \$500 million, much more than our current needs. Should the Government consider reducing the stamp duty? The current stamp duty rate is 0.3%, half of which will be put into the Fund for further accumulation, and 0.15% will finance the operation of the Travel Industry Council (TIC). I suggest and urge the Government to reconsider reducing the stamp duty to less than 0.2% while maintaining the 0.15% levy to subsidize the TIC. It may consider using the remaining 0.05% on professional indemnity insurance, about which the tourism sector is gravely worried and concerned. Without any seed money, I am afraid operators in the tourism sector may not be able to bear the expenses on taking out professional indemnity insurance on their own.

In this connection, I wish to say in passing that the tourism sector bears heavier responsibilities for professional indemnity insurance than any other industries. Why? For example, professional doctors, lawyers or factory owners can basically control or at least try their best to control the extent of negligence if they are prepared to exert their best. These are foreseeable incidents. Doctors can try their best to be very careful, get better facilities or exercise more stringent management, and the same applies to lawyers. Even factory owners can step up inspection or take more measures; all this is within their control.

The operation of the tourism sector extends to every corner of the world and involves different nationalities, places, customs, laws and languages. If the person-in-charge of the tour in Hong Kong has to be responsible for a problem

that occurred in any places in the world, that person will have very heavy responsibilities. There were a few precedents before 1997; despite appeals made to the Court of Final Appeal or the Privy Council, it was held that the tourism sector not only had responsibilities for making arrangements with the overseas tour contractors, hotels or transport operators but it had to bear all the responsibilities. If anything goes wrong during the tour and the local service contractors or suppliers fail to provide adequate compensations because they have closed down or are not allowed to make any compensation under local laws, travellers often seek compensations from the tourism sector after their return to Hong Kong. The trade is therefore very worried.

I have said a little while ago that setting up a fund will serve as encouragement and assurance to the trade and it not only protects the trade but also all consumers, travellers and tour participants. There was a report two weeks ago — I am not going to name the company but I can say it is a large-scale company in Hong Kong — about an accident that happened in Egypt two years ago resulting in casualties and deaths; and the case is being tried by the Court now. According to the report, the company had plans to alter its name and transfer its assets. I must emphasize that it is just a rumour but if it is true, the greatest risk is that consumers will be denied protection. Hence, I trust that the Administration must urgently deal with the issue of professional indemnity, otherwise, not only the trade but also all victims and consumers will be hurt at the end.

By the way, I wish to say that tour-operating travel agents rarely close down nowadays and the recent cases of travel agents closing down involve ticketing agents. Nonetheless, the Travel Industry Compensation Fund I just mentioned does not cover such transactions as air ticket purchase or hotel bookings. I suggest the Government should consider amending the relevant ordinances as soon as possible to expand the scope of the Travel Industry Compensation Fund to cover air ticket purchase. Members may have noticed that all airlines have implemented electronic ticket schemes since 2008. After a person has paid for his air ticket, he will only have a piece of paper or even only a booking number in hand, unlike before when he had a physical air ticket. There are greater chances for things to go wrong.

If the Government fails to make a prompt decision and step up efforts to give protection to those who have only purchased air tickets, there will be an increasing number of cases arising from the lack of protection for those who have

purchased air tickets only. Banks have held the tourism sector as the first target precisely because of the closing down of the Oasis Hong Kong Airlines earlier on. I am going to discuss this point further and I will elaborate in detail the unscrupulous practice of extending the original payment period of three to five days to T+60. In other words, payment will only be made after a period of 60 days.

Now that banks and people have worries about the financial conditions or risks of travel agents, the Government should immediately consider expanding the scope of the compensation fund — I would wait until the Deputy President has taken the Chair

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

DEPUTY PRESIDENT (in Cantonese): Mr TSE, please go on.

MR PAUL TSE (in Cantonese): Yes, Deputy President.

The scope should be expanded to cover air tickets. Compensations will be made from the Fund in case an incident happens or a company closes down. I believe banks as credit card issuers do not need to worry so much as to immediately extend the payment period of travel agents from three to five days to T+60. This is going to kill two birds with one stone.

Another topic I would like to discuss is airport departure tax. The airport departure tax in Hong Kong is one of the highest though not the highest in the world. Under the present economic circumstances, I wonder if the Government could reduce the airport departure tax to attract more inbound travellers. These visitors to Hong Kong would also benefit the hotel, retail, catering industries and various sectors. The Government should act wisely and consider reducing the airport departure tax.

Taking the figures of 2007 as an example, the total number of inbound visitors was 23 126 341 and \$2.7 billion in airport departure tax was collected. Although that was a huge amount, the smart measure of airport tax relief would make many passengers who did not intend to visit Hong Kong or aircraft which originally would not stop over in Hong Kong stop over here, thus bringing financial benefits to various industries and trades. I hope that the Government,

especially the Policy Secretaries present, would consider whether this smart measure of airport tax relief can be adopted besides offering other tax reliefs.

I have indirectly touched upon an issue just now — this policy address by the Chief Executive has also mentioned but not clearly elaborated the issue. Secretary Rita LAU has also made remarks in this connection but as I have repeatedly said on public occasions, the Government should consider abolishing or radically reforming the Hong Kong Tourism Board (HKTB) commonly known as a "spendthrift". It is stated in paragraph 46 of the Chief Executive's policy address that the Government will also strengthen collaboration among four agencies responsible for promoting Hong Kong overseas, including the Hong Kong Economic and Trade Offices, Hong Kong Trade Development Council (TDC), Invest Hong Kong and HKTB. Although they have different concerns or areas of work, there is ample room for mutual co-operation and cutting expenses.

For example, the HKTB has five Worldwide Offices and five Representative Offices, with an establishment of 327 staff as at 31 March 2007. The TDC has offices in 40 cities around the world and 17 offices are located in cities with HKTB offices. Theoretically, we only need to slightly expand the scope of work of the TDC to cover the functions of the HKTB. I believe Members would understand that this will save a lot of expenses and the Chief Executive should instruct the authorities concerned to consider the matter. Nonetheless, I wish to urge the Government to expeditiously review the functions of the HKTB and consider whether its achievement in promoting tourism in Hong Kong is worth a daily expenditure of more than \$2 million and whether it can generate a daily income exceeding \$2 million. A review is badly warranted.

In spite of the fact that I do not want to use up my speaking time in one go as Mr CHIM Pui-chung did, I am sure I would use it up if I go on speaking. Another point I am going to make is about the Registry of Travel Agents. After going through the tests of history, the Registry today serves the only function of auditing the accounts reported by various travel agents. This function can simply be performed by the TIC to save travel agents the cost of paying the Registry more than \$5,000 for accounts auditing only. At this difficult time, I hope that the authorities concerned would have sympathy for the hardships of the trade and make suitable amendments or grant exemptions, or even consider merging the functions of the Registry and the TIC.

Moreover, the third runway in Hong Kong is a longer-term project but if we do not consider constructing the third runway as soon as possible, our logistics

or container industry will be taken over by other cities very soon and it would then be very difficult for us to recover lost ground. I hope that the Government will promptly examine the matter.

I would also like to discuss the governance of the tourism sector. We have a troika, namely the Commissioner for Tourism, the TIC and the HKTb at present. Each of them performs its respective functions but contradictions arise in the absence of complementary measures, indetriment to the sound operation of tourism practitioners. In this connection, I hope the authorities concerned would identify methods to better complement the functions of the troika such that the tourism sector would not be at a loss as to what to do.

I would like to spend a few minutes on issues besides tourism. First, should the Mandatory Provident Fund (MPF) System be reviewed? As we all know, our MPF investments have suffered great losses in the wake of the financial tsunami and many people would rather handle their money on their own if it is not compulsory to make MPF contributions. We should therefore take this opportunity to conduct a review.

Another issue is the latest government moves in the financial market. Taking the United States as an example, it has done something significant such as the presidential election, which really serve to put out the raging fire. After the Government has spent lots of money fighting the fire, should the fire fighters stay in the organizations making remarks or criticisms, or should the "big market, small government" strategy continue to be adopted to minimize intervention? I am confident that the Government would adhere to its "big market, small government" strategy and will not intervene or take over dispensable businesses.

I have just referred to a new policy of banks, that is, a T+60 payment period. Mr James TO told me that banks have pinpointed the tourism sector probably because they lack trust in the sector and consider that it is of high risks or has very poor prospects. According to my understanding and the inspiration I get from my conversation with Mr James TO, banks may feel more relieved if the scope of the compensation fund is expanded to cover purchase of air tickets. More importantly, the Government should offer banks 100% guarantee — although this measure may not be welcomed by each and every bank, and I think large banks may not like this measure of providing 100% guarantee for it will undermine their original competitive edge — the Government should at least make it clear to banks or put pressure on them so that they would understand that

the Government is not unconditionally helping them. Rather, the Government is appropriately spending money on the community and providing it with the essentials of survival lest there should be unfavourable consequences for everyone. I hope the Government would try its best to put pressure on banks so that its assistance would bear fruit. This is an urgent task for the Government. I think I have almost used up my speaking time. Thank you, Deputy President.

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

MR PAUL CHAN (in Cantonese): Deputy President, the policy address this year was announced some time after the onslaught of the financial tsunami. Like the ordinary masses, I also hope that the policy address can give us the kind of leadership, confidence and hope necessary for delivering us from the financial tsunami, so that we can still enjoy bright prospects in the aftermath. It is a pity, however, that the policy address is unable to give the public such assurance, much to their disappointment. The disappointment was aptly reflected by the survey findings released by the University of Hong Kong the day following the announcement of the policy address. People's rating of the policy address was just 53.8 points. The dissatisfaction rating was also the highest in four years, being 26%.

Having read the entire policy address, I am bound to say that it is punctuated by many inadequacies and can just attain a passing grade. In this session of the policy debate, I intend to speak on public power, public policies and economic policies.

To begin with, with reference to public power and public policies, paragraph 9 of the policy address says, "We must exercise public power in an appropriate manner and formulate forward-looking policies. We should be ready to take decisive action to help stabilize the economy and rebuild people's confidence to ride out the difficulties. "

Having reading this paragraph, I do hope that the Chief Executive can really take swift and decisive actions in response to the volatile situation caused by the financial tsunami. Unfortunately, however, ideals and realities are always two separate matters, and we can observe a huge discrepancy between our ideals and actual execution. I can cite two examples.

The first example is the Lehman Brothers incident. As soon as the problem erupted (the end of last month), and before any others did so, I already asked the Government to demonstrate leadership in dealing with the crisis. I asked the Government to intervene decisively to resolve the conflicts between banks and victims. I made it a point to advise that victims must be divided into different categories for separate handling, and that the Government must try to channel everybody's efforts to assisting elderly persons and the underprivileged who were misled in getting their money back. But a month has already passed, and we have only heard a handful of cases in which victims could get their money back. The progress has been very slow, bearing in mind that when the Hong Kong Monetary Authority (HKMA) replied to my question earlier on, it disclosed that there were some 800 minibond cases involving elderly persons. I hope that the SAR Government can make stronger efforts to assist the underprivileged to get their money back. In regard to victims who do not belong to the underprivileged groups, who believe that they were misled into buying these investment products, I urged the Government to activate the arbitration procedures and mechanism as early as possible, with a view to assisting them in getting fair treatment.

The second example I wish to discuss is small and medium enterprises (SMEs). The policy address is silent on the SMEs, much to everybody's disappointment. It must be borne in mind that SMEs are in fact the pillar of the Hong Kong economy, not least because they employ more than 60% of the local workforce. As a matter of fact, since the second half of 2007, SMEs have been under heavy pressure as a result of banks' credit crunch. Early this year, SMEs were plunged into further difficulties. On the one hand, they must comply with the Mainland's new labour law, and on the other, their business and revenue started to decrease as the sub-prime mortgage crisis dragged European and American countries into great recession. In September, local banks even began to "close all the umbrellas", so even SMEs performing well and with good credit history were plunged into difficulties. This subsequently forced the Government to take the remedial measure of improving the SME Loan Guarantee Scheme. The funding required was approved by the Finance Committee of the Legislative Council yesterday.

But then, when the establishment of the Task Force on Economic Challenges was announced yesterday, we found that there were no representatives from SMEs, and there was only one representative from the cultural sector. One must therefore suspect that the Government either attaches no importance to

SMEs or is simply indifferent to their plight and pressure. If we really want Hong Kong's economy to develop in a stable and balanced manner, if we really want our society to enjoy harmony and progress, how can we pay attention to large enterprises only and ignore the small ones? The Government must change its mindset.

In the following part of my speech, I wish to say a few words on economic policies. First, while the policy address fails to put forward any measures to cope with the financial tsunami and help SMEs, it is also devoid of any innovative, long-term and comprehensive blueprint on economic development. The topics of Guangdong-Hong Kong co-operation, scientific research, Lok Ma Chau Loop development, creative industries, business and commerce development and wine trade are also the continuation of policies formulated in the past. It seems that the Chief Executive is unable to identify for Hong Kong a new way out besides the financial industries. Therefore, how can Hong Kong people not help worrying about their future?

The only prospect that one can see is about exchanges with Taiwan. But as I mentioned in the Chief Executive's Question and Answer Session on the 16th of this month, our good but unilateral goodwill and non-governmental interaction alone cannot possibly enable us to achieve any Taiwan-Hong Kong co-operation. There are many uncertainties, and the risks of failure are high. From the press today, Members should have learnt that President of China Mainland's Association for Relations Across the Taiwan Strait, CHEN Yunlin, will lead a delegation to Taiwan next Monday. Members of the delegation even include the heads of the 10 major banks in China. This will be the highest-level visit ever made by the Mainland's financial sector. What will be the impacts on Hong Kong? I therefore hope that the Chief Executive can seriously consider the proposal I made sometime ago. He is advised to set up a think-tank comprising mainland and Taiwan experts. The membership should not be restricted to businessmen, and the think-tank should assist the Government in better grasping the economic and political situations of Taiwan and the Mainland, responding to the rapidly changing political situation and providing it with timely and appropriate advice and recommendations.

My second point about economic policies is about regional co-operation and the opportunities thus available to Hong Kong. Since June 2003, five supplementary agreements on CEPA have been signed. But many professions in Hong Kong, the accounting, legal, architectural, engineering and even surveying

professions alike, are still faced with many obstacles in their business development attempts on the Mainland. This is especially the case with small and medium firms, which find it quite impossible to establish any presence there. The benefits offered by CEPA are all too elusive to these professions. There is in fact much room for improvement. Recently, Guangdong Province has made it clear that the province will open itself to Hong Kong services industries and facilitate their operation on a "first come, first allowed to try" basis. This is a rare opportunity that can offer benefits to both sides. I hope that the SAR Government can grasp this opportunity and assist the professions concerned in breaking new grounds. For example, it may identify some test points in Guangdong where Hong Kong professionals can be allowed to practise as sole proprietors of firms or in joint ventures with mainland firms.

To be fair, however, I must point out that two of the economic policies mentioned in the policy address are still worth supporting. The first major one is the land policy. In the policy address, the Chief Executive repeats the point that the Government will not sell land at dirt cheap prices. This assurance is very important to the market because the decline of the property market will have negative effects on the economy and impact people's confidence. The proceeds from land sales may drop in the short run, but I estimate that once the market has digested the messages delivered in the policy address and the external and domestic economies start to stabilize again, we will see the revival of land sales and regrant premium payments.

Another economic policy mentioned in the policy address which, I think, should be supported is the policy of continued investments in infrastructure. According to the Chief Executive, in the coming year, he will make good the commitments he made in the policy address last year, meaning that all the infrastructure projects concerned will be launched one by one. Although it is estimated that there will be a deficit of several dozen billion dollars this year and the economic conditions in the year after next do not appear to be optimistic, I still support the Chief Executive's decision. The reason is that while this policy can boost domestic demand and support our economy, it can also help arrest the rising of the unemployment rate. And, one must also realize that rather than always aiming to achieving a fiscal balance every year, management of public finance must also look at the medium- and long-run. In the first six years of the past decade, the SAR Government recorded a total deficit of some \$206 billion, but in the following four years, a total surplus of some \$210 billion was recorded. Therefore, managers of public finances must have the perspective and vision that can transcend economic cycles.

We also hope that the blueprints for Hong Kong's economic and social development can be similarly marked by such a perspective and vision. I hope that next year, the Chief Executive will put forward a policy address that sets out long-term visions, medium- and long-term objectives and short-term challenges. That way, Hong Kong people will be able to envisage the conditions in the next five to 10 years and the roadmap leading to the realization of all the visions.

Deputy President, I shall speak on the other aspects of the policy address in the relevant debate sessions. I so submit. Thank you.

MR CHEUNG HOK-MING (in Cantonese): Deputy President, I mainly wish to express my views on the parts of the policy address on planning and transport. In respect of planning, a significant highlight in the policy address last year is the undertaking about 10 major infrastructure projects. When I spoke on the Motion of Thanks at that time, I expressed my hope that the infrastructure projects would be launched as quickly as possible. We welcome this policy address which contains breakthroughs in relation to the proposed development of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the Hong Kong-Zhuhai-Macao Bridge, the West Kowloon Cultural District (WKCD) and a new cruise terminal at Kai Tak. However, we are even more concerned about the progress of other development projects. I am going to express the views of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) on two of these projects.

Having drawn lessons from what happened in the Tin Shui Wai and Tung Chung communities, the Government should understand that the successful and continuous development of new communities requires basic housing planning and giving impetus to development. The Three-in-One New Development Areas (NDAs) in Northwest New Territories have the geographical advantages of being close to Shenzhen. Thus, the planning of NDAs should also strategically take into account synergy with the future development strategies of Shenzhen. The functions of NDAs should be radiated to the Pearl River Delta (PRD) Region, with a view to developing it into an interchange in the Hong Kong-Pearl River Delta Region, to propel economic activities in the region and create employment opportunities.

To cope with the development strategy of radiating the functions to the PRD, we find it essential to reposition the Three-in-One NDA Scheme. We suggest developing the Ping Che/Ta Kwu Ling into a logistics new town to make more efficient use of the development of a new port at Liantang. A university town and complementary facilities can be developed at Kwu Tung North to turn the place into a knowledge-based new town. And, with efficient use of the natural resources of River Indus, Fan Ling North can be developed into a riverside new town.

Moreover, in response to Hong Kong people's appeal for better quality of life in recent years, the planning of NDAs should be based on the principles of fostering quality living and sustainable development. In this connection, I hope the NDAs would be consistent with six major development concepts: (a) reducing development density; (b) encouraging diversified building heights and avoiding screen-like buildings; (c) balancing the ratios of public and private buildings in the NDAs; (d) earmarking adequate space for greening purposes; (e) establishing university towns and school estates in the NDAs; and (f) adopting new and environmentally-friendly transport facilities.

Deputy President, some may doubt if our ideas are much too idealistic and whether they are feasible or not. Therefore, the DAB has used Fan Ling, one of the three NDAs, as a guinea pig in an experiment and applied the theories underlining the six major development concepts to the planning of Fan Ling North. I am not going into the details here.

About the Three-in-One NDA Scheme, we must talk about the development of a new Boundary Control Point (BCP) at Liantang. Insofar as I am aware, the Government has commenced planning works on the new BCP at Liantang and adopted the first proposal on the road alignment linking the new BCP with the Fanling Highway. For many years, the DAB has been demanding the expeditious construction of the new BCP at Liantang. We strongly support the proposal but we are also concerned about the potential risks of the transport links between the new BCP and the overall transport network in the territory putting a heavier pressure on the existing highway network.

I am worried because the existing port back-up and open storage facilities are mainly scattered in the Northwest New Territories, and the land to be used for cargo distribution in the future is relatively concentrated in New Territories West.

Information from the Planning Department shows that 37% of cross-boundary goods vehicles travelled to and from New Territories North in 2001, and the percentage increased to 47% in 2007. It can be predicted that most of the goods vehicles returning to Hong Kong via the new BCP at Liantang in future will use the Fanling Highway west of the new BCP, and there will be increasing transport needs.

However, the vehicular throughput on the Fanling Highway during peak periods exceeds 5 000 vehicles an hour at present. Based on a rate of increase of 2.7% per annum, and taking into account a traffic flow of 870 vehicles an hour after the commissioning of the new BCP at Liantang, vehicular movements on the Fanling Highway will surge to almost 10 000 vehicles an hour, far beyond the capacity of the highway.

To meet future transport needs while conforming to the specified road safety standards, the DAB thinks that the Administration needs to take a multi-pronged approach. Besides exploring the feasibility of widening the Fanling Highway, the Administration should also proceed to conduct a study on the construction of the Fanling Bypass to relieve the pressure on the Fanling Highway. Also, the designs of the feeder road to the new BCP at Liantang and the Fanling Highway Interchange must cater for the commuter flows to and from New Territories North. In addition, the Administration should expeditiously construct the Three-in-One NDAs to tie in with the development of the new port so as to perfect the overall planning of New Territories North.

Another large-scale project associated with the long-term development of the New Territories is the development of the Hong Kong-Shenzhen boundary areas, with the Lok Ma Chau Loop being the focus. It is stated in the policy address by the Chief Executive that the Administration will examine in greater depth the proposals on land uses for higher education, the research and development of high technology, and cultural and creative industries. In the past few years, the DAB published study reports titled "Options for and discussion on all-direction development of the Hong Kong-Shenzhen border area" and "an all-year-round capital of international exhibitions and sales" which contained the DAB's proposals concerning boundary area planning. Regarding the Lok Ma Chau Loop, we proposed the development of an integrated economic

development zone for international exhibitions and sales, turning the Loop into a unique area providing a host of trade, high technology, logistics, business support, tourism and hotel services.

The DAB and the Government happen to hold the same view with respect to the development of the Lok Ma Chau Loop. Yet, the Government has not included Sha Tau Kok in the scope of the all-direction development of the Hong Kong-Shenzhen border area, and it has overlooked this area with potentials for development, which is really disappointing.

At present, there are certain infrastructure in Sha Tau Kok and there is also a boundary crossing between Hong Kong and Shenzhen; the Government should take advantage of these favourable conditions and implement a pilot scheme for the establishment of a small border industrial zone in Sha Tau Kok with a view to developing the zone into a large-scale Hong Kong-Shenzhen border trade and industrial zone. Now that Hong Kong is caught in economic hardships, the implementation of the pilot scheme can help returning factory owners reduce costs, and most importantly, it can create more job opportunities for Hong Kong people. Here I urge the Government to consider the relevant proposals seriously.

Deputy President, I would like to switch to another key point, which is the transport problem. The policy address proposes to examine the uneven traffic distribution among the three harbour crossings. In fact, the community had heated discussions during the Eastern Harbour Crossing (EHC) toll increase incident in 2005. Although the Government undertook to proactively consider the matter, it has not finalized anything so far. It has been more than 10 years since the commissioning of the EHC and the Western Harbour Crossing (WHC) but there are still traffic congestions at the Cross Harbour Tunnel at Hung Hom day after day while there are inadequate vehicle movements at the EHC and the WHC. The problem lies in differing tunnel tolls.

The recent financial difficulties of CITIC Pacific, the majority shareholder of the EHC and the WHC, convinced us that this is a good opportunity for the Government to proactively negotiate with the company over buying back the harbour crossings at reasonable prices, in the hope that the three harbour crossings will ultimately become government-owned.

The Administration should work out a tunnel toll adjustment mechanism and determine the level of reasonable and affordable tolls after making reference to people's income, inflation and costs, in order to attract more vehicles and bus routes to use the EHC and the WHC; to divert traffic from the Cross Harbour Tunnel at Hung Hom; balance the traffic distribution among the harbour crossings and alleviate the long-term congestion problems of the Cross Harbour Tunnel and in Hung Hom, Central and Wan Chai areas. This will also help alleviate air pollution in the affected areas.

Certainly, the Administration must expedite other complementary road projects such as the Central-Wan Chai Bypass if it buys back the two harbour crossings with a view to improving the major transport networks near the harbour crossings.

About the above proposal, Secretary Eva CHENG pointed out in reply to a Member's question raised at a meeting of the Panel on Transport last week that buying back the shares might not necessarily solve readily such problems as the uneven traffic distribution among the harbour crossings and congestion. She also said that the issue involved valuation, financial commitment and legal problems, which was quite complicated. Deputy President, we certainly know that it is not easy, but we only hope that the Government would proactively do more and work faster, and would not let this valuable opportunity pass by so as to solve the pressing problem expeditiously.

In addition to the EHC and the WHC, quite a few transport infrastructure under the build, operate and transfer (BOT) arrangements have similar problems. For example, the Tate's Cairn Tunnel was commissioned many years ago but it has so far failed to effectively divert vehicles from the Lion Rock Tunnel. Failing to divert vehicles from the Tuen Mun Road and attain the minimum traffic flow of an arterial highway, Route 3 in New Territories West may have wasted social resources.

Are there problems with the BOT mode adopted by the Government in the past few years for infrastructure construction? The facts tell us that, as the Administration may already be aware, this collaborative approach has given rise to a lot of social problems. That is why the approach is no longer adopted for a large number of projects to be implemented, including the cruise terminal and the Hong Kong-Zhuhai-Macao Bridge. What is the Government going to do with

the existing BOT infrastructure projects? The Government has to conduct in-depth reviews and come up with a proposal that would strike a balance between the views of the Government, consortia and the community.

Deputy President, the onslaught of the financial tsunami has impacts on our economy and the Government is duty-bound to alleviate people's difficulties. To help relieve the burden of people in terms of living expenses, an important task for the Government is to help reduce travelling expenses, especially those of the lower class.

In this respect, the Administration should proactively consider expanding the scope of the current Transport Support Scheme from people currently living in Yuen Long, Tuen Mun, North District and the outlying islands to people in all parts of the territory. The Administration should also extend the validity period of the promise of no fare increase following the rail merger to beyond June next year, and consider providing further fare concessions to fulfil its corporate social responsibility and tide over difficulties with the public.

Amidst an economic downturn, the Administration should expeditiously review the current ferry policy to develop this inexpensive mode of transport further. For instance, the Administration should proactively consider supporting the operation of the Star Ferry and assisting in the development of peripheral business by the ferry company to facilitate the continuous provision of quality services at low prices. Furthermore, it should consider nationalizing the operation of outlying island ferry services with reference to the mode of operation of the Kowloon-Canton Railway Corporation. The Administration should purchase and lease ferries to a contractor who is going to provide ferry services such that the fares would remain at reasonable and affordable levels.

Deputy President, although I said at the very beginning that we were thrilled by some parts of this policy address, the progress of some infrastructure projects has been rather slow, for example, the Administration is still engaging in idle theorizing insofar as the proposed Hong Kong-Shenzhen Airport Rail Link is concerned. Most of these projects are related to the Central Authorities and the mainland authorities, and probably because the governments of the two places are involved, there may be difficulties in co-ordination and communication in terms of work processes in the two places. However, the completion of infrastructure projects can largely promote the development of our logistics and hauling

industries, with significant impacts on our economy in the future, thus, the Administration must take the initiative to proactively promote such works. It should formulate timetables as soon as possible and enhance communication with the mainland departments. Besides formal meetings regularly held with mainland officials at present, more meetings should be held to enhance co-operation in order to pace up various work procedures and complete these works as quickly as possible.

Deputy President, I have so far talked about the grand plans in the policy address on 10 major infrastructure projects and the problems on the transport front. Something else is bothering me. Some remote places in the New Territories do not have vehicle access roads, fire escapes or flood relief channels.

In the past, a few government departments, citing the Home Affairs Department as an example, told us that these works could only be carried out on Government land within their terms of reference, and the owners of private land had to hand over such land. This is a hard nut to crack for the public. I appreciate Secretary Carrie LAM very much, for her department manages to handle matters that the Home Affairs Department cannot handle. Yet, her department has not handled these projects because they are excessively small and may involve land resumption. Hence, no progress has so far been made.

Deputy President, I visited almost 200 villages in New Territories West before the election; that left a vivid impression on my mind. I have kept asking the Government to expeditiously solve the problem and not to neglect the people living in the rural areas over the past four years. Taking the opportunity of this motion debate on the policy address, I would like to share with Members the expectations I have held throughout the years. For the benefit of our society, it is my hope that the Government will really understand and sympathize with the situation of the public, and with these grand plans in mind, it would also take care of the villagers in remote villages.

Deputy President, I so submit.

MR LEUNG YIU-CHUNG (in Cantonese): Deputy President, the current economic crisis has been described by every country and region in the world as a "financial tsunami" rather than a "financial turmoil". Why? After witnessing a catastrophes caused by a tsunami sometime ago, I believe Members should have

appreciated the profound impact of a tsunami on us. The use of "tsunami" to describe the current financial problem is meant to illustrate to us the gravity and depth of the problem.

Deputy President, the impact brought about by the financial tsunami has been disastrous, with the public at large being affected most seriously. However, is it really impossible to predict and ward off the financial tsunami? Deputy President, I do not believe this is necessarily so, because the financial tsunami precisely reflects the crisis with capitalism. With a better understanding of the economic conditions of capitalism, we will know that crises are bound to happen from time to time. In the past, we could find the occurrence of financial or economic crises in every decade, such as during the 1930s, 1970s, 1980s, and 1990s. According to an economic theory, the long wave economic theory, there are bound to be ups and downs. Because of its internal conflicts, capitalism will continue to be hit by waves of increasing depth and intensity.

Therefore, I believe the Government should understand the crux of these problems. This is particularly so for the Chief Executive when he took office. Therefore, he should have proposed a vision or approaches to tackle these problems a long time ago, instead of blaming the entire problem on the global situation, as what he is doing at the moment, by pointing out that Hong Kong cannot stay aloof unaffected and putting a full stop for the matter.

I think the situation should not be like this. Deputy President, if we really understand capitalist economy, as stated clearly by me just now, such crises are bound to occur frequently. Therefore, precautions must be taken. Actually, the Government can take a two-pronged approach. First, Hong Kong must not rely too heavily on a bubble economy or service economy. At present, Hong Kong's economy still relies mainly on the bubble economy or service economy, including finance, real estate, tourism, and so on. As none of these economic developments is solid, crises will occur very easily.

On the other hand, in addition to measures preventing the economy from relying too heavily on the said trades and industries, preventive measures, such as monitoring, should also be adopted. Unfortunately, the Government has all along failed to enforce monitoring. Regarding my earlier remarks about our economy should not rely excessively on the bubble economy or service economy, I recall that when the former Chief Executive, TUNG Chee-hwa, was still in office, he proposed some initiatives, such as a Chinese medicine port, green

industries, and so on, as well as some visionary economic development initiatives. In the case of the incumbent Chief Executive, Donald TSANG, who has been in office for three years, no economic vision has ever been proposed by him in his annual policy addresses. Instead, he merely knows how to enjoy the fruits of success of his predecessors. In times of economic prosperity, he merely indulged himself in the euphoria of cheers and applauses while failing to consider the future economic development. Can the problems be resolved simply by maintaining the *status quo*? The occurrence of this incident now can precisely be attributed to his failure to consider these problems.

Actually, Hong Kong economy is crisis-ridden because we lack a solid economy and we have to rely constantly on externalities. Even if there is a rise in the number of mainlanders visiting Hong Kong under the Individual Visit Scheme, the territory still has to face economic problems if the spending power of these travellers is low. For this reason, we cannot go on like this. We must draw a lesson from this bitter experience in a practical manner and ponder the way forward for our economic development. This is the first point I wish to make.

The second problem is about monitoring. At present, what the financial system desperately needs is monitoring. The Lehman Brothers Minibonds incident serves as an excellent example showing that our entire banking system is lack of monitoring and allowed unrestrained development in the free market. Although the Government is determined to make Hong Kong an international financial hub, it does not mean that it can rely on the free market to solve problems without monitoring. Neither has the Government done anything to enhance the stability of the mechanism to give investors peace of mind. From this incident, we have seen that the Administration is a total failure. It has failed entirely to make any effort on this front.

Deputy President, it is even more worrying that the financial tsunami has not only affected a handful of investors. The most miserable of all is the future of more than a million wage earners. I am really very worried because, Deputy President, since the establishment of the Mandatory Provident Fund (MPF) System in 2000, everyone in Hong Kong has to make MPF contributions. In other words, everyone in Hong Kong has to make investments. I mentioned to the Chief Executive last time that many workers had told me they could not bear to see the amount of money in their accounts keep shrinking day after day. They asked me whether they could stop investing there and then. However, Deputy

President, this is not feasible because MPF contribution is an investment. How can the investment made be stopped? Such being the case, they can only watch the amount of money in their accounts shrinking. This is really miserable.

In March next year, \$6,000 will be injected by the Government into the MPF accounts of employees with a monthly income of below \$10,000. However, after witnessing the financial tsunami, should the Government still insist on forcibly injecting funds into the MPF accounts? Hence, I hope the Government can hold back before it is too late and refrain from injecting \$6,000 into MPF accounts. Can cash be directly paid to workers instead? Furthermore, many conditions must be met by the contributors before they can get the \$6,000. Hence, many people can only sigh with despair because they originally thought that they were eligible but then found out that they were not. Such being the case, why does the Administration not simply give wage earners \$6,000, as each of them has already had an MPF account, and there should not be too much trouble doing so. Furthermore, the recipients can keep the money in their own pockets if the \$6,000 is given in cash instead of being injected into MPF accounts. This can help address their financial hardship as well as stimulate domestic spending. The Hong Kong economy might even be slightly stimulated, too. I hope the Government can stop acting stubbornly after seeing the financial tsunami. I also hope the Administration can really hold back before it is too late and give wage earners a helping hand instead of pouring money into the sea. I hope this can be done.

Insofar as the entire economic system is concerned, the most unfortunate people hit by this so-called financial tsunami are some front-line citizens. It looks as though their investments are being slowly siphoned off major consortia. Today, we see that the compensation offered by DBS to minibond retail investors is close to zero. Where has the money gone? It has been pocketed by those with vested interests. This is how a capitalist economic system works. It tends to be biased in favour of vested interest groups. Our Government has often acted in this manner. What is more, there is no monitoring at all. As a result, these people would have even more opportunities to set traps to eat up all the contributions made by those who have fallen into the traps.

Not only is the financial sector in this situation, the property market in Hong Kong is in a similar situation too. Our Government has decided not to build any more public housing and Home Ownership Scheme (HOS) flats to avoid affecting the property market. However, a people-oriented government

should see that public housing is actually beneficial to economic development as a whole, especially the development of Hong Kong. As public housing costs cheaper rents, workers will still be able to afford it even if their income is relatively low, thus enabling the economy to develop. This is the history of Hong Kong's past development. Therefore, public housing serves a profoundly significant function. But regrettably, public housing can no longer be built because the Government has often said that there is a lack of land. This is just an excuse indeed.

Actually, is there really a shortage of land in Hong Kong? I recall the Secretary once telling me that it is not the case that there is no land. Even if land is available, it can still not be used because of the opposition from many local organizations, such as District Councils. Nevertheless, I have observed from the information that this is not the case actually. I recall that when the North Point Estate was demolished several years ago, no one raised any objection to the disposal of the site. However, it was the authorities themselves which returned the site to the Government in a plate. This is my observation. The same goes for the housing estate in Ho Man Tin. A large piece of land in the district is not used for housing construction, laid to waste for a decade. This is the case with many sites. Because of their good location in the urban areas, they were eventually sold to property developers.

However, has it ever occurred to us that Hong Kong has a major disgrace at present? It is like the one troubling Hong Kong before 1997 — the temporary housing area (THA). As its living conditions were unbelievably deplorable, the THA became an international disgrace. Even though the THA has now almost disappeared completely, we still have cage homes in Hong Kong, and cage homes have now made Hong Kong another international disgrace. Its deplorable living conditions are thus easily imaginable. Unfortunately, our Government has got absolutely no policy, timetable or roadmap to eliminate cage homes, and cage-home dwellers are left to struggle for survival on their own. As we all know, the living conditions of cage homes are deplorable. Cage-home dwellers actually yearn for public housing units. However, they cannot be allocated public housing units because of their failure to meet the conditions or qualification, or their lack of suitable conditions. As a result, they are forced to continue to live in cage homes.

Deputy President, our SAR Government has been established for 11 years. However, it seems to have turned a blind eye and a deaf ear to all of these problems, and cage-home dwellers are left to struggle for survival on their own.

Can we act in this manner? Currently, we have kept urging the Government to either construct more public housing flats to accommodate low-income people or allow them to live in suitable areas. Cage-home dwellers who are now living in the urban areas cannot move to the New Territories because their income is so low that they cannot possibly pay for their transportation expenses. As a result, they must live in the urban areas. However, when land became available in the urban areas, the authorities chose not to build flats but sell or develop the land instead. Given that Chief Executive Donald TSANG has persistently stressed that his policy objective is people-oriented, is this a people-oriented approach? Can he turn a blind eye and a deaf ear to the needs of these grass-roots people?

As the economy is now facing such a difficult time, the economic environment confronting the people, particularly the grass-roots people, has become even worse. In the face of unemployment or low income, they will become even more helpless if a secure dwelling place cannot be provided to them. Hence, I hope the Government can really give consideration to these people to reverse its practice in housing construction and not to put the sites in urban areas on sale or leave the sites vacant until there is an opportunity to sell the sites. I hope the authorities can build a large number of public housing flats to accommodate grass-roots people.

Meanwhile, many public housing residents have stated that they are being unreasonably punished as the authorities continue to include additional stringent provisions in their tenancy agreements. This is the case for well-off tenants. Well-off tenants are actually not very rich. However, they are being punished by the payment of one and a half or two times the normal rent, just because they have a little bit more money. As a result, their living standard has continued to fall. This is why they have persistently asked if it is possible for the HOS or public housing programme to be introduced again so that they can have a ladder to jump to another living environment without being subject to excessive restriction or pressure.

Regrettably, the Government has indicated that it still has no intention to build HOS flats or sell public housing. I hope the authorities can really conduct a fresh review, or else public grievances will continue to intensify. How could we expect the public not to vent their emotions when both their working and living conditions are far from satisfactory? I recall HU Jintao once expressing his wish for social harmony. I hope Chief Executive Donald TSANG has heard his remarks, too. How can harmony be achieved? The answer is to offer them

assistance in addressing their livelihood problems and not to push them to the corner of the wall so that they still feel that they have dignity in their hearts. Most importantly, the Government must not give them an impression that they are being insulted.

Deputy President, I so submit.

MR JAMES TO (in Cantonese): Deputy President, in the policy address, the Chief Executive said that a task force would be established and it is the Task Force on Economic Challenges (the Task Force), the composition of which was announced yesterday. According to the Chief Executive, the Task Force is really formidable. He said, "Its task was to continually monitor and assess the impact of the financial tsunami on local and global markets, and provide timely evaluation of its impact on the local economy and our major industries during this trying period. More importantly, the task force will propose specific options for the Government and business community to address the challenges. This will help us overcome the crisis, turn it into new business opportunities and enhance our competitiveness." I think if those 10 people could achieve the foregoing points, they would all be supermen. I have no intention of belittling those 10 respectable persons who are leaders in their respective fields — although a couple of them are not, most of them are. In fact, I think that such matters should be handled by the Government in the first place. Of course, I do not mean that government officials or the cabinet have superhuman abilities but should this kind of talents not be found in the Executive Council?

Now, the authorities say that due to the financial turmoil, we have to establish this Task Force. In view of this, I have been wondering if, since the Chief Executive said recently that the Executive Council had to be reshuffled, this Task Force could in fact be the new Executive Council. If it is not, what are we actually talking about? Nevertheless, this situation prompted me to ponder another matter, so I will offer my humble opinion to stimulate discussion on the issue, so that the government officials can consider this issue.

I think that at such a time, we have to solicit useful advice and suggestions from people throughout Hong Kong, the country or even the world who are concerned about and love Hong Kong or who think that they have views on the future of Hong Kong. I hope the Government can be a bit more modest, forget about its dignity and actively appeal to these people to put forward their ideas to

enlighten us and see what valuable advice they can give us. As regards the specifics on the conduct of all this, I have been thinking if the Chief Executive can convene a summit. Of course, regarding such questions as how many sessions there will be in this summit, how many thousand people there will be in each session and how many sessions there will be to listen to views, these can all be discussed further. However, I think the most important thing is that the Chief Executive, government officials and even we Members should be more modest and should invite gurus from mainland China, people throughout the world who care about Hong Kong and even all members of the public to put their hands together and offer their views. Some of these people may be retired colonial officials or Hong Kong students studying overseas. We can reach out far and wide. As long as they care about Hong Kong and are interested in offering their views, we should consult them.

Of course, I think we can open two online forums if we can make our technological development tie in with this measure. We can collect views on a large scale and appeal to all people for their views, solutions and proposals and these forums will be open. In other words, if Mr A sets out his views in detail in a forum, all other people, such as Mr B, Mr C and Mr D, will be able to read them. They may agree with the views of Mr A, elaborate on his views or even expound on some matters. They can also oppose or rebut his views, so this will be a fairly interactive exchange.

In addition, I also hope that a closed forum could be established. In other words, some gurus may want to make some suggestions but they may not want other people to know the views they presented to the Government. For various reasons, they may even say that their sector is already failing or that assistance should by no means be offered to a certain industry because doing so would only kill it, so on, and so forth. They may tell the Government a lot.

I believe that if two such forums, namely, an open one and a closed one, can be put in place in addition to a summit convened by the Chief Executive, and the Chief Executive, his cabinet or the Task Force on Economic Challenges — that is, various parties deemed to have adequate power of judgment — are responsible for studying numerous views, I believe such views will come in avalanches. This is because, frankly speaking, if even Hong Kong people do not help themselves or if even talented people are unwilling to offer their brilliant ideas, we will go under together, will we not? Throughout the world, many people are concerned about Hong Kong. Of course, a group of people from the

cabinet, the Executive Council or the Task Force will provide assistance in collating the views. When they study all the views, they will be functioning as a clearing house of ideas, that is, a filtering mechanism for proposals, ideas or suggestions. If it is said that the judgment of the members of this Task Force is very good, that their thinking is very clear, they are highly creative and are bold in innovations, or that they are well-versed in various industries and have strong connections, I think it will be possible for them to do such a job. I believe this will be conducive to this will be far better than having only those 10 people to do the job. This is my preliminary idea and I wish to offer it to the Government for reference.

Coming back to recent developments, just a few hours ago, Premier WEN Jiabao raised several points during his visit to Russia and they were about the measures intended to assist Hong Kong in countering the financial crisis. I think Hong Kong people should really thank him. However, I have to say frankly that these measures are actually nothing seismic, drastic or large-scale that will give Hong Kong a tremendous boost. They will be helpful but many items, such as the Hong Kong-Zhuhai-Macao Bridge, have been discussed before and in saying that its implementation would be expedited, people are just doing the basics. Of course, some people are beginning to ask if the comments made by the Premier mean that the SAR Government is doing a poor job. I think that at a time like this, whether or not the comments of the Premier mean that the SAR Government is doing a poor job is not the point here. Unless we believe the Premier meant that someone's performance was so poor that he had to leave on account of his leg pains (however, for now, I cannot see such a situation brewing), what we should do now is to fortify ourselves and we must dig our toes and do our level best.

The Premier mentioned in particular that the supervisory authorities in Hong Kong and the Mainland had to step up co-operation and formulate contingency measures to deal with crisis. This inevitably made me think of the recent Lehman Brothers incident and that relating to the CITIC Pacific — of course, I may be over-sensitive. First, I will talk about the incident relating to the CITIC Pacific. In fact, concerning the facts disclosed by the management of the CITIC Pacific, frankly speaking, I have asked no less than 50 people working in Central who were well-versed in the operation of the financial market one question: Do they believe that the disclosed facts are all the facts? No one thought so. I do not know if the Government thinks so but as the Government, it must be objective and no matter if it thinks so or not, it has to deal with this matter through an objective legal mechanism.

However, why did I say that the Financial Secretary must establish a committee in accordance with company law to carry out an investigation before a thorough investigation is possible, instead of solely relying on the SFC to investigate whether or not the technicalities specified in financial legislation have been violated in this case? As a lawyer, I can imagine that the first thing to be investigated is whether a timely report was made. Has it been delayed by six weeks? Questions in some relevant areas may also have to be asked. What was known by 7 September? However, this matter can also be confined to a certain area. Who is the other party involved in the contract on foreign exchange? It seems this contract involved an excessive amount and it was more than six times the actual hedge amount required. In what circumstances was the contract concluded? Who knew about it and who did not? It is likely that circumstances like these cannot be found out through this investigation.

Second, if we want to investigate if there was any insider dealing, the conventional approach taken by the SFC is to obtain information on the so-called large transactions during a certain period or during the relevant period from various major brokers, then carry out an analysis to see if anyone has to be subject to closer investigation. People have joked that in the end, it may be found out that at least, several persons with the same surname (a surname that is not so common in Hong Kong) were involved. Moreover, it may be found that only a few transactions were made and they had never been involved in short selling before but in the relevant period in question, they were involved in short selling, so the relevant people could be tracked down.

However, Members must bear in mind one thing: Can this case be closed after this? Absolutely not. Therefore, after I had heard the remarks of the Premier, I was thinking that our financial institutions, supervisory authorities, and so on, really have to perform the function of a gatekeeper in accordance with the law of Hong Kong properly in order to enable our Chinese-capital companies to go onto the world stage through Hong Kong, reach a higher platform or standard and adopt the culture of accountability. However, I am worried that this matter will end inconclusively.

Some people also said to me that if we take a look at other countries or regions, we would find that at these places, people in positions comparable to the Financial Secretary or financial ministers may formerly face greater structural

pressure, reaction or resistance in dealing with some matters, so they would often make use of this period of time to deal with these matters more drastically and at such a time, public support will also be greater.

I personally believe that in dealing with this kind of matters, not only can such a claim be applied to Hong Kong, it can also be applied to the Central Government including the financial institutions, Chinese companies and Chinese companies in Hong Kong or overseas which all have the determination to, I will not say straighten out, rather, I should say improve, refine or optimize the accountability system and put in place a few more regulations in line with overall national interests. Concerning the Lehman Brothers incident, just now, some Honourable colleagues quoted the words of the DBS Banks, saying that after evaluation, it was found that the value of most of the products stood at zero. Why? I am afraid some Honourable colleagues have not followed this matter very closely, so they have some misunderstanding about those products. Of course, I personally do not believe that the value of the Lehman Minibonds is as low as those of the other products, as announced by the DBS Bank today after evaluation. However, conversely, I also do not believe that about 70% of those people can get back 70% of their capital, as the Government claimed earlier on. I personally am not so optimistic either.

However, no matter what, the present stance of the Government is to try to deal with this incident through a buyback in addition to dealing with some cases individually. I already voiced my views in the last debate. However, now, I think something is amiss. If I take it to be the case that the approach proposed by the Government has been implemented and a buyback is being carried out gradually, it seems some banks are doing so very slowly, being very unco-operative and their attitude is very poor. I do not know the reason for this. As we are working at the front line, we find such a situation. However, we also hope that there can be greater patience. At least, I personally hope that they can do a better job.

We often say that we may as well use the carrot and stick. However, this approach of cudgeling should not be adopted frequently. Nevertheless, the trouble is that it seems they are really over the top. What they did every day was really over the top and even what they did eventually was also over the top. They would say, "Do you want a buyback? Then you should not bring anyone here. No matter if you want to discuss a buyback or compensation, you should

not bring anyone here and you can only come by yourself." The person who heard these words may be over 60 years old and some may be 70. From the viewpoint of these people, they would think that they have already been deceived once and now, in telling them not to take a lawyer, a Member or relative, do the banks want to deceive them once again? To give an extreme example, some people may even say that even if you let me take away a basket full of banknotes, saying that there is \$1 million cash in it, still, I do not know if the documents signed by me is saying that the bank has lent \$1 million to me, that the money is compensation given to me or it is for buying back the minibonds. I just would not understand what you are talking about. They said that they had to take sleeping pills every night before they can sleep and did not know how to deal with this matter. In addition, many employees of the bank concerned or its lawyers may also be present. In these circumstances, how can such treatment be considered fair and reasonable?

If we talk about those individual cases, in fact, the thorniest part is the 30% of people whom the Government expects may get less than 10% in a buyback. What can those people rely on? According to the Government's proposed solution, they have to rely on speedy investigation. Frankly speaking, if those — in particular, those people whom the Government estimates can only get back less than 10% in a buyback, they are really miserable because this matters a lot to them. There are 10 000 of them. If the Government investigates the cases, I think it should give priority to these cases, so that they can become precedents that illustrate what is considered improper sales conduct.

I have just read an article written by the Executive Director of the SFC a few days ago. If there are victims among the audience listening to the live broadcast now, I hope that the silly idea of committing suicide or harming themselves will not cross their minds. In fact, according to this article, there is in theory recourse for the victims in this incident. Why? According to this article, the onus of proof is on the banks. It is necessary for banks to have a clear idea of the background, affordability, investment goals and degree of tolerance of risk when arranging for the sale of the most suitable products to their customers. In addition, banks must also have appropriate staff with suitable training and an understanding of all the products before they can be allowed to sell such products. Frankly speaking, if we ask the SFC to find those sales personnel to explain how they gave explanations to their customers at that time as though they were sitting for an examination, I believe most of these people will

have a difficult time. Of course, their performance now will perhaps be better because both sides want to deal with this incident now. However, according to the requirement that the onus of proof falls on the banks, I believe that after investigation, there is in fact at least recourse for many of the cases that we have dealt with.

However, up to now, several weeks after this incident happened, even though the Government has referred 24 cases in addition to some other cases, none of the investigations into them has yielded any result. I wish to stress that no investigation result is available in any single case. Members, no matter for what reason, it is only necessary to have a first case, in particular, a first case with clear investigation results. There is no need to make public the name of the bank, and only a disclosure of the sales practice will do. If this is done, at least, other victims will still feel hopeful and will not do anything silly. When other victims see how this particular case is handled, since there is hope in respect of this particular case, they will be inspired with hope and this is desirable.

Otherwise, given the way this matter is being handled now, I am very concerned that the worst scenario will be one that we hope God will forbid: Of these 10 000 people who can only get back less than 10% of their money, one of them may return to God — he may not necessarily jump from a building or commit suicide and he may die for whatever reason. Maybe he died of a heart attack. What will other people look at this matter? I do not know who this person will be. However, if his family members request that a ritual or memorial service be held at the entrance of the bank concerned, these 10 000 people will attend it. Moreover, it would not just be these 10 000 people but other people sympathetic with them would also come out, whereas there are only some 20 000 police officers in Hong Kong. The Government has to solve this problem and cannot take this issue lightly.

(THE PRESIDENT resumed the Chair)

In the next two days, I will talk about security issues. During the past period of time, I could see several dangers and I will comment on them in due course. However, I think that in this Lehman Brothers incident, there is this group of desperate people who are so pained that they do not wish to live. The

capital involved was all that they have and these cases are different from those that we dealt with in the past. If we are talking about 8 000 or 10 000 people who are being affected, Hong Kong can become very turbulent.

If the Government thinks that dealing with these cases in this way will be a straw for them to catch, I call on the Government to carry out investigations and make public the cases speedily, so that at least they will continue to have faith and feel hopeful. If they have to wait too long, I think Mr KAM Nai-wai will not be able to join them in rallies on every occasion and appeal to them not to raid the banks. I believe, in that event, even Mr KAM Nai-wai would be beaten up. Why? Because this incident makes them think that this world is downright ridiculous.

Last week, I told a story of someone who thought that he had been taken advantage of by his comrades with whom he shared the same convictions about communism and socialism, so he felt all the more painful. Now, it is exactly the case that when the banks concerned get in touch with the customers concerned or when they hold discussions with these customers, they handle these matters in a particularly slow, bureaucratic and poor manner. I wonder what the Government can do to make the people concerned do a better job.

MR WONG KWOK-HING (in Cantonese): President, in this policy area of financial affairs, I wish to talk about issues relating to the MPF. The impact of the financial tsunami is becoming increasingly apparent. One company after another has closed down. The employees of U-right, Tai Lin and an American doughnuts shop lost their jobs *en masse*. On seeing this, our hearts are really pained. For one thing, they were owed wages in arrears; and for another, they do not know when they will be able to find another job. The living of their families immediately ran into difficulties and the only thing they can do is to recover their severance payments. However, even if the companies are willing to make severance payments, in fact, the money for severance payment comes from the contributions made by their employers to their MPF accounts. In fact, the money is intended for use by employees upon their retirement but now, it is mandatorily used to fulfil employers' obligations when they lay off employees, so this is in fact most unreasonable and unjustifiable.

This policy address only proposes a quasi "free-will scheme" for MPF accounts to enable employees to decide on their own the investment options for their own contributions. However, this has not solved the issue of offsetting severance payment and long service payment. This arrangement shows clearly that government policy is biased in favour of employers' interests. For this reason, I hope the Government can put in place a full free-will scheme of MPF contributions for employees. I hope the Government can give serious consideration to this request.

Concerning the policy area of transport, I wish to make the following suggestions.

In this policy address, the text that bears the most direct relevance to transport is paragraphs 59 and 60. It is said, *inter alia*, that the Government will commission a consultancy study on the three crossings. I believe this move cannot keep abreast of the latest developments. Moreover, the comments in the policy address is like "using a fan in late autumn", that is, they are useless. I remember that four years ago, when the toll of the Eastern Harbour Crossing was increased heftily, I went to the Transport Bureau to raise this matter and the proposal of buying back the crossing. At that time, the Bureau said that it would actively consider and study the issue of a buyback. However, four years have passed and in this policy address, the Chief Executive again floated the commissioning of a consultancy study. May I ask what has the Government actually done to solve the problem relating to the crossings in the past four years? Had it conducted a study several years ago and made preparations, it would have been able to seize this opportunity and take action now instead of waiting another four years after four years. Obviously, the attitude of the Government is very passive. It discusses without making any decision and after making a decision, it does not enforce it. If we want to solve the problem relating to the crossings, I believe it is necessary to first solve the problems relating to the Government's policy objectives and efficiency before the problems relating to the crossings caused by the BOT mode can be solved.

President, I also wish to talk about the issue of a comprehensive transport monthly ticket. Transport expenses constitute the heaviest burden for wage earners and the public. Last December, the merger of the two railway corporations was effected successfully. As a result, the railway networks in Hong Kong were unified. The greatest expectation of the public is that the rail

merger will make travelling easier and the fares lower for them. Since the MTRCL monthly tickets are available on the West Rail and the Ma On Shan Rail, I hope that the Government, as a major shareholder of the MTRCL, will actively push the MTRCL to implement a monthly ticket scheme on all its rail lines and actively extend the monthly ticket system to include all bus routes in Hong Kong, so that it can become a comprehensive monthly ticket scheme and provide full relief to the burden of transport expenses borne by members of the public. This is at any rate better than the existing transient measure of the so-called cross-district travel subsidy.

In fact, residents living in remote areas or new towns particularly need to receive assistance in the form of a comprehensive monthly ticket, so that they can go out more often and will not be confined to a remote community. In addition, the safety of railway platforms has become an issue of public concern. On platforms without screen doors, incidents leading to casualties keep recurring. Although the authorities responsible for railways have set timetables, they are only confined to the elevated platforms of the MTR and no plan or undertaking has been made in respect of the platforms of the former KCRC. I think the Government has the responsibility to see to it that the railway corporation resolves the safety issue relating to platform screen doors. Moreover, actions should be taken more quickly.

Next, I wish to talk about ferry services. Apart from land transport, I believe the Government must also pay greater attention to ferry services and it must not give differential treatment to the transport needs of residents of the outlying islands. The Government must take the strong opposition by residents of the outlying islands to each increase in fares of outlying islands ferry services seriously. For this reason, the Government has to comprehensively and thoroughly review the existing ferry services for the outlying islands. Often, ferry companies would reduce service frequency, increase fares substantially and cancel ferry routes due to operational difficulties. As a result, residents of the outlying islands feel that they are "orphans". Therefore, the Government really has the responsibility to find a better approach to support the transport for the outlying islands. Be it a joint venture, subsidization or even a takeover by the Government, it is necessary to ensure that ferry services can satisfy the transport needs of residents of the outlying islands without imposing an additional burden on them. In fact, it is also necessary for the authorities to increase the support

for transport to tie in properly with the government strategy of developing economic activities on the outlying islands. Otherwise, the intention to promote economic activities on the outlying islands, in particular, on Lantau Island, will only be empty talk.

Next, I wish to talk about issues relating to the taxi trade. Concerning the operation of the taxi trade in accordance with the law by charging fares according to the fare meter, due to the lack of law enforcement or lax law enforcement, the illegal business practice adopted by the "discount gang" has become prevalent. When the Government introduced the amendment legislation to increase fares for short journeys and lower fares for long journeys, it was unwilling to undertake to beef up the legislation, so as to curb the irregular business practice of not charging fares according to the fare meter. Here, I express my strong dissatisfaction with this. In fact, I believe that if legislation is not introduced to outlaw the discount gang, increasing fares for short journeys and lowering fares for long journeys or *vice versa* will still fail to solve the problem of unfair competition in the taxi trade. Therefore, I hope the Government will seriously consider and accept the demand of the trade, that is, amend the legislation to curb the illegal practice of not charging fares according to the fare meter.

President, I now wish to express the following views concerning housing. Concerning the measures on housing in the policy address, there are only two measures, one relating to land sale and the other to the standardization of the definition of "saleable area". There is no new measure on housing for the lower classes. In the face of the prevailing economic downturn and a foreseeable period of difficulties, it will become more difficult for members of the public to buy their own properties and the demand for public housing will become more significant. For this reason, I hope the Government can take on board the views of the FTU. The Government's housing policy must not favour the interests of property developers and it must be people-based. "How I wish there could be thousands of large and tall buildings to protect the world's scholars from cold and let them be merry." We have to seriously consider resuming the construction of Home Ownership Scheme flats and revive the Tenants Purchase Scheme, so that public housing tenants with the means can buy the flats they are renting to let them live and work in contentment. This will also enable members of the grassroots to buy their own properties and live in comfortable homes.

In addition, regarding public housing, I believe that the assets limit and the policy on well-off tenants are both at odds with various housing schemes for fostering harmonious families that encourage people to live with their parents. In fact, on the one hand, the Government promotes various housing schemes for fostering harmonious families to encourage people to live with their parents, and on the other, it does not relax the family income and assets limits, so a lot of people in public housing are forced to pay one and a half or two times the normal rent for no good reason, being named the so-called well-off tenants for no reason. Many people living in public housing estates have told me that their children also wanted very much to live with them so as to take care of them. However, if their children lived with them, their income would exceed the limit and they would become well-off tenants who had to pay rents at one and a half or two times the normal rent. In order to avoid paying the higher rent, their children had no choice but to move out. As a result, many public housing estates with a long history have become estates for the elderly. The Government has not addressed this contradictory policy seriously, nor has it thought of ways to change the situation, thus causing a lot of social problems and a lot of elderly people being not cared for by their family members. Moreover, this also makes it difficult for young people to buy their own properties and the so-called family-friendly policy has been reduced to empty talk.

President, finally, in this session, I wish to talk about development. It is unfortunate that Secretary Carrie LAM has left the Chamber, so I hope someone will relay to her my views. Regarding works projects, I wish to express my discontent with the increase of expenditure on public works to \$23 billion this year. A number of years ago, the Government announced in clear terms that the annual expenditure on public works would be \$29 billion. The announcement was not made this year or last, but many years ago. However, the Government did not abide by its words and honour its promise. I hope the Government will also think about what it has promised and fulfil them. Since the economy has just come full cycle and the prices of raw materials are decreasing, this is the most suitable time for expediting the launch of infrastructure projects. In times of economic recession, increasing job opportunities at the elementary levels will add impetus to the entire economy. For this reason, I believe there is absolutely room for the Government to make improvements to its conduct and fulfil its promises.

The Chief Executive said that the 10 infrastructure projects proposed by him would create 250 000 jobs. However, he must not give people the impression that this is a very distant goal that will only give people some psychological solace. If we look at these 10 infrastructure projects, we will see that the fastest one will be implemented only next year, and, no work has yet commenced, so how can we use water far away to put out a fire nearby? In view of this, I hope the Government can think of more solutions. For example, is it possible to expedite minor public works in various districts before the launch of the 10 infrastructure projects? In particular, is it possible to launch immediately the construction of facilities in society and community projects which have been given the green light and the demand for which is very keen, for example, the hospitals and recreational facilities in such new towns as Tung Chung and Tin Shui Wai, the cycling tracks from the coast of Tsuen Wan to Tuen Mun, the training of Tuen Mun River, making improvements to the open nullah in Tin Shui Wai, the redevelopment of recreational facilities in Kwai Chung and Tsing Yi, and so on, so that while the life of residents is improved, more job opportunities can also be created? I hope I can hear the responses from various Secretaries. Thank you, President.

MR WONG TING-KWONG (in Cantonese): President, with the sweep of the financial tsunami, it is not just the financial industry that was affected, its fallout also affected various trades and industries. In particular, the numerous small and medium enterprises (SMEs) have to struggle amidst the towering waves. In the policy address for the new year, the Chief Executive did not say much about business and economic prospects or other relevant situations. On the plight facing SMEs, he did not propose any new support measure either. It was only after a spate of closures of companies that he hurriedly took remedial actions by introducing some relief measures, and one can say that he is only mending the sheep pen only after some sheep are lost.

Concerning the new measures proposed by the Government recently to relax the loan guarantee for SMEs, the DAB greatly welcomes this as this will enable SMEs to obtain more much-needed loans as working capital. However, at a time when the credit crisis is so pervasive, it is already difficult for banks to avail themselves of interbank lending, so financing is all the more difficult for SMEs. Recently, the Government introduced measures to relax the loan guarantee for SMEs. However, whether this can really enable SMEs to obtain

loans from banks, so that they can get much-needed capital, will require further observation. Whether the Government's new measures will be effective is still an unknown.

According to the information of the Dongguan City Association of Enterprises with Foreign Investment, as of August this year, the number of enterprises that wound up on their own stood at more than 800 and it is believed that in early spring next year, this figure may further increase to 2 200 enterprises, that is, it is estimated that a total of about 3 000 enterprises will wind up or fail. If this adverse situation persists, the industry estimated that a quarter of Hong Kong-capital manufacturers in the Pearl River Delta Region will face closure in the next year.

At present, companies are facing three major difficulties: First, orders and business have fallen drastically, so there is nothing to keep business going; second, banks are exacerbating the situation by being tight-fisted, thus starving companies of liquid capital and causing cash flow problems. Some SMEs with a rather high debt ratio even had their credit limit lowered or their "line" cut by banks. Even though some SMEs still have orders in hand, their inventory is piling up, thus leading to a lock-up of capital, so where can SMEs find capital to sustain the normal operation of their business? Should they fail to repay due loans, they can be liquidated by banks at any time and forced to close down. And thirdly, operating costs have increased and it is difficult to make any profit, so their operation is very difficult.

To Hong Kong businesses operating factories on the Mainland, it can be said that the impact of the financial tsunami has not yet "come to close quarters" but their operation is already difficult. In recent years, wages and the cost of raw materials in Guangdong have been rising. The State has also introduced quite a number of new policies and regulations, including the cancellation or reduction of the commodities export tax rebate, the full implementation of the Shadow Margin Account Scheme for prohibited commodities in the processing trade, the introduction of stringent environmental protection laws and the new Labour Contract Law, as well as the levying of taxes and fees such as the tax on land use in municipalities, the management fee of foreign-invested enterprises, embankment fee, migrant population switching fee and the disabled person employment security fund. On the supervisory front, there are labour inspections and environmental monitoring. Since the intensity of inspections and administration is being dialled up constantly, Hong Kong companies

experience a significant increase in the pressure on their operation. According to a survey conducted by the Dongguan City Association of Enterprises with Foreign Investment, the operating cost of various foreign enterprises in Dongguan has increased by about 30% to 40%, whereas their composite profit has decreased by 20% to 25%. At present, the global economy is facing a collapse. With fewer orders, the credit crunch and increased risks, if Hong Kong businesses have to continue to face all sorts of stringent requirements, their burden will only grow even more onerous.

The Government must give a helping hand to the SMEs hard hit by the financial tsunami and I believe this is also the consensus in the community. However, we believe that even if the assistance measures are implemented, we should set priorities and should not just take cosmetic measures. We should not stick to the old rut and should take extraordinary measures in extraordinary times.

In order to overcome the temporary difficulties facing SMEs, we now make the following suggestions:

First, in response to the excessive tightening of the credit criteria adopted by banks as a measure of self-protection, the Government can consider the following counter-measures: for example, the Government must strengthen communication with banks, so that loans can be extended to SMEs with a solid foundation as soon as possible. However, it is necessary to note that when approving new loans, the original approved credit ceiling should not be reduced drastically. Moreover, the proportion of the Government's loan guarantee should be increased to boost the confidence of banks in extending loans.

Second, in the face of increased export risks or business risks, consideration can be given to increasing the insured amount of the export credit insurance of the Hong Kong Export Credit Insurance Corporation (HKECIC) from several hundred thousand dollars at present to \$2 million. In addition, the coverage of the HKECIC should also be expanded from being confined to exports alone to include companies carrying on other businesses.

Third, to address the situation of a drastic fall in the business of companies, and since it is unlikely that the demand of overseas markets will pick up in the short term, we must boost our domestic demand and promote the development of the local economy. The Hong Kong Government, as the biggest procurer

implementing a large number of projects, should break down bid contracts involving large sums of money into smaller ones and seriously study how SMEs can be facilitated in participating in the procurement and construction projects carried out by the Hong Kong Government. Furthermore, consideration should also be given to making available sales venues charging inexpensive rent by utilizing vacant sites and the properties of the Housing Department. In addition, the SAR Government should discuss with the mainland authorities how Hong Kong business can be helped in their entry into the mainland market, and I will elaborate on this point later.

Fourth, at this difficult time, the Government should improve the business environment as far as possible and reduce the costs of business, for example, by waiving relevant government charges. Companies in difficulties can apply for holding over the payment of provisional profits tax. The Housing Department can also take the lead in discussing rent reductions with property companies, as was the case during the SARS outbreak.

Fifth, regarding the difficulties faced Hong Kong businesses operating on the Mainland, I hope the SAR Government can have more communication with the mainland authorities to reflect the difficulties experienced by Hong Kong businesses and propose measures in such areas as credit, market development, levy of taxes and charges, and enforcement of laws and regulations, so as to ease the pressure borne by these companies.

Concerning taxes and charges, apart from reducing the bewildering array of government charges, the original export tax rebate should also be restored. On the enforcement of laws and regulations, I hope that the enforcement of the Labour Contract Law and the laws and regulations on environmental protection can be relaxed and the Customs can exercise flexibility in the inspection of factories. Moreover, suitable and reasonable temporary arrangements should be made, so that no additional burden will be imposed on companies at a time when their operation is caught in difficulties.

In the long run, the Hong Kong Government should establish a high-level department dedicated to conducting a comprehensive review and formulating an overall policy initiatives designed to assist SMEs, so that their development can be supported in various ways, such as through financing, the tax regime, the upgrading of technology, market development, information and staff training. On financing and market development, the Government can explore the

possibility of setting up a long-term credit institution for SMEs or an import-export bank to provide low-interest loans and import-export financing for SMEs with development potential.

President, SMEs account for 90% of all Hong Kong companies and they employ over 1 million people in the working population. SMEs are the foundation of Hong Kong's prosperity. The survival or demise of SMEs is closely related to the livelihood of the public. Not only will saving SMEs save the bosses, more importantly, this will also save employees in Hong Kong and the Hong Kong economy.

The financial tsunami is impacting heavily on the global economy. Various Governments in Europe, America and Asia have abandoned their long-time adherence to the free economic policy and used public funds to save their markets through direct intervention. The actions taken by the Governments of various advanced countries recently will perhaps give the SAR Government some revelation. Against the backdrop of globalization, one slight move was sufficient to affect the whole situation, so one cannot expect to be immune. At the same time, experience shows that the sole reliance on market regulation is not a panacea. Therefore, the Chief Executive said in the introduction to the policy address, "..... to meet the challenges posed by globalization, we need to re-examine the functions and roles of the Government.". He also pointed out that "When the market fails, however, the Government should be prepared to intervene in a timely and decisive manner.". This reflects that there is a change in the Hong Kong Government's beliefs in economic policy. Even though it still emphasizes its adherence to the so-called "big market, small government" principle which it has all along upheld, this principle is no longer the only frame of reference.

The financial tsunami on this occasion is highly destructive to the global economy and the fallout is very serious. For this reason, we should also reflect on whether or not developing Hong Kong into a financial centre is the only option open to Hong Kong. Are we wrapping a cocoon around ourselves in concentrating on the development of a certain economic sector? I believe the preferable strategy for Hong Kong is to learn how to tap our advantages and instil new momentum into economic development by diversifying our development and creating new economic growth points.

Last year, the DAB proposed the concept of fashioning Hong Kong into an all-year-round capital of international exhibitions and sales and its significance is multiple: To address the inadequacy of existing exhibition facilities; to complement the national policy of encouraging mainland enterprises to go international; to give play to the advantages of "one country, two systems"; to boost the status of Hong Kong in the exhibition and sales arena under the "Nine plus Two" arrangement; to create more job opportunities, so as to alleviate structural unemployment more effectively; to attract more international corporations to establish their presence here; to drive the development of industries relating to exhibition and sales and to consolidate Hong Kong's reputation as the Shoppers' Paradise.

Hong Kong benefits from the unique system of "one country, two systems", while the Western and Chinese ways of life and cultures are closely knitted here, thus giving rise to the unique quality of Chinese and Western cultures blending with one another. In addition, in Hong Kong, industry and commerce are thriving, the dissemination of information is effective, visitors can enter and exit freely, the legal system is sound, the financial system is advanced, we enjoy the status of a free port, the flow of funds is smooth and convenient, we have a low-tax regime, there are no tariff barriers, and so on. These are all favourable conditions unique to Hong Kong. If we fashion Hong Kong into an all-year-round capital of international exhibitions and sales, this can achieve the effect of linking China with the world and blending the East with the West.

I believe that apart from strengthening co-operation with the Mainland, it is also necessary for Hong Kong to hone itself and have the spirit of achieving excellence and making innovations, so as to generate new thinking and chart new courses of development. To develop Hong Kong into an all-year-round capital of international exhibitions and sales is to develop another dimension in addition to consolidating the original four major pillars of the economy, so as to create new points of economic growth for Hong Kong and provide a large number of general employment opportunities. I hope this innovative and bold concept can arouse the attention of the SAR Government and people in various sectors, so that it can be refined and realized through the co-operation of all parties.

With these remarks, President, I support the original motion.

MS CYD HO (in Cantonese): President, the onset of the financial tsunami has been very quick and in a space of two months, small investors with a little savings and SMEs have already taken the brunt. However, I believe that as more companies close down or lay off employees, the grassroots will take a heavy blow. Therefore, in the next two years, I believe helping the poor will be an even more important task.

Often, the Government says that the Hong Kong economy is externally oriented, so it is impossible to forestall the financial tsunami and it is also impossible to stop the spike in oil prices and food prices. However, I must point out that there are actually many local policies, for example, those on town planning, hawkers and the unitary development of the economy, that are local factors contributing to poverty in Hong Kong and it is possible for us to make improvements to and avoid them. In particular, in the process of urban renewal, the land policy has led to very serious housing problems and the drastic increase in the rent of residential units and shops in the district concerned. As a result, the prices of retail goods and services in the districts concerned were also increased accordingly. To tenants at the grassroots who are unable to move into public housing, their expenses in these two areas have witnessed whopping increases. The pressure to increase the rent also triggered a chain reaction that affected middle-class tenants, so no one is spared.

President, I will use the Central and Western District as an example. In 2004, the University of Hong Kong submitted a report to lobby the authorities to expedite the construction of MTR extensions in the Western and Southern Districts. This report pointed out that after the construction of the two MTR extensions, \$40 billion of revenue from economic activities could be generated and \$20 billion of this will come from property development. On reading this paragraph, I was immediately given a fright. I then asked myself who would surrender this \$20 billion. Of course, it would be the group of residents living in that district. In that case, do the people living in that district refer to people who originally live in that district, or do they refer to new residents who will buy the properties at \$7,000 per sq ft? This point is rather dubious. What figures is this estimation based on? It is based on the projection that the rent for residential units will increase by 12% and that for shops by 15%. At that time, I immediately wondered if the original residents of the district will have to earn 12% more in income to pay for the rent or pay 15% more in rent for their shops as a result of having the MTR and saving 40 minutes in travel time.

In fact, the actual situation is that due to the urban renewal projects in the district and the many demolition and redevelopment projects initiated by private-sector developers, the renewal of rental agreements in the district can lead to a rental increase of 20% to 40%. If tenants move out on demolition, those who originally paid a rent of \$3,000 per month would have to pay \$6,000 per month if they wanted to live in the same district in a unit of comparable size. May I ask how a family with a monthly income of \$8,000 or \$10,000 can cope with this? In fact, most of these families are eligible for applying for public housing, so why have they not done so? Because there is no public housing in the district. From Lai Tak Tsuen in Wan Chai to Kennedy Town in the Central and Western District, there are only three public housing estates and a total of 4 000 public housing units. Since too many residents want to work in the district where they live, for example, in restaurants, wholesale markets or jobs with irregular working hours such as working on shifts, they have to live and work in the same district, so they would rather rent private flats.

However, when urban renewals drive up rents drastically, it is not possible for them to cope. Their only choice is to face the prospect of losing their jobs because they have to move to very remote areas, so it will be impossible for them to continue to take those jobs. In fact, similar problems can also be found in Sham Shui Po and Tai Kok Tsui. In the process of redevelopment, the number of small and cheap flats will diminish but the rent is rising. As a result, residents have to move further and further away and the ecology of the entire community is affected.

Even for a minority of residents who can afford to live in their original districts, in fact, just like other people in the middle class, they have to cope with the in-district inflation caused by the soaring rent of shops in the district. The root of the problem lies in the authorities' sole emphasis on adding value to land and releasing the value of the land when carrying out urban renewal by turning a four-storey building into a 40-storey one and by turning neighbourhood stores offering cheap commodities into chain stores selling expensive goods but offering low wages. However, the authorities did not evaluate the social impact of redevelopment on residents of the district and still less did they take any complementary remedial measures that could have been taken in advance to offset the inflation caused by the redevelopment of the district.

I call on the two Secretaries, that is, the Secretary for Development and the Secretary for Transport and Housing, to conduct a comprehensive social impact assessment on various old districts to understand the magnitude of redevelopment. Concerning redevelopment, should we adopt less than 40 years sorry, rather, should we carry out assessments on buildings with less than seven storeys and over 40 years of history or adopt 30 years of history and less than 10 storeys as the definition in carrying out assessments? This will make a great difference. If the first definition is adopted, there are 900 buildings in the Central and Western District that meet the definition of having the potential for redevelopment. If the second definition is adopted, 2 000 buildings will meet the definition and the scale of the task to be dealt with will be very different.

In addition, I wish to call on the authorities to understand the capacity of residents in shouldering housing expenses and their employment and transport needs first, then take compensatory measures for the district in advance. I call on the authorities to seriously consider increasing the supply of public housing in the urban area, in particular, in the Central and Western District on Hong Kong Island, so that these grass-roots tenants affected by urban redevelopment can apply for it, continue to live and work in their original district and lead a life of self-reliance. The Secretary often says that other district councils do not welcome public housing but the Central and Western District Council is an exception. I am grateful to my colleagues in the Central and Western District Council of 2003 and 2007 for accepting my persuasion and arguments and agreeing that public housing should be built in the district. For this reason, I call on the two Secretaries to respond to this request in earnest.

I also ask the authorities to seriously review the operation of the shopping centres in public housing estates. The Link Management is a profit-oriented company. It has increased rents heftily, so small shops were displaced and forced to close down. The living expenses of residents of housing estates have also risen accordingly, thus making it impossible for many small shops to continue to do business. Unless the authorities have other effective ways to curb this situation, I call on the authorities to buy back the shares of The Link REIT to bring the model of operation of shopping centres in public housing estates back to the right track. In fact, the goal of urban planning is to pool the least amount of public and private resources in the most effective way to achieve the best quality

of life with the least social cost. Therefore, the measure of the effectiveness of urban planning is not the number of saleable floor area or the price per sq ft of the floor area, but the effects on residents' quality of life after redevelopment.

Apart from the social impact assessment mentioned by me just now, I also hope that the authorities will also introduce an assessment on the energy consumption because after the redevelopment of the buildings in the district, both air circulation and sunshine will more or less be affected. How much energy will residents in the district have to consume to make up for the air circulation and sunshine otherwise endowed by Nature? How serious a heat island effect will this kind of energy consumption lead to, thus creating a vicious circle in which we have to switch on air-conditioners and lighting increasingly early? The information of the Hong Kong Observatory shows that in the past two decades, the wind speed in Hong Kong has been reduced by 2.6 km, that is, about 20%. This was measured at the now-demolished Star Ferry Pier. President, the decrease is surely greater than this figure in the streets of the urban areas. Meanwhile, the increase in the temperature of the urban areas in Hong Kong is also greater than the average of other countries. Not only does such a vicious circle lead to an aggravation of the heat island effect in the urban areas, it also makes Hong Kong one of the accomplices in global warming.

I also call on the authorities to introduce public health assessments to study the effects of vehicle fumes accumulation and noise in redeveloped districts on the health of residents in these districts and on the increase in health care costs. Of course, redevelopment will directly give developers profits derived from development, but a lot of social costs have to be borne by residents and they cannot be compensated for with money. Therefore, I hope the authorities can reformulate a new set of urban planning standards to add social, cultural, energy and public health assessments to the existing ambit of approving outline zoning plans, classifying land uses and determining building heights and plot ratios, so that urban planning can really be people-oriented instead of only serving property companies and developers.

The development of economic activities in local communities must be diversified. We cannot condone monopolization by chain stores, thus exacerbating the problem of poverty. We can see the wind of layoff and unemployment approaching. Therefore, apart from assisting the poor by financial subsidies, another matter requiring consideration is to provide room so

that the people can help themselves. For this reason, I call on the authorities to review the hawker policy, so that economic activities in the district can have greater room for development.

In the past two decades, our policy on hawkers is subsumed under the policy on the hygiene of local districts and the prime goal of the Food and Environmental Hygiene Department was to move hawkers into municipal services buildings and assist them in moving from the streets into buildings. However, no consideration has been given to the way of life and habit of on-street shopping of the public. Most of the hawkers who have moved into multi-storey markets cannot attain the turnover they used to attain in the past. As a result, the number of hawkers has shrunk. For example, there were 7 261 fixed pitch hawker licences and 787 itinerant hawker licences in 2004. By 2007, the numbers have decreased by more than 10%. There were 6 636 fixed pitch hawker licences and only 600 itinerant hawker licences. This situation reflects the contraction of economic activities in local communities. However, the authorities take pride in this and think that this is a sign of success in governance. This is really a great irony.

President, I will cite another example. In the Tai Po Old Market, hawkers selling dry and wet goods do business side by side with those selling pork and fish and they do business in the same area. As a result, when residents buy what they need each day, they will also enjoy the convenience and shop for dry goods. These two kinds of trades were mutually beneficial and together, they attracted more customers. However, in the municipal service complex in Tai Po, except the floors for cooked food and the market selling fresh food, which the public must visit, the shoppers on the floor for dry goods are so sparse that it is possible to go jogging there. For this reason, the hawkers doing business there really have to cry for help. We can see that this kind of planning in fact shows a lack of careful understanding of the needs of shop operators or the way of life of customers and residents of using the streets. The authorities think that it is helping the public but in fact, they have meddled with the public's opportunity to become self-reliant.

Earlier in the debate, many Honourable colleagues said that economic development in Hong Kong could not be skewed towards the finance, property and service industries and development had to be diversified. The Chief Executive said that the direction of developing Hong Kong into a financial centre was a considered and proven one, so it could not be given up easily. Of course,

we are in a unique geographical position and time zone, and they together constitute a very good foundation for our position as a financial centre. However, to develop the financial industry does not mean that other directions had to be negated. We say that all people should have the multi-tasking ability, so it is all the more necessary for the Government to have such ability.

Even as the Government develops the financial industry, it should also consider other directions. Apart from the simple reason that it should not put all eggs in one basket, another reason is the people-based philosophy. I hope the Government can consider this seriously. Our next generation — in fact, this is also true of every generation — is not consisted of people with just one kind of personality. It is not the case that all people are born salespersons or that all people are suitable for a career in the finance, service or tourism industries. Many young people have different personalities and potentials. If we take a unidirectional approach of only developing these several areas, it is possible that young people who are introverts or who like to pursue excellence in craftsmanship will not find any scope for development and only the salespersons in this society will have scope for development. In fact, in the unitary development of the economy, not only will we stymie the talents of many people, we will also prevent them from contributing to society and will even make them fall into the poverty net.

Many people say that the costs in Hong Kong are so high that the manufacturing industry can no longer cope with them. I totally disagree with this point. Mrs Regina IP wears a lot of brand-name clothes, so she probably knows that they are high-end goods made in France and Italy. It is still possible for these countries to continue to develop the textile industry, but the costs in Hong Kong are probably far lower than in these countries. I even believe that there are also opportunities for the development of organic farming and quality livestock rearing here. Representatives of the fishery and agricultural sector also agree with this. To take the recent food safety incidents as an example, "Made in Hong Kong" and "Inspected in Hong Kong" have become the gilded labels in this region. If the authorities want to facilitate the business operation, I hope they can assist the local fishery and agricultural industry in producing safe and quality food. Not only can it be supplied to the Hong Kong public, it can also make forays into the markets in neighbouring regions. This is not because our prices are lower. Hong Kong does not draw customers with low prices but with

assured quality. This is because Hong Kong still has a social order that inspire confidence in consumers. This is an advantage that Hong Kong possesses and we should not give it up lightly.

In fact, as long as there is creativity, we can add value to traditional industries by introducing an element of modern quality living into them. For this reason, President, what has to be developed in Hong Kong now is I know that this session is not for discussing the creative industries but what must be developed in Hong Kong now is not just the creative industries as the authorities understand them. It is not just in films, advertisements or popular music but in all industries that creativity must be added to provide diversified opportunities of development, so that residents without the personality traits of salespersons and young people who may not be suitable for the financial, tourism or service industries will also find room to give play to their talents and will not fall into the poverty net.

On creativity, of course, it is necessary to have a policy on culture to broaden the scope of cultural imagination in society. Hong Kong has just committed 42 hectares of land and \$21.6 billion to the West Kowloon Cultural District (WKCD) Development. However, will this be enough to develop our cultural policy and elevate the humanistic values in Hong Kong society? I am very pessimistic about this. Although we have prevented the Government from adopting the development approach of choosing one consortium from three consortia and it has adopted the proposals of the People's Panel on West Kowloon and this legislature by establishing the West Kowloon Cultural District Authority (WKCDA) and it is also prepared to construct the buildings in the two phases, the operation is still top-down and there is a lack of public engagement.

In passing the legislation, the legislature requested that the WKCDA open its meetings to the public and that it be stipulated in the legislation that the public had to be consulted regularly, so that the WKCD could move hand in hand with the public from the beginning and the public could take part in it. The public would then be able to play a role in nurturing the WKCD and it would be a cultural district representative of Hong Kong. However, now, the Chairmanship of the WKCDA has been assumed by the Chief Secretary for Administration and civil servants will serve in its Secretariat. Since its members are volunteers without adequate support, I am afraid the WKCDA will just be another executive-led organization.

I call on the WKCD to establish as soon as possible a mechanism for regular consultation. Even though this is not stipulated in the legislation, the WKCD still has to assume such a responsibility. Otherwise, the civil society will not wait for the Government. If we read the reports of the *Hong Kong Economic Journal* today, there is already an uproar in the cultural sector and its members are already filled with righteous indignation. It is now organizing another wave of uprisings over the WKCD and members of the cultural sector will organize a public consultation on their own. Of course, the Government is welcome to take part in it and it would be even better if the Government can take charge of organizing it. We will also be willing to give it up. However, if the Government does not want to carry it out, we will stir an uprising again over the WKCD by carrying out planning together with the civil society by exploiting its creativity. Moreover, we will make the authorities add a cultural dimension to the development in addition to the tourism and economic dimensions, so as to boost the humanistic values in Hong Kong society.

President, lastly, I have to talk about public service broadcasting. Last Friday, when the Chief Executive announced the scrapping of the means test for the "fruit grant", he lamented that rational discussion had been overwhelmed by emotional reactions. At that time, he felt that he was a lonely salesman. If the Chief Executive really found it regrettable that there was a lack of room for rational discussions in Hong Kong, in fact, his prime task should be to task the Secretaries to establish a public service broadcasting organization independent of the Government at an early date and as soon as possible. A group of talents with local public service broadcasting experience and commitment to the freedoms of the press and of speech should be enabled to make the transition to this public service broadcasting organization independent of the Government to assume the responsibility of making unbiased and accurate news coverage. In that way, there will be a media organization to report his comments without bias and a pluralistic and tolerant discussion platform will also become available, so that the arguments on many issues can be debated to uncover the truth. Before our campaign for universal suffrage is successful, there will also be a channel for us to express different opinions and it would also be no longer necessary to deal with the issue of illegal broadcasting by the Citizens' Radio. All of us would then have peace of mind.

Prof YUAN Weishi of the Zhongshan University analysed the reasons for the failure of modernization and the Westernization Movement in China in many of his works. He said that the Chinese were only prepared to acquire the

technology but not the underlying spirit. They were unwilling to accept the pluralism or tolerance and set out by confining themselves to a small scope and insisting on upholding authority. Not only were they unable to update what they had learnt, they were also unable to keep abreast of the times. When learning, they were unable to get the essence and ended up with a poor imitation. We are also facing such a danger in Hong Kong. Hong Kong claims to be a modern world city but the Chief Executive is still arrogant and does not value public opinion. He is not prepared to face the public sincerely, unable to have sincere dialogues with the legislature and the public.

At such a tempestuous time, if the Chief Executive still insists on going it alone and being a lonely salesman, how can he unite Hong Kong people in weathering through the financial tsunami? Unity comes from bottom up and all of us have to make responsible decisions for the future of Hong Kong together. It is impossible to unite Hong Kong people and make them tide over the difficult times together if only a small group of people has the say.

For this reason, President, if Ms Emily LAU's amendment on implementing dual universal suffrage cannot be passed, I will not support this Motion of Thanks because no matter what the contents of the policy address are, they will just be empty slogans that cannot truly unite Hong Kong people. Thank you.

MR LEUNG KWOK-HUNG (in Cantonese): I have a lot of feelings about the lengthy remarks made by Ms Cyd HO just now. According to her observations, the community is now filled with grievances. Hence, she wishes to express her views mainly on how best life in Hong Kong can be improved. Many of the voters or members of the public with whom I have had contact might already have nothing to eat or be unable to eke out a living. Of course, I do not mean to accuse Ms Cyd HO by asking her, "Why do the people not eat meat porridge?" However, the present situation has profoundly reflected the fact that our society has reached such a stage that, without reform, it is impossible to respond to the aspirations of people from different walks of life.

I heard Ms Cyd HO mention hawkers and say that the number of hawkers has been on the decrease recently. A few days ago, I appeared before the Court in Central. I was often made to go there because of the incessant prosecutions instituted by the Hong Kong Government against me. On that day, I came

across an old man who was paying his fine, and he saw me too. When I asked him what he was, he told me he was a licensed hawkker. When I asked him what he was selling, he told me he was selling toy cars. I then asked him, "How does your business go?" He replied, "Though it cannot be described as good, I somehow manage to make some income from it." I then asked him why he had been prosecuted given that he was a licensed hawkker. I then found out that more than 400 black spots, that is, spots on a watch list (some of the people returning to the Mainland are also placed on a watch list), were identified by the Food and Environmental Hygiene Department because of the heavy flow of people there. Therefore, every single hawkker found in the black spot must be arrested. Although this old man has been making a living as a hawkker for years in Wan Chai, he has to look around everywhere when he is carrying on his business, as if he is afraid that his home is on fire.

I am making this remark not without a reason. I have not prepared a script. However, we can already tell how members of the public are being treated by the Hong Kong Government only by examining this policy alone. These people themselves are capable of supporting their own living. As regards the Old Age Allowance (OAA), the Chief Executive has once exaggerated the situation by stating that Hong Kong will no longer survive by 2033 should the OAA be continued to be distributed. I was puzzled initially, "Did he not say that Hong Kong would no longer survive by 2013?" A serious social crisis will certainly appear. Everyone will find life more difficult should money be distributed to the elderly. However, he has now changed the year to 2033. Let us imagine what the Chief Executive will tell that old man who makes his living as a hawkker. During the Chief Executive's visits to districts, I think the old man would have petitioned the Chief Executive had he not be blocked by those bodyguards or Administrative Officers. I wonder what the Chief Executive would say to the old man by then. This is a live example.

On that day, our Chief Executive described himself as the most rational person in the world, only that he was compelled to yield to people's sentimentality. Actually, he is quite good at scolding people. He was scolding us for being irrational, whereas he was compelled to yield to us. May I ask him not to insult the word "rational"? In his policy address, he declares his determination to rise to new challenges. Does he not feel that the elderly are facing increasing poverty and finding the chances of making a living diminishing generation after generation? Are these not new challenges? If not, what are they? Actually, every society must rise to these challenges, am I right? The

population is now ageing. In the past, the elderly have contributed a lot. Whether they were responsible for taking care of the next generation, working as hawkers or odd jobbers in factories, working in spinning mills until they contracted lung diseases, or working on construction sites until they became pneumoconiosis patients, are they not members of the public? Have they not contributed to the prosperity of Hong Kong? Now, our bosses, as in the case of CITIC Pacific, are crying over their losses resulting from speculation over the melamine-contaminated financial products manufactured by global predators. However, were their fortunes and stakes not created by those elderly people?

When the Chief Executive mentioned the need to rise to new challenges, he even told us that if we were to distribute money now, Hong Kong would be in serious trouble by 2033. What kind of a person is he? He has merely attacked someone for a single fault without considering his other aspects. This is enough proof that the Chief Executive has no conscience. Does he feel that humans are the most valuable? Does he feel that machines are even more valuable than humans? Does he consider the neon lights of the Bank of China, the ones we can see right out there, blinking with figures presented in money terms like 1087122934 more important?

President, I really wish to I should request you to consult the Chief Executive in accordance with the Rules of Procedure. However, he is not present today. Am I right? If Mr Donald TSANG is having his dinner now, I hope he will not choke himself with a fish bone in his throat. He is probably watching this debate, too. Actually, he really needs to apologize once again because he simply cannot treat the compassion, kind-heartedness and sympathy in people's hearts as irrational behaviour. He must apologize again.

Why should I pursue this matter with such vigour? This is because the Chief Executive is giving away alms in contempt of society. After his meal in a restaurant on that day, I saw him talk to reporters while leaving the restaurant, though I did not know if he was drunk (he should have told our colleagues first. Am I right? There is a saying that "ducks swimming in the river at springtime know the warmth first"). I have to tell reporters here that I must make a U-turn today. However, I think that I have allowed my perception drowned by my reason. It is evident from his remarks that he is really sick, and he really needs to take medicine. What medicine should he take? He needs to take, in his own words, "people-oriented" pills.

Why must I dwell at great lengths condemning him today? I have no personal grudges against him. I just cannot understand why society has to accept alms given away in contempt. Furthermore, these are but small favours. Actually, we should not accept such irrational or even close to salvage comments made by the Chief Executive. Honourable Members, many people might have probably suggest you to express gratitude to the Chief Executive, as he is now giving away money to the elderly (let me not talk about the means test for the time being). Are we sick? Chairman MAO had also taught us that eating food given away in contempt would cause stomach cramps. Today, I have read a book called *Jing Dian Chang Tan*. The author, Mr ZHU Ziqing, passed away years ago because of his refusal to accept American aid. I think Chairman MAO had also read this story when he was small. He said, "American imperialism invaded us, and American aid must not be accepted." Of course, he was personally suffering from illnesses, too.

Having said that, what I mean is, despite the incessant speeches delivered in this Council today, they can still not pinpoint the fact — the so-called new challenges mentioned by the Chief Executive are cruel.

He was lambasted by me outside for being impolite to the elderly for the first time. Then, we threw bananas at his side. Actually, has he learnt a lesson? The answer is no. He was very arrogant, as if he was saying that we should listen to his nonsense as he is the one who pays. What kind of an attitude is this? This was the attitude taken by the British colonists in treating their servants. As my mother used to work as an amah, I know what such attitude is like. It is like he offers a 50-cent tip when he is handed back a coat after a dancing party attended by ladies in high society. Am I right? If someone suggests that 50 cents is far from enough, for the servant has worked really hard, he would accuse that person of being irrational and even question him why he has acted in such a sentimental manner. Buddy, this is how the payment of 50 cents was made.

Honourable Members, if our society has to thank him because some people who have been trampled upon have been given some petty benefits, even if the benefits are given in contempt, what future will our society still hold? Can we still regard ourselves as being qualified to uphold social justice? Therefore, should anyone accept the policy address on the ground that the Chief Executive

has readily accepted good advice, I can say that such person is either innocent or close to shameless. I have spent 10 minutes warning Honourable Members against humbling themselves unjustly.

Second, the Chief Executive is most fond of coining new expressions. When he put forth the concept of "Progressive Development" on the previous occasion, I made fun of him by describing him as robbing the poor to relieve the rich, slipping into a bubbling economy, promoting money politics, manifesting collusion between business and the Government, as well as being completely ignorant of universal suffrage. Now, one year after that, all these expressions are applicable to him. Last year, he was in a jubilant mood as he believed mainland financial institutions coming to Hong Kong would bring with them the fat of the people for the purpose of listing in the territory and turning it into private properties, as in the case of Mr YUNG. Am I right? However, as the saying goes, "ill gotten, ill spent". He was eventually beaten.

At that time, I criticized him for robbing the poor to relieve the rich. This is presently the case. Under his governance, our Gini Coefficient has continued to remain high and occupy the first place.

It is also right to say that Hong Kong has now entered a bubble economy. Given that we are all putting on a sad face, are we not in such a situation? I was accused by many when I made these remarks a year ago, "Long Hair, you are probably out of your mind for doing everything you possibly can to smear Hong Kong. Now what you said has come true. Many people have lost a lot of money because of the present bubble economy."

This is all the more so when it comes to promoting money politics. Am I right? Are the so-called Task Force on Economic Challenges and the West Kowloon Cultural District Authority not the extreme versions of money politics? While one of them involves Hong Kong's future, the other represents a cultural totem erected with gold and silver. They are all dictated by the rich or senior officials.

It is also right to say that he is completely ignorant of universal suffrage. Secretary Stephen LAM has made it clear that only what the Central Authorities say counts. Our concept of universal suffrage does not come from the internationally-recognized International Covenant on Civil and Political Rights or

the first Constitution of the National Constitution, which asserts that powers belong to the people. Instead, the concept of universal suffrage comes from the Basic Law. The Basic Law was moulded by the Central Government as if it were a clay doll moulded into different shapes according to the dictates of the Central Government. It is most terrible that when it is shaped into a square, everyone will say that the best shape is a square. However, when it is suddenly shaped into a circle, everyone will correct themselves and say that the best shape is a circle.

Today, some people have continued to threaten us, members of the pan-democratic camp, by telling us that it was wrong for us not to eat the stinky leftover presented by them last time. We are told that, should we act in the same manner this time, we will definitely have stomach cramps because we will then be charged with impeding the progress of universal suffrage. Buddy, it should be the Central Authorities actually impeding universal suffrage. We have been warned that we will have to mark time should we want more. Now we are told that, even if we are prepared to mark time, we still have to grovel before it. Anyhow, we have to praise the square moulded by it for being a perfect circle, and the circle moulded by it a perfect square. I would say that under the governance of Donald TSANG, the point that there is absolutely no concept of universal suffrage has been fully exploited. What am I going to say today? A regime elected by the minority will naturally serve the minority. So, this is to blame for everything, such as the financial bubble, the eviction of hawkers, and the construction of screen-like buildings.

I know that I can speak for 30 minutes. Am I right? I will give him a dressing-down again during the remaining 15 minutes. This is just the first half of the episode.

I would like to appeal to my colleagues to think twice about this. We would be belittling ourselves should we express thanks for this policy address with the title "Embracing New Challenges". Not only have I seen no new measures, I have merely seen a paragraph being inserted hastily for the purpose of exerting all efforts to rescue the market, but not the people.

I hope Honourable Members can set a good example for Hong Kong. We must not pick up and eat someone's unwanted food which has been trampled upon by some people after falling from the table, and even say "thank you" afterwards.

We are the territory's masters. Though we cannot elect our own master now, there are no reasons for us to praise our master if he has dressed himself badly. We must not conceal his serious mistakes just because he has offered us small favours. Thank you, President.

MR VINCENT FANG (in Cantonese): Lately, there have been many media reports questioning why the low-key Vincent FANG would suddenly take to the streets in a high profile to petition for the small operators of the shopping malls under The Link REIT as well as publicly accusing banks of suddenly "turning off the tap" for well-established SMEs without reason. However, colleagues who have been working with me for four years would know that I have been fighting in this Council for more reasonable room for local enterprises to operate their business, particularly for the wholesale, retail and related services sectors represented by me, as they are crucial industries in Hong Kong. First of all, these industries, targeted at a domestic market, are closely related to the public, be they rich or grass-roots people, in terms of clothing, food, housing, and transportation. There is indeed a very close relationship between the commodities sold by us and inflation. Eggs recently tested to be contaminated by melamine; the live poultry trade which has been "dried up" by the Government; the fresh meat trade, which has seen prices spiralling; and the recently defunct U-Right and Tai Lin all belong to the wholesale and retail sector, to which I belong. Second, the wholesale and retail, services and catering industries, the biggest local employer other than the Hong Kong Government, employ a labour force in excess of 1.2 million people, even though these figures have not even taken into account part-time employees. More importantly, the development of these several industries has never received any support from the Government in terms of policy.

Despite the remarks made by officials of the Trade and Industry Department at a meeting two days ago, that even SMEs wishing to purchase office desks and chairs may make applications to the \$5 million loan under the SME Business Installations and Equipment Loan Guarantee Scheme, we have been told by members of the Liberal Party who are engaging in the logistics sector that when they applied for loans for purchase of vehicles, they were told by banks that vehicles were not qualified under the Scheme as they were not treated as machinery. If vehicles used for transportation purposes are not qualified, then it will be even more unlikely for desks, chairs, refrigerators in fruit stalls,

chopping boards in meat stalls, and chicken cages in chicken stalls to be qualified. Businesses in these several sectors are mostly SMEs. So far, they have not only received no support from the Government, they are also under constant pressure resulting from the shrinking room of survival and rising administrative costs. Given that even the closure of SMEs one after another has failed to arouse the Government's concern in the past, I would like to express gratitude on behalf of our industries to Honourable Members for expressing their unanimous approval for the first time in this Council to call on the Government to make an effort to help these non-export-oriented industries.

The Government's policy has all along been oriented towards supporting export- or externally-oriented enterprises. This is evident in the establishment of the Hong Kong Export Credit Insurance Corporation (ECIC) and the Hong Kong Trade Development Council, and the overwhelming emphasis put by SMEs loan funds on business installations and equipment. Despite the effective contribution made by these organizations, the point is that the Government has failed to adjust its support policy accordingly in the light of the transformation of Hong Kong economy and the mode of operation of enterprises. So far, each adjustment has been made in response to social pressure. The Government has just headed in the right direction in deciding to expand the scope of the ECIC to cover the local market. However, no timely review was carried out by the Government when thousands of local suppliers were affected by the closure of a major supermarket seven years ago. It was only until today that the Government agrees to study the matter when the territory is hard hit by the financial tsunami, and it is better late than never nonetheless. Both the Liberal Party and the industries hope that the Government is proposing a long-term policy this time around, which means that it will not be abolished on the ground that the market situation has slightly improved, because a stable policy is extremely important to business operators, especially the less resourceful SMEs.

On the surface of it, Hong Kong's economy was very prosperous during the past four years, but actually, the business environment has been worsening on the day. During every meeting between the Liberal Party and the Chief Executive, I would say, "Chief Executive, the business environment is getting increasingly worse. The administrative and management fees newly imposed by the Government have also continued to rise. Rents have risen to such a level that even the industries find it impossible to bear. Even operators at the bottom find

it difficult to survive, too." President, do you know how the Chief Executive would answer my question? He said, "Vincent FANG, you are 'shouting' again year after year." I also hope that I was merely "shouting" nonsense, because if I really did, the number of shops, restaurants, or stalls closing down today will not be so high.

Let us look at the policy address with respect to the part concerning economic development. In connection with reinforcing our position as a financial centre, the policy address covers such topics as optimizing the supervisory framework, development of the securities market, and stability of the real estate market. All these measures are correct. However, if even SMEs find it impossible to survive, with the unemployment rate continuing to be pushed up by massive closures, how could there be purchasing power to support the property market? This is evident in the declining figures published by the Government just now on the number of mortgages in September. As regards the Chief Executive's remarks about reinforcing our position as a financial centre, this goal has already been achieved. The Hong Kong Monetary Authority (HKMA) has used all exchange reserves in Hong Kong to support the banks. However, what efforts have been made by the banks to support the territory in return? If some efforts have been made, a number of colleagues would not have spoken today. Nearly all of them were criticizing the banks for tightening credit across the board. Therefore, I hope joint efforts can be made by the Government and the banks to relax cash flow expeditiously.

At a special meeting of the Finance Committee, a colleague suggested that banks should not be requested to help SMEs to "cover the shortfall". I would like to respond briefly here that we do not mean to request the banks to offer loans to debt-ridden enterprises. It is just that banks have "turned off the tap" even for well-established enterprises carrying on sound business. The wholesale, retail, catering and services industries are unique in the sense that they are in desperate need of liquidity. As all business operators of these industries would deposit their daily turnover with the banks, the banks should know very well the operating conditions of these SMEs. Now the banks are reluctant to offer loans to the operators after taking their deposits. To allay Members' worries, I propose that the Government refer to the practice adopted in 2003 whereby 100% loan guarantee was offered to hard-hit industries to meet employees' wages or rentals when Hong Kong was struck by SARS. At that time, a \$3.5 billion full-guarantee loan was offered by the Government to the four

hard-hit local industries, including the catering, tourism, retail and entertaining industries. Initially, the loan could be used only for paying employees' wages and rents. In the end, it was relaxed to serve liquidity purpose as well. Although the amount of payment made by the Government at that time was only around \$400 million, the workforce employed by the SMEs offered the loan even reached 18 000.

Furthermore, I hope the Government can formulate measures to stimulate spending at the same time. Some people from the industries have indicated that even if banks are willing to offer loans, they still have to repay the loans. However, the spending power has greatly diminished as the market atmosphere is in a state of panic as a result of the Government's threat. Therefore, I hope the Government can come up with measures to appease public sentiment and stimulate spending. I hope the Government will not hesitate, as in the case of "fruit grant", and take measures only after public confidence is lost. By then, the Government will find it impossible to return.

During the debates held with respect to the policy address over the past two years, I criticized the Chief Executive's policy address for lacking long-term strategies and putting too much emphasis on the development of individual finance industries while neglecting the other three of Hong Kong's four major economic pillars, namely trade, tourism and the logistics industry. The impact brought about by the financial tsunami on Hong Kong is evident to all. Whether the other three pillars can sustain to enable the territory to ride out the storm hinges on the Government's administrative strategies. Unfortunately, the policy address has demonstrated once again that the Government is merely adopting stopgap measures by exhausting all solutions and ammunitions to rescue the financial industry only.

I believe all colleagues must have watched Premier WEN Jiabao saying during his interview by the media in Hong Kong and Macao this morning that the most important task now is to maintain public confidence, and public confidence hinges on the decisive measures taken by the leadership. In this connection, a series of measures will be launched by the State to help Hong Kong ride out the financial crisis, including a package to address financial risks, loans offered to SMEs on the Mainland, further expansion of the scheme to allow more mainland residents to come to Hong Kong for sightseeing, and joint efforts made by the Central Authorities and Hong Kong to address the financial crisis. Communication and exchange of information will also be stepped up between the

financial departments on the Mainland, such as the Bank of China, the China Securities Regulatory Commission and the China Banking Regulatory Commission, and the financial departments in the territory. But more importantly, the SAR Government should learn a lesson from the financial tsunami in analysing the problems in our financial and economic structures.

Although the Liberal Party has given this policy address a bare pass, I personally find it quite disappointing because the policy address is completely devoid of a conceptual direction for long-term development. Perhaps this policy address represents only the first half of an episode. We probably have to wait till February when the second half, the Budget, is published. However, President, if the leadership of the Government cannot take decisive measures, as suggested by "Premier WEN", I am afraid, even if many proposals are put forth to help SMEs when the Budget is announced, SMEs will not be able to live long enough to benefit from the Budget.

I so submit. Thank you, President.

SUSPENSION OF MEETING

PRESIDENT (in Cantonese): I now suspend the meeting until nine o'clock tomorrow morning.

Suspended accordingly at thirteen minutes past Nine o'clock.