

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 5 November 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 LAU KONG-WAH, J.P.

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

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

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

THE HONOURABLE ANDREW CHENG KAR-FOO

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

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

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

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

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

THE HONOURABLE ALBERT CHAN WAI-YIP

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

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

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

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

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

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

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

PUBLIC OFFICERS ATTENDING:

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

THE HONOURABLE WONG YAN-LUNG, S.C., J.P.
THE SECRETARY FOR JUSTICE

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

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

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

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

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 CONSTANCE LI TSOI YEUK-LIN, ASSISTANT SECRETARY
GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

MRS PERCY MA, ASSISTANT SECRETARY GENERAL

TABLING OF PAPERS

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

- No. 23 — Hong Kong Science and Technology Parks Corporation Annual Report 2007-2008
- No. 24 — Hong Kong Productivity Council Annual Report 2007-2008
- No. 25 — Report by the Trustee of the Customs and Excise Service Children's Education Trust Fund for the year ending 31 March 2008, together with the Director of Audit's Report and the Audited Statement of Accounts

ORAL ANSWERS TO QUESTIONS

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

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

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

PRESIDENT (in Cantonese): First question.

Review of Fire-fighting Equipment and Salary of Firemen

1. **MR LEUNG YIU-CHUNG** (in Cantonese): *President, recently, a few firemen unfortunately died on duty at the fire scene. There have been comments that the existing fire-fighting equipment and facilities of the Fire Services Department (FSD) are inadequate, and the salary of firemen is also lower than those of staff in other disciplined forces. In this connection, will the Government inform this Council whether the authorities will, in addition to purchasing breathing apparatus of new models and considering the replacement of the Fire Services Communication System, review and enhance other fire-fighting equipment and facilities of the FSD, and review the salary of firemen; if so, when they will conduct such reviews and implement relevant enhancement measures; if not, of the reasons for that?*

SECRETARY FOR SECURITY (in Cantonese): President, the Administration attaches great importance to the protective equipment and facilities provided to firemen. There are regular reviews and replacement exercises to ensure that firemen are adequately protected whilst carrying out rescue operations.

As regards protective equipment, the FSD spent about HK\$1.3 million in September 2008 to provide all front-line firemen with new anti-flash hoods that meet the latest international safety standard. In 2009, the Department will replace the breathing apparatuses used by firemen at fire scenes. The new breathing apparatuses will provide better protection against radiological, biological and chemical agents. They will also be equipped with more advanced electronic devices to give a clear indication of the amount of oxygen remaining in the cylinders. The new breathing apparatuses, which will cost about HK\$45 million, are expected to be shipped to Hong Kong in the first half of 2009.

As for communications equipment, the FSD purchased 53 radio sets at a total cost of about HK\$960,000 in October 2008. Each major pump vehicle is now provided with an additional radio set. In order to further enhance the communication amongst front-line firemen, the FSD has commissioned the Electrical and Mechanical Services Department to study the feasibility of upgrading the existing analog radio system and replacing it with a digital system with enhanced communication capabilities.

The FSD understands the importance of providing firemen with safe and reliable equipment and facilities, and regards safety and reliability as the main factors of consideration in the purchase of new fire-fighting equipment. The Department will continue to maintain close dialogue with staff to understand their actual needs. It will also review the provision of protective equipment and facilities from time to time in the light of advanced products available in the international market, and make appropriate improvements so as to enhance the work safety of firemen and improve operational effectiveness.

Fireman is paid from points 2 to 13 of the General Disciplined Services (Rank and File) Pay Scale (GDS(R)); Senior Fireman from GDS(R)14 to 22; and Principal Fireman from GDS(R)23 to 27. The pay of the Fireman grade is comparable to (and not lower than) that for similar grades in the general disciplined services such as the Customs Officer, Ambulanceman and Officer II (Correctional Services).

The Standing Committee on Disciplined Services Salaries and Conditions of Service (Disciplined Services Committee) is conducting a grade structure review for the disciplined services, including the Fireman grade. The review will examine, among other things, whether the pay and conditions of service are appropriate and whether adjustments are called for. The Disciplined Services Committee aims to submit its recommendation to the Chief Executive by the end of 2008. Upon receipt of the Disciplined Services Committee's recommendations, the Civil Service Bureau will proceed to consult the departmental management concerned, the staff sides concerned, and the Public Service Panel of the Legislative Council. If the final recommendations were to include any proposed change in the civil service rank or pay structure, then subject to the decision of the Chief Executive in Council, we would seek the approval of the Establishment Subcommittee and the Finance Committee of the Legislative Council in accordance with the established practice.

MR LEUNG YIU-CHUNG (in Cantonese): *President, the difference between firemen and other grades in the disciplined services is that other grades in the disciplined services are required to face human problems while firemen have to face natural disasters and catastrophes in addition to that. The degree of risk and risk factors are often unknown when they are facing such disasters. Among staff in the disciplined forces, the casualties of firemen are also higher. In the past 20 years, nine firemen have died in the course of duty. So, I wonder why the Secretary said that the pay of the Fireman grade is comparable to (and not*

lower than) that for similar grades in the general disciplined services. In fact, take the Police Force as an example, the pay is higher than that of firemen by \$2,000. Moreover, firemen have to work 54 hours a week, which is completely beyond the normal circumstances when compared with the working hours of general civil servants who work only 44 hours a week. I hope the Secretary can explain on what ground he said that their pay is comparable to (and not lower than) that for their counterparts. In addition, he said in the last paragraph of the main reply that a review is being conducted. From what perspective is the review being conducted?

SECRETARY FOR SECURITY (in Cantonese): President, the pay of staff in the disciplined services cannot be examined in isolation. Just now Mr LEUNG also pointed out the characteristics of the work of firemen. He is totally right. But we should not forget that each disciplined service has its unique characteristics. Thus, we need an independent Disciplined Services Committee to conduct a grade structure review. After the review conducted 20 years ago, grades in the general disciplined services such as the Customs, Correctional Services, Immigration Department and Fire Services Department are defined as grades in the general disciplined services. The salaries of staff in the general disciplined services at the same ranking are more or less the same. This is what I meant when I said that their pay is "comparable to (and not lower than) that for" their counterparts.

Just now, Mr LEUNG also mentioned that a review was currently underway. It is conducted by the independent Disciplined Services Committee, which comprises non-official members. The review is conducted on the basis of the nature and scope of work, working hours, characteristics and difficulties of work, and so on, of the disciplined services. As the Disciplined Services Committee is an independent body, the Security Bureau considers it inappropriate to make any comment before any formal report has come out of it.

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

MR LEUNG YIU-CHUNG (in Cantonese): *The part concerning their salaries which are "comparable to (and not lower than) that for" their counterparts.*

Just now, I mentioned that the pay of the police officers is higher than that for firemen by \$2,000. The Secretary only said that their salaries were more or less the same. But it is indeed a big gap between more or less the same as that for their counterparts and comparable to (and not lower than) that for their counterparts.

PRESIDENT (in Cantonese): I believe your explanation is very clear.

MR LEUNG YIU-CHUNG (in Cantonese): *I hope the Secretary can explain why the word "comparable" is used.*

PRESIDENT (in Cantonese): Secretary, Mr LEUNG hopes that you can explain why you described it as "comparable".

SECRETARY FOR SECURITY (in Cantonese): I also mentioned the relevant history earlier. When the review was conducted at that time, the Fire Services Department, Customs, Immigration Department and Correctional Services were defined as grades in the general disciplined services. So, what I said earlier meant that the pay of firemen is comparable to that for these grades.

MR JAMES TO (in Cantonese): *President, the trade union of firemen has recently presented some important data. According to my understanding, or according to the remarks of the Secretary, their hourly rate is the lowest when compared with other grades in the general disciplined services, excluding the Police Force. May I ask the Government if it finds the data agreeable? If not, what are the reasons?*

Besides, they are most eager to compare their work with that of the Police Force when a comparison between different grades is made. But since the Police Force is the so-called agency of last resort, meaning that they will be the last one responsible for dealing with the matters should any incident occur, their salaries are higher than that for firemen by \$2,000. Is this the most important factor or are there other factors?

SECRETARY FOR SECURITY (in Cantonese): President, the work of each disciplined force is determined on the basis of its nature of work, operational needs and other factors. In our opinion, the work of disciplined forces should not be compared with one another in a simple manner. Just now, both Members asked about the review and required a comment from me as to whether the review is fair. As I said earlier, since an independent Disciplined Services Committee is now deliberating the matter, I think comments should be made only after the report has been released.

MR JAMES TO (in Cantonese): *President, I did not mention the Disciplined Services Committee in my supplementary question. I simply pointed out that the trade union*

PRESIDENT (in Cantonese): Please state your question more clearly so that the Secretary will know which part of your question has not been answered.

MR JAMES TO (in Cantonese): *The part of my question which the Secretary has not answered is that after calculation by the trade union, it is found that their hourly rate is the lowest in relation to other grades in the disciplined services.*

PRESIDENT (in Cantonese): Yes, what is your follow-up question then?

MR JAMES TO (in Cantonese): *My supplementary question is: In the light of the current situation, what is the Government's rationale? I have no intention to prejudice the Disciplined Services Committee's review.*

SECRETARY FOR SECURITY (in Cantonese): President, I have in fact answered the question. As I said earlier, the number of working hours of each disciplined force is determined by its specific nature of work, operational needs and relevant factors, and it is not appropriate to make a simple comparison between the working hours of various disciplined services.

MR IP KWOK-HIM (in Cantonese): *President, in fact, I am also very concerned about the hourly rates because the trade union of firemen has placed strong emphasis on this point. May I ask the Secretary whether the Bureau has considered helping the Department to sort out how the current 54 working hours can be adjusted downward and whether there is any room to do so?*

SECRETARY FOR SECURITY (in Cantonese): Yes. In fact, the Security Bureau, the Civil Service Bureau and the FSD have all discussed the issue.

DR PAN PEY-CHYOU (in Cantonese): *President, may I ask the Secretary for Security whether the replacement of equipment or the funding for new breathing apparatuses as mentioned by the Secretary earlier is included in the total provision for the Department or a new funding? In the past, has new funding been applied for on top of the total provision for the Department? Will an application for additional funds be considered in the future for replacement of equipment?*

SECRETARY FOR SECURITY (in Cantonese): I do not quite understand Dr PAN's supplementary question. All the expenditure of a department should be met by its provision. I do not understand what is meant by within or not within the provision of the department in the supplementary question. I wish to make this point clear.

PRESIDENT (in Cantonese): Dr PAN, do you wish to elaborate this point?

DR PAN PEY-CHYOU (in Cantonese): *President, I would like to clarify my supplementary question. The question put by me mainly asked whether the Government would allocate new and additional funding on top of the usual provision to the department in light of the incident leading to the death on duty of two firemen this time. Has there been such a practice in the past and will the Government continue to consider such a practice in the future?*

PRESIDENT (in Cantonese): Secretary, Dr PAN's question is about additional funding.

SECRETARY FOR SECURITY (in Cantonese): President, as we always said, expenditure is made where it is due. It is most desirable if the procurement of essential equipment or facilities can be covered by the financial envelope of the Department. However, if funding is not available in the financial envelope to meet the purchase of some essential equipment in any particular year, the Security Bureau will certainly fight for additional resources for the Department.

DR RAYMOND HO (in Cantonese): *President, fire-fighting equipment is critical to the safety of firemen. A digital communications system has not been adopted by firemen and communication between firemen and their colleagues is very important when they carry out fire-fighting operations at the fire scenes. What standard of communications system is being adopted by other disciplined services, such as the Police Force whose number is bigger, if a comparison is made? Will reference be drawn from other communications systems of better efficiency?*

SECRETARY FOR SECURITY (in Cantonese): President, the operation of the trunked radio system currently used by the FSD is still normal. However, the existing analog system will be upgraded to a digital system in order to enhance efficiency. In fact, the analog system used by the Hong Kong Police Force has just been upgraded to the digital system in the past two years. So, our next step is to upgrade the existing radio system used by the FSD. We will apply to the Legislative Council Finance Committee for the funding later on.

MR CHAN KAM-LAM (in Cantonese): *President, I remember that last time we expressed concern about the lengthy and complicated procedure for the upgrading of fire-fighting equipment and ambulances. May I ask, in respect of risk reduction, whether the procedure of application for funding or replacement of fire-fighting communications facilities and other equipment such as helmets will be as complicated and lengthy as that for ambulances?*

SECRETARY FOR SECURITY (in Cantonese): President, I do not think the procedure is too complicated or lengthy. However, we have to remember that rules should be followed on the procurement of equipment by the Government.

First of all, we have to draw up tenders which will conform with the specifications. This will take some time and we have to go through an open tendering exercise. After the bids have been received, they will be assessed before contracts are awarded. This may take several months or even one year. In other words, it will take around 11 months or one year from the drawing up of tenders to the open tendering exercise and bids assessment. If one asks whether time can be shortened, we certainly hope that the process can be expedited from the angle of users. However, we must also consider the proven system under which tenders should be assessed in a fair, open and equitable manner. We have to strike a balance between these two.

PRESIDENT (in Cantonese): We have spent 17 minutes 30 seconds on this question. Second question.

Retail Price for Fresh and Chilled Pork

2. **MR FREDERICK FUNG** (in Cantonese): *President, although the price of live pigs from the Mainland has recently dropped by 20% to 30% from the peak price recorded early this year, the retail price has not dropped correspondingly, resulting in a situation of "quick-in-going-up but slow-in-coming-down". The Food and Health Bureau has called on the public to consider buying other meat products such as chilled pork. Besides, the report of the Consumer Council's Study on Live Pig Pricing on 7 August came up with similar findings and pointed out that a small number of buyers were involved in making unusual "aggressive" bids in the auction of live pigs, and the trade alleged that these are acts of market-boosting by buyers of large syndicates or big supermarkets. In this connection, will the Government inform this Council:*

- (a) *of the average monthly wholesale, import and retail prices for fresh and chilled pork from the Mainland in the past 10 months, and the changes in price, including whether there is a corresponding drop of the retail price; whether the retail price of chilled pork has dropped along with the import price; whether the difference in the retail price for fresh and chilled pork has widened; if not, whether it has examined if such situation reflects that similar price-boosting activities are happening in the trading of chilled pork;*

- (b) *whether it has studied why the price of fresh pork from the Mainland has not dropped correspondingly; if it has, of the study results; whether it has uncovered cases of buyers or retailers engaging in price-boosting activities for profiteering; if it has, what immediate counter-measures are taken by the authorities so as to urge the retailers to lower the price expeditiously; and*
- (c) *whether it has studied if any structural problem exists at any level of the supply chain of pork from importing to retailing, resulting in situations such as the market becoming less competitive and conducive to price-boosting; if it has, of the study results and the long-term improvement measures to be put in place; if not, whether it will examine ways to reform the pork market to ensure that consumers benefit in the end?*

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

- (a) The wholesale price of live pigs (that is, the price of live pigs paid by live pig buyers to live pig import agents) and the retail price of fresh pork in the past 10 months are shown in the table below:

| <i>Month</i> | <i>Average wholesale price of live pigs[#] (\$/catty)</i> | <i>Average retail price of fresh lean pork[#] (\$/catty)</i> | <i>Average wholesale price of live pigs as compared with that of January 2008 (%)</i> | <i>Average retail price of fresh lean pork as compared with that of January 2008 (%)</i> |
|--------------|--|---|---|--|
| 1 | 13.6 | 36.3 | - | - |
| 2 | 13.2 | 39.5 | -2.9% | 8.8% |
| 3 | 15.0 | 39.1 | 10.3% | 7.7% |
| 4 | 13.6 | 38.9 | 0% | 7.2% |
| 5 | 13.8 | 38.6 | 1.5% | 6.3% |
| 6 | 14.8 | 40.2 | 8.8% | 10.7% |
| 7 | 12.3 | 39.4 | -9.6% | 8.5% |
| 8 | 12.1 | 38.6 | -11.0% | 6.3% |
| 9 | 11.3 | 38.3 | -16.9% | 5.5% |
| 10* | 10.4 | 37.1 | -23.5% | 2.2% |

* Preliminary figures for the first three weeks.

Price information for January to August is obtained from the *Hong Kong Monthly Digest of Statistics* published by the Census and Statistics Department (C&SD), while the wholesale and retail prices in September and October are provided by the Food and Environmental Hygiene Department and C&SD respectively.

For chilled pork, as the Administration does not keep statistics on the wholesale price of chilled pork, we can only calculate the import price (not the wholesale price) of chilled pork based on the information on the import quantities and value of chilled pork.

The import and retail prices of chilled pork from the Mainland in the past 10 months are shown in the table below:

| <i>Month</i> | <i>Average import price of chilled pork[#] (\$/catty)</i> | <i>Average retail price of chilled lean pork[#] (\$/catty)</i> | <i>Average import price of chilled pork as compared with that of January 2008 (%)</i> | <i>Average retail price of chilled lean pork as compared with that of January 2008 (%)</i> |
|--------------|--|---|---|--|
| 1 | 12.4 | 25.8 | - | - |
| 2 | 12.0 | 28.0 | -3.2% | 8.5% |
| 3 | 14.1 | 28.3 | 13.7% | 9.7% |
| 4 | 14.0 | 28.7 | 12.9% | 11.2% |
| 5 | 14.1 | 28.6 | 13.7% | 10.9% |
| 6 | 12.6 | 28.6 | 1.6% | 10.9% |
| 7 | 13.2 | 28.0 | 6.5% | 8.5% |
| 8 | 13.6 | 28.1 | 9.7% | 8.9% |
| 9 | 13.9 | 28.1 | 12.1% | 8.9% |
| 10* | - | 27.7 | - | 7.4% |

* As it takes time to process trading data, the average import price of chilled pork in October is not yet available for the time being. The average retail price of chilled pork is a preliminary figure for the first three weeks.

Price information provided by the C&SD.

Difference in the retail prices of fresh and chilled pork is shown in the table below:

| <i>Month</i> | <i>Average retail price of fresh lean pork (\$/catty)</i> | <i>Average retail price of chilled lean pork (\$/catty)</i> | <i>Difference (\$/catty)</i> |
|--------------|---|---|------------------------------|
| 1 | 36.3 | 25.8 | 10.5 |
| 2 | 39.5 | 28.0 | 11.5 |
| 3 | 39.1 | 28.3 | 10.8 |
| 4 | 38.9 | 28.7 | 10.2 |
| 5 | 38.6 | 28.6 | 10 |
| 6 | 40.2 | 28.6 | 11.6 |
| 7 | 39.4 | 28.0 | 11.4 |
| 8 | 38.6 | 28.1 | 10.5 |
| 9 | 38.3 | 28.1 | 10.2 |
| 10 | 37.1 | 27.7 | 10 |

As shown by the price information, the retail price of fresh pork did not drop along with the wholesale price of live pigs. According to the figures in October, the average wholesale price of live pigs was \$10.4/catty, a drop of over 23% when compared with the wholesale price of \$13.6/catty in January. However, the retail price in October was 2.2% higher than that in January.

For chilled pork, adjustment in the import price has been generally consistent with that in the retail price. We do not find any substantial deviation between the two.

A comparison of retail prices of fresh pork and chilled pork shows that the retail price of chilled pork is more stable. As such, any surge in the retail price of fresh pork will widen the difference between the two retail prices. For instance, while the retail price of fresh pork increased to \$40.2/catty in June, the retail price of chilled pork still remained at \$28.6/catty. As a result, the difference widened from \$10/catty to \$11.6/catty. With the recent drop in retail price of fresh pork, such difference narrows down to \$10/catty.

- (b) We have approached retailers to find out why the retail price did not drop along with the wholesale price. Some retailers explained that they were unable to lower the retail price because their operation cost had increased as a result of the increases in transport cost, staff salary and rental.

The policy objective of the Administration is to maintain a stable food supply and ensure food safety. Food price should be determined by the free market. What the Administration can do is to improve market transparency and enhance market efficiency so as to help consumers make a wise choice.

We have introduced measures to improve the flow of market information. Starting from mid-January this year, we have made public on a daily basis the quantity and auction price of live pigs arriving at the slaughterhouse and the estimated number of live pigs to arrive at the slaughterhouse the following day. Our aim is to enable the live pig buyers, retailers and the public to have a clear picture about the supply of live pigs.

At present, the Consumer Council releases information on the retail prices of various products and food (including fresh pork) on a weekly basis for reference by the public. Later this month, the Consumer Council will also release information on the price of goods in wet market so as to enhance price transparency.

- (c) The Consumer Council conducted a study on the local live pig market and price of live pigs earlier this year. The study report, which was published in August, did not find any direct evidence of restrictive practices or abuse of market power that hindered the competitive environment of the live pig trade. It was found that as a whole the live pig bidding process was open with improved information transparency in the operation of live pig auction market. As noted in the report, there were many retail outlets selling fresh pork. Big supermarkets only accounted for a small share of the fresh pork market. In other words, no single entity has a dominant share of the market.

Although the report observed that a few live pig buyers with a very small market share were involved in aggressive bidding that could have caused the maximum auction price to substantially deviate from the average auction price in the market, we have not detected any unusual fluctuation in the auction price of live pigs since the Government made public the auction price from mid-January this year.

MR FREDERICK FUNG (in Cantonese): *President, I wish to raise a supplementary concerning the reply to this question. In fact, according to the reply of the Secretary, there were four reasons for the increased retail price of pork, that is, increased transport cost, staff salary and rental, as mentioned in part (b) of the main reply, as well as the observation in the report that some people were involved in aggressive bidding, as mentioned in the last paragraph of part (c). These were the four reasons.*

The Bureau only made enquiries with retailers, who said that these were the three reasons leading to the increase in retail price. May I ask the Bureau if it has made enquiries with transportation companies, workers' unions and even shops to ascertain if the rent had really increased in those eight months?

Otherwise, it is possible that employers just cited these reasons arbitrarily. I hope the Secretary could delve into this matter to find out the truth behind these three issues.

As regards the ground that there was aggressive bidding, I think the reply of the Secretary is contradictory to that of the Consumer Council. The report of the Consumer Council was published in August and it is related to the situation this year. It is pointed out therein that some people were involved in aggressive bidding, whereas what the Secretary talked about was the situation after the measure to announce auction prices had been implemented in January this year. In fact, both of them are related to the same period of time. However, it is pointed out in the report of the Consumer Council that problems exist but the Secretary maintains that there is no problem. What is the reason for this contradiction? Will the Secretary really look into the aggressive bidding mentioned in the report of the Consumer Council to see if it was really one of the reasons, albeit not the only one, that led to the increase in retail price and its not falling in tandem with the drop in import wholesale price?

PRESIDENT (in Cantonese): Mr FUNG, a Member can only raise one supplementary at a time. I believe what you want to ask the Secretary in your supplementary is: Regarding the four factors mentioned in the main reply

MR FREDERICK FUNG (in Cantonese): *The four causes.*

PRESIDENT (in Cantonese): have the authorities further investigated their validity? Is this what your supplementary is about?

(Mr Frederick FUNG nodded)

PRESIDENT (in Cantonese): Secretary, please reply.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, perhaps I will try to answer all the questions because they are related. First, the investigation report of the Consumer Council was done because in January, it was

found that some buyers had offered particularly high prices, so an investigation was conducted in this regard in view of the situation at that time. However, from January onwards, after we began to announce on a daily basis the quantity and wholesale price of live pigs, this problem no longer exists. I wish to clarify this situation.

As regards whether or not we will follow up the explanations given by retailers on why prices could not be reduced, we believe it is very difficult to make a very accurate analysis. However, the most important point is that the market in Hong Kong is free. If prices are high, the number of customers will naturally decrease. We once conducted surveys at various retail outlets and found that there were great differences in prices. In some markets, the sale price of streaky pork was as high as \$48 per catty while it was as low as \$32 in others. In this regard, we also hope that the Consumer Council can provide prices in detail for the public's reference. I believe that after the release of such figures, consumers will naturally know how to choose and the relevant retailers will also make adjustments in view of the patronage.

MR TOMMY CHEUNG (in Cantonese): *Concerning the issue relating to pork, we in the Liberal Party have been following this up for a long time. In fact, the Secretary did not mention a very obvious issue in his reply, that is, when the wholesale price of pork reached some \$2,000 per picul, it was not possible for retailers to raise the price. They were caught in the middle. They paid high prices to buy their stock but when they sold it, it was practically impossible for the public to pay such high prices. In view of this, this can answer the question raised by Mr Frederick FUNG on why, even though the wholesale price had dropped, the retail price did not.*

I wish to follow up some of the issues stated in part (b) of the main reply. In fact, Secretary, we have said a number of times that we hope the rents of both retail markets and wholesale markets can be reduced. Before the onset of the financial turmoil, when we said that it was necessary to alleviate inflation, we also asked if prices could be lowered. Coincidentally, the Chairman of the Housing Authority is also here today. I have made appeals over the same issue many times. In fact, can both of them consider whether or not rent adjustments can really be made, so that those small commercial tenants selling pork, beef or chicken can get a rental relief at such a difficult time and consequently, lower the prices of meat, so that the public can have inexpensive food?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, as far as I know, the rent of markets, particularly the rent of those under the management of the Food and Environmental Hygiene Department, is already quite low. Moreover, they also receive a substantial amount of so-called government subsidy. Since we are responsible for the management of those markets, coupled with the fact that rent only accounts for a small percentage of the overall operating costs of those people, even if we make any adjustment, they still will not have much room to reduce prices. However, of course, we will keep in view the overall development of the Hong Kong economy and the needs of consumers, then consider our policies when necessary. However, if we look at the rent alone, I think this is not the most effective way to ease inflation and the burden borne by consumers in particular.

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

MR TOMMY CHEUNG (in Cantonese): *President, I think the part which has not been answered by the Secretary is that, while he said in the main reply that due to the increase in rent, prices could not come down, he is now saying that rent is not one of the causes that made it impossible for prices to come down. Could he clarify why there is such a great difference between his main reply and his oral reply?*

PRESIDENT (in Cantonese): Mr CHEUNG, what you have pointed out is not the part not answered by the Secretary; you have only questioned the Secretary's reply. I will see if the Secretary has anything to add.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): I hope the Honourable Member will look at it clearly. Our main reply says that retailers think the situation was like this but of course, this is not exactly the Government's position.

MS STARRY LEE (in Cantonese): *President, from the figures provided to us by the Bureau, it can be seen that the trend of the wholesale price of pork was that in October, it was 23.5% lower than that in January. However, the average retail*

price still increased by 2.2%. I think consumers were really eating expensive pork. After reading the main reply, I found it unconvincing, particularly to consumers. May I ask if the Bureau has looked into whether or not the price of fresh pork on the Mainland has been adjusted downward? In fact, is it due to the unique business environment in Hong Kong that some retailers have too large a share of the retail market that the Hong Kong public have to eat expensive pork?

In addition, I also wish to know

PRESIDENT (in Cantonese): Ms Starry LEE, Members can only ask one supplementary at a time. Please state clearly what your supplementary is.

MS STARRY LEE (in Cantonese): *All right, in that case, I will put the supplementary that I have just asked. May I ask if information is available for the purpose of comparing how great the difference is between the price of fresh pork in Hong Kong and that of nearby cities on the Mainland?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, of course, we did make price comparisons, in particular, the wholesale price, on the Mainland and we found that from January to the present, the price of live pigs in the mainland market has also decreased by about 20%. However, concerning the retail price, I think it is very difficult for comparisons to be made with that in Hong Kong because the mode of operation in each mainland province and municipality is different and their sources of pork are not the same as that of Hong Kong, so it is not possible to make meaningful comparisons.

MS AUDREY EU (in Cantonese): *President, in the last part of the main reply, the Secretary cited the report published by the Consumer Council in August extensively. For example, it is said that it did not find any direct evidence of restrictive practices or abuse of market power that hindered the competitive environment of the live pig trade, then he explained why there was no problem. However, President, in fact, there is one very important point in the report, that is, the Consumer Council points out that it could not find any evidence because it does not have any power of investigation but the Secretary did not cite this part.*

For this reason, the supplementary that I wish to ask the Secretary is whether or not it is the usual practice and preference of the Government to quote selectively, thus covering up the shortcomings and putting only the best foot forward. Why was the most important point not quoted in the main reply? In addition, will the Secretary really consider conferring the power of investigation on the Consumer Council as soon as possible, so that it can investigate, say, unusually aggressive bidding practices?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Of course, I think I can convey Member's suggestions to the Consumer Council, but from the investigation of the Consumer Council, it can be seen that since no single entity has a dominant share of the market, we consider that the likelihood of monopolization is not great. We can also see that if the transparency of the market and prices, in particular, the wholesale price, can be enhanced, it is possible to make the market more stable. Moreover, we can see that this has been the case since January this year. At the next stage, of course, we hope that such efforts can also be made with regard to the retail market. For this reason, we have also said to the Consumer Council that we hope it can provide more information to let consumers know the price differences among various retail outlets, and the locations where the prices are lower or higher, so as to facilitate consumers in making choices. At the same time, when operators know that there is competition, they will also adjust their prices accordingly.

MS AUDREY EU (in Cantonese): *Sorry, President*

PRESIDENT (in Cantonese): Ms EU, has your supplementary not been answered?

MS AUDREY EU (in Cantonese): *..... on seeing me smile, you also know that the Secretary has not fully answered my supplementary. I wonder if he has misunderstood my supplementary. President, my supplementary is: In the main reply provided by the Secretary to the Legislative Council, the Secretary only cited the report of the Consumer Council selectively because although it is true that in the report of the Consumer Council, it is pointed out that insofar as the abuse of market force is concerned, no problem could be identified*

PRESIDENT (in Cantonese): Are you asking the Secretary about the power of investigation?

MS AUDREY EU (in Cantonese): *the reason given is that the Consumer Council has no power of investigation. In that case, why did the Secretary not cite this very important part in his reply? Is it the usual practice of the Government to hide its shortcomings and put its best foot forward? In addition, will he consider conferring on the Consumer Council the power of investigation that it mentioned? In view of this, the issue of conveying my views to the Consumer Council, as the Secretary said, does not exist because that is part of the Consumer Council's report*

PRESIDENT (in Cantonese): Ms EU, I think your follow-up is clear enough now.

MS AUDREY EU (in Cantonese): *but he did not cite it.*

PRESIDENT (in Cantonese): Secretary, Ms EU is asking about the power of investigation of the Consumer Council.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Since the Consumer Council is not within the portfolio of my Bureau, I can only refer the Member's suggestion to the relevant department for further follow-up.

PRESIDENT (in Cantonese): This Council has spent nearly 19 minutes on this question. We now proceed to the third question.

Investment Losses Incurred by Hong Kong Housing Authority

3. **DR RAYMOND HO** (in Cantonese): *It has recently been reported that the Hong Kong Housing Authority (HA) has incurred losses amounting to \$2 billion in securities investments in this financial year. In this connection, will the Government inform this Council:*

- (a) *whether the HA will review and revise its investment strategy, with a view to reducing the investment losses caused by the present financial tsunami;*
- (b) *whether it has assessed if the above losses will have any impact on the HA's flat production programme and provision of existing services to public housing tenants; and*
- (c) *what measures the HA will adopt to ensure that the investment losses will not increase the rental burden on public housing tenants?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese):

President, the investment strategy of the HA is devised by its Finance Committee, taking into account the findings and recommendations of independent and professional investment advisers. The objectives are to ensure that there is sufficient liquidity to meet the operational need of the HA, and to put the rest of the HA's funds into long-term investment in a diversified manner to enhance long-term return.

The HA's Finance Committee has set up a Funds Management Sub-Committee (FMSC) specially responsible for assisting the committee in selecting and monitoring fund managers, and reviewing the HA's investment strategy periodically.

The selection process of fund managers includes detailed assessment of their proposals by the HA's investment advisers and in-depth analysis of the various models for diversified investment. The HA currently has six global bonds managers and six global equities managers.

The current approved investment strategy is to place 30% of the HA's funds in bank deposits to cater for the liquidity requirements of the HA, 45% in global bonds and the remaining 25% in global equities. The HA has drawn up a set of prudent investment guidelines for the investment managers to prescribe the scope of allowable investments that exclude any high risk or leveraged investments.

Investment return of the HA for 2006-2007 reached 6.1%, which was higher than 3.7% for 2005-2006 and 1.6% for 2004-2005 when the HA had not made global investment. As a result of market fluctuation, the HA registered a loss of about \$2 billion on equities and bonds in its investment portfolio for 2007-2008. However, after taking into account the income of \$3.1 billion

generated from interests, dividends and exchange gains, the HA recorded an overall investment gain of \$1.1 billion in 2007-2008, representing a rate of return of 1.9%.

My reply to the three-part main question raised by Dr HO is as follows:

- (a) Given the financial tsunami, it is inevitable that the investment portfolio of the HA is adversely affected. Nonetheless, the HA's diversification strategy and a comparatively lower proportion of investment in equities have helped mitigate the risk. The HA's FMSC is responsible for keeping track of the performance of the investment portfolio. The independent professional investment advisers hired by the HA also assist in monitoring and carrying out analyses so that appropriate adjustment can be made when necessary. The day-to-day monitoring work is carried out by the Housing Department (HD). Over the previous months, the weighting of equities held by the HA has been kept below the target ratio of 25%, whereas cash level has been above the target ratio of 30%. This further helps reduce the risk at a time of global market volatility. The FMSC will continue to keep watch on market developments and review the need for adjusting the investment strategy.
- (b) The HA had a fund balance of nearly \$60 billion as at the end of September 2008. Its financial position remains strong, with sufficient liquidity to meet its operational needs.

President, I would like to emphasize that the production programme, being a component of our long-term housing policy, will not be revised because of a short-term fluctuation in investment income. We will maintain our policy objective of keeping the waiting time for public housing at about three years on average. We will also maintain our services to public housing tenants. The various maintenance works and estate improvement programmes, for example, the Total Maintenance Scheme, structural investigation for aged public housing estates, installation of additional lifts and escalators, will be carried out as scheduled.

- (c) With effect from 1 January 2008, the HA implemented a new income-based rent adjustment mechanism for public rental housing (PRH). The new mechanism was introduced pursuant to the

Housing (Amendment) Ordinance 2007 enacted by the Legislative Council in June 2007. In accordance with the Ordinance, the HA will conduct the first PRH rent review in 2010 and subsequent reviews will be conducted every two years thereafter. PRH rent has to be adjusted in accordance with changes in the income index which reflects changes in PRH household income levels. As the new rent adjustment mechanism is based on changes in the household income of PRH tenants, the HA's investment return will not have any impact on the level of rent adjustment for PRH.

DR RAYMOND HO (in Cantonese): *Although the HA has a fund balance of nearly \$60 billion, whereas it has only incurred a loss of about \$2 billion on equities and bonds investment, it sounds as if the amount is small, in fact, it is not, as it will certainly have an impact on the repair and maintenance works of PRH.*

The Secretary explained in the main reply that the HA has drawn up a set of prudent investment guidelines, and it has placed 45% of its funds in global bonds. However, insofar as the current market condition is concerned, 45% is already a high-risk level risen from a low-risk one. In view of the prevailing rapid market fluctuations, the HA needs to rely on its fund managers and the FMSC to make a decision, but at the same time, she also said the day-to-day monitoring work was carried out by the HD. This makes me feel very complicated and confusing. My supplementary question is: Who actually decides how to cope with the rapidly changing market condition?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, I have explained in the main reply the existing structure of the HA. We now have a dedicated FMSC and a number of professionals who are familiar with the market have been appointed to assist us in selecting and monitoring our fund managers. Of course, the day-to-day monitoring work is carried out by colleagues of the HD.

However, I would like to emphasize that we have a prudent investment strategy, which is also a long-term investment strategy. Perhaps there will be short-term fluctuations in the financial markets, but our permitted investment strategy is formulated on a long-term basis, and the FMSC will monitor it closely. Both the structure and prudent investment strategy are, in my view, in the long-term interest of the HA, therefore the long-term investment portfolio is rather healthy.

Just now I mentioned the fund balance of nearly \$60 billion, but Dr HO was worried that whether it was sufficient to meet our daily expenses. In fact, after taking into account the annual construction expenditure of about \$7 billion on average, we still have a fund balance of \$60 billion.

PROF PATRICK LAU (in Cantonese): *I wish to thank Dr Raymond HO for his concern about the HA's financial situation, because I am a member of the HA. Just now the Secretary mentioned that the HA has to spend \$7 billion each year on the production of 15 000 PRH units. May I ask the Secretary, with regard to the fund balance as mentioned in part (b) of the main reply, what is the annual expenditure of the HA, that is, other than that to be spent on the production of PRH units, what is the spending in other areas, and what about the income?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, regarding the proceeds for 2007-2008, we have submitted the annual report to the Legislative Council earlier. The HA's total proceeds for 2007-2008 were about \$21.6 billion, with a total expenditure of about \$17.9 billion and an operating surplus of about \$3.7 billion.

MR ABRAHAM SHEK (in Cantonese): *President, this question in fact reveals a big problem with organizations under the Government. In fact, \$2 billion is not a small amount at all; besides, these are public funds.*

President, I fail to see how the Secretary's main reply explains the reasons for the loss of \$2 billion incurred; this is the first point I wish to ask the Secretary. Secondly, may I ask the Secretary, given that \$2 billion out of \$60 billion is not a small amount, if she will consider dismissing these advisers or requiring the members concerned to tender their resignations?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, the FMSC has been carefully monitoring the situation, and our fund managers are also acting in full accordance with our prudent investment strategy, but fluctuations in the financial market are of course inevitable.

Our strategy is to invest in global bonds and global stock markets, but on the whole, these markets did not perform well in 2007-2008. Although we suffered losses in the stock market, there was a total income of \$3.1 billion generated from interests, dividends and exchange gains as a result of diversified investment. As a result, although the overall situation was not so satisfactory, we still managed to register a rate of return of 1.9%.

I think we should not just look at the short-term fluctuations with regard to our investments. As Members should also see, the daily movement of the market is over 5%. Therefore, speaking of the long term, we should have a sound financial position, and the adoption of a prudent investment strategy would be appropriate.

MRS REGINA IP (in Cantonese): *May I ask the Secretary, with regard to the monitoring of investments, according to the Secretary's reply, the FMSC under the HA's Finance Committee would be responsible for monitoring, while the day-to-day monitoring work was carried out by HD staff, how did that mechanism work? Does this HD official have any professional knowledge in financial matters? How would he liaise with the FMSC, and how would he give guidance to these professional investment advisers?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, perhaps let me explain this a little bit. The HD of course should not give guidance to the investment advisers, (Appendix 1) as these fund managers are already acting in accordance with the permitted investment strategy. On the contrary, we have some independent professional investment advisers to help us carry out the monitoring work.

In fact, some sizable funds are invested in this way, that is, a two-tier approach is adopted in the operation. In addition, the advisers who have the expertise will not carry out the investment tasks themselves; they will only assist us in the monitoring work. Of course, they will keep us informed of the latest situation by submitting reports to us, and when we consider it necessary, we will request the FMSC to conduct checking. Due to the enormous market fluctuations recently, the FMSC has conducted meetings more frequently and received more reports than the past.

I would like to explain that my HD colleagues will rely on the independent professional investment advisers to assist them to monitor the whole process.

MR LEE WING-TAT (in Cantonese): *President, if all financial institutions have a 1.9% rate of return this year instead of incurring losses, I believe that their managers should also be given a pay rise. Just now Mr Abraham SHEK asked in his supplementary question whether the fund managers of the HA would be dismissed, then I do not know whether Mr Joseph YAM should also be dismissed, because a loss of tens of billion dollars will be incurred by him this year.*

President, I am still worried, therefore, I propose that the funds be used on more secured investments. My supplementary question is: Due to the reduction in funds, future production programmes will certainly be carried out in a more cautious manner, so there is no reason for us to impose a fixed number of flat production. And over the years, the Legislative Council's Panel on Housing has been criticizing the production of 15 000 units as being too small. Although the Secretary has indicated that the policy objective of keeping the waiting time for PRH at about three years on average would be maintained, just because of this reason, the waiting time for many single and young PRH applicants has become longer, and the discussion on the sale of PRH flats has met a lot of delays.

Therefore, may I ask the Secretary, as you have set the flat production target at this level, if it can be assumed that no modification will be made to the policy according to the need in future, such as maintaining the status quo in the sale of PRH or speeding up the waiting time for single PRH applicants? Is that what you mean?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): *President, the existing public housing policy was formulated after many years of discussions, that is, how resources should be used reasonably. Just now Mr LEE Wing-tat mentioned that our average annual production was roughly 15 000 units, and we will be able to maintain that target in the next five years.*

In the past, besides building new flats, an average of about 15 000 to 16 000 recovered units is also expected every year. Overall, there are about 30 000 units, which are sufficient to meet our current pledge, that is, the waiting time of around three years.

Actually, this is only an average figure, and we can achieve that in recent years because there is an adequate supply. Recently, the average waiting time

for family flats is about 1.9 years, while others such as the waiting time for senior citizens is even shorter, which is about 1.2 years. So, I consider that our existing policy is stable and it can balance various considerations.

Just now Mr LEE Wing-tat referred to non-elderly singleton applicants. If they have a housing need, we still have another complementary measure, that is, the so-called Express Flat Allocation Scheme. If he has an urgent housing need, we can help him, but at this stage, we will pool the resources in assisting those Waiting List applicants. At present, there are about 110 000 applicants on this Waiting List.

MR LEE WING-TAT (in Cantonese): *The specific question I just raised was that the so-called waiting time for public housing at about three years on average as claimed by the Government did not include the waiting time of singleton applicants. A lot of single persons at the age of 40 to 50, even if they started to apply at the age of 40, must wait for 10 years before getting a flat. For that reason, may I ask the Secretary whether the so-called distribution of resources as mentioned by her will continue to maintain such a status and whether she considers that it is consistent with the norm?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, I have just explained that if non-elderly singleton applicants have special needs, we also have a special complementary measure in place. However, at this stage, we have a quota and points system. I think Mr LEE knows it very well that the age of a single person can also score some points. In other words, if the applicant is an older single person, then he is more advantageous in terms of the Waiting List points, but for younger single persons, we do not consider that our current public housing resources should accord priority to this type of Waiting List applicants.

Therefore, I believe the present policy can balance the interests of all parties concerned.

MR FREDERICK FUNG (in Cantonese): *President, I think the Secretary's reply is rather outrageous. How can I trust a subcommittee of the HA which only convenes a meeting in one or two months? In addition, the duties,*

responsibilities, expertise and profession of HD staff are the management of housing estates, but they are now required to monitor investments, and they also have to monitor the market, I do not know whether they will feel very tense because the job was too nerve-racking.

Secondly, the Secretary pointed out in the fifth paragraph of the main reply that the rate of return was 1.9%, but this is the rate of return for 2007-2008, that is, last year's rate of return. The performance of stocks and bonds was not bad last year, and the worst performance was in these past three months, but they belonged to 2008-2009. I do not know how many billions of dollars of losses will be incurred by the HA in 2008-2009, and by adding up these figures together, will the HA or HD consider a department responsible for housing production is not attending to its own proper duties as it is now engaging in speculative activities? Will it contravene its own terms of reference? Is it a waste of taxpayers' money?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese):
President, I have to state solemnly that the HD is certainly not engaging in speculative activities, I consider it a complete deviation from its line of work. We have some professional investment advisers to help us, and as I have explained just now, we also have a team comprising people with expertise in this regard to devise a very prudent investment strategy.

Of course, our HD colleagues will certainly not ask colleagues specialized in the management of housing estates to carry out the supervision work. We have recruited contract staff with the experience in investment management, but they are only responsible for the day-to-day monitoring work. Just now I have explained that we have also hired some independent professional investment advisers to help us monitor the work of the fund managers.

I would like to reiterate that our focus is not on the short-term fluctuations. What Mr Frederick FUNG has seen is perhaps the performance of the Hong Kong stock market last year, but we have been making diversified investments in products of fairly low risks. If one looks at the global market, that is, the rate of return for weighted FTSE Global Equity Index in 2007-2008 was -8.1%. Regardless of the magnitude of the short-term fluctuations, the long-term financial integrity of the HA will not be affected. At present, we have a fund balance of nearly \$60 billion. We have confidence in this regard.

MR FREDERICK FUNG (in Cantonese): *President, the Secretary has not answered my supplementary question.*

PRESIDENT (in Cantonese): Please state clearly your supplementary question.

MR FREDERICK FUNG (in Cantonese): *Yes, my supplementary question is: Even last year's global performance is better than this year's, the end of the year 2007-2008 is this March, that is, March 2008. Beyond March 2008, both the Hong Kong and global markets will be worse than last year, so if last year's investment loss incurred by the HA was \$2 billion, this year's loss will certainly be more than*

PRESIDENT (in Cantonese): Please state clearly your supplementary question.

MR FREDERICK FUNG (in Cantonese): *My question is: Given the fact that the HD has spent so much manpower and energy on trading in these stocks and bonds, is it not attending to its own proper duties? The supplementary I have raised just now is: Is it not attending to its own proper duties?*

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

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, I wish to add that we should adopt a prudent investment approach in dealing with our funds; it is appropriate of us to manage our funds in a responsible manner. As for the overall mechanism, I have given a clear explanation both in the main reply and the replies to Members' supplementary questions.

PRESIDENT (in Cantonese): Fourth question.

Dismissal of Employees upon Their Return from Maternity Leave

4. **DR PAN PEY-CHYOU** (in Cantonese): *President, under the Employment Ordinance (EO), if an employee who is employed under a continuous contract has served a notice of pregnancy on her employer, the employer shall not dismiss such employee during the period from the date on which her pregnancy is confirmed to the date on which she is due to return to work on the expiry of her maternity leave. However, I have learnt that quite a number of employees were dismissed by their employers on the day of their return to work from maternity leave. In this connection, will the Government inform this Council:*

- (a) *of the respective numbers of complaints received by the Labour Department (LD) in each of the past three years about employees being dismissed by their employers on the day of their return to work from maternity leave; and, among them, the number of cases in which the LD instituted prosecutions against the employers concerned and the number of employers convicted;*
- (b) *whether it will extend the above period of employment protection enjoyed by pregnant employees so that employers may not unreasonably dismiss employees within the six months following the expiry of their employees' maternity leave; and*
- (c) *whether it will expand the functions of the Equal Opportunities Commission (EOC) and empower the EOC to prosecute employers suspected of having violated the Sex Discrimination Ordinance (SDO) or the Family Status Discrimination Ordinance, particularly those provisions relating to pregnancy discrimination?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): *President, the purpose of the provisions on maternity protection under the EO is to accord protection to employees who become pregnant or who are on maternity leave to ensure that their employment rights, benefits and job security will not be affected because of their pregnancy or confinement during the period of their pregnancy and maternity leave. According to the EO, a female employee employed under a continuous contract before the commencement of maternity leave is entitled to take such leave upon serving notice of pregnancy on her employer. The employer shall not terminate her employment otherwise than in circumstances of her serious misconduct during the period from the date on which her pregnancy is*

confirmed by a medical certificate to the date on which she is due to return to work on the expiry of her maternity leave. However, the said period does not extend beyond the expiry of her maternity leave. We have consulted the Department of Justice and consider that this period does not include the day on which the employee returns to work. The LD does not tolerate employers breaching the law and will institute prosecution once there is sufficient evidence.

In response to Dr PAN's question, my reply is set out below.

- (a) From January 2005 to September 2008, the LD has secured 11 convicted summonses against employers who have dismissed pregnant employees or employees taking maternity leave from the date of their confirmed pregnancy to the date on which they were due to return to work on the expiry of their maternity leave. Although the LD does not keep any statistical breakdown on the number of complaints relating to employees who are dismissed on the first day of returning to work upon the expiry of maternity leave, the Prosecution Division of the LD handled one such case in the past three years. Based on the legal advice of the Department of Justice, no prosecution was taken out in respect of that case.

(b) and (c)

At present, it is already a criminal offence under the EO to dismiss an employee who is pregnant or on maternity leave. Under the SDO, an employer who dismisses an employee when she resumes duty after her maternity leave may amount to pregnancy discrimination. Discrimination against a pregnant woman is unlawful and the employee can lodge a complaint with the EOC or take legal action against her employer at the District Court, including making claims for monetary compensation or re-engagement.

Therefore, we consider that existing legislation has provided pregnant employees with appropriate protection on various aspects including maternity leave and employment protection. At present, we have no plan to amend the provisions on maternity protection under these ordinances with regard to the prohibition of termination of employment. Nevertheless, we will continue to promote actively the message of maternity protection under existing legislation to employers, employees and the public through publicity and promotional activities.

DR PAN PEY-CHYOU (in Cantonese): *President, I have the following question regarding the Secretary's reply. According to the Secretary's remark, it is lawful to dismiss an employee for the reason of maternity on the day of her return to work after maternity leave.*

May I ask how much protection the existing legislation can actually accord to pregnant women? In view of this situation, why does the Government still not consider our suggestion of extending the protection period to six months upon expiry of the female employees' maternity leave, so that they can enjoy employment protection after childbirth when they need to take care of their babies? What are the reasons for the Government not to consider amending the legislation to extend the protection period?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I thank Dr PAN for his supplementary question. I have clearly explained this ordinance in my main reply. Under the EO, employees are sufficiently protected against any unlawful action taken by their employers during the period of their maternity leave, because this is a criminal offence. This is what we all know. But this protection covers only the period during which the employees are on maternity leave. If an employee is unreasonably, unlawfully or groundlessly dismissed after returning to work upon expiry of her maternity leave, she will then be protected under civil law, that is, according to the EOC, this amounts to pregnancy discrimination.

As a matter of fact, we have handled many cases in which many employees were accorded sufficient protection under this mechanism. This is why I said the legislative provisions under the existing mechanism can already accord adequate protection.

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

DR PAN PEY-CHYOU (in Cantonese): *I wish to follow up*

PRESIDENT (in Cantonese): Dr PAN, according to the rules on question time, a Member can only ask one supplementary question at a time. I believe your

supplementary question just now asked why the Secretary does not extend the protection period by way of legislation, and the Secretary has already given his reply. If you have other supplementary questions, you can press the button again and wait for another turn.

MS LI FUNG-YING (in Cantonese): *President, referring to the Secretary's main reply, it explicitly pointed out that pregnant employees are entitled to the protection only if they have served notice of pregnancy on their employers and their pregnancy is confirmed by a medical certificate. President, in fact, female employees cannot hide their pregnancy. May I ask the Secretary whether employees, who have inadvertently forgotten to serve notice of pregnancy on their employers, cannot enjoy the protection?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): *President, I thank Ms LI for her supplementary question. According to the law, the medical certificate is certainly very important. But under certain special circumstances, it is determined by the actual situation.*

In most cases, this will not be a problem provided that the pregnant employee, who has inadvertently forgotten to serve notice of pregnancy on her employer, manages to do so afterwards and her employer accepts the notification. However, if a dispute arises, then according to the present practice, the employee, who immediately serves notice of pregnancy on her employer after receipt of a dismissal notice, can still be protected.

MR WONG KWOK-HING (in Cantonese): *President, I think that the Secretary's reply has not addressed the issue of "getting the sack after maternity leave". In the past, the EOC rarely instituted prosecution in such cases, but rather, such cases were settled through mediation.*

Hence, I wish to ask the Secretary through the President whether the Government will consider conducting a review of this issue of "getting the sack after maternity leave", so as to plug this loophole in the ordinance? Because it is now very obvious that pregnant employees are protected during but not after maternity leave.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I have clearly stated in the main reply that the protection is there all along. According to the EO, the protection concerned covers the period of maternity leave, and if the employee has been unreasonably dismissed, it is a criminal case which can be followed up.

But, is the employee protected when she returns to work? In fact, protection still exists because this falls under civil claims. This is serious as it involves tort. According to this mechanism, the EOC provides assistance to the employees. So long as the employee lodges a complaint with the EOC, the EOC will first proceed to mediation in general. If mediation fails or does not work but the employee has sufficient grounds, the EOC can still help the employee to claim compensation through the Court. As a matter of fact, there are many successful examples where the claims are allowed. For instance, among the cases handled in the past few years, the highest compensation awarded to the employee exceeded \$500,000. Justice is done and the claimant recovered as much as over \$500,000. In a word, the mechanism exists.

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

MR WONG KWOK-HING (in Cantonese): *President, the Secretary has not answered whether a review of the issue of "getting the sack after maternity leave" will be conducted.*

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

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I have nothing to add. I have already made it clear that the present EO can accord adequate protection. Regarding the protection for employees after they resumes duty, they are mainly protected through civil claims.

MS CYD HO (in Cantonese): *President, may I ask the Secretary whether he has examined the reasons why these female employees were immediately dismissed on the day of their return to duty? Apart from discrimination, are there other reasons? Since they were dismissed on the first day of returning to duty, how could they err in such a way to warrant the dismissal by their employers which did not carry any element of discrimination? May I ask the Secretary to answer whether he has ever considered conducting a review in this regard?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): *President, I thank Ms HO for her supplementary question. We do not have any statistical breakdown to show the situation relating to employees who were dismissed on the first day of returning to duty upon expiry of their maternity leave. There is no such breakdown among the complaints received by us. We can only find dismissal complaints which generally relate to pregnancy. We, thus, do not have any breakdown to indicate the number of employees who were indeed dismissed on the first day of returning to work upon expiry of their maternity leave. Neither does the EOC have such breakdown. In response to Members' concern, perhaps, we will now start to collate and keep such data, so that we can conduct in-depth analyses in future.*

MS CYD HO (in Cantonese): *President, there is still another part of my supplementary question which the Secretary has not answered. I asked whether the authorities had examined whether these dismissals carried any element of discrimination. Of course, the Secretary said just now that he did not have such data, but may I ask the Secretary to answer whether the authorities will examine the issue from this perspective when such data are available in future?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): *President, we keep an open mind on this issue. If we wish to collect these data, we will certainly make a detailed classification to facilitate our future analyses.*

MR ALAN LEONG (in Cantonese): *President, I am pleased to hear the Secretary say he would start to keep such data. May I ask the Secretary how he will proceed to keep these data? Will he do it through the union, publicity work or any other means?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): We will take a multi-pronged approach. First, in relation to complaints received by the LD and EOC, we may keep a more detailed breakdown in future to identify, among other things, the date of occurrence and reasons of the case, in a bid to obtain more information.

The Honourable Member was right in saying that, as I have said in the main reply, we have to step up the effort in publicity and education, so as to remind and enhance the understanding of employers and employees of protection on re-engagement and maternity leave. Special efforts have to be made to remind employers of their responsibility, so as to prevent them from casually dismissing their employees who have just resumed duty and that their employees are still protected in many aspects. For instance, they can seek compensation through civil claims and tort. Employers will then know their responsibilities.

MR LEE CHEUK-YAN (in Cantonese): *President, I am very disappointed by the Secretary's reply. The EOC mechanism that he mentioned, in fact, only provides protection through civil law. He said data would be keep, but we do not need to keep data; all we need is a principle.*

May I ask the Secretary whether the Government is of the view that, in principle, maternity protection — you always talk about maternity protection and the entire ordinance is about maternity protection — should include enabling pregnant women to return to duty after maternity leave? If they cannot return to duty, the entire protection becomes meaningless. The Government has established a Women's Commission. May I ask the Secretary whether he has to be lectured or reprimanded by the Women's Commission before he is willing to review and immediately introduce amendments to the ordinance? Will the Secretary refer this question to the Women's Commission for discussion?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I thank Mr LEE for his supplementary question. We have stated clearly that the present maternity protection for women covers their employment and rights and benefits under the same. The EO accords explicit and adequate protection to employees on maternity leave. Members should know this. Over the past years, our legislative intent revolves around the whole period of maternity leave.

As for employees who have returned to duty, will we take them into consideration? At the present stage, we do not have any intention to amend the ordinance. There are a number of reasons. First, as I have already stated just now, employees who have returned to duty are protected under civil law. This protection already exists and has been working effectively. Second, Members have to think carefully. To provide maternity protection, why does it have to be six months but not one year? How do you arrive at the decision of six months, and what is the justification for that? Moreover, will some male employees or female employees who have never given birth to a child find this unfair to them? Why can employees who have just given birth enjoy this protection? Moreover, employees who have recovered from an injury at work are considered as ordinary employees and they will not be given another period of protection. Once we decide to do so, we have to consider carefully its lateral effect as this may have a knock-on effect.

I will keep watch on the development of the matter. I know that earlier on representatives of your trade union had a meeting with the Commissioner for Labour to discuss the cases concerned. We are now examining this matter and have started to look into the data. If the number is proved to be rising, we will not rule out the possibility of conducting a more comprehensive review to determine what more can be done.

MR LEE CHEUK-YAN (in Cantonese): *President, the Secretary has not answered my supplementary question, that is, whether he will refer this to the Women's Commission for discussion. It would be nice to have the Women's Commission lecture him like lecturing their son.*

PRESIDENT (in Cantonese): Secretary, will the question concerned be referred to the Women's Commission for discussion?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): We are on good terms with the Women's Commission. I believe the Commission will not lecture me like lecturing their son and our communication will be harmonious. As this is also an issue of concern to them, we will maintain liaison and contact, and this is certainly one of the topics to be discussed.

MR LEUNG YIU-CHUNG (in Cantonese): *President, when an employee is dismissed, he/she should be protected under the EO. However, may I ask the Secretary, when an employee returning to work after maternity leave is dismissed by her employer, perhaps with reasons such as she needs to take care of her child, and so on, why she is not protected under the EO but the SDO? If so, what is the practical meaning of the EO? How can it protect the basic rights of workers?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): *President, I have repeated thrice the content of the main reply. The EO seeks to accord adequate protection to employees on maternity leave, so as to prevent them from being dismissed during their pregnancy and confinement. This is a very important protection, and also a sound and powerful protection. It has been operating effectively since its introduction in 1969.*

As for the situation described by Member just now, they have already returned to duty and are thus no different from other employees. If they are unreasonably dismissed by their employers, they may seek civil remedies. This has been working well too. The EOC is very willing to help the victims, and it can even provide legal assistance to them provided that they meet the requirements. This includes making the court arrangement for them. That is, it works like legal aid, but it is certainly not an institution offering legal aid, just that it will even make the arrangement for them. In other words, it truly wishes that the assistance is to the point and helpful to the victims.

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

MR LEUNG YIU-CHUNG (in Cantonese): *President, the Secretary has not answered the point about this kind of dismissal where the employees are under an employment relationship, and how the EO protects the rights of the workers. As I have mentioned just now, a woman after confinement will need to take care of her baby and this may cause her feeling unwell and she will thus need to see a doctor. But employees in such a situation are often dismissed by their*

employers. This dismissal is different from an ordinary dismissal like being late for work. I thus asked the Secretary why this kind of dismissal, being an employment problem, is handled as a civil case. How do the employment relationship and the EO play their part in protecting workers' rights?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, it is all subject to the actual situation. Mr LEUNG, the existing EO covers unreasonable and unlawful dismissal but we still have to look into the actual circumstances of individual cases. We cannot cover all scenarios in Hong Kong. Or, if you say that she is dismissed because she needs to take care of her child, then, what exactly are the circumstances of her case. If the employee has been unreasonably and unlawfully dismissed, she can seek re-engagement. Hence, the EO has contained all the provisions and the question is what the actual circumstances are. This is the most important point.

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

Disability Allowance

5. **MR WONG KWOK-HING** (in Cantonese): *I have earlier received a complaint from a worker who said that after becoming physically handicapped due to a work-related injury, he had lost his capacity to work and his application for disability allowance (DA) was also repeatedly rejected by the Social Welfare Department (SWD) on grounds that he had been certified by a medical practitioner as not being in a position broadly equivalent to a person "with a 100% loss of earning capacity", and hence his condition did not fall within the meaning of "severely disabled". Besides, there have been comments that due to different assessment criteria adopted by medical practitioners, people with similar degree of disability are often accorded different medical assessment results. In this connection, will the Government inform this Council:*

- (a) *whether the SWD will review the eligibility criteria for DA, including defining "100% loss of earning capacity" more clearly;*
- (b) *whether the authorities will review and improve the existing guidelines and criteria relating to medical assessments, so as to*

solve the problem of inconsistent medical assessment results; if they will not, of the reasons for that; and

- (c) *how the authorities will enhance the transparency of medical assessments and the appeal mechanism concerned, such as whether they will explain in detail to applicants the reasons for rejecting their applications?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, the DA under the Social Security Allowance (SSA) Scheme includes Normal Disability Allowance (NDA) and Higher Disability Allowance (HDA). The DA is non-contributory and non-means tested. It is designed to provide a monthly cash allowance to Hong Kong residents who are severely disabled to meet their special needs arising from disability. An applicant is eligible for the NDA if he/she is certified by the Director of Health or the Chief Executive of the Hospital Authority (HA) (or under exceptional circumstances by a registered medical practitioner of a private hospital) to be severely disabled and his/her disabling condition will persist for at least six months. As for a HDA applicant, in addition to meeting the aforesaid eligibility criteria for NDA, he/she has to be certified by the Director of Health or the Chief Executive of the HA (or under exceptional circumstances by a registered medical practitioner of a private hospital) to be in need of constant attendance from others in his/her daily life but is not receiving such care in a government or subvented residential institution (including a government subsidized place in a contract home or purchased from a residential care home for the elders under the Enhanced Bought Place Scheme) or a medical residential institution under the HA, or boarding in a special school under the Education Bureau. At present, recipients of the NDA receive a monthly allowance of \$1,170 while those of the HDA receive \$2,340.

My replies to the specific questions are set out below:

- (a) Regarding the eligibility criteria for the DA, it has been clearly specified that an applicant is considered to be "severely disabled" if he/she is certified by the Director of Health or the Chief Executive of the HA to be in a position broadly equivalent to a person with a 100% loss of earning capacity according to the criteria in the First Schedule of the Employees' Compensation Ordinance. We have to stress that at present, applicants of different disability categories can be eligible for the DA if they are medically certified to fall within the definition of "severely disabled" under the DA.

- (b) At present, to ensure consistency and objectivity in medical assessment, a medical practitioner will make assessments with reference to a standardized "Medical Assessment Form" and a professional medical checklist. The "Medical Assessment Form" sets out the eligibility criteria for the DA, and the checklist is formulated by the HA and Department of Health for assessing disability. Medical practitioners will assess the degree of disability of DA applicants in accordance with the established criteria and guidelines along with their professional knowledge and judgment.

We have since September 2006 adopted the revised checklist and Medical Assessment Form to spell out explicitly that "visceral disability" is also included in any other conditions resulting in total disablement.

- (c) If any person is not satisfied with the decision of the SWD in respect of eligibility and payment of social security benefits, he/she may lodge an appeal to the Social Security Appeal Board (the Board). The Board is an independent body and its Chairman and members are all non-officials appointed by the Chief Executive. For appeals involving the result of a medical assessment, the Board will arrange with the HA for the applicant to undergo a medical reassessment to be processed by the Medical Assessment Board (MAB) responsible for social security appeals. The MAB is an independent body and its members consist of a medical practitioner from the HA and two representatives from the Hong Kong Medical Association.

As mentioned in part (b) of our reply, medical practitioners conducting medical assessments are provided with clear guidelines. The purpose of medical assessments is to assess the eligibility of applicants for the DA. If an application for the DA or an appeal to the Board against the decision of the SWD is rejected, the reason(s) of rejection will be set out in the Notification of Decision issued by the SWD or in the Notification of the Decision of the Social Security Appeal Board issued by the Board.

MR WONG KWOK-HING (in Cantonese): *President, I am greatly dissatisfied with part (b) of the Secretary's main reply, for he has failed completely to mention*

whether the professional medical checklist and the standardized "Medical Assessment Form" would be reviewed. The person sitting behind the Secretary is a case in point. The relevant applicant has his right foot amputated due to a work-related injury. It is pointed out in both the so-called professional medical checklist and "Medical Assessment Form" that losing one foot could not be treated as "disabled", since an applicant must lose both of his feet or two of his four limbs. However, it was pointed out by the Secretary in the main reply that it was meant to "ensure consistency and objectivity in medical assessment". May I ask the Secretary what does it mean by "consistency" and "objectivity"? Why can a person who has lost one of four limbs not be eligible for the DA? I hope the Secretary can give us an explanation. Should he fail to do so, will a review be conducted?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): I would like to thank Mr WONG for his question. Just now, I have conveyed my regards to Mr LEE, with whom we contacted earlier.

I would like to clarify that, under the current arrangement for the granting of DA, an applicant must demonstrate a "100% loss of earning capacity" before he or she is deemed falling within the definition of "severely disabled". The relevant reference benchmark is clearly based on the First Schedule of the Employees' Compensation Ordinance. The First Schedule clearly sets out the relevant yardstick and standard. Therefore, an objective standard is provided for us to make the assessment. I hope Mr WONG can understand that this proven mechanism is our long-standing practice. Furthermore, we are also provided with an excellent foundation, that is, the First Schedule of the Employees' Compensation Ordinance mentioned by me earlier, as a reference mechanism.

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

MR WONG KWOK-HING (in Cantonese): *President, the Secretary has not answered whether a review will be conducted. Must an applicant lose two of his or her limbs before he or she can receive the DA? The person sitting at the back has lost one foot. Must he have one more foot or hand amputated before he will be granted the allowance? The Secretary has not answered this point.*

PRESIDENT (in Cantonese): Secretary, will this policy be reviewed?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I would like to explain that, under general circumstances and, of course, under the First Schedule of the Employees' Compensation Ordinance, the relevant person must lose two of his or her limbs before he or she could be considered to have a "100% loss of earning capacity". However, the question raised by the Honourable Member just now concerns what will happen if only one limb, instead of two limbs, is lost. Certainly, the loss of one limb does not fall within the meaning of a "100% loss of earning capacity". However, under some special circumstances, such as the relevant person having problems with other organs such that, for instance, he requires renal dialysis because of kidney problems, then the MAB may reassess whether he can be considered as a person with disabilities. In other words, in addition to visible loss of limbs, that is, loss of hands and feet, other factors will be taken into consideration as well.

MR WONG KWOK-HING (in Cantonese): *President, the Secretary has still not answered whether a review will be conducted. I am greatly dissatisfied with the Government for being so cold-blooded.*

PRESIDENT (in Cantonese): Secretary, I believe Mr WONG's supplementary question is very clear. His question is: Will the issue relating to the loss of limbs be reviewed? Secretary, do you have anything to add?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I have nothing to add because I have already made myself very clear. The First Schedule of the Employees' Compensation Ordinance is used as our reference, and this is a very important standard.

MR ALBERT CHAN (in Cantonese): *President, in a case handled by me earlier, the applicant was originally eligible for 100% of the DA. While some people say "10 lawyers may come up with nine different opinions", 10 medical practitioners may even come up with 11 different views. After a re-evaluation, a new medical practitioner tasked with handling his case decided to revoke the original decision of granting him 100% of the DA. My client is already over the*

age of 60. Basically, his actual physical condition and disability have not undergone any changes and improvements at all, and yet a different medical practitioner has come up with a different judgment.

May I ask the Secretary, in terms of the mechanism or policies, whether the Government will consider requiring a medical practitioner who wishes to change the decision of granting an applicant 100% of the DA to submit specific evidence to prove that the patient or person in question has had specific improvement in his physical condition before altering his receipt of 100% of the DA rather than allowing him to make his decision solely on the basis of his personal opinion? In other words, an applicant, who was eligible for DA in the opinion of a former doctor, is no longer eligible for the allowance in the opinion of another doctor now. The present judgment, which is apparently subjective, will affect the daily needs of the public.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I thank Mr CHAN for his question. Of course, a medical practitioner has his professional decision, and the judgment should be made by him. However, as stated in my main reply, for any person who is dissatisfied or considers that there is unfairness, we have put in place an appeal board as an appeal mechanism. Moreover, an independent assessment board, comprising a medical practitioner from the HA and two medical practitioners from the Hong Kong Medical Association, is also in place for reassessment. Hence, there are channels for the person to request the authorities concerned to review whether he should be re-issued the allowance at its previous level. Such a mechanism is definitely in place.

MR ALBERT CHAN (in Cantonese): *President, the Secretary does not fully understand my supplementary question. I perfectly understand that a mechanism is in place now*

PRESIDENT (in Cantonese): Please state your supplementary question clearly.

MR ALBERT CHAN (in Cantonese): *I am making a request to the Secretary to revise this mechanism. In other words, if a medical practitioner has judged that*

a patient is 100% disabled, once other medical practitioners wish to alter this decision, they would have to produce adequate information and evidence to prove that there has been improvement in the patient's condition, instead of relying solely on their subjective judgment. In other words, a medical practitioner might judge that a person is not 100% disabled, even though the person was previously judged to be so by another medical practitioner. I certainly understand that there is an appeal mechanism. But insofar as patients are concerned, my suggestion could make the relevant judgment more reliable and stable, rather than getting different opinions with a change of medical practitioners

PRESIDENT (in Cantonese): We clearly understand your supplementary question.

MR ALBERT CHAN (in Cantonese): *President, if 10 medical practitioners come up with 11 different opinions, how should the case be dealt with?*

PRESIDENT (in Cantonese): It is clear. Secretary, please reply.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Thank you, Mr CHAN. Honourable Members might have to understand that, under the objective circumstances, the DA is divided into two categories, with the NDA offering a low monthly allowance of \$1,170, and the other one offering a higher monthly allowance of \$2,340 for recipients in need of 24-hour attendance from others. Hence, the person mentioned by the Honourable Member

all persons must demonstrate a "100% loss of earning capacity" before they can receive the DA. It must be understood that 100% is a basic requirement, whether a recipient is receiving the NDA or HDA. A recipient of the HDA must be a person who cannot take care of themselves and in need of attendance from others. If there is improvement in his condition, should he receive the NDA rather than HDA? Regarding such circumstances, it is very difficult for me to make a generalization. However, should there be individual cases, Mr CHAN, you are more than welcome to provide me with the relevant information so that I can follow up the cases.

MR RONNY TONG (in Cantonese): *President, I am very grateful to Mr WONG Kwok-hing for introducing that person with disabilities to me outside the entrance earlier. I am greatly surprised that our system is so unsympathetic, unable to meet social needs. Should this be the case, our system is seriously flawed.*

The Secretary conceded in the main reply that the DA is designed to meet the special needs arising from disability. If a medical practitioner does not consider a person with disabilities to have such needs, does that person really have no such needs? I believe this is not the case. The "100% loss of earning capacity" we are talking about is judged from the medical angle. However, it might be impossible for the person to secure employment in society. If the Government considers that the relevant person does not demonstrate a "100% loss of earning capacity" from a medical point of view and thus he is considered to have earning capacity, I think the Government has completely lost touch with society. Can the Government tell us how this loophole can be improved?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): We are definitely not indifferent. As I stated earlier, I have contacted Mr LEE and tried to find out his problems. First of all, the DA we are talking about is issued to persons demonstrating a "100% loss of earning capacity". As the basis of our consideration, the First Schedule of the Employees' Compensation Ordinance serves as our reference, or a tool for assessment. We will still maintain a very sympathetic attitude if the relevant person has actually lost one foot, not two feet, unfortunately, as in the case of Mr LEE. How can such persons be helped? Actually, there are several channels to render assistance. The Labour Department (LD)

MR RONNY TONG (in Cantonese): *The Secretary should not waste our time. I am not seeking the Secretary's sympathy. My supplementary question is very simple*

PRESIDENT (in Cantonese): Please state your supplementary question clearly.

MR RONNY TONG (in Cantonese): *President, I believe my supplementary question is very clear already. Can you ask the Secretary to give us a response instead of wasting our time?*

PRESIDENT (in Cantonese): Secretary, this is the question raised by Mr TONG earlier: Will there be any difference between medical judgment and the problems actually encountered by the injured in their daily lives?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, this question can be answered in two aspects. The so-called medical evaluation is based on a benchmark, that is, the First Schedule of the Employees' Compensation Ordinance mentioned by me earlier. In addition, there is also professional judgment by medical practitioners, who are called upon to conduct assessments. Furthermore, we have an established mechanism. Therefore, it can be said that everything is systematic.

As regards the second point raised by Mr TONG concerning how the person's actual needs can be addressed, what can be done to render assistance if the injured are not eligible for the allowance? Actually, we can do something in respect of rehabilitation

MR RONNY TONG (in Cantonese): *Excuse me, I really do not want to waste colleagues' time. My supplementary question is: If the system is flawed, what can the Government do to plug the loophole? Given that the medical judgment is out of line with social needs, it has become a loophole. So, what can be done to plug the loophole? The Secretary should answer either "Yes, I will plug the loophole", "No, I will not plug the loophole" or "I have no idea".*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): I have explained it very clearly. In our opinion, the loophole stated by the Honourable Member just now is not a loophole, because we have already given a very clear definition under the mechanism, that only "severely disabled" persons are eligible for the allowance. Furthermore, we have a definite benchmark and a monitoring and assessment mechanism.

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung.

MR RONNY TONG (in Cantonese): *However, we can see that there is this person with disabilities sitting in the Chamber.*

PRESIDENT (in Cantonese): I believe the Secretary has already answered your supplementary question. Mr LEUNG Kwok-hung.

MR LEUNG KWOK-HUNG (in Cantonese): *This is really spectacular. The Honourable Member's question was about medical judgment. I am not going to argue with him on this point. If the medical judgment is inconsistent with the daily social activities or daily needs of people with disabilities, then there is already a loophole. And yet, the Secretary said otherwise.*

My question is simply based on the fact that medical judgment is dead — though discretion can certainly be exercised — however, if it is considered by a social worker who has maintained contact with that person for a period of time that he cannot work for reasons including, as stated by the Secretary earlier, having problems with his organs, or mental depression, can these be taken as factors for consideration? This is what we were talking about. Although the Secretary said there was no loophole, it is already a loophole in that the mechanism is so rigid that two hands must be lost

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

MR LEUNG KWOK-HUNG (in Cantonese): *May I ask the Secretary again whether he will allow intervention by social workers or allow other officially-recognized professionals who are closely related to that person with disabilities to advise the Government of his eligibility for DA so as to help him to lead a normal life again? This is my supplementary question.*

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

MR LEUNG KWOK-HUNG (in Cantonese): *He is wasting time should he refuse to answer.*

PRESIDENT (in Cantonese): You have made yourself very clear.

MR LEUNG KWOK-HUNG (in Cantonese): *President, you should stop making rulings against me frequently. His reply is terrible. Buddy, I must explain to him*

PRESIDENT (in Cantonese): Then you must give him the time to

MR LEUNG KWOK-HUNG (in Cantonese): *He has intellectual disability, buddy.*

PRESIDENT (in Cantonese): Mr LEUNG, you may sit down to give the Secretary the time to answer. Secretary, please reply.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): I am very grateful to Mr LEUNG for his question. Generally speaking, such cases are actually referred by medical social workers or social workers to the HA or medical practitioners for actions. Therefore, social workers play a definite role in the process. I must reiterate that, in addition to the granting of DA, we will not neglect people who are not eligible for DA. We have provided a wide range of community support and residential services, as well as the selective placement services provided by the LD. Hence, a lot of supportive services are provided to assist them in seeking re-employment and equipping themselves. We have even provided vocational training.

MR LEUNG KWOK-HUNG (in Cantonese): *He has not answered my supplementary question. Institutional reform is actually very simple. If a touch-base policy is adopted, a social worker's view that the granting of DA is*

warranted and the view held by a medical practitioner can both be regarded as factors for consideration. If it is decided by any one of the parties that a certain form of assistance is warranted, whether the assistance be named A or B, that will bring a policy change. In other words, should a person with disabilities be judged by one of the parties to be in need of the allowance, the allowance will then be granted. This is a separate issue.

PRESIDENT (in Cantonese): You have explained it very clearly.

MR LEUNG KWOK-HUNG (in Cantonese): *President, it is useless for you to make rulings against me frequently.*

PRESIDENT (in Cantonese): I am perfectly clear about your question.

MR LEUNG KWOK-HUNG (in Cantonese): *This Council has dignity. He is talking nonsense*

PRESIDENT (in Cantonese): Please sit down, Mr LEUNG. You

MR LEUNG KWOK-HUNG (in Cantonese): *You used to be a school principal. You know better.*

PRESIDENT (in Cantonese): Your supplementary question

MR LEUNG KWOK-HUNG (in Cantonese): *Would you allow your students to act in this manner?*

PRESIDENT (in Cantonese): The Secretary was answering your supplementary question.

MR LEUNG KWOK-HUNG (in Cantonese): *There would be a "serious disaster" should students of Pui Kiu College act in this manner.*

PRESIDENT (in Cantonese): Certainly you may express dissatisfaction with the replies given by the Secretary, but my duty is to ensure your supplementary question is raised in accordance with the Rules of Procedure, and a response is to be given by the Secretary.

Secretary, Mr LEUNG's question concerns whether the views of social workers, in addition to medical judgment, will be considered, rather than whether participation by social workers is involved in the referral of cases.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, as pointed out by me just now, there is an appeal mechanism in the event that there is any dissatisfaction with the assessment. In other words, there is room for a fresh review or assessment.

MR LEUNG KWOK-HUNG (in Cantonese): *President, there is really nothing I can do. He was answering*

PRESIDENT (in Cantonese): Mr LEUNG, please sit down.

MR LEUNG KWOK-HUNG (in Cantonese): *He was talking about an appeal mechanism in the medical context, while I was talking about social workers.*

PRESIDENT (in Cantonese): Mr LEUNG, please sit down. This is Question Time. There are provisions in the Rules of Procedure for the Question Time. Please sit down. If Members are dissatisfied with the replies given by the Secretary, the issue should be brought to an appropriate forum, such as the relevant panel, for discussion.

Last oral question.

Use of Land for Open Storage and Port Back-up

6. **MR CHEUNG HOK-MING** (in Cantonese): *Regarding the vetting and approval of applications by the Town Planning Board (TPB) for planning permission for use of land as open storage and port back-up, and the environmental problems resulting from such land uses, will the Government inform this Council:*

- (a) *as an applicant claimed that although he had submitted the necessary technical assessments as required, his application for planning permission was rejected by the TPB on grounds that the requirement in respect of traffic volume had not been met, leaving him unsure of what to do, whether the Government knows the criteria adopted by the TPB for assessing whether the traffic volume in the district concerned has met the requirement, and whether such criteria include the area of the land involved and the hourly vehicular flow;*
- (b) *whether the Government will recommend the TPB to extend the period of planning permission granted for the above temporary land uses outside designated areas from the current "not exceeding three years" to "not exceeding five years" or a longer period, so as to encourage operators of open storage yards to commit resources to installing comprehensive supporting facilities; and*
- (c) *given that heavy goods vehicles often use private roads (such as Fairview Park Boulevard) to access areas used for the above land uses, thus causing nuisance to the residents in the vicinity, and owners of the private roads having to bear the costs for maintaining the road surface as a result of accelerated wear and tear, and resulting in frequent disputes between them and members of the transportation industry, whether the authorities will consider resuming the private roads concerned, or resolving these problems with other solutions?*

SECRETARY FOR DEVELOPMENT (in Cantonese): President, my reply to Mr CHEUNG Hok-ming's three-part question is as follows:

- (a) The TPB will take account of the views of the relevant departments when considering planning applications. Regarding the traffic

impact of the open storage uses under application and the traffic impact assessment required, the applicants can, on their own, submit to the Transport Department (TD) the traffic impact assessments of their proposed developments or related mitigation proposals. As for larger-scale developments of storage uses, the TD normally asks the applicants to undertake traffic impact assessment of the proposed developments and submit the findings to the department for consideration.

The TD will mainly assess whether the traffic load on the nearby roads to be generated by the applied use is acceptable and whether road safety problems will be caused. Therefore, the main considerations include, *inter alia*, the scale of the proposed storage development (including the area of the site concerned as mentioned by Mr CHEUNG in his question), nature of the uses and the traffic volume to be generated (including vehicular traffic flow per hour, as mentioned by Mr CHEUNG in his question), so as to ascertain whether nearby roads and their junctions still have reserve capacity to accommodate an increase in traffic. The design and location of vehicular access and the suitability of link roads for use by heavy vehicles are other main factors to be taken in account.

- (b) To allow more flexibility in the use of land so as to meet economic needs, there is a provision for planning application for temporary uses in the Notes of the OZPs for the rural areas, even if such uses are not Column 2 uses for the specific land use zones. Since 1999, the maximum approval period for such temporary uses has been extended from 12 months to the present three years. As these temporary uses, which are largely not in line with the long-term planning intention of the area, may cause environmental nuisances, higher flooding risks and traffic problems, we believe that the three-year period has struck a better balance between proper control and flexibility to meet the interim needs of the trade, and we hope that this can provide incentive for the applicant to invest on the improvement measures required under the approval conditions of the planning permission.

Applicants may, however, apply for renewal upon expiry of the planning permission and the TPB has adopted a pragmatic approach in considering such applications based on individual merits. Under the existing practice, the TPB will generally give favourable

consideration to these renewal applications provided that there have been no material change in planning circumstances (such as implementation of the long-term development of the area concerned has yet to be confirmed) since the previous approval was granted; the applicants have demonstrated genuine efforts in compliance with the approval conditions of the previous planning applications; and there have been no adverse departmental comments and no local objections. The relevant criteria are clearly set out in Town Planning Board Guidelines for Application for Open Storage and Port Back-up Uses under Section 16 of the Town Planning Ordinance (TPB PG-No. 13E). Operators may make their business decisions with reference to the guidelines.

- (c) The Government will generally not resume private land to resolve disputes over the use of roads between owners and users of private roads. Resumption of private land will only be considered for public purpose in accordance with the relevant statutes. For example, the site concerned is required for carrying out of public infrastructure works.

Regarding the possible traffic problems to be caused by the use of private roads, the TD will closely monitor the conditions of government roads that connect individual private roads and the traffic of the surrounding areas, and liaise with District Councils and the local community. More roads will be built or traffic management measures implemented for government roads when and if necessary. Proposals on traffic management will also be presented to the owners of private roads so as to improve the traffic of the district as a whole.

In addition, to meet the demand for open storage/port back-up uses, the Government will provide related infrastructure facilities at suitable locations or explore ways to improve them, such as carrying out road and drainage improvement works. The road improvement works recently undertaken around Ha Tsuen (including Ha Tsuen Road, Ping Ha Road and Tin Ha Road) is a case in point.

MR CHEUNG HOK-MING (in Cantonese): *President, in her main reply the Secretary did not really respond to some parts of my question. I wish to*

reiterate that the logistics and port back-up sites in Hong Kong mostly concentrate in the Northwest New Territories. Take Ha Tsuen in Yuen Long as an example. There are 160 such sites, 60 of which have met the requirements and been given approval but the other 100 are at present considered as illegal by the Government or have not been approved for various reasons. Under the existing policy, prosecution can be instituted only against those 100 illegal sites one after another. May I ask the Secretary if the Government has considered their difficulties? In respect of infrastructure, will the Government provide more infrastructure facilities, such as roads, drainage works, and so on, so that their applications can meet the requirements in respect of traffic volume and environmental pollution?

SECRETARY FOR DEVELOPMENT (in Cantonese): President, with regard to Mr CHEUNG Hok-ming's question, we must first understand that the logistics industry and port back-up sites are, to some extent, essential to the economy of Hong Kong. This is why our policy, unlike what Mr CHEUNG has said, aims not only to institute prosecution, for we actually have some proposals to provide assistance. Take Ha Tsuen which was mentioned by Mr CHEUNG as an example. There are a lot of sites which have long been used for open storage and port back-up purposes. In view of this, the TPB, having considered various factors, rezoned early this year 35 hectares of land at Ha Tsuen for use as open storage, in order to facilitate and regularize the use of land as open storage.

Mr CHEUNG also mentioned that even though over 600 hectares of land is designated for open storage use, at least some 50 to 60 hectares cannot be put to use because of inadequate infrastructure facilities, such as access roads and drainage works. In this respect, the Government has set certain priorities for public works projects and it is very difficult for infrastructure projects to commence purely at the request of one single landowner. But with regard to land with potentials for development which have yet been designated for specific uses, if, given investment by the Government on infrastructure facilities, they can be put to use as open storage, we would actively give consideration to doing so.

At present, there are actually two sites in the Northwest North Territories which can be released for open storage use if the Government can, within a short time, make investment on the development of infrastructure, mainly in respect of road projects. Early this week, the Chief Executive pointed out after a meeting of the Task Force on Economic Challenges that among the four major industries in Hong Kong, the logistics industry would require active follow-up actions, with

a view to exploring new opportunities while enhancing the competitiveness of the industry. I have been working with my colleagues to actively follow up this area of work, and we hope to further expand and develop sites for the logistics industry by providing support in infrastructure facilities.

MR LAU WONG-FAT (in Cantonese): *President, to facilitate the continuous development of the container freight industry in Hong Kong and in view of the need to effectively solve the traffic problems, will the Government consider providing more land to meet the demands of the industry by, among other things, releasing some of the land in the Frontier Closed Area for open storage and container depot uses?*

SECRETARY FOR DEVELOPMENT (in Cantonese): President, as Mr LAU may know, we are currently conducting a detailed study on land use planning of some 2 000 hectares of land to be released in the Frontier Closed Area. In this study, we will certainly consider how best we can provide support to the economic development of Hong Kong, especially the need for land for economic use in the vicinity of the boundary control points. Moreover, there are two new development areas. One is located at Ping Che, Ta Kwu Ling, which is a Three-in-One Scheme, whereas the other is at Hung Shui Kiu. One of the uses for which they have potentials of development is open storage and port back-up. Therefore, our answer to Mr LAU's supplementary question is in the affirmative. We will certainly include this in the planning study.

MISS TANYA CHAN (in Cantonese): *The Secretary mentioned earlier that the Government has some proposals to help identify more sites for open storage use. We understand that some preparations may be made in the Northwest New Territories, and arrangements will also be made to provide ancillary facilities. May I ask the Secretary, in relation to these sites, what are the factors being considered? The Government mentioned port back-up sites. Will it consider providing more land for this purpose? What about the relevant ancillary facilities?*

SECRETARY FOR DEVELOPMENT (in Cantonese): President, as I said earlier on, insofar as open storage and port back-up sites are concerned, according to the "Study on Hong Kong Port — Master Plan 2020" and the report on the

"Hong Kong 2030" study completed by the Planning Department last year, the supply of port back-up sites in Hong Kong can basically meet the demand up to 2030. At present, these sites in the rural area are mostly found in the Northwest New Territories and Northeast New Territories, and 655 hectares of land has been designated for open storage and port back-up uses. But as I said in response to Mr CHEUNG Hok-ming's question earlier on, at least some 50 hectares of these 655 hectares of land cannot be utilized or put to good use even though they are designated for such uses because the matching transport facilities and other infrastructure facilities are inadequate. In this connection, we will further make an effort to follow up this issue. However, certain priorities are, after all, set for many public works projects. So, we have to find out where we can release more land for open storage use and we will then carry out infrastructure works. I wish to emphasize that while we do see the impending economic downturn, we also see it as an opportunity at the same time. We will specifically look into these problems with reference to the recommendations of the Task Force on Economic Challenges chaired by the Chief Executive.

MR CHAN KAM-LAM (in Cantonese): *President, given that these sites for which applications have been made for approval for such uses are mostly located in the more remote parts of the territory where the transport network support is less satisfactory, the applicants are required to conduct traffic impact assessments. This will certainly cause a lot of complications and even make it very difficult for their applications to be approved. In view of this, I think the overall planning by the Government is very important. The Secretary mentioned earlier that an overall assessment and planning on land use in the Northern New Territories is underway. I would like to know how long it will take. Will the Heung Yee Kuk and the relevant industries and sectors be consulted? Will it affect landowners whose land is already used for the operation of open storage? Should there be changes in the future, how will the Government consider their interest?*

SECRETARY FOR DEVELOPMENT (in Cantonese): President, first of all, let me provide some statistics to allay the concern of Mr CHAN and other Members. We have adopted a most pragmatic approach by granting approval to the use of land as open storage through the TPB. Over the past three years, that is, from November 2005 to October 2008, the TPB and its Rural and New Town Planning Committee have considered a total of 384 applications for planning permission for temporary open storage and port back-up uses, and over half or

223 of these applications were approved. Of the 140-odd applications rejected, it is true that 77 cases were rejected on grounds of traffic problems. With regard to these cases, as Mr CHAN and Mr CHEUNG may understand, they were rejected because of inadequate infrastructure facilities and road network.

Mr CHAN asked whether the industries and sectors were consulted or whether discussion was held with Heung Yee Kuk. The answer is yes. On 18 October 2008, the planning guidelines for considering applications for planning permission for open storage and port back-up uses were updated in accordance with section 16 of the Town Planning Ordinance. The guidelines were last updated in 2001, and we have just completed the updating work in 2008. In the process of updating the guidelines, we had extensively consulted the industries and sectors and Heung Yee Kuk, and for the purpose of updating the guidelines, we would, in every updating exercise, designate more land for use as open storage under "type 1", having regard to the actual circumstances, changes in land use and other factors. The TPB will generally give favourable consideration to applications relating to "type 1" sites.

Here, I can give Members my undertaking that we will certainly conduct thorough discussion and consultation with the industries and sectors and the Rural and New Town Planning Committee on this area of work in the future.

PRESIDENT (in Cantonese): Oral questions end here.

WRITTEN ANSWERS TO QUESTIONS

Home Starter Loan Scheme

7. **MR CHAN HAK-KAN** (in Chinese): *President, some young people have relayed to me that presently, most young people aged between 20 and 30 years are not eligible to apply for public rental housing because their incomes exceed the income limit, but they cannot afford private housing flats which typically cost over a million dollars each. On the other hand, the Hong Kong Housing Society (HKHS) once implemented the Home Starter Loan Scheme (HSLs) whereby eligible families and singletons are granted low-interest home starter loans of amounts up to \$600,000 and \$300,000 respectively. However, the HSLs was discontinued in 2002. In this connection, will the Government inform this Council whether:*

- (a) *it knows the respective numbers of applications which HKHS received from families and singletons under the HSLs each year from 1998 to 2002, the respective numbers of approved and rejected applications among them, the total amount of loans granted, and the respective percentages of cases of repayment of loans on time and default in loan repayment; and*
- (b) *it will discuss with the HKHS the re-launching of HSLs; if not, of the reasons for that?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, the HSLs, which was introduced in 1998, was one of the Government's measures to meet the policy objective of achieving a 70% home ownership target in 10 years as stipulated in the 1997 policy address. The HSLs assisted middle-to-low income families and singletons¹ to purchase homes by providing them with low interest loans for the down payment and related expenses. Under the HSLs, Government provided \$18 billion to the HKHS for making loans to eligible families and singletons. The maximum loan amount was \$600,000 for family applicants and \$300,000 for singleton applicants, or 30% of the purchase price of the residential property, whichever was the lower. The HSLs ceased accepting applications by end March 2002.

Following the Government's repositioned subsidized housing policy in 2002, our housing policy objectives are to focus resources on the provision of public rental housing for low income families who cannot afford private housing, withdraw from playing the role of a property developer, cease the production and sale of subsidized sale flats, and minimize intervening in the market. Encouraging the public to purchase homes is no longer an objective of the Government's housing policy.

My replies to the two questions are as follow:

- (a) The HSLs started accepting applications in April 1998 and ceased doing so by end March 2002. According to the information provided by the HKHS, 80 007 applications were received during this period, of which 33 433 were approved, and the total loan amount was \$14.85 billion. The remaining 46 574 loan applications were unsuccessful because the applicants had failed to

¹ At the start, the HSLs accepted applications from families of two persons or above only. It started to accept applications from non-elderly singletons in December 1999.

meet the eligibility criteria of HSLs or had not completed the application process.

As at mid-October this year, of the 33 433 HSLs loans, 15 599 were fully repaid of which about half of them had late repayment records during the repayment period. Out of the 15 155 loans with repayments currently on schedule, about 30% had late repayment records in the past. Of the remaining loans, 846 had defaulted payments for less than six months; 360 had defaulted payments for over six months, and the HKHS had commenced litigation proceedings to recover the outstanding loan amount; and 1 473 were bankrupted cases.

- (b) As mentioned above, the policy objective of the Government's repositioned housing policy in 2002 is to focus resources on helping the low income families to meet basic housing needs. Encouraging the public to purchase homes is no longer an objective of the Government's housing policy. We consider that a decision on purchasing a property should be a matter of personal choice and affordability. The Government should not take up the role of a lending institution and influence an individual's decision on home ownership which should be premised on affordability. We have therefore no intention to re-launch the HSLs.

Given the global financial situation, the local property market is facing great uncertainties. Under such circumstances, the public need to be even more prudent in making decisions on flat purchase. The Government will continue to closely monitor the development of the property market and the demand and supply of private residential properties.

Measures to Protect Investors

8. **DR RAYMOND HO** (in Chinese): *President, in recent years, a number of novel investment products, some involving high-risk derivatives, have been launched by financial institutions and sold to retail investors through banks. In this connection, will the Government inform this Council whether:*

- (a) *besides the website and television (TV) programmes on investor education produced by the Securities and Futures Commission*

(SFC), it has promoted basic investment knowledge through other means, including the radio;

- (b) it will produce leaflets and require distributors of investment products to distribute the leaflets to members of the public who intend to buy such products, so as to draw their attention to the matters to note before making investment decisions; and*
- (c) it will require that, where the nature of the investment products allows, the relevant sales contracts shall contain a provision on a cooling-off period to enable investors to unconditionally terminate such contracts during the period?*

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

- (a) The Government has been attaching great importance to investor protection and education initiatives. Enhancing investor education not only helps protect investors themselves, but is also conducive to maintaining the stability of Hong Kong's financial services industry as a whole and strengthening foreign investors' confidence in Hong Kong's financial markets.

The SFC has been actively carrying out various activities in investor education. Since 1997, the SFC has launched a number of Announcements in the Public Interest in major TV channels and radio stations to publicize issues that investors need to be aware of in making investment. Besides, the SFC has produced TV and radio programmes, and broadcast educational videos on buses. It has also organized different forms of financial knowledge quiz as well as investment experience sharing competitions and seminars with a view to deepening investors' understanding of various investment topics.

Apart from disseminating educational messages through its dedicated investor education website, the SFC has also published educational materials and feature articles in newspapers and magazines to remind investors of the questions they should ask and the issues to which they should pay attention in evaluating investment recommendations.

During the two years between October 2006 and September 2008, the SFC had produced 12 episodes of TV programmes on investor education and broadcast 108 radio programme segments. Besides, the SFC has broadcast 69 educational videos repeatedly on over 1 000 buses, and published a total of 130 educational articles in newspapers. The SFC has also organized 127 seminars for different sectors of the community and a number of credit-based courses in collaboration with local universities with a view to enhancing basic investment knowledge of the public.

The SFC has increased its provisions for investor education in the 2008-2009 financial year to further promote the investor education activities. It is now actively considering the allocation of additional resources to this important area.

- (b) As part of its investor education initiatives, the SFC has from time to time published different educational materials for investors. Over the years, the SFC has published dozens of brochures and leaflets for investors on a range of topics covering investment products (including stocks, funds, bonds, structured instruments, and so on), areas to note when investing in these products, choice of brokers and investment advisers, portfolio planning, introduction to the relevant regulations, and so on.

Since 2001, the SFC has, in launching investor educational publications, issued circulars to licencees and/or registered institutions to encourage them to distribute such publications to their clients.

- (c) In view of the public concern arising from the Lehman Brothers incident, the Financial Secretary has requested the SFC to submit a report by the end of this year on the lessons learned from the incident and to recommend improvement measures. The SFC will consider whether the relevant sales contracts should contain a "cooling-off period" during which investors may unconditionally terminate the contracts. The SFC will also study the feasibility, merits and shortcomings of implementing the proposal with regard to different investment products.

Formation of Owners' Corporations

9. **DR DAVID LI:** *President, the Building Management (Amendment) Ordinance 2007 (BMO) came into operation on 1 August 2007 with the aim of rationalizing the appointment procedures of a management committee, and assisting owners' corporations (OCs) in performing their duties and exercising their powers. In this connection, will the Government inform this Council:*

- (a) *of the respective numbers of OCs formed under the Building Management Ordinance (Cap. 344) in each of the 12-month periods beginning on 1 October each year from 2002 to 2007;*
- (b) *of the average number of enquiries handled each month by the District Building Management Liaison Teams (DBMLTs) under the Home Affairs Department (HAD) in the 12-month period ended 30 September 2008;*
- (c) *of the number of exemption certificates issued in the 12-month period ended 30 September 2008 to convenors for obtaining a free copy of record of owners of the building from the Land Registry for the purpose of convening a meeting of owners to form an OC; and*
- (d) *whether the HAD provides to owners wishing to form an OC any assistance, other than that provided by the DBMLTs (including distribution of information booklets) and the Property Management Advisory Centres of the Hong Kong Housing Society (HKHS); if so, of the details of such assistance?*

SECRETARY FOR HOME AFFAIRS: President,

- (a) The respective numbers of OCs formed under the BMO in each of the 12-month periods beginning on 1 October each year from 2002 to 2007 are shown as follows:

| <i>Year</i> | <i>Number of OCs set up under the BMO</i> |
|-------------------------------------|---|
| 1 October 2007 to 30 September 2008 | 216 |
| 1 October 2006 to 30 September 2007 | 270 |
| 1 October 2005 to 30 September 2006 | 356 |
| 1 October 2004 to 30 September 2005 | 254 |
| 1 October 2003 to 30 September 2004 | 337 |
| 1 October 2002 to 30 September 2003 | 272 |

- (b) In the 12-month period ended 30 September 2008, the HAD DBMLTs handled 1 217 enquiries per month on average.
- (c) In the 12-month period ended 30 September 2008, a total of 145 exemption certificates were issued to convenors of owners' meetings for obtaining a free copy of record of owners of the building from the Land Registry for forming an OC.
- (d) The DBMLTs are set up as part and parcel of the HAD's establishment to provide assistance to owners on building management matters. Through the DBMLTs, the HAD has been providing support for owners in the formation of OCs. These include rendering advice to owners on the procedures of OC formation, issuing exemption certificates to convenors of owners' meeting for obtaining a free copy of record of owners of the building from the Land Registry, and attending owners' meetings to provide assistance. In addition, the HAD maintains a dedicated website on building management which contains useful materials on the formation of OC, such as the relevant legislation, forms, and publications.

HAD also partners with the HKHS to provide financial assistance and free legal advice to owners to facilitate formation of OCs. Under the Building Management Incentive Scheme of the HKHS, each OC will be granted \$3,000 to cover the expenses incurred in its formation.

Price Surveillance of Food and Daily Necessities

10. **MS EMILY LAU** (in Chinese): *President, the Consumer Council (CC) has recently received an extra allocation of \$5 million from the Government to expand its commodities price survey project to provide consumers with more comprehensive price information on commodities. There are comments that as price surveys are conducted by the CC each time on commodities of different kinds and brands taken from different districts, the survey results only reflect the retail prices of the day, but not price trends, and thus have little reference value. In this connection, will the executive authorities inform this Council whether it knows:*

- (a) *the criteria adopted by the CC for choosing commodities for price surveys, and a list showing the number of commodities, ratio of weekly repeated items, as well as the number of retail points covered in the price surveys over the past six months;*
- (b) *if the CC will change its approach by conducting price surveys on commodities of the same kinds and brands, in particular, of daily necessities, for showing the price trends to increase their reference value; if it will, of the details; if not, the reasons for that; and*
- (c) *if the CC has discovered cases in which small shop owners raised their commodity prices after learning from the CC's announcement on the price survey that their commodities were selling at the lowest prices, and cases of major supermarket chains lowering the prices of the related commodities immediately after the release of the price survey results but resuming the old prices a few days later; if there have been such cases, of the CC's counter measures?*

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

- (a) The "Weekly Price Survey" project undertaken by the CC seeks to inform consumers possible price differentials among shops. We consider that enhanced price transparency will facilitate the flow of market information and help customers make smarter shopping choices. Under the project, the CC selects a district each week and surveys the retail prices of some 40 popular food items and necessities in the district. Each survey generally covers some 20 retail points of different nature, such as supermarkets, pharmacies, frozen food stalls, beauty product chains and groceries. Retailers do not know the district, items and retail points beforehand and hence cannot prejudice the reliability of the survey by manipulating prices before the survey. Apart from disclosing the retail prices of the surveyed items, the CC also makes public the names of the surveyed retail points. In addition, the CC also lists out the Internet prices of those items of large supermarkets, so that consumers may draw a comparison. Survey findings are disseminated through the Public Enquiry Service Centre of the relevant District Office, newspapers, the electronic media and the CC's website.

Between May and the end of October this year, the CC has conducted 18 such surveys, covering some 520 products and some 260 retail points. As the nature of the Weekly Price Survey is different from a "tracking survey", the same products will not be covered in each survey.

- (b) There are numerous popular food items and daily necessities, and there are numerous retail points selling the same product. Besides, retailers frequently adjust the range, styles and prices of the goods they put up for sale. If the object of the current project were to be changed to a "tracking survey", that is, to reflect price trends, very substantial resources would be required for monitoring the retail price trends of various products available for sale in many retail points in different districts over a considerable period of time. It would not be cost-effective if the findings were for reference by consumers.

The Administration has indeed tracked the price trends of consumer goods. The public may obtain such information from the Monthly Report on the Consumer Price Index published by the Census and Statistics Department (available at http://www.censtatd.gov.hk/products_and_services/products/publications/statistical_report/prices_household_expenditure/index_cd_B1060001_dt_latest.jsp).

- (c) Summarizing the survey findings, the CC finds that while there were incidences of retailers raising their prices, there were also cases of retailers lowering the prices. Hong Kong is a free and competitive market in which retailers may set their prices according to their own marketing strategies. The CC's price surveillance initiatives enhance the transparency of prices in the market and facilitate information flow, thereby alerting consumers to possible price differentials among retail points and helping them make smart choices according to their own needs.

Regulation on Safety of Cosmetic and Skin Care Products

11. **MR LAU KONG-WAH** (in Chinese): *President, concerning the regulation on the safety of cosmetic and skin care products in the market, will the Government inform this Council whether:*

- (a) *it has received in the past two years complaints about skin allergies or other indispositions after using the above products; if it has, of the details;*
- (b) *it has found, by way of tests in the past three years, that such products contained substances which are harmful to the human body or toxic; if it has, of the details;*
- (c) *it has reviewed the existing regulatory measures on the safety of such products, and how it ensures that the products are free of substances which are harmful to the human body; and*
- (d) *it knows if at present, all such products bear a date of manufacture and an expiry date, and whether the authorities will consider imposing regulation through legislation?*

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

- (a) The number of complaints received by the Customs and Excise Department (C&ED) and the Consumer Council (CC) from 2006 to the end of September 2008 about skin allergies or other indispositions after using cosmetic^(Note 1) and skin care products^(Note 2) is as follows:

| <i>Complaints received by</i> | <i>Skin allergies and other indispositions</i> | | | | | |
|-------------------------------|--|-------------|--|---|-------------|--|
| | <i>Complaints on cosmetics</i> | | | <i>Complaints on skin care products</i> | | |
| | <i>2006</i> | <i>2007</i> | <i>2008 (January to September)</i> | <i>2006</i> | <i>2007</i> | <i>2008 (January to September)</i> |
| <i>C&ED</i> | 4 | 3 | 4 | 12 | 14 | 16 |
| <i>CC</i> | 8 | 2 | 2 | 31 | 20 | 15 |
| <i>Total</i> | 12 | 5 | 6 | 43 | 34 | 31 |

Note 1 Including lipsticks, make-up foundations, nail polishes and mascara.

Note 2 Including facial masks, skin lotion, facial cream, whitening products, essence and sun-block products.

- (b) During the same period, cases involving cosmetic or skin care products that failed to comply with the "general safety requirement" in the Consumer Goods Safety Ordinance (Cap. 456) (the Ordinance) are as follows:

Facial Mask

In early 2006, the C&ED found a facial whitening mask in the market that contained a bacteria count exceeding the permissible safety limit under the Mainland's Hygienic Standards for Cosmetics. After consulting the Department of Health, the C&ED considered that the mask in question failed to meet the relevant safety requirement, and took enforcement action by issuing a notice to the supplier requiring it to stop supplying the mask in question. In addition to monitoring the product recall and disposal, the C&ED also issued a written warning to the supplier.

Facial Cream

The Department of Health has received four cases of facial whitening cream containing excessive mercury. Laboratory test results showed that the mercury content in the facial cream samples exceeded the level permitted in the Mainland. Thereafter, the Department of Health advised the public to stop using the facial cream and the C&ED took enforcement action by ordering the traders concerned to stop supplying the product, as well as issuing a written warning and prosecuting an importer. Based on the information on the packaging of the product, the C&ED also requested the General Administration of Quality Supervision, Inspection and Quarantine of the Mainland to assist in following up the case.

Nail Polish

In early 2008, the C&ED conducted spot checks on retailers and purchased nail polishes of different brands for testing by the Government Laboratory. Test results showed that the levels of methanol, benzene or phthalate in some of the products exceeded the Mainland's standards. These chemicals may adversely affect human health. The C&ED is following up the cases.

- (c) Cosmetic and skin care products available in the market are consumer goods subject to the regulation of the Ordinance. The Ordinance provides that manufacturers, importers and suppliers should ensure that the consumer goods they supply in the market meet the general safety requirement. Under this requirement, the consumer goods concerned must be reasonably safe. In determining whether a particular consumer good complies with this requirement, due regard should be made to all circumstances, including:
- (i) the manner in which, and the purpose for which, the consumer good is presented, promoted or marketed;
 - (ii) the use of any mark in relation to the consumer good and instructions or warnings given for the keeping, use or consumption of the consumer good;
 - (iii) reasonable safety standards published by a standards institute or similar body for a consumer good of the description which applies to the consumer good or for matters relating to a consumer good of that description; and
 - (iv) the existence of any reasonable means (taking into account the cost, likelihood and extent of any improvement) to make the consumer good safer.

Generally speaking, if the goods can meet overseas or international safety standards (such as the standards of the Mainland, the United States, the European Union, Australia or Japan), they will be considered as meeting the requirement under the Ordinance.

The C&ED is responsible for enforcing the Ordinance. In regard to cosmetic and skin care products, apart from investigating complaints, the C&ED conducts spot checks on retailers proactively to check if they put up for sale unsafe or suspected unsafe cosmetic and skin care products (such as those subject to recall overseas). The C&ED also takes product samples for testing by the Government Laboratory. In addition, the C&ED closely monitors

local and overseas media reports, as well as reports published by safety organizations on potential hazards relating to cosmetic and skin care products, so that appropriate measures could be taken against suspected unsafe products. When a particular cosmetic or skin care product is found to have breached the requirement under the Ordinance, the C&ED will require retailers to stop selling and recall that unsafe product, and will prosecute offenders. On first conviction, the penalty is a maximum fine of \$100,000 and an imprisonment for one year, and on subsequent convictions, the penalty is a maximum fine of \$500,000 and an imprisonment for two years.

It is equally important for consumers to select cosmetic and skin care products carefully. We often remind consumers not to purchase products from unknown sources. Through its monthly magazine "*Choice*", the CC provides from time to time safety tips on the purchase and use of cosmetic or skin care products for consumers.

We consider that the requirements under the Ordinance and the measures mentioned above have accorded reasonable protection to consumers.

- (d) It is not a requirement under the Ordinance for cosmetic or skin care products to bear a date of manufacture and an expiry date. As we have mentioned in part (c), the current legislation and measures have accorded reasonable protection to consumers. We have no plans at the moment to introduce legislation to require such products to bear a date of manufacture and an expiry date.

Safety of Slab-paved Pavements

12. **MR LAU KONG-WAH** (in Chinese): *President, I have recently received quite a number of complaints from members of the public alleging that the surfaces of slab-paved pavements were uneven, which even caused them to stumble. In this connection, will the Government inform this Council:*

- (a) *of the number of relevant complaints received and the number of injuries reported in the past two years;*

- (b) *whether it has studied the potential hazards caused by such slab-paved pavements to pedestrians, in particular children and the elderly; if it has, of the study results; if not, the reasons for that;*
- (c) *of the measures in place to ensure that government departments and public utility corporations will carry out restoration works to slab-paved pavements properly after completing their works on underground facilities; and*
- (d) *whether it has any plan to use other materials instead of slabs to pave pavements; if it has, of the details of the plan; if not, the reasons for that?*

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

- (a) At present, the total length of footpaths in Hong Kong is approximately 2 500 km, about 30% of which are laid with slabs. These are mainly streets in tourist areas, commercial districts and pedestrian zones.

According to the record of the Highways Department (HyD), the number of complaint cases related to uneven precast slabs on footpaths in 2006, 2007 and 2008 (up to end September) are 797, 621 and 709 respectively.

Between January 2006 and September 2008, the HyD received nine cases of claims against the Government by members of the public who claimed that they were injured by uneven slabs laid on the footpaths. All these cases have been or are being handled in accordance with established procedures.

- (b) and (c)

There are various causes for the unevenness of slabs on the footpaths. They include problems in the standard of workmanship; improper reinstatement of footpaths by the contractors of public

utilities or government departments after road opening works; excessive loading on the footpaths by illegal parking, and so on. In addition, street washing conducted with high pressure water jets may wash away the sand in the bedding layer of the slabs, resulting in the unevenness. We are taking the following actions to address the above:

- (i) For problems in the standard of workmanship, the HyD has formulated clear works specifications and required road works contractors to employ labourers trained with relevant skills to carry out paving works to ensure the standard of workmanship. In addition, the HyD arranges training courses for the concerned newly recruited staff to enhance their knowledge on the supervision of road works.
- (ii) Regarding the problems arising from improper footpath reinstatement works carried out by the contractors of public utilities or government departments, the HyD has deployed dedicated staff to make regular inspections to ensure the road opening works carried out by these contractors are in compliance with the conditions stipulated in the Excavation Permits. If damage to the pavement or improper reinstatement condition is spotted, the HyD will request the permit holders to repair the pavement as soon as practicable. If such repairs take a longer time to complete, the permit holder is required to cordon off the affected area with appropriate lighting, signing and guarding facilities to prevent accidents.
- (iii) As for footpaths receiving excessive loading due to illegal parking, the HyD closely monitors the black spots of illegal parking, and requests the Transport Department to consider the installation of bollards along the footpaths and the police to strengthen law enforcement if necessary.
- (iv) For streets frequently cleansed by high pressure water jets, such as those near markets, the HyD uses sand cement instead

of sand as the bedding layer of the slabs, and fills the seams between slabs with joint sealant to reduce the unevenness caused by street washing.

- (v) As for the repairs and maintenance of the slabs, all public roads in Hong Kong are inspected regularly by staff of the HyD. Once any damaged or uneven slabs on footpaths are found, the HyD will make arrangements for contractors to conduct repairs as soon as practicable. The HyD will also liaise with the Transport Department and the police for implementing the necessary temporary traffic arrangements. In addition, the HyD receives reports on damage to roads and associated street furniture through the government hotline. Timely maintenance work will likewise be arranged.
- (d) The HyD has started using precast slabs for paving footpaths since the mid-1980s. In addition to enhancing the landscape of the city, precast slabs are environmentally-friendly since they are reusable and can avoid the generation of noise from the employment of heavy machinery when road opening works are carried out. In the long run, it is more economical to use precast slabs than other paving materials. Besides, slab-paved footpaths can be put into service earlier upon the completion of the paving works.

The HyD is of the view that the use of precast slabs for footpath pavements in areas with high pedestrian flow is appropriate. For areas with low pedestrian flow, such as remote areas or industrial areas, it is more suitable to use concrete for paving. The HyD will select the most suitable paving material having regard to the circumstances of individual districts and streets.

Provision of Meteorological Information

13. **MR FREDERICK FUNG** (in Chinese): *President, it is learnt that often there are significant discrepancies between the weather information such as temperature and relative humidity recorded at the headquarters of the Hong Kong Observatory (HKOH) and that recorded at district weather stations.*

Members of the public had told me that high temperatures at 33°C or above were recorded by a number of district weather stations at around noon on 22 September while the temperature recorded at the HKOH was apparently lower. The Hong Kong Observatory (HKO) issued the Very Hot Weather Warning only at around 3 pm that day. In this connection, will the Government inform this Council:

- (a) how the figures of average temperature and relative humidity recorded at the HKOH compare with those recorded at district weather stations over the past three years, and the reasons for such discrepancies;*
- (b) whether, in considering the temperature and relative humidity for deciding if the Very Hot Weather Warning should be issued, the HKO takes into account the figures recorded at the HKOH only; if so, whether it has reviewed if the Very Hot Weather Warning can reflect the actual current weather conditions in different districts; if it has, of the results; if not, the reasons for that; whether it will consider issuing the district-based Very Hot Weather Warning; and*
- (c) whether it has assessed the effectiveness of the meteorological observing system for assessing the weather stress index adopted by the HKO during the staging of the Olympic and Paralympic Equestrian Events in Hong Kong; whether it will consider publishing weather reports through that system; if it will, of the implementation timetable; if not, the reasons for that?*

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

- (a) The Annex gives figures showing the average temperature and relative humidity recorded at the HKOH and the various districts over the past three years. The differences in temperature and relative humidity across districts are largely due to the topography of each district and their proximity to the sea. The differences we see in Hong Kong are consistent with those of coastal cities in general;

- (b) At present, the HKO decides whether to issue the Very Hot Weather Warning on the basis of the temperature, relative humidity and wind speed recorded at HKOH.

The HKO has no plan at the moment to go for a district-based Very Hot Weather Warning system. There are currently 10 types of weather warning in Hong Kong, all applicable to the entire territory. Whilst Hong Kong is small in terms of size, we have a relatively large number of administrative districts. When this is taken together with the variability of weather conditions, we reckon that issuing the Very Hot Weather Warning on a district basis could easily cause confusion to the public.

To help keep the public informed of the changing weather conditions in different districts, the HKO disseminates (through its website, the media and a telephone enquiry service) the weather data captured by its weather stations located across the territory, including temperature and/or relative humidity; and

- (c) The weather information services provided by the HKO for the Olympic and Paralympic Equestrian Events, including the use of a heat stress index called the "Web Bulb Globe Temperature" (WBGT), received positive comments from the International Equestrian Federation and the Equestrian Company.

In developing and applying the WBGT technology, the HKO has been focussing mainly on the tolerance level of competing horses but not human beings. Further research will be required if we are to apply the technology to general weather services. At present, a universal index relating to heat stress does not exist. Different countries use different indices, and adopt different reference data, calculation methodologies and standards. For example, Australia uses the WBGT; the United States uses the "Heat Index"; whilst Canada adopts its own "Humidex", and so on. The World Meteorological Organization plans to release in 2009 guidelines that may form the basis for an international standard on the subject. When such an international standard is available, the HKO will consider whether to apply the WBGT or a similar index to its general weather services.

Average temperature, relative humidity and wind speed as recorded by the automatic weather stations of the HKO (2005-2007)

| <i>Region</i> | <i>Temperature (°C)</i> | <i>Relative humidity (%)</i> | <i>Wind Speed (km/hour)</i> |
|---------------------------------|-----------------------------|----------------------------------|---------------------------------|
| HKOH | 23.5 | 79 | 9.7 |
| Cheung Chau | 22.7 | 83 | 17.6 |
| Tsing Yi | 23.3 | 75 | 7.9 |
| Wong Chuk Hang | 23.5 | 77 | 9.0 |
| Tseung Kwan O | 22.7 | 80 | 6.5 |
| Shek Kong | 23.3 | 82 | 5.4 |
| Sai Kung | 22.9 | 79 | 10.1 |
| Ta Kwu Ling | 22.7 | 78 | 7.2 |
| Tai Po | 23.0 | 79 | 11.5 |
| Tuen Mun | 23.7 | 75 | 8.6 |
| Hong Kong International Airport | 24.2 | 71 | 16.9 |
| Lau Fau Shan | 23.0 | 77 | 12.2 |
| Sha Tin | 23.2 | 76 | 8.3 |

Note: HKO now measures temperature readings in 25 districts. The weather information captured by some of HKO's weather stations is not reflected in the above table because:

- (a) individual weather stations have been operating for less than three years;
- (b) individual weather stations are not equipped with instruments for measuring relative humidity or wind speed; or
- (c) some weather stations are being operated at atypical locations (for example, high altitude).

Provision of Subvented Community Services

14. **MR CHEUNG KWOK-CHE** (in Chinese): *President, in December 1995, the Government decided not to extend Neighbourhood Level Community Development Projects (NLCDPs) in the light of its gradual decline in demand, and that the existing NLCDPs would be terminated when the project area was demolished and redeveloped. Besides, the NGO Forum on Community Development (the Forum), co-ordinated by the Home Affairs Bureau to serve as a platform to discuss community development issues, has not held any meeting*

since March 2006. Regarding the provision of subvented community services, will the Government inform this Council:

- (a) *of the amount of financial resources released each year upon the termination of the NLCDPs in Shek Kip Mei and Wong Chuk Hang Estates, and whether such resources have been redeployed to finance other community service projects; if so, of the respective amounts of annual expenditure for each project;*
- (b) *of the NLCDPs that will be terminated in the coming two years, and the districts to be affected; and*
- (c) *when the next Forum meeting will be held?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President, due to the clearance and redevelopment of the project areas served by the NLCDPs at Shek Kip Mei Estate and Wong Chuk Hang Estate, the above NLCDPs have been terminated in December 2006 and October 2007 respectively. My reply to the three parts of the question is as follows:

- (a) Following the termination of the aforementioned projects, a sum of \$4,044,000 of financial resources were redeployed to the Home Affairs Department (HAD). The HAD would consider the needs of respective districts and local residents and use these resources to provide relevant community services. In the 2008-2009 financial year, we plan to deploy the resources to various districts such as Tin Shui Wai (approximately \$2,100,000), Tuen Mun (approximately \$900,000) and Kwun Tong (approximately \$600,000), with a view to promoting neighbourhood support.
- (b) According to current policy, existing NLCDPs would be terminated when the project area is cleared or when the target population of their serving areas falls below 1 800, with the specific timing of termination determined on a case-to-case basis. The Housing Department expects to clear Lower Ngau Tau Kok Estate in 2009, and the NLCDP serving the area will be terminated accordingly.
- (c) The Home Affairs Bureau intends to convene the Forum on a need-basis and would liaise with relevant parties accordingly.

Assistance Provided to SMEs

15. **DR LAM TAI-FAI** (in Chinese): *President, owing to the global economic downturn triggered off by the recent financial crisis of the United States and with the tightened credit facilities by banks, small and medium enterprises (SMEs) in Hong Kong find their businesses increasingly difficult to operate. In order to assist SMEs in tiding over the difficulties and preventing the unemployment problem from worsening as a result of the collapse of SMEs, will the Government inform this Council whether:*

- (a) *it will consider allowing SMEs to defer the payment of provisional tax for one year and making arrangements for them to pay profits tax by instalments;*
- (b) *it will consider exempting SMEs from payment, for one year, of the rates charged on their owner-occupied premises;*
- (c) *it will request the Hong Kong Export Credit Insurance Corporation to raise the maximum limit of credit insurance for SMEs and relax the requirements for applying for credit insurance in relation to goods to be exported to emerging markets such as Russia, the Middle East and Africa;*
- (d) *it will consider halving all government fees and charges in relation to SMEs' businesses for one year;*
- (e) *it will consider relaxing the restrictions on the use of factory buildings to allow SMEs to use premises in such buildings for exhibition, distribution and wholesale purposes;*
- (f) *specific measures have been put in place to urge banks to stop tightening the credit facilities for SMEs and remove the measure of deferring payment of credit card transaction proceeds to businesses; if they have, of the details of such measures; if not, the reasons for that;*
- (g) *it will, with reference to the Special Finance Scheme for SMEs in 1998 and the Loan Guarantee Scheme for Severe Acute Respiratory Syndrome Impacted Industries in 2003, consider raising the Government's risk-sharing factor to at least 70% under the current*

SME Loan Guarantee Scheme; if it will not, of the reasons for that; and

- (h) *it will discuss with the mainland authorities concerned and urge them to effect relief measures in respect of the fees, charges, subsidies, tax rebates, and so on, on businesses operated by Hong Kong businessmen?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, SMEs are the backbone of Hong Kong's economy. We understand the considerable difficulties faced by SMEs in the financial crisis, and their hope that the Government would help them tide over the difficulties. I have earlier announced a package of support measures, including allowing greater flexibility in the loan amount under the SME Loan Guarantee Scheme, and extending the guarantee period for the Working Capital Loan. We have also raised the grant ceiling of the Export Marketing Fund and extended the scope of reimbursable items, with a view to enabling SMEs to develop more new markets and engage in more promotion activities. In addition, the Hong Kong Export Credit Insurance Corporation will enhance the support for exporters, such as freezing premiums for its insurance facilities, continuing to provide cover for the payment risks arising from the buyers' failure to take delivery of goods which are usually not covered by other insurance companies in the market, and providing a certain number of free buyer credit assessment service for exporters.

Apart from the above measures that have been announced, we are now working with bureaux, departments and relevant organizations to actively examine the feasibility of introducing more support measures for SMEs. The Financial Secretary has convened an inter-departmental meeting to study various options, including those mentioned in this question. We shall make public announcements as soon as the decisions are available.

Regarding parts (a), (f) and (h) of the question, the information below will be relevant:

- (a) Currently, the Inland Revenue Ordinance has provisions that allow flexible arrangement to cater for changes in taxpayers' income. If a taxpayer estimates that his/her income or profits for the current year would be less than 90% of that of the previous year, he/she may, within 28 days before the due date for tax payment, apply to the Inland Revenue Department to hold over all or part of the

provisional tax. If an individual taxpayer is unable to pay tax on time due to financial difficulties, he/she may also apply to the Department for paying tax in instalments.

- (f) In view of recent concerns about banks' tightening of credit to SMEs, the Hong Kong Monetary Authority (HKMA) issued a circular on 29 October 2008 urging banks to be accommodative in lending to SMEs within the bounds of prudent risk management. In particular, banks are encouraged to adopt a supportive attitude towards their SME customers in these difficult times, and to refrain from any hasty, material and indiscriminate tightening of credit which could have a significant adverse impact on the business and economic prospects of otherwise healthy SMEs. The HKMA also draws banks' special attention to credit tightening involving withdrawal or reduction of credit lines, shortening of trust receipt periods or extension of the prevailing period for making payments to retail merchants in respect of credit card transactions. It also emphasizes that any tightening of credit to an SME customer should, as far as practicable, be considered on a selective basis in the light of the customer's credit position rather than applied across the board to SMEs within the same industry or sector.

Regarding the deferral of payment to retail merchants for credit card transactions, the HKMA understands that not every bank has adopted this practice. Some banks have made this arrangement with individual merchants engaged in specific industries, as part of the banks' risk management process. The HKMA is now discussing the issue with the banks concerned, and will urge banks not to be indiscriminate in deferring payment, thereby tightening credit indirectly, but to consider the merits of each case, wherever such is practicable. The HKMA will also follow up with banks to see if there are other ways in which the latter's concerns may be addressed.

- (h) The SAR Government has all along maintained close contact with the relevant Central Authorities and various provincial and municipal governments to reflect the difficulties and concerns of Hong Kong businessmen operating in the Mainland, and examine measures to assist them. For example, after considering our recommendations, the Mainland has temporarily put on hold individual measures, and has increased the export tax rebate rates for some 3 000 commodities. In addition, individual provinces and

municipalities (for example, Guangdong and Dongguan) have also introduced support measures, including reduction or exemption of administrative levies, establishment of special funds, enhanced facilitation in customs clearance and provision of one-stop service for industrial upgrading and restructuring, with a view to reducing the operating costs of enterprises and helping them raise fund. The SAR Government will continue to strengthen communication with the mainland authorities at various levels through different channels to provide appropriate assistance to the Hong Kong businessmen (SMEs in particular) in face of the prevailing economic environment.

Flying National Flag and Regional Flag

16. **MR LAU WONG-FAT** (in Chinese): *President, the Regional Flag and Regional Emblem Ordinance stipulates that, whenever the national flag is flown together with the regional flag, or the national emblem is displayed together with the regional emblem, the national flag or the national emblem is to occupy a more prominent position. In this connection, will the Government inform this Council:*

- (a) *whether there are statistics on the existing number of government buildings and venues with two or more flagstuffs for flying the national flag together with the regional flag; and*
- (b) *among the buildings and venues referred to in (a), of the number of those with flagstuffs of the same height, and thus failing to comply with the above requirement when the national flag is flown together with the regional flag, and as it has been over 10 years since the reunification of Hong Kong, whether the Government has any plan to carry out modification works to such flagstuffs, so as to meet the above requirement when the national flag and the regional flag are flown together; if so, when such works will be completed; if not, the reasons for that?*

CHIEF SECRETARY FOR ADMINISTRATION (in Chinese): President,

- (a) The Government does not keep statistics on the number of government buildings and venues with two or more flagstuffs. However, according to government guidelines, the national flag shall

be displayed at approximately 80 locations on designated dates. Besides, approval has been given to some venues managed by the Leisure and Cultural Services Department, hospitals under the Hospital Authority and government schools under the purview of the Education Bureau to display the national flag on designated dates. Whenever the national flag is displayed at the above locations, the regional flag should also be displayed. The above locations therefore have two or more flagstaffs.

- (b) The Regional Flag and Regional Emblem Ordinance stipulates that in the Hong Kong Special Administrative Region, whenever the national flag is flown together with the regional flag, the national flag is to occupy a more prominent position. Based on the above requirements, when the national flag is flown alongside the regional flag, the national flag is to be on the right and the regional flag on the left, and the regional flag should be smaller than the national flag; when the national flag, the regional flag and other flag(s) are flown together, the national flag should be in the centre or in a notable position.

When the Director of Administration approves individual departments to fly/display the national flag, the relevant departments are reminded of the details of flying/displaying the national flag and the regional flag. All government departments need to comply with the relevant requirements. The Administration Wing also issues circulars regularly to government departments to reiterate the relevant requirements.

Remuneration Arrangements for District Council Members

17. **MR IP KWOK-HIM** (in Chinese): *President, as Members of this Council are provided, with effect from the Fourth Legislative Council, with an end-of-service gratuity and annual accountable medical allowance of \$25,000, will the Government inform this Council whether presently it has any plan to provide such remuneration arrangements for District Council (DC) members; if so, of the details; if not, the reasons for that?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President, in 2006, the Independent Commission on Remuneration for Members of the DCs of the Hong

Kong Special Administrative Region (the Independent Commission) considered how the remuneration package of DC members of this term could be improved. The recommendations of the Independent Commission were approved by the Finance Committee of the Legislative Council. These include a 10% increase in the honorarium of DC members, introduction of a new miscellaneous expenses allowance (\$48,000 per annum), introduction of a setting-up allowance (\$100,000 per term) and a winding-up allowance (\$72,000 per term).

We note the new arrangements for end-of-service gratuity and medical allowance for Legislative Council Members in the new term. We will review the remuneration arrangements for DC members and seek advice from the Independent Commission to ensure that the arrangements will meet the needs of changing circumstances.

Provision of Parks Which Admit Pets

18. **MR CHAN HAK-KAN** (in Chinese): *President, quite a number of members of the public have relayed to me that the number of pet keepers in Hong Kong is increasing, but the public space for use by pets and their owners together, including parks for pets, is inadequate, and the Government should provide more pet parks. In this connection, will the Government inform this Council:*

- (a) of the current number and location of pet parks in Hong Kong;*
- (b) whether the Government has regularly conducted surveys in the past three years on users' views on pet parks, and reviewed the facilities available in the pet parks as well as made improvements accordingly;*
- (c) of the criteria adopted by the Government for determining the location and size of pet parks;*
- (d) whether presently it has any plan to provide new pet parks; if so, of the location of these parks; and*
- (e) whether it will consider opening some parts of the parks which presently do not admit pets for use by pets and their owners, provided that this will not affect other members of the public and environmental hygiene?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President, my reply to the question is as follows:

- (a) At present, there are 10 parks under the management of the Leisure and Cultural Services Department (LCSD) throughout the territory which allow members of the public to bring their dogs in. These venues include:
- (i) Victoria Peak Garden in Central and Western District;
 - (ii) Kowloon Tsai Park in Kowloon City District;
 - (iii) Yau Tsim Mong Pet Garden in Ferry Street, Yau Tsim Mong District;
 - (iv) Po Wing Road Sitting-out Area in North District;
 - (v) Cheung Wan Street Rest Garden in Kwai Tsing District;
 - (vi) Kwai Chung Castle Peak Road Sitting-out Area in Kwai Tsing District;
 - (vii) Jockey Club Hing Shing Road Playground in Kwai Tsing District;
 - (viii) Tsing Yu Street Garden in Kwai Tsing District;
 - (ix) Sham Tsz Street Playground in Tsuen Wan District; and
 - (x) Sai Sha Road Temporary Pet Garden in Sha Tin District.

In addition, the Civil Engineering and Development Department has built a pet garden at the Wan Chai Waterfront Promenade in response to the proposals made by the Wan Chai District Council. The garden is of a temporary nature, with the LCSD presently providing the cleansing, horticultural and security services.

- (b) The LCSD will heed the views of users on the ways to improve the facilities at the activity areas for dogs in parks. The users' proposals will be examined and if they prove to be advantageous and feasible, the LCSD will take follow-up action and make improvements accordingly. For example, a proposal from a user on improving the lighting facilities at the Kwai Chung Castle Peak Road Sitting-out Area was received by the LCSD in March this year. Improvement works were then duly carried out and completed in October this year.
- (c) When considering the issues of selecting and opening leisure venues for members of the public to bring their dogs in, the LCSD will take

into account factors including views from the local community and the District Councils (DCs), the possible implications for other venue users and the surrounding environment, and the availability of adequate facilities and manpower to keep the venues in good sanitation conditions, and so on.

- (d) The LCSD has planned to open parts of the following existing parks and leisure venues under planning for admission of dogs. These five venues are:
- (i) Kwong Fuk Park in Tai Po District;
 - (ii) the landscape area at the Drainage Services Department's Sheung Wan Stormwater Pumping Station in Central and Western District;
 - (iii) District Open Space in Area 18, Tung Chung, Lantau in Islands District;
 - (iv) District Open Space at the junction of Hing Wah Street West, Lai Hong Street and Tung Chau Street in Sham Shui Po District; and
 - (v) the leisure facilities at Area 77, Tseung Kwan O in Sai Kung District.

The first two projects are expected to be completed in 2009, while the last three projects will be completed from 2010 onwards.

- (e) The LCSD has always maintained an open-minded approach to proposals on opening more leisure venues for members of the public to bring their dogs in. The LCSD will continue to select suitable areas in its existing and planned parks and leisure venues in various districts, and open these venues for admission of dogs after gaining support from the respective DCs.

Projects to Improve Pedestrian Environment and Beautify Harbourfront

19. **MR JAMES TO** (in Chinese): *President, in his policy address delivered last month, the Chief Executive stated that the Government would study a number of district projects, including "extending the footbridge system in Mong Kok to cover central Mong Kok and the Tai Kok Tsui area", and "study the feasibility of*

conducting medium and long-term re-planning of the harbour, improve the accessibility of the harbourfront and, proceed with the construction of waterfront promenades". In this connection, will the Government inform this Council:

- (a) given that in reply to my question in May last year, the Government indicated that the extension works of the pedestrian footbridge at Mong Kok Road were expected to be completed by the end of 2009, but it has recently been reported that the Transport Department (TD) advised that there was quicksand underneath the proposed location for the bridge columns and the works were thus suspended, whether the Government has assessed if the works will be completed on schedule;*
- (b) of the details of the above study on the extension of the footbridge system in Mong Kok to cover Tai Kok Tsui area, including the scope of the study and its completion date;*
- (c) given that in commissioning the consultancy study on Area Improvement Plan for the Shopping Areas for Mong Kok earlier, the Planning Department (PlanD) also explored the proposal to construct a footbridge along Argyle Street, but the proposal was subsequently rejected on grounds that the footbridge foundations would decrease vehicular capacity, whether the Government will re-examine the proposal; if it will, of the details;*
- (d) given that it was proposed in the Report of the Hung Hom District Study commissioned by PlanD that a waterfront promenade should be developed in Hung Hom, whether the Government will draw up a timetable for implementing the proposal; and*
- (e) whether the Government will study the re-provisioning of a number of the existing public facilities along the West Kowloon waterfront, such as the Yau Ma Tei Cargo Handling Area, so as to avoid impeding PlanD from implementing the proposals to develop the land along the waterfront, which were put forth in the Report of the Planning Study on the Harbour and its Waterfront Areas published in 2003?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, my reply to the five-part question is as follows:

- (a) The western extension of the Mong Kok Road footbridge system across Nathan Road will be constructed by a private developer. The associated preliminary investigation works were completed last year with the assistance of government departments such as the TD and the police. As there are legal procedures remain to be completed, including the consideration of whether the extension should be gazetted, and part of the works arrangements of the project such as underground ducts diversion have not been finalized, the construction works for the footbridge were unable to commence at the end of last year as scheduled. We will continue to liaise with the developer for the early commencement of the works. The TD and the Highways Department have not received any report from the developer on the discovery of special geological conditions that would hinder the works progress.
- (b) The policy address proposes to improve the pedestrian environment. One of the proposals to be studied is to extend the footbridge system in Mong Kok to cover central Mong Kok and Tai Kok Tsui area. The TD is making preparations for the concerned study. Various factors such as transport needs, geographical conditions, technical feasibility will be considered in arriving at a suitable proposal. The study is expected to be completed in early 2010. Upon completion of the footbridge system extension scheme, together with the existing and planned footbridges and public corridors, the footbridge system in Mong Kok and Tai Kok Tsui will be enhanced. It will facilitate pedestrians in commuting to and from the busy locations in the districts.
- (c) The Study on Area Improvement Plan for the Shopping Areas for Mong Kok commissioned by the PlanD did not put forward any specific and substantive recommendations to extend the footbridge system in Mong Kok to cover the central Mong Kok area. When PlanD conducted public consultation on the study in mid-2007, some members of the public requested to extend the existing footbridge system at Mong Kok Road along Sai Yee Street to cover the Argyle Street area. From the traffic point of view, if a new footbridge is built over the section of Sai Yee Street and Argyle Street, the

footbridge foundations will occupy part of the roads, thus decreasing vehicular capacity and affecting the traffic. As such, the above proposal was considered undesirable by the consultant.

By redeveloping the depots of the Food and Environmental Hygiene Department and the Water Supplies Department at Sai Yee Street in Mong Kok, the TD's proposed extension of the footbridge system to cover the central area serves to connect the public corridors inside such depots to the footbridge at Mong Kok Road. There is also a branch footbridge over Argyle Street to improve the footbridge network of the area. Compared with the previous proposal of constructing a footbridge along Sai Yee Street, it is a more desirable option with much less impact on traffic during and after construction. The TD will continue to examine this proposal.

- (d) To beautify and revitalize the waterfront of Victoria Harbour for use by the public, the Development Bureau will co-ordinate with various government departments in carrying out the waterfront promenade projects in different districts. Given the existing restrictions over the use of waterfront sites, the work will be planned for implementation on short-term, medium-term and long-term basis. To take Hung Hom as an example, the Hung Hom District Study recommends that a continuous waterfront promenade should be built from Tsim Sha Tsui East to Laguna Verde. As the MTRC Freight Yard and International Mail Centre (IMC) are located on the Hung Hom waterfront, the continuous waterfront promenade proposal cannot be implemented until the MTRC Freight Yard and the IMC are relocated in the long term. No specific timetable for its implementation has been drawn up yet. Nevertheless, beautification of the wall of Tai Wan Shan Swimming Pool will soon be carried out for better integration with the public realm. The works will commence in early 2009. In the medium term, we will explore the feasibility of public private partnership to develop the waterfront promenade adjoining the Comprehensive Development Area near the Hung Hom Pier.
- (e) At present, the site along the West Kowloon waterfront is mainly used as a public cargo working area. Other uses include an abandoned vehicle surrender centre, the Yau Ma Tei Marine Office and some undeveloped sites for temporary uses. The main purpose

of the Planning Study on the Harbour and its Waterfront Areas, which was completed in 2003, was to formulate a Harbour and Waterfront Plan to guide the use of waterfront areas and recommend major tourism development components and opportunities for the Study Area. The Study recommended that additional tourist attractions and facilities should be provided outside the Inner Harbour, such as the Yau Ma Tei Public Cargo Working Area/Typhoon Shelter. This recommendation was a conceptual idea and aimed to explore feasible ways to enhance the environment of the coastal area of the district. However, the cargo industry strongly objected to the idea. Hence, the Yau Ma Tei Public Cargo Working Area cannot be relocated within a short time. The Planning Study therefore did not include this conceptual proposal in the Action Area Plans. The Public Cargo Working Area is still in operation and no definite plan has been drawn up for its relocation.

The waterfront promenade of the West Kowloon Cultural District has been opened for public use since September 2005. The Development Bureau will continue to explore long-term and short-term initiatives to enhance the accessibility to and beautify the West Kowloon waterfront, including opening up some undeveloped sites for use by the public.

BILLS

First Reading of Bills

PRESIDENT (in Cantonese): Bill: First Reading.

PUBLIC HEALTH AND MUNICIPAL SERVICES (AMENDMENT) BILL 2008

CLERK (in Cantonese): Public Health and Municipal Services (Amendment) Bill 2008.

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

Second Reading of Bills

PRESIDENT (in Cantonese): Bill: Second Reading.

PUBLIC HEALTH AND MUNICIPAL SERVICES (AMENDMENT) BILL 2008

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, I move the Second Reading of the Public Health and Municipal Services (Amendment) Bill 2008 (the Bill).

The Bill seeks to confer the necessary statutory power on the Government to deal with food incidents in a more effective manner for the better protection of food safety and public health. The Bill was gazetted on 24 October. On 23 October, the Legislative Council Panel on Food Safety and Environmental Hygiene was briefed on the clauses of the Bill, and Members generally supported the proposals made in the Bill.

The Government has been working on a comprehensive Food Safety Bill to impose more effective control on food safety. The proposed food safety control measures include a mandatory registration scheme for food importers and distributors, the requirement for food traders to maintain proper records on the movement of food so as to enhance traceability, tightened import control on food, and empowering the Government to make orders administratively to prohibit the import and supply of problem food and order a recall of the problem food.

Public consultation on the Food Safety Bill has been extensive in scope. In addition to consulting the relevant advisory committees, we have also consulted all the 18 District Councils or their relevant committees and also the Consulates General in Hong Kong. We have conducted trade consultations forums as well as public forums to listen to the views of the stakeholders. The proposals made in the Bill are generally supported by all sides. We are in the course of discussing the operational details with the trade and studying with the Department of Justice the specific legal issues involved.

The recent incident of melamine has triggered public calls for the Government to be given the power to prohibit the import and supply of food and

to order a recall of the food concerned when there is a possibility of a danger to public health. In view of public concern, and given the increasing number and complexity of food incidents happening all over the world, we decided that we would first deal with issues such as prohibition of the import and supply of food, recall of food, and so on.

We propose to add new legal provisions to empower the Government to prohibit the supply of food and order the recall of food through the amendment of the Public Health and Municipal Services Ordinance (Cap. 132).

We plan to table the Food Safety Bill to the Legislative Council in around mid-2009 to deal with the remaining issues, such as a mandatory registration scheme for food importers and distributors, the requirement for food traders to maintain proper records on the movement of food, and so on. As these measures require further discussions with the trade on the operational details and involve complex legal issues, the process will still take some time.

Amendments are proposed in the Bill to empower the Director of Food and Environmental Hygiene (DFEH) to make orders administratively to prohibit the import of food, prohibit the supply of food, direct that food be recalled, direct that food be impounded, isolated, destroyed or otherwise disposed of, and prohibit the carrying on of an activity in relation to any food or restrict any such activity if the DFEH has reasonable grounds to believe that the making of the order is necessary to prevent, reduce or mitigate danger to public health.

The order made by the DFEH will specify the person, persons or class of persons intended to be bound by the order, particulars of the food, the reason for making the order, the prohibition or action required, and the relevant period. For cases where there is only a sole importer or a few importers and retailers, the DFEH may serve the orders directly upon the importers and retailers. In cases where the food concerned has been widely distributed, the DFEH will make an order addressed to a class of person or all persons (such as all the retailers), and such orders shall be published in the Gazette. In such cases, an order will take effect on the date of its publication in the Gazette.

We propose that the level of penalty for contravening an order made by the DFEH should be a fine at level 6 (up to a maximum of \$100,000) and imprisonment of 12 months.

We must stress that this measure is taken purely for the better protection of food safety and public health. The DFEH will exercise his powers carefully, with a view to striking a balance between the need to protect public health and the impact on food traders. The DFEH will take into consideration the following factors in deciding whether there are reasonable grounds for him to make the order:

- (1) information provided by the food traders;
- (2) results of food tests conducted by the Government Laboratory;
- (3) results of food tests conducted by food safety authorities of other countries or places;
- (4) food alerts issued by food safety authorities of other countries or places;
- (5) time required for conducting the food test;
- (6) the exposure of the general public or particular vulnerable groups to the food;
- (7) consumption pattern relating to the food;
- (8) statutory standard of the concerned substances in the food;
- (9) availability of information on the contamination of a particular batch of the food;
- (10) availability of information on the contamination of a particular food factory or the whole region; and
- (11) any other relevant considerations.

The Bill provides a channel for any person bound by an order made by the DFEH to appeal to the Municipal Services Appeals Board (MSAB). If the MSAB has varied or set aside the order, and if the Court considered that the DFEH did not have reasonable grounds to make the order at the time of making the order and that the person concerned has suffered loss as a result of the order

or as a result of the exercise of the order, a claim for compensation not exceeding the market value of the food concerned at the time of making the order may be made by the person concerned to the Court.

We must point out that the question of whether or not the DFEH has reasonable grounds to make the order is limited to the time the DFEH made the order. Any information or justification that appears after the order is made does not form any basis for making such a determination. This is the original intent of the Bill.

Food safety is an issue of concern to all. Enhancing protection of food safety can brook no delay. I urge Members to support the passage of the Bill.

Thank you, President.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Public Health and Municipal Services (Amendment) Bill 2008 be read the Second time.

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

MOTIONS

PRESIDENT (in Cantonese): Motion. Proposed resolution under the Interpretation and General Clauses Ordinance to amend the Food Business (Amendment) Regulation 2008.

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

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, I rise to move the motion, as set out under my name, to amend the Food Business

(Amendment) Regulation 2008 (the Amendment Regulation). The proposed amendment has been set out in the Agenda distributed to Members.

To further reduce the risk posed by avian influenza and protect public health, we introduced the Amendment Regulation to the Legislative Council on 2 July 2008. The Amendment Regulation stipulates that there should be no live poultry at retail level overnight and retailers shall slaughter all live poultry remaining at the retail premises before 8 pm every day.

The Legislative Council has formed a Subcommittee to study the Amendment Regulation. At the Subcommittee meeting, some members considered that in case of adverse weather, such as when Typhoon Signal No. 8 or black rainstorm warning has been issued by the Hong Kong Observatory, some retailers might have practical difficulties complying with the requirement of no live poultry at retail premises overnight and thus they should be exempted from compliance with the requirement under such exceptional circumstances.

Having considered Members' views and the implications on avian influenza risks, we propose to amend the Amendment Regulation to stipulate that if a black rainstorm warning or a gale warning (which means Typhoon Signal No. 8, 9 or 10) is in force at any time between noon and 8 pm on a day, then the live poultry retailers (including public market stall tenants and fresh provision shop licensees) are exempt from compliance with the requirement to slaughter all live poultry remaining at their retail premises before 8 pm on that day, and also the requirement that there is no live poultry remaining at retail premises between 8 pm that day and 5 am the next day.

The amendment has the support of the Subcommittee. I appeal to Members for support of the motion.

Thank you, President.

Secretary for Food and Health moved the following motion:

"RESOLVED that the Food Business (Amendment) Regulation 2008, published in the Gazette as Legal Notice No. 185 of 2008 and laid on the table of the Legislative Council on 2 July 2008, be amended by adding –

"6. No live poultry at retail premises overnight

(1) Section 30AA is amended by adding –

"(1A) If a black rainstorm warning or a gale warning is in force at any time between noon and 8:00 p.m. on a day, a permittee is exempt from compliance with subsection (1)(a) on that day and from compliance with subsection (1)(b) between 8:00 p.m. that day and 5:00 a.m. the next day."

(2) Section 30AA(3) is amended by adding –

""black rainstorm warning" (黑色暴雨警告) has the meaning given to it by section 71(2) of the Interpretation and General Clauses Ordinance (Cap. 1);

"gale warning" (烈風警告) has the meaning given to it by section 71(2) of the Interpretation and General Clauses Ordinance (Cap. 1);"."."

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

MR WONG KWOK-HING (in Cantonese): President, the Government has accepted the views expressed by Members on this resolution in the Subcommittee and introduced some amendments to allow overnight stocking of live chickens on retail premises under adverse weather conditions. This, we do welcome.

President, I would like to make a few points on the agriculture and fisheries policy of the Government. That the Government has introduced some minor amendments cannot offset our disappointment and regret over the lack of a long-term agriculture and fisheries policy in the Government. What happens now is that it is getting more and more difficult for chicken farmers to rear

chickens. The same happens for pig farmers in rearing pigs. In fact, the Agriculture, Fisheries and Conservation Department (AFCD) has never thought about drawing up a long-term and sustainable agriculture and fisheries policy for Hong Kong, as it has only sought to eliminate the agriculture and fisheries industry that we should have in Hong Kong. Farmers can no longer rear chickens; nor can they rear pigs. As a result, the middle-aged workers with a low level of education and skills in the agriculture and fisheries industry have been eliminated. This is indeed a very undesirable policy. Can the Secretary reconsider it?

At present, the economy is in the doldrums and jobs are difficult to come by. Should we make room for the local agriculture and fisheries industry to start new business and make a living? In fact, with regard to chicken rearing, Hong Kong has the quality "Ka Mei chickens", which are a local brand name. But in order to breed and develop these chickens, we must provide the conditions for farmers to carry on a live chickens business but this industry has been strangled and suppressed all along. This is so regrettable indeed. In this connection, I wish to make it clear to the Government that despite the passage of this resolution today, it does not mean that this Council will support the Government in stifling the room for the operation and development of the live chickens trade.

Furthermore, we can see that in this industry which is being phased out now, there is a group of workers forgotten by the Government, for they are not eligible for receiving the so-called compensation of \$35,000. Yesterday, I went with this group of workers whose job is to clean chicken cages to a meeting with an Assistant Director of the AFCD. The Government explained that cage cleaning workers were not taken into consideration in the original legislation which provides that workers can receive this amount of additional compensation only when their employer has closed down his business. But the problem is that some companies can continue to operate because fortunately, live chickens are still available, but as the number is capped at 5 000 chickens only, they do not need to hire so many workers to clean the cages. Therefore, 13 workers were sacked on 1 October. As their employers are still operating their companies, this group of workers cannot receive any compensation. This situation is not taken care of in the legislation. Moreover, some companies are involved in legal proceedings and are, therefore, considered to be in operation. What can these 13 "orphans" do? So, I very much hope that the Secretary and the Bureau can think about this and look into ways to exercise discretion, so that these cage cleaning workers will not be forgotten. Now, they do not have a job; they have been

given the sack and yet, they do not stand any chance of receiving the \$35,000 compensation. I hope that the Government can think of a solution to this problem.

Lastly, I still wish to urge the Government to draw up a long-term and sustainable agriculture and fisheries policy. Otherwise, it had better simply abolish the AFCD.

MR TOMMY CHEUNG (in Cantonese): President, I always have reservations about this Regulation which aims to introduce a so-called "daily rest night" to ban overnight stocking of live chickens at retail outlets, because the authorities have never provided scientific data to prove how far it can reduce the risk of avian influenza outbreaks.

Risk assessments must be scientifically-based and in pathology, there is also a set of systematic methods for conducting risk assessments. But even though many colleagues have repeatedly questioned how the risk of avian influenza outbreaks is calculated, the authorities have never given us a definite answer.

The Government had said before that the risk of avian influenza outbreaks could be greatly reduced by capping the daily import of live chickens at 30 000 but now, it said that it would be safest to limit the number of imported live chickens to a daily of 5 000 only and what is more, impose a ban on overnight stocking of live chickens.

There has been such a big discrepancy in the results of risk assessment simply because in June this year, avian influenza virus was found in the chicken faecal samples collected from four wet markets of the Food and Environmental Hygiene Department (FEHD). Could this be a justification? Let us not forget that at that time, there was no sign of avian influenza virus in the live chickens in chicken farms, the wholesale market and even retail stalls. The Government's ambiguous explanation is simply unconvincing.

I always hold that the policy of banning overnight stocking of live chickens which originates from Macao is not suitable for application in Hong Kong. Hong Kong is not as small as Macao where there are only 50-odd chicken stalls. The chicken vendors there can buy chickens at the live poultry wholesale market anytime, and they can also return the chickens to the wholesale market anytime.

But in Hong Kong, there are more than 400 chicken stalls scattering all over the territory, many of which are quite a long distance from the live poultry wholesale market and so, it is impossible for them to buy chickens as flexibly as chicken vendors in Macao.

Nonetheless, my concern has turned out to be quite unnecessary because since a ban on overnight stocking of live chickens was imposed and the number of imported live chickens capped, there has not been an adequate supply of live chickens in the market. Colleagues who wish to buy a live chicken certainly cannot get one if they do not make a call to place an order in advance.

Despite that Hong Kong has been hit by the financial tsunami, which has plunged the economy into a severe meltdown, and members of the public have to bear an increasingly heavy pressure of living and have called on the authorities to relax the limit of imported live chicken in order that the price of live chickens can come down, the Government has insisted not to relax the limit and what is more, it has been making fallacious remarks and rejecting public calls on various pretexts.

For instance, it is obviously because of the "daily rest night" policy implemented by the authorities against the wish of the industry that overnight stocking of live chickens is banned at retail premises and as a result, the vendors can only arrange for the live chickens to be kept overnight in the wholesale market, so that the chickens can be delivered the next morning to the catering establishments which have placed an order. But the authorities said that keeping about 2 000 unsold live chickens at the wholesale market every day would entail risks of avian influenza. Neglecting the actual situation, the authorities used this as a reason to argue that it is inappropriate to increase the number of imported live chickens.

Besides, it is obviously because the authorities, imposition of a limit on the number of imported live chickens that the retail price of live chickens has surged and to as much as over \$40 per catty at one time, thus making it impossible for live chickens to compete with chilled chickens from Shenzhen which cost some \$30 each and forcing members of the ordinary public to consume chilled chickens instead, but the authorities outrageously said that members of the public have gradually accepted chilled chickens and that as the demand for live chickens has dropped considerably, it would not be necessary to increase the number of imported live chickens.

The Government's ulterior motive is there for all to see. It is only an excuse to say that preventive measures should be tightened to reduce the risk of avian influenza outbreaks. The real intention is to make use of such measures as a ban on overnight stocking of live chickens or a capped limit on imported chickens to force the public to consume chilled chickens and to make the poultry industry see a gloomy future and then accept the reality by surrendering their licences and closing down their businesses.

This wish of the authorities has come true. As at 24 September, 56% of live poultry farmers (27 chicken farmers and two pigeon farmers), 70% of wholesalers (50 wholesalers), 72% of retailers (333 retailers) and 80% of transporters (199 transporters) have accepted the buyout proposal. The number of live poultry retail stalls has dropped from 469 to 131, while that of chicken farms is also expected to drop from 50 to 23.

This shows that the live poultry industry has already begun to wither as a result of the administrative measures adopted by the authorities. I cannot help but accept it reluctantly. Having said that, however, the authorities must not think that they can turn a blind eye to the plight of the live poultry industry. So long as there are live poultry stalls in the market, the authorities are duty-bound to implement the "daily rest night" arrangement properly for the convenience of the public and the industry.

Under the existing regulation, there must be no live chickens on retail premises from 8 pm each day to 5 am the next day, and offenders are liable to a fine at level 5 (that is, \$50,000) and imprisonment for six months.

This is actually no light penalty at all. In this connection, I have strongly urged the authorities to take into consideration unexpected circumstances where the live chickens cannot be sold out completely, or adverse weather conditions when it is necessary to protect the safety of workers and the public, and in order to ensure that they do not have to brave the elements in order to sell their live chickens, the authorities can exercise discretion to allow live chickens to be kept overnight at live poultry stalls under such circumstances, so as to prevent members of the industry from falling foul of the law unwittingly.

This proposal was supported by a majority of members of the Subcommittee, just that the authorities insisted that legislation must not be too lax. After several days (including a weekend) of exchanges and discussion, the

authorities finally made a small concession and agreed to move an amendment to provide that if a black rainstorm warning or a gale warning (Typhoon Signal No. 8, 9 or 10) is in force at any time between noon and 8 pm on a day, the live poultry retailers are exempt from the requirement and allowed to keep live chickens in the stall overnight.

Honestly speaking, this is still quite far away from my original proposal as it only provides a small concession to the industry and is not the best arrangement. But after all, the authorities have been amenable to good advice, and I appreciate that even if the Department can exercise discretion to grant exemption, it would still take some time for a notice to be published in the Gazette before the discretion can come into force and so, the industry may not be exempted from the statutory requirement in a timely manner. For this reason, I could only accept the amendment proposed by the Government ultimately.

I would like to tell Secretary Dr York CHOW that since the ban on overnight stocking of live chickens is already a *fait accompli*, and with only 131 live poultry stalls left, which means that the live poultry industry has shrunk considerably in scale, should the authorities not seriously consider allowing the market to decide on its own the number of live chickens to be supplied in the market for the selling price of live chickens to come down expeditiously, so as to make room for the survival of those members of the industry who have decided to continue with their operation in the trade?

Let me reiterate that it is impossible for the catering industry in Hong Kong, especially restaurants serving Cantonese cuisines, to operate without the supply of live chickens. There are already no live ducks, live geese and pigeons. If even the supply of live chickens is ceased, what feature is there for the catering industry in Hong Kong to remain unique and special? If we continue to move in the direction of the West by cooking with frozen materials, how can Hong Kong live up to its name as the "gourmet paradise"?

Therefore, since 50% of the chicken farmers still refuse to surrender their licences, should the authorities not assist them in developing as high value-added chicken farms and establishing their own brand names, and allow them to slaughter live chickens by themselves on their farms and then deliver their hygienic and reasonably-priced freshly slaughtered chickens to public markets and restaurants in various districts, so as to ensure the preservation and continuation of Hong Kong's culinary specialty of cooking with live chickens?

In the meantime, the authorities should also provide support to those members of the trade who have switched to selling chilled chickens and assist them to improve their business environment by all means, such as relaxing the licensing requirements by allowing them to unseal the plastic bags and cut up the chicken for sale.

The authorities have long been concerned about people passing off chilled chickens as freshly slaughtered chickens in sale and so, stipulation has been made to require that each chilled chicken be sealed in a bag before it can be put on sale.

However, as freshly slaughtered chickens are no longer available for sale in many markets now, and chilled chickens are sold both in supermarkets and wet markets, vendors in wet markets gradually have no characteristic to speak of in the products they sell, thus making it more and more difficult for them to compete with supermarkets.

In view of this, the trade wishes to provide value-added services to customers. They hope that they can cut up the chilled chickens into halves or smaller pieces or de-bone the chickens, in order to attract customers and hence increase the sales turnover. Should the authorities not be more sympathetic towards the difficulties faced by the industry and make some concessions?

In view of the prevailing financial crisis, we all hope to boost the economy and create more job opportunities, and the catering industry is all the more in need of government support on all fronts. At this point in time, should it be all the more necessary for the authorities to step up efforts to adjust the direction of its policy, rather than just imposing excessive and unnecessary regulatory control on the trade to the neglect of the importance of creating a business-friendly environment?

Indeed, following the various administrative measures, such as the ban on overnight stocking of live chickens, adopted by the authorities to suppress the live poultry industry, many workers who make a living from selling and slaughtering chickens since they were young have been affected and stripped of the means of living. In the future, I hope that the authorities can actively study with the relevant departments how best the local live poultry industry can be repositioned, so as to achieve sustainable development of the industry and facilitate the transformation of workers and hence enable them to remain in employment. President, I so submit.

MR VINCENT FANG (in Cantonese): President, I speak in support of the amendment proposed by the Government today to this regulation which seeks to introduce a so-called "daily rest night" to forbid overnight stocking of live chickens in markets, but it does not mean that I support this regulation which bans overnight stocking of live chickens in markets. It is only because we did not secure enough votes to negative this regulation in the last term of the Legislative Council and we had no other alternative that we proposed this amendment to the Food and Health Bureau, and the Secretary eventually accepted the only view of the industry in his entire proposal to strangle the live chicken industry. So, our earnest advice has finally melted his heart of stone.

Colleagues may recall that the Bureau decided to impose a ban on overnight stocking of live chickens after H5N1 virus was found in the chicken faecal samples collected from three markets with unidentified source of infection, requiring retail chicken stalls to slaughter all unsold chickens and chill them at the close of business every day, so that even if chickens not vaccinated against avian influenza were transported to the chicken stalls, they would be culled on the same day. In that case, we would not have to worry about cross-infection because there will not be overnight stocking of live chickens in the markets. However, this does not mean that no live chicken will be smuggled into Hong Kong.

The Bureau said that this proposal of banning overnight stocking of live chickens was found to be feasible in Macao and he saw no reason why it could not work in Hong Kong. It can certainly work if the Government has copied everything in the proposal, because Macao has not imposed any limit on the number of imported live chickens and chicken stalls can import as many chickens from Zhuhai as they think they would be able to sell. Secondly, chickens are allowed to be kept overnight in the markets under adverse weather conditions. And thirdly, there is only one wholesaler. However, the Bureau has copied the practice selectively by choosing only what they like and banning overnight stocking of live chickens.

As a result, in July, when Typhoon Signal No. 8 was hoisted for the first time this year in Hong Kong and at around 6 am — it was certainly good news to us because we can sleep for a bit longer but it was miserable to the live chickens transport workers. The operating hours of the wholesale market start at 5 am when all the chickens will be sent away, and the chicken stalls in the markets generally start business at 6 am to 7 am. When Typhoon Signal No. 8 was

hoisted on that day, the chickens had already left the wholesale market, and as Typhoon Signal No. 8 was hoisted, the chicken stalls did not open, perhaps because public transport was not in service and so, the vendors could not open their stalls at the usual time. The transport workers who were in the course of transporting the live chickens on their vehicles then were indeed at a loss and they could only take the chickens back to the Cheung Sha Wan Wholesale Market. But under the law, live chickens shipped away from the wholesale market cannot be shipped back there, for this may entail risks of cross-infection with the chickens to arrive the next day. Then what could they do? The Government had said that the chickens must be destroyed but as we all know, the price of live chickens is very expensive as they cost over \$30 per catty, and given that these chickens did not belong to the transport workers, who would be made responsible for the cost incurred if the chickens were destroyed? In fact, the transport workers could just leave the chickens at the chicken stalls in the market, but the industry has all along been very co-operative with the Government and they have made every effort to help prevent the outbreak of avian influenza and so, these chickens were shipped back to the wholesale market. Regrettably, the Government had reacted by just following the rules rigidly, and it was only after subsequent liaison and co-ordination between the market and colleagues of the Agriculture, Fisheries and Conservation Department (AFCD) that the Director of Agriculture, Fisheries and Conservation eventually agreed to exercise discretion to destroy a small number of the chickens.

After the industry had conveyed their difficulties to me, I reflected them to the Bureau and what was the answer given to me? I was told that should a similar situation happen again, the industry should pay attention to the weather forecast and if a typhoon was really approaching, they should not take the chickens out of the wholesale market.

This is quite right. In August, there was another typhoon. Before the Hong Kong Observatory announced that a higher typhoon signal would be hoisted shortly, colleagues in the shipping department of my company had learnt from the container terminals that they would not take in goods anymore because a higher typhoon signal would be hoisted. I, therefore, notified the industry and at the same time, rang the Director of Agriculture, Fisheries and Conservation drawing his attention to the situation and urging him to handle the case flexibly should it develop in a similar way as what had happened on that previous occasion. But the reply given to me was that they would handle the case strictly in accordance with the rules. President, I was really very angry. When have

our officials become so bureaucratic and unsympathetic? When has the Government lost all its confidence in the avian influenza prevention mechanism set up by itself?

Fortunately, Typhoon Signal No. 8 was hoisted very early on that day. The industry could, therefore, make prior arrangements and nothing had gone wrong.

In this connection, at the start of this term of the Legislative Council, I urged the Secretary to meet with my industry to listen to their views. The Secretary is, after all, a reasonable person. When I made this request in the Subcommittee studying the ban on overnight stocking of live chickens, the Bureau accepted our view and agreed to propose this amendment today. So, even though it is not the wish of the industry to see a ban on overnight stocking of live chickens, I still have to thank the Secretary here. So, I hope that colleagues can support this amendment proposed by the Government today.

Although the Bureau said that since the introduction of "a daily rest night" forbidding overnight stocking of live chickens on 2 July, the results have been satisfactory. But on the other hand, we have seen workers in the live chicken trade taking to the streets on several occasions, resorting to more and more drastic actions, and some workers had even charged onto the road and almost caused an accident. The reason was that after the buyout scheme was implemented by the Government on 24 September, the daily supply of live chickens in the market has been reduced to around 12 000, thus making it difficult for those who wish to continue with their operation in the trade to survive. Moreover, the price of live chickens has increased to over \$30 per catty. Live chickens have thus become an expensive kind of food and this has pushed up the inflation rate.

I have urged the Panel on Food Safety and Environmental Hygiene to open discussions on the supply quantity of live chickens. The industry has explained the need to keep a small number of live chickens in the wholesale market because the wholesalers take turns to buy chickens and do not necessarily buy chickens every week. As a result, retailers are not allocated with live chickens every day. Therefore, they can only supply some of the live chickens allocated to them to restaurants and food establishments with which they have signed contracts, or else they would stand a chance of being sued for breaching the contract. So, I hope that the Bureau can duly consider increasing the supply of live chickens in the light of the needs of the market.

President, we understand that the ultimate objective of the Government is to completely phase out the live poultry industry. This is why the more reasonable voluntary buyout scheme was introduced by the Government before summer. But since the scheme introduced by the Government is voluntary in nature, it is not a mandatory requirement for the industry to surrender their licence. Such being the case, can the Government give the industry a chance to continue doing business until the day when the Government would recover their licence on a mandatory basis, rather than saying on the one hand that they would let the industry survive but taking steps to "sap" the industry on the other.

In this connection, I hope the Secretary can consider this clearly. If he absolutely would not allow the industry to continue with their operation, could he please introduce some mandatory schemes to recover their licences, so that the industry would not harbour even a flicker of hope, thinking that they can still continue with their operation to make their own living for some time? Otherwise, could the Secretary, in view of the needs of the market, the commercial viability of the industry and the inflationary pressure, consider increasing the supply of chickens by evenly increasing the number of chickens imported from the Mainland and those supplied by local farms, so that members of the industry can continue to be self-reliant until the very last moment? If the Secretary can do this, that would indeed be an act of boundless beneficence.

I so submit. Thank you, President.

MS CYD HO (in Cantonese): In fact, this amendment is very simple, and the impacts on the industry are really I think it may come to the rescue of the industry five or six times a year when there is inclement weather, for the requirement can then be waived and hence they will not breach the law. However, the entire policy has still done great damages to the industry and the economic development of Hong Kong. I think we must first ask these questions: What is the objective of the policy? Are the measures taken by us effective? The objective of the policy is, as far as I know, very clear and that is, it aims to reduce the risk of avian influenza outbreaks. But can the authorities achieve this objective after taking so many measures?

When examining the regulation, a member asked the authorities questions which the authorities had never answered. The member, who was from the

medical profession, asked the authorities how far the risk could be reduced after the authorities had done so much, and how the risk was assessed or what methods were used to assess the risk? Or, with reference to the risk of infection at levels one to five, how far has the risk been reduced after implementing the chicken cull and a ban on overnight stocking of live chickens? In what way can these measures help in making improvement? No answers have been given to these questions.

President, while the Chief Executive has put forward a scientific view of development, the authorities have nevertheless introduced measures that are entirely not scientifically-based when the public health policies have affected the local community economy. This is very regrettable. Certainly, the authorities have said that even though the chance of it happening is one in several millions, we must still make every effort to prevent it because once it happens, the consequences would be very serious. Despite that the authorities have implemented measures which can affect the industry so significantly, if birds fly across the boundary into the territory, what can the authorities do? What can we do? The authorities also said that after so many measures were taken, the carcass of a dead bird found recently in the vicinity of the Cheung Sha Wan Wholesale Market was tested positive of the avian influenza virus. In other words, there is little that the authorities can do, and even after taking these measures which have caused the industry to shrink to such an extent, they still cannot achieve 100% prevention of avian influenza. So, if the authorities wish to lobby for our support for these measures, I think they must produce some scientific evidence, for this is an issue of public health and hygiene.

As regards economic development, in the policy debate concluded only some time ago, Members agreed that the diversification of economic development should be maintained in Hong Kong. But now, the Government has implemented a measure which has dealt a blow to the retail market. The measure will, sooner or later, also deal a blow to the poultry trade in its entirety from rearing, wholesale, transport to retail and even to the catering industry. Our objective is merely to eliminate the avian influenza virus, not the industry. Nor is it our objective to eliminate job opportunities. So, we should take scientifically-based measures to improve the conditions for the local poultry rearing industry, improve the conditions for the transport industry and improve the conditions for the retail and wholesale industries, with a view to ensuring that the risk of cross infection can be reduced. In this regard, I think the authorities

should present a complete package of improvement measures to us, rather than just "sapping" the industry to eliminate the entire trade and to eliminate job opportunities.

President, we already had very detailed discussions last week. To facilitate economic development in Hong Kong, the key lies not only in developing the financial services industry and encouraging business start-ups. The measures taken must also be scientifically based. In other words, the Government must provide statistics and justifications to tell us how it is going to protect an industry, or when it is necessary to take measures which will deal a blow to a particular industry, the Government must support its decision with statistics and justifications.

On the other hand, the daily housekeeping money of housewives will be affected by this measure. Live chickens cost only some \$50 to \$60 each in the past but now, the price has increased to \$100 to \$130. This shows that in the context of inflation which we have been talking about every day, this is not a good measure either. So, President, I hope that the Secretary, when examining public health and public hygiene issues, will give holistic consideration to all aspects. Likewise, it should also give overall consideration to the livelihood issues and economic development in Hong Kong. Thank you, President.

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

MR FRED LI (in Cantonese): President, the Democratic Party supports the ban on overnight stocking of live chickens. We also welcome this amendment proposed by the Secretary because it can technically solve the problem caused by adverse weather conditions. But I wish to point out that while overnight stocking of live chickens is banned at the retail level, there is no such requirement at the Cheung Sha Wan Wholesale Market and every night, thousands of chickens are kept overnight there. Judging from the hygiene conditions there, it is entirely possible for wild birds to fly there and spread the virus. Moreover, a dead house crow (or local crow) with H5 virus had been found on the street in Sham Shui Po, which is near Cheung Sha Wan. In fact, the crows are in close proximity to the Cheung Sha Wan Wholesale Market and they may spread the virus to the chickens kept overnight in the Cheung Sha Wan Wholesale Market. In this connection, Secretary, I am not suggesting that at the Cheung Sha Wan

..... Certainly, it would be best if overnight stocking of live chickens can be banned also at the Cheung Sha Wan Wholesale Market, for this would be more reasonable and logical. That said, I understand that the Secretary will not and cannot do this at the present stage due to opposition from the industry, but this is strongly supported by chicken farmers who have come to the Legislative Council to tell me that they very much support banning overnight stocking of live chickens at the wholesale market.

Obviously, retailers and wholesalers do not wish to see this being implemented. They hope that more flexibility can be allowed. I think if they wish that overnight stocking of live chickens can be allowed at the Cheung Sha Wan Wholesale Market, improvements should be made to the hygiene conditions and segregation measures to prevent the spread of virus by wild birds and this, I think, would be a compromise approach. While local farms are required to comply with the Government's instruction by erecting bird-proof nets over their farms to segregate chickens from the sky and bar wild birds from flying into the farms, the Cheung Sha Wan Wholesale Market is, on the contrary, completely unguarded and worse still, thousands of chickens are kept overnight there every night. This can indeed present risks. If something happens, the entire industry would be greatly affected and all the chickens in local farms and retail outlets would have to be culled and then, the Government would have to pay the most basic amount of compensation. Now, compensation under the buyout scheme has already ceased and so, the industry is still facing high risks. For this reason, although I support banning overnight stocking of live chickens in markets, if overnight stocking of live chickens cannot be banned at the Cheung Sha Wan Wholesale Market, it is necessary to introduce segregation measures there to ensure that the safety factors are high and the risk is low, in order not to make this a bomb to the industry. I hope that the Secretary will respond to and follow up this point raised by me. I so submit.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If not, I now call upon the Secretary for Food and Health to reply. This debate will come to a close after the Secretary for Food and Health has replied.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, first of all, I thank Members for their speeches and views. Some of the views have been repeatedly discussed by us before, and we have also exchanged our views on the issues concerned. I only wish to respond to two points.

First, the objective of our policy to control avian influenza is to reduce the risk of human infection of avian influenza. According to the current information concerning places all over the world with cases of infection of avian influenza, that is, from the over 300 cases of infection and a death toll of over 200, the source of infection was always contact with chickens, not wild birds. This is why we consider it most imperative to prevent contact between human beings and poultry and to this end, segregation of chickens from human beings is the most important principle. We must strive to minimize the risk until central slaughtering can be implemented.

As for the supply of chickens, from my past contacts with the industry, I do appreciate the need to keep a number of chickens in the wholesale market. However, during the past two weeks, we saw a daily over-stocking of more than 3 000 chickens on average in the wholesale market, and on the day with the largest stocking of chickens, nearly 5 000 chickens were kept there and so, we also consider it necessary to address the problem. We are currently studying with the industry on how best the number of chickens kept in the wholesale market can be reduced and how an area inside the wholesale market can be designated specifically for wholesalers to keep a limited number of chickens for a short time, in order to ensure that the chickens arrived will not easily come into contact with those to arrive the next day, thereby reducing the risk of cross infection. In doing so, we hope to strike an ideal balance between public health and the supply of live chickens. We can also see that about a fortnight ago, the price of live chickens was very expensive as the wholesale price surged to as high as \$31 per catty but today, it has dropped to \$23 per catty. So, I can see that the industry has made certain adjustments in this regard.

Lastly, I wish to particularly thank the Subcommittee for its speedy scrutiny of the Amendment Regulation. In response to the views expressed by the Subcommittee, we have proposed this amendment today and we hope Members will support it. I hope Members will vote in support of the passage of this resolution.

Thank you, President.

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

(Members raised their hands)

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

(No hands raised)

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

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. Proposed resolution under the Interpretation and General Clauses Ordinance to extend the period for amending the Employees Retraining Ordinance (Amendment of Schedule 3) Notice 2008.

I now call upon Mrs Regina IP to speak and move her motion.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MRS REGINA IP (in Cantonese): President, in my capacity as Chairman of the Subcommittee, I move that the motion, as set out under my name on the Agenda, be passed.

At the meeting of the Housing Committee on 10 October 2008, Members agreed that a Subcommittee be formed to study the Employees Retraining Ordinance (Amendment of Schedule 3) Notice 2008 which was tabled to the Legislative Council on 8 October 2008. To allow sufficient time for the scrutiny of this subsidiary legislation by the Subcommittee, members agreed that a motion

be moved by me to extend the scrutiny period of the Amendment Notice to the Legislative Council meeting of 26 November 2008.

President, I urge Members to support the motion. Thank you, President.

Mrs Regina IP moved the following motion:

"RESOLVED that in relation to the Employees Retraining Ordinance (Amendment of Schedule 3) Notice 2008, published in the Gazette as Legal Notice No. 208 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 Mrs Regina IP 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 Mrs Regina IP be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by

functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the motion passed.

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

PRESIDENT (in Cantonese): First motion: Old age allowance and universal retirement protection system.

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

I now call upon Mr Fred LI to speak and move his motion.

OLD AGE ALLOWANCE AND UNIVERSAL RETIREMENT PROTECTION SYSTEM

MR FRED LI (in Cantonese): President, I move the motion as printed on the Agenda.

The focus of the motion today is the introduction of a universal retirement protection system. People have been demanding the introduction of a universal retirement protection system for many years, but the Chief Executive has simply passed us the buck, claiming that years ago, the Government did put forward a proposal but it was vetoed by the then Legislative Council. Social activists like us, who have been fighting for the welfare of the elderly for so many years, are all very dissatisfied with such an attitude. It is precisely for this reason that we proposed this motion today, in the hope of clarifying everything in the debate. Another reason is that during our election campaigns, we undertook to fight for an increase of the Old Age Allowance (OAA) (or otherwise the "fruit grant") to \$1,000 and the introduction a universal retirement protection system. The motion under debate is thus also meant to make good our promise to the public.

Over the past three weeks, Members should have heard clearly all the opposition and criticisms in society regarding the Chief Executive's proposal to introduce a means test for "fruit grant" applicants. The Chief Executive has eventually heeded good advice, agreeing to increase the "fruit grant" to \$1,000 and drop the idea of introducing a means test. As a result of this, Mr WONG Sing-chi will move an amendment to make my motion better reflect the actual situation. On my part, I shall devote more time to discussing universal retirement protection and the ageing population.

Our society has actually been discussing the issue of universal retirement protection for two to three decades. At this juncture, I should recap the history briefly:

- As early as 1966, that is some 40 years ago, the Government, or, precisely, the former British Hong Kong Administration, already commissioned Mrs WILLIAMS, a professor of the University of London, as a consultant and she eventually proposed the establishment of a social insurance scheme with contributions from employees and employers and also funding from the Government. But her proposal was never followed up;
- Then, in the mid-1970s, labour organizations started fighting for the establishment of a central provident fund managed by the Government. And, in 1986, the Government published a document entitled *An Assessment and Analysis of Central Provident Funds*. The establishment of a central provident fund was basically the consensus of labour organizations at that time. However, in the absence of any open consultation, the then Governor, Sir David WILSON, unilaterally announced that no central provident fund or mandatory provident fund scheme would be established;
- People's struggles for universal retirement protection never ceased. Then, in 1989, the Hong Kong Social Security Society put forward the Tripartite Contributions Scheme for Old Age Protection Scheme, proposing that employees, employers and the Government should each contribute 2%, making a total of 6%, so as to provide each retiree with a monthly pension equal to 30% or 40% of his or her monthly wages. At the same time, different trade unions and civic organizations all put forward their own schemes. Following

discussions, a central provident fund scheme and a social insurance scheme based on tripartite contributions emerged as mainstream schemes in society;

- In 1992, the Government's Working Group on Retirement Protection issued a consultation paper entitled *A community-wide Retirement Protection System*, proposing a mandatory retirement protection system similar to the present-day Mandatory Provident Fund (MPF) System. All political parties, the general public and even the consultant commissioned by the Government objected to the proposed system;
- In 1994, the Government issued a consultation paper entitled "Taking the Worry out of Growing Old — An Old Age Pension Scheme for Hong Kong", proposing to introduce a "pay-as-you-go" retirement protection system, with employers and employees each contributing 1.5% and a start-up capital injection from the Government, so that all eligible residents aged 65 or above can be given a uniform monthly pension equivalent to roughly 30% of the median wage. The proposal was supported by the majority public and grass-root organizations. However, owing to the strong objection of the commercial sector, the Government subsequently dropped the proposal on the ground that opinions were divided;

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

- Afterwards, the whole issue took a very drastic turn. In 1995, the Government once again proposed the introduction of a privately-managed mandatory contributory retirement scheme, requesting the Legislative Council to render support in principle and even threatening that if the Legislative Council turned down the proposal, no retirement protection scheme would be put forward again before 1997. I was also a Legislative Council Member at that time. It was said that this was the last chance. In the end, circumscribed by the actual situation, the Legislative Council was forced to support such a privately-managed mandatory contributory

retirement scheme. In the same year, the Legislative Council passed a Members' Motion, urging that since the privately-managed mandatory provident fund scheme cannot be expected to cater for the basic livelihood needs of elderly persons either immediately or in the next few decades, the Government must expeditiously introduce an old age pension scheme. But the Government simply ignored the request;

- In 2006, after the reunification, a motion on universal retirement protection was once again moved in the Legislative Council. At that time, only one Member opposed the motion. He was Dr Philip WONG. In the group of functional constituency Members, there was one vote against the motion and nine abstentions (from the Liberal Party, of course). As a result, the motion was negated. Although there was only one negative vote, the motion just could not be passed.

The Democratic Party, the grassroots and labour organizations have been fighting for universal retirement protection for over 20 years. The whole process was long and difficult. Basically, whenever the interests of the industrial and commercial sector were involved, the Government would put up delay, and in the end, it even reduced its commitment to the absolute minimum. Under the MPF System, the Government is only responsible for enacting legislation on supervision. But then, the Chief Executive has sought to shift the blame for the absence of universal retirement protection to the Legislative Council in the past.

Attempts to evade the problem will not make it disappear automatically. Nowadays, as 30% of the elderly persons in Hong Kong are caught in poverty, we must eventually face up to the problem of increasing public expenditure arising from the ageing population in the next 20 to 30 years.

As early as 1992, when the Government first put forward a scheme similar to the present MPF System, it already admitted that a privately-managed retirement protection scheme would inevitably face higher risks of investment losses — we can see the obvious truth of this now. It also admitted that employers and employees would be made to bear heavy administrative costs, so the situation would be far more serious than we had originally imagined. And,

the community at that time criticized that for quite a long period of time in the future, most people would still be unable to enjoy reasonable retirement protection, that such a retirement protection scheme could not benefit those not belonging to the working population, and that many people close to the retirement age at the time would not have enough time to accumulate any sizeable retirement benefits. Consequently, the Government claimed that on the basis of its internal review findings and expert advice, it was convinced that all such criticisms were justified. All these worries expressed 16 years ago have now come true one by one in the prevailing financial tsunami. We Legislative Council Members are not covered by any MPF schemes, so we cannot make any contributions. But the MPF schemes of some friends of ours have incurred huge losses.

Ms LAU Ka-shi, Managing Director and Chief Executive Officer of the Bank Consortium Trust Company, concurrently the Chairman of Hong Kong Retirement Schemes Association, was earlier reported by the media as saying that in the first half of this year, the ledger losses of MPF schemes amounted to 9%, and a further loss of 30% was expected in the rest of this year. According to her, some clients who have recently retired have not withdrawn their accrued benefits for fear of losses. They would rather retain their accounts for the time being. The onslaught of the financial tsunami has led to the "shrinkage" of MPF, and retirees do not dare to withdraw their accrued benefits. This can show clearly that the protection for retirees under MPF schemes is indeed very fragile.

As early as the 1960s, the Inter-departmental Working Party of the then Government already recommended the introduction of a comprehensive social security system. The report of the Working Party said, "the price for the absence of a social insurance system will be high because the problem deteriorates with time and the cost can be expected to rise day after day."

Over the past 10 years, the number of elderly Comprehensive Social Security Assistance (CSSA) recipients has been increasing at a rate of 3.4% a year. At present, there are 180 000 elderly CSSA recipients in Hong Kong, and the tax revenue spent on elderly CSSA cases amounted to \$8.6 billion in 2007-2008. There are also 476 000 recipients of the "fruit grant", and \$4.1 billion was spent on the provision of the "fruit grant" in 2007-2008. Hong Kong's population has not exactly been ageing, but the tax revenue spent on the provision of CSSA to the elderly and the "fruit grant" already amounts to \$13.5 billion a year. And, many elderly persons are still living in poverty.

Unlike universal retirement protection and "pay-as-you-go" systems, MPF schemes take 30 to 40 years to mature. But before they can even mature, Hong Kong will face the problem of population ageing. Starting from 2011, those born in the post-war baby boom will enter old age, and the rapid ageing of our population will begin. Some 19% of the elderly population at that time will no doubt have retirement protection, but they only started making contributions at the age of 54. Even in the case of those earning the highest incomes, their MPF benefits will just be \$150,000 at most. This simply cannot enable them to live a stable retirement life. Therefore, after 2011, the number of elderly CSSA recipients and the related expenditure will certainly soar. At present, 180 000 people aged 60 or above are in receipt of CSSA, and the yearly expenditure is roughly \$8 billion. This means that every working person must each pay \$1,740 as CSSA expenditure. Assuming that in 2012, all elderly persons with retirement protection do not apply for CSSA, and that half of the elderly persons without any retirement protection must apply for CSSA (meaning that we look only at half of the elderly population), then on average, every working person must pay \$4,014 in respect of elderly CSSA cases. This is 2.3 times the amount of \$1,740 which I have just mentioned. Even if the "fruit grant" is abolished totally, the public expenditure on elderly CSSA cases will still pose a heavy financial burden, given the ageing of the population a few years later.

Unlike universal retirement protection, MPF benefits are exclusive to scheme contributors. Housewives and the unemployed cannot enjoy any protection. And, the problem of elderly poverty cannot be tackled either. It is estimated that even when MPF schemes mature within 20 years, there will still be roughly 800 000 elderly persons who cannot enjoy any retirement protection. Worse still, the ratio of the working population to the general population will drop, with the result that it will be difficult to meet the expenditure on elderly CSSA cases.

If Hong Kong does not establish another retirement protection system, our public finances and the economy will be under tremendous pressure. The introduction of universal retirement protection based on the contributions by the Government, employees and employers in addition to the existing MPF System is the only way to ensure that the Government can provide elderly persons with basic livelihood protection in a sustained manner. Those against the introduction of universal retirement protection like to quote the experience of European and American countries, saying that pay-as-you-go social security schemes have plunged these countries into deep trouble. But it must be pointed

out that according to the schemes proposed by people in Hong Kong, the retirement benefit will just be 30% of the median wage, which is far lower than the levels in Europe and America. So, the experience in Europe and America cannot be quoted as a justification for opposing the proposal.

With these remarks, I hope Honourable colleagues can support my motion.

Mr Fred LI moved the following motion: (Translation)

"That this Council reiterates that the Government should immediately increase the rates of the Old Age Allowance to not less than \$1,000 per month and fully adhere to the original intention of showing respect for the elderly, and should not introduce any new means test mechanism under the Old Age Allowance Scheme; at the same time, this Council urges the Government to commence studying the establishment of a universal retirement protection system to enable all elderly people to have comprehensive retirement protection and enjoy a dignified and comfortable life in their twilight years."

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

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

I now call upon Mr Tommy CHEUNG to speak first, to be followed by Mr WONG Sing-chi and Mr TAM Yiu-chung; but no amendments are to be moved at this stage.

MR TOMMY CHEUNG (in Cantonese): Deputy President, the policy address this year must have brought both grief and joy to elderly persons. The policy address must have brought joy to them because they finally succeeded in their fight for increasing the "fruit grant" to \$1,000. On the other hand, they must have been sad because the Government once proposed to introduce a means test, making them feel not being respected. Fortunately, the Chief Executive soon

changed his mind and withdrew the means test proposal in response to public opinions. In the future, elderly persons will be able to receive the \$1,000 of "fruit grant" without undergoing any means test. Some elderly persons remark jokingly that they have won "the war of resistance". The Liberal Party is gratified by the Chief Executive's decision.

Actually, raising the "fruit grant" has long since been a consensus in society. The reason is that despite all the price rises of foodstuffs, fruit, and so on, the "fruit grant" has never been increased over the past 10 years. Therefore, it is only reasonable to increase the "fruit grant". The Liberal Party also welcomes the Chief Executive's avowed intention of relaxing the permissible limit of absence from Hong Kong for elderly persons in receipt of the "fruit grant", for many elderly persons want to spend their old age at their hometowns in the Mainland. The permissible limit of absence (being no longer than 240 days a year at present) is a restriction that adds to the inconvenience of such elderly persons and deprives them of this welfare benefit.

However, the Liberal Party maintains that the "fruit grant" alone cannot possibly solve all the livelihood problems faced by elderly persons. This is especially the case with those forgotten elderly persons who cannot pass the asset test of CSSA, and who are thus excluded from the safety net it provides just because they have some meagre savings of \$100,000 or so, intended for their own funerals. They have no alternative but to depend on the meagre "fruit grant" for meeting their living expenses. It is estimated that there are as many as 100 000 such elderly persons. This problem must not be overlooked.

According to a survey conducted by the Hong Kong Baptist University some time ago, 86% of the 358 elderly scavengers covered by the survey were not in receipt of CSSA. Many of these elderly persons could not apply for CSSA precisely because they had some savings. However, their life is by no means satisfactory. They must even scavenge cardboard from the morning to the evening. Even though they are totally exhausted as a result, they can only earn less than \$100 a week. As the price of waste paper has fallen recently, their life has become even more difficult.

The Liberal Party's amendment today, therefore, aims precisely to help all these helpless elderly persons forgotten by the Government. We propose to introduce a new living supplement for elderly persons on top of the existing "fruit grant" and CSSA. The amount of this supplement may be slightly larger than

that of the "fruit grant". And, in order to focus resources on assisting elderly persons in need, the Government may consider the introduction of an income or asset test. But the administration of the test must be simple and convenient to applicants. The important point is that this means test must be less stringent than the means tests for CSSA applicants and elderly "fruit grant" applicants aged between 65 and 69.

Mr TAM Yiu-chung's amendment proposes to increase the value of elderly health care vouchers to \$1,000. This is also a long-standing demand of the Liberal Party, so we will support it.

But society has long since wanted to provide the elderly with more thoroughgoing retirement protection, such as a universal retirement protection system. The Liberal Party is of the view that the intention of this is certainly praiseworthy, but when it comes to actual implementation, we must study all the pros and cons in detail, especially ways to avoid adding to the burden of the future generations.

Organizations advocating universal old age pension (OAP), for example, propose to allocate half of the MPF contributions of each employee, that is, 5% of his or her monthly wages, to a government-managed OAP scheme. Hong Kong people, who are used to self-reliance, will certainly find this advocacy inconceivable. Many employees will surely ask, "I must now make full contributions, but I will only be able to receive half of the accrued benefits after retirement. Will this affect my quality of life in retirement?"

In the case of a middle-class couple who earn \$20,000 a month, for example, if they start to make MPF contributions at the age of 25, then when they reach the age of 70, they should basically be able to receive \$14,084 a month from their MPF accounts plus the "fruit grant" of \$705 (that is, the amount before the proposed increase). However, if a universal OAP system is introduced, their monthly retirement benefit will drop to \$11,337, which means that they will receive \$33,000 less per year. In other words, the middle-class people may well be victimized by the proposed new system.

As for the imposition of an additional profits tax of 1.75% as contribution by businesses to a universal OAP scheme, it is actually a complete departure from the global trend. Globally, as we all know, the trend is to reduce taxes as a means of attracting investments from enterprises. And, following the onslaught

of the financial tsunami, it has become even more necessary for all countries to work out various ways of attracting investments. Singapore, Hong Kong's main competitor, levies a slightly higher profits tax rate, and this has exerted certain pressure on Hong Kong.

The Bauhinia Foundation Research Centre has warned that if Hong Kong maintains its tax regime, some enterprises may move to other places. And, the situation is now made worse by the financial tsunami. Under such circumstances, it will be unwise of us to go against the global trend and increase the profits tax rate.

Deputy President, it is worth mentioning that under a universal OAP scheme, the present generation of people will be spending the money to be earned by future generations. As the problem of population ageing gets more and more serious, OAP schemes in many other countries are now on the verge of "bankruptcy". Governments must bear a very heavy financial burden, but still the people must also make greater and greater contributions.

In the case of Germany, for example, owing to serious population ageing, the ratio of contributors and recipients of OAP already dropped to 2.3:1 in 2004. It is expected that in 2024, the ratio will drop further to 1.3:1. In other words, about one employee will have to support one elderly person. To sustain the operation of the OAP scheme, the government there must make an injection of €70 billion, or HK\$716.6 billion, every year. And, the contribution rate for employees is close to 20% of their monthly incomes.

There is a similar problem in France. The net loss of the OAP scheme there is about HK\$441.9 billion a year. The government there must make a huge subsidy amounting to 20% of the country's GNP every year. In a bid to slow down the "insolvency" of the scheme, the French Government has tried to force civil servants to delay their retirement for several years. In the end, the largest strike ever seen by the country erupted in November last year, inflicting on it an economic loss of HK\$4 billion a day. As for Chile, all such OAP systems were abolished as early as 1980 due to the country's inability to bear the costs of the schemes concerned.

Back in Hong Kong, we have been under the twin "attack" of an ageing population and a declining fertility rate. By 2033, there will be one elderly

person in every four Hong Kong residents. Therefore, in case a universal OAP scheme is implemented, it is highly probable that 20 years later, recipients of pension benefits will outnumber contributors. Who can guarantee that we will not repeat the same mistakes in other countries?

Actually, as early as 1994, 78 Hong Kong economists belonging to the Chicago School already signed up for a newspaper advertisement opposing the introduction of universal retirement protection in Hong Kong, lest Hong Kong might be dragged into a financial quagmire. And, even the academics who advocate universal retirement protection also admit that contributions may easily soar, making it impossible for any such schemes to sustain themselves. This shows that the worries about "bankruptcy" are not ungrounded.

Therefore, for the sake of our future generations, the Liberal Party maintains that the Government and society as a whole should conduct in-depth studies and discussions on the introduction of universal retirement protection before making any final decisions. We must not take any rash actions that may victimize our children and add to our own burden.

Deputy President, I so submit.

MR WONG SING-CHI (in Cantonese): Deputy President, my amendment serves to achieve two aims. First, it aims to welcome the Chief Executive's decision to increase the "fruit grant" to \$1,000 a month in response to the opinions of the Legislative Council and the general public. Second, it also aims to reiterate the opposition of the Legislative Council and the public to the introduction of a means test for the "fruit grant" scheme.

Many elderly persons in Hong Kong are poor people. According to a survey conducted by the Hong Kong Council of Social Service, 35.9% of the elderly persons in Hong Kong are members of low-income households, that is, households earning an income less than half of the median household income. As indicated by the household income distribution statistics released by the Census and Statistics Department, many elderly persons are members of households whose incomes belong to the lowest 10% bracket. Elderly persons aged 65 or above account for 31.8% of the population of these households.

While all these statistics can tell of the life of elderly persons, there are also plenty of live examples about how they are doing. After the tightening of the eligibility for the "fruit grant" announced in the policy address, a university lecturer announced his survey findings, which show that of the 300 or so scavengers interviewed (that is, elderly persons scavenging cardboard to earn a living), about half were aged 65 or above, and the oldest was even 92. I simply cannot understand why a person as old as 92 must still scavenge cardboard. He is really very pitiable. Why can he not enjoy a better life? More than half of the scavengers concerned could only earn about \$400 a month. Despite their meagre incomes, only 14% of them were in receipt of CSSA. In contrast, 44% of them were in receipt of the "fruit grant". According to Mark LEE, Assistant Professor of the Department of Social Work of the Hong Kong Baptist University, who was responsible for the survey, the findings show that many elderly scavengers must depend on the \$700 of "fruit grant" for living, either because they were not eligible for CSSA or their children were unwilling to admit their inability to support their parents. It is estimated that in case a means or asset test is introduced, over half of the eligible elderly scavengers will stop applying for the "fruit grant". This will make their life even worse.

Recently, there has been a new development. A couple of days ago, it was reported that owing to the economic downturn, not only large manufacturers but also many mainland manufacturers had received fewer orders. This means that many factories will have to be closed, thus leading to less demand for recyclable waste. The prices of recyclable waste will correspondingly drop. Some scavengers have told us that in the past they could earn some \$20 a day by scavenging, but now they can only earn about \$10 a day. And, they even fear that the prices will continue to drop, thus making it necessary to scrimp and save even more.

Last month, in a large-scale two-day seminar organized by the Central Policy Unit, experts from New York City, London and Hong Kong met with one another to discuss ways of managing a "world city". The seminar was indeed impressive. But in Hong Kong, 30% of the elderly population are still caught in abject poverty. Members can always see for themselves what is happening in old districts. In my ward office in Choi Yuen Estate, I can easily see many elderly persons walking around with cardboard every afternoon. Our elderly persons cannot enjoy the fruit of our development. Around midnight, some

elderly persons are still scavenging cardboard in the streets, leading a very, very miserable life. How can we still talk about any grand vision of a "world city"? We had better tackle this fundamental social problem first.

The impoverishment of the elderly is actually a long-standing problem faced by the Government and community of Hong Kong. Ten years ago, the social welfare sector already pointed out that owing to the lack of retirement protection, about 100 000 elderly persons who were not eligible for CSSA or who refused to apply for CSSA must live a very difficult life. These elderly persons may live alone in dilapidated buildings, but they still have some savings which they do not want or dare to spend. Or, maybe, there is nothing to do with all this; just because they do not want to apply for any alms from the Government. That is why they would rather scavenge cardboard. Nowadays, with the return of zero interest for bank deposits, even though some elderly persons do have some savings, they simply do not dare to use them. Every month, they must live on the several hundred dollars of "fruit grant". The "fruit grant" is the only disposable income they have, and their life has turned even more difficult. The Government has never tried to squarely address this problem, nor has it ever introduced any measures to relieve the plight of these elderly persons.

Actually, the policies introduced by the Government over the past 10 years have instead driven elderly persons into greater impoverishment. The Old Age Allowance (OAA) was already introduced as early as 1973. Back to this particular year, the amount of OAA was half of the amount of CSSA. Later on, this practice was abolished. In the past few years, the OAA was never adjusted upward in line with inflation. The "fruit grant" available to elderly persons is simply not enough to meet their expenditure. Besides, our public hospitals have increased their fees and charges and introduced medicine fees. All may be small sums, but they do impose a heavy burden on elderly persons. As more low-skill posts are created in the waste recovery industry, elderly persons have found it increasingly difficult to earn a living by scavenging. Their incomes have diminished, but the Government does not provide them with any compensation.

Hong Kong people come into contact with these elderly persons every day, but they cannot do anything to help them and are all very sad. That is why the younger generations all agree that elderly persons should be given more allowances. In October, the Democratic Party conducted a survey, and the findings show that 79.6% (nearly 80%) of the respondents agreed that the "fruit

grant" should be increased to \$1,000 a month. And, there was even greater support for this idea among the younger respondents (those aged between 19 and 59) than among the elderly respondents. As high as 81.7% (more than 80%) of the younger respondents agreed that the "fruit grant" should be increased. The Chief Executive has finally announced an increase of the "fruit grant" to \$1,000 a month and the withdrawal of the proposed means test. This can at least make up for the value of the "fruit grant" which has been eroded by inflation over the years. A late increase is after all better than no increase.

But the Chief Executive has still added that he does not preclude a fresh review of the necessity of introducing a means test for the "fruit grant" after the financial turmoil. The Democratic Party must advise the Government very seriously that it must never mention any means test for the "fruit grant" again, because the public (especially elderly persons) all find this very disrespectful. No sooner had the Chief Executive announced his intention of introducing a means test in the policy address than all in society — young, middle-aged and elderly people alike — immediately criticized the Government for being mean and unfeeling. The Government must learn a lesson from this and think twice before deciding to act again. The SAR Government has been so generous in assisting the financial industries and offering relief to the earthquake victims in Sichuan, willing to spend as much as \$2 billion without any hesitation. But it is so mean in giving just several hundred dollars of "fruit grant" to an elderly person. The public are really very dissatisfied.

Elderly persons were mostly hardworking and thrifty in the past. Their impoverishment today has nothing to do with any laziness in their youth. Rather, all is just because when they were young, there was no comprehensive labour benefits and retirement protection, and their savings have been eaten up by inflation. They are all respectable, and this is the reason for the general respect for them in society. The public in general do not want any elderly persons to undergo an asset test just because of a mere sum of several hundred or a thousand dollars. Following the announcement of the policy address, the Democratic Party conducted an auto-dialled survey, and it was discovered that 60.4% of the respondents were against the introduction of a means test. This was similar to the finding of the University of Hong Kong survey. And, the proportion of younger respondents aged between 19 and 59 who were opposed to a means test stood at 63.3%, which was even higher than the corresponding rate among older respondents. I think the Government should not consider any means test again.

The Chief Executive is also aware that many elderly persons depend on the "fruit grant" as a supplement to their living. But this should not be regarded as a justification for introducing a means test. The long-standing lack of retirement protection, the inflexible CSSA system and the associated stigma have made it necessary for elderly persons to depend on the several hundred dollars of "fruit grant" to support their living. But when trying to tackle the problem, we must not turn the "fruit grant" into a second tier of CSSA, because this will not remove the associated stigma.

There is actually only one ultimate solution — the introduction of universal retirement as proposed by Mr Fred LI in the motion today. With such protection, all elderly persons will be able to enjoy retirement pensions. The Democratic Party has completed a survey on this topic, and the findings show that 76% of the respondents were in support of the idea. The rate of support among younger respondents was even higher, amounting to 79%. The questions we asked were all very clear. Respondents all knew clearly that the universal retirement protection scheme we referred to would be based on tripartite contributions by employers, employees and the Government, and that all elderly persons would be qualified for the benefits under the scheme. Respondents of the employment age were also supportive of this. In other words, there was also support from the working population.

At the end of this year, the Government will publish a report on the review of the "fruit grant". But having looked up the government statistics, I notice that there are not relevant statistics for the years after 2001. How many recipients of the "fruit grant" must depend on the grant to meet their daily expenses? For how long have they retired? How much savings do they have? How many of the recipients are eligible for CSSA but are unwilling to apply for it? How many of the recipients of "fruit grant" are rendered unable to apply for CSSA because they are living with their families? There are no statistics on all these. In the absence of such statistics, how could the Chief Executive announce the introduction of a means test for the "fruit grant" in the recent policy address? How could he subsequently decide to increase the "fruit grant" across the board? I therefore hope that the review findings to be announced by the Government at the end of this year would be based on concrete statistics and analyses. It must not make a pure political decision.

With these remarks, I propose the amendment.

MR TAM YIU-CHUNG (in Cantonese): Deputy President, on 24 October, the Chief Executive announced that the proposed means test for all OAA applicants would be shelved and the OAA, commonly called the "fruit grant", for both age groups, that is, those aged 65 to 69 and those aged 70 or above, would be increased to \$1,000 across the board with effect from the beginning of next year. The news set the minds of many elderly persons at ease. We have always supported the Government if it can listen to the public and heed their good advice.

One argument frequently advanced in the discussions on the "fruit grant" is that if the "fruit grant" is increased to \$1,000 without introducing any means test, then by 2033, when elderly persons are expected to account for one quarter of our population and roughly two adults must support one elderly person, the "fruit grant" burden for every adult will be as heavy as \$500 a month. We maintain that such computations are not only crude but also far from the truth. According to Social Welfare Department statistics, there are currently 408 000 recipients of the "fruit grant", accounting for only 60% of the relevant age group. If CSSA recipients and Disability Allowance recipients are also included, the rate will be 89%. This means that even if those elderly persons in the higher age group who are not in receipt of any public assistance really decide to apply for the "fruit grant", the rate of elderly recipients of the "fruit grant" in this particular age group will still be 71% only. As for the 65 to 69 age group, since elderly applicants must declare their assets, the actual number of recipients is just 68 000, and the rate is even lower, standing at 30% of the relevant age group only. Therefore, how can it be argued that all elderly persons will apply for the "fruit grant"? On the basis of facts, Members can also see clearly that it is totally inaccurate to project that 25 years later, the provision of the "fruit grant" will exert a very heavy burden on society.

Any further improvement to the "fruit grant" scheme must be geared towards relaxation of the permissible limit of absence from Hong Kong. About a decade ago, the DAB already fought for the relaxation of the permissible limit of absence from Hong Kong applicable to the "fruit grant" from 90 days to 180 days. Years ago, when I fought for the relaxation in the Legislative Council, the government official responsible for this issue was Elizabeth WONG. She was responsible for this issue at that time. Following our persistent advocacy, the permissible limit of absence is now as long as 240 days. The permissible limit of absence has been increasing all the time, but there is still a minimum residency

requirement. As a result, elderly persons are forced to reside mainly in Hong Kong or endure the hardship and inconvenience of travelling back to Hong Kong to report their presence. Over the past few years, the Government has been encouraging welfare organizations to establish elderly homes in the Mainland, so as to provide Hong Kong elderly persons with cheaper residential care in a better environment. But the utilization rates of these elderly homes are by no means high. One of the main reasons is the permissible limit of absence from Hong Kong applicable to "fruit grant" recipients. Elderly persons living in the elderly homes in the Mainland must still live in Hong Kong for 90 days a year, but welfare organizations are simply unable to provide these elderly persons with any temporary three-month accommodation. The provision of the "fruit grant" is meant as a token of the Government's respect for the elderly, but because of the permissible limit of absence, elderly persons are deprived of the freedom of choosing where to live. Elderly persons are all looking forward to the complete removal of this obstacle in the Government's review this time around. Apart from taking the further step of lifting the residency requirement, the Government must at the same time step up its co-operation with mainland cities and provinces in health care, social services and other support facilities, so that elderly persons can freely choose to live in places more suitable for them.

We must not regard increases in the "fruit grant" as a solution to the problem of elderly poverty. All along, the Government has depended solely on the CSSA System as a means of tackling elderly poverty. Many elderly persons are not well-off, but they do not want to apply for CSSA unless they really do not have any alternative. Some elderly persons may have their personal difficulties. For example, they want to live with their families, but their children cannot earn any high incomes, so they cannot really support their elderly parents despite their wishes, or they can only allow their elderly parents to live with them without providing them with any food. Besides, the CSSA System is much too rigid and harsh. Applications must be based on family units. Many elderly persons who live with their children are rendered ineligible for CSSA because the latter have regular incomes. What is more, in such cases, the children of the elderly persons concerned are often reluctant to sign the "bad son statement" to sever the parental tie, so many poor elderly persons are deprived of due social assistance. Therefore, in order to help elderly persons, the Government should consider the establishment of a "living supplement scheme for the elderly". The DAB has repeatedly proposed such a scheme to the Government. The specific proposal is that all elderly persons aged 60 or above should be granted a monthly living

supplement larger than the "fruit grant" after a simple declaration of assets. In this way, elderly persons who cannot apply for CSSA and who cannot make ends meet with the "fruit grant" can still receive some assistance.

The main daily expenses of elderly persons are medical fees. For this reason, inexpensive and convenient medical services are very important to them. The health care vouchers scheme is basically a good initiative, but it is a pity that the amounts of subsidy are simply too small. According to the Government, this is a new scheme and there is the possibility of abuse, so it has decided to try it out on a small scale first. The DAB does not agree with the Government because the proposed electronic records will effectively prevent any private transfer of vouchers. Besides, the Government should not deliberately hold back the level of subsidy. As indicated by a survey conducted by the DAB in September 2006, some 7.4% of those elderly persons utilizing public-sector health care services must spend \$800 a month on medical services; 19.1% must spend \$300 to \$800 and 32.7% must spend \$100 to \$300. As Members can notice, a health care voucher subsidy of \$25 per month for consulting private medical practitioners is simply a drop in the bucket.

One more point is that there is not yet any measure to effectively alleviate the scarcity of health care services for the elderly. There is a short supply of government out-patient and specialist services, so the waiting time is very long. Elderly persons in need of specialist services must wait several months to several years. In the case of general out-patient services, in theory, elderly persons can make telephone bookings and do not have to line up for a chip. But in reality, the ward offices of many Members belonging to the DAB must make large numbers of telephone booking for elderly persons every day. And, there is forever a shortage of quotas. Therefore, the telephone line is often occupied, and even if a telephone call is connected somehow, the quota will have been filled. For this reason, elderly persons must still wait two days before they can get any treatment of minor illnesses such as a cold or flu. The values of health care vouchers are too small and cannot possibly divert elderly persons to the private health care sector. And, elderly persons must still wait a long time for government out-patient services. The DAB therefore requests the Government to increase the health care voucher subsidy from \$250 to \$1,000 a year and lower the eligible age from 70 to 65.

To enhance the livelihood protection for the elderly, we must perfect the overall retirement protection system. The DAB and the Hong Kong Federation

of Trade Unions have been advocating the introduction of a form of universal retirement protection called "two-tier social security scheme". Specifically, this means the establishment of a "social insurance fund" featuring tripartite contributions by employees, employers and the Government alongside MPF. The aim is to provide elderly persons with basic living expenses. We hope that the Government can conduct detailed studies and extensive consultation and put the proposal into practice at a suitable time. At present, there is a global financial turmoil, and Hong Kong's financial industries and economy are facing challenges. The Government must therefore perfect the MPF System and tighten supervision, so as to increase the protection of people's trust assets.

With these remarks, I will move an amendment to the original motion.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Deputy President, first of all, I wish to thank Mr Fred LI for proposing this motion and Mr Tommy CHEUNG, Mr WONG Sing-chi and Mr TAM Yiu-chung for their respective amendments.

It is an important topic of late to think about how best to meet the challenge of an increasingly aged population and this topic has also led to extensive discussions in society. According to the latest forecasts, there will be a drastic upsurge in the number of elderly persons aged 65 or above during the next 20 or 30 years. Now there is one elderly person in every eight persons in Hong Kong and in 25 years' time, that is, 2033, there will be on average one elderly person in every four persons. By then, in every four persons, there will only be two persons who are working adults. Apart from rearing their own children, these adults will have to take care of the elderly as well.

In meeting the challenge of an ageing population, we must prudently ponder the commitment that is required of the Government, individuals, families and various sectors across the community in taking care of the financial and living needs of the elderly. We should provide appropriate services and assistance to the needy elderly. At the same time, we must ensure the sustainable development of a non-contributory social security and welfare system based on a simple tax regime.

Currently the Government provides financial assistance to the needy elderly mainly through a social security system, and specifically through the

Comprehensive Social Security Assistance (CSSA) Scheme and the Social Security Allowance Scheme (including the Old Age Allowance and the Disability Allowance).

We all know that the CSSA Scheme is meant to take care of the basic living needs of those who are not financially self-sufficient, and these include the elderly. The relevant arrangements include the following:

- (1) The CSSA Scheme provides for the elderly, that is, persons aged 60 or above, a standard rate that is higher than that for able-bodied adults and depending on the circumstances of individual cases, each elderly person can receive at least \$2,335 a month and the maximum payment is \$4,220;
- (2) Elderly recipients are eligible for special grants to cover the costs of glasses, dental treatment, removal expenses, funeral expenses, fares to and from hospital/clinic, medically-recommended diet and appliances for rehabilitative and treatment purposes; and
- (3) Families with elderly recipients who have received payments of a continuous period of 12 months or more can receive a one-off case supplement each year to replace household goods and durables.

Apart from the special allowances and supplement mentioned by me just now, the Director of the Social Welfare Department (SWD) may exercise discretion under the CSSA Scheme to assist needy elderly according to the individual circumstances of each household.

Asset restrictions on elderly applicants of CSSA are laxer than those on ordinary able-bodied adults. For example, the asset limit for elderly singleton applicants of CSSA is currently \$34,000, which is higher than that for able-bodied singleton adults by \$12,000, and their owner-occupied property is fully exempted from being reckoned as part of the asset.

As at end September this year, there are altogether 185 000 elderly aged 60 or above who are beneficiaries of CSSA. An elderly singleton will get an average of \$3,875 per month. Government expenditure on elderly CSSA cases takes up about half of the overall expenditure on CSSA.

The Old Age Allowance (OAA) and Disability Allowance (DA) under the Social Security Allowance Scheme are non-contributory and largely non-means tested. The purpose is to provide a monthly cash allowance for Hong Kong residents aged 65 or above or those with severe disabilities to cope with special needs arising from old age or severe disabilities.

The Government has recommended raising the OAA rate for persons aged 65 to 69 and those above the age of 70 to \$1,000 and payment is expected to be made starting from next January. I hope that the new rate of \$1,000 can be made available to elderly before the Chinese New Year. According to our estimates, the additional expenditure for 2008-2009 (that is, the new financial year starting from January) will be \$511 million. We will submit the relevant proposal to the Panel on Welfare Services of this Council next Monday for discussion and for vetting and approval by the Finance Committee of the Council as soon as possible. Also, the Government will continue its review of relaxing the period of absence from the territory for the elderly.

As at the end of this September, the number of OAA recipients stands at 470 000, of whom about 70 000 are recipients of the normal OAA and about 400 000 are recipients of the higher OAA. There are 57 000 recipients of DA who are aged 65 or above.

In sum, we have provided financial support of various degrees to 88% of elderly aged 70 or above through the CSSA scheme and the Social Security Allowance Scheme. For the year 2007-2008, the total expenditure on CSSA for elderly aged 60 or above and on OAA and DA payments to elderly aged 65 or above amounts to \$13.8 billion.

All along the Government has been providing a financial safety net to the elderly through a social security system, in addition to a large amount of resources put on other related policies, such as elderly services, heavily subsidized public health care and housing. All this Members know very well. These policies are aimed at not just providing financial support to the elderly but also taking care of their other realistic needs, improving their quality of life and enabling them to get appropriate support.

With respect to elderly services, the Government works through day care centres for the elderly and integrated home care service teams to provide subsidized services in personal care, rehabilitative treatment and meal delivery

services to support the ageing of the elderly in the community. At present, there are 24 000 elderly who receive such services. In addition, the centres for the elderly which have a membership of more than 180 000 elderly also provide services in education, counselling, leisure activities, outreach work and support for carers of elderly at the district level.

With respect to residential care services for the elderly, the Government now provides about 26 000 subsidized places in the residential care homes for the elderly (RCHEs), accounting for 46% of all the elderly staying in RCHEs in Hong Kong. Besides, about 24 000 elderly of non-subsidized places are receiving CSSA. All in all, about 90% of the elderly staying in RCHEs are receiving subsidies of various kinds from the Government.

The policy address this year proposes many new measures to enhance care and support for the elderly, including the following:

- (1) We will increase places for daytime care services for the elderly in districts showing a greater demand and enhance care services for the frail elderly who are unable to get the attention of their family during the day;
- (2) Starting from this December, we will increase 800 subsidized home-based service places throughout the territory and provide home care services for the frail elderly. We will allocate more places to districts showing a greater demand; and
- (3) For some of those elderly who need to stay in RCHEs because of frailty or other reasons, we will increase 249 subsidized places in the four new contract homes and we will also increase subsidized places and provide support to more frail elderly through the Enhanced Bought Place Scheme.

With respect to health care services, the Hospital Authority (HA) are currently providing a comprehensive range of health care services to the elderly, including comprehensive hospitalization services encompassing all clinical specialist departments, general out-patient service and specialist out-patient service. With respect to the waiving and remission of medical fees, currently elderly receiving CSSA are exempted from payment of fees of public health care. The HA has also made special arrangements to enable elderly patients to benefit

more easily from the medical fee waiver mechanism. These including relaxing the asset ceiling for elderly to \$150,000 per person (the asset ceiling for those aged 65 or below being \$30,000). Moreover, apart from one-off waivers, the HA has also extended the effective period and scope of application for period waivers applicable to elderly patients and the chronically ill.

On the other hand, the Department of Health (DH) also provides various kinds of health services for the elderly through its health centres for the elderly and the elderly health outreach teams.

The Chief Executive announced in the policy address of 2007-2008 that a pilot scheme on health care vouchers for the elderly would be launched in the financial year of 2008-2009 for a period of three years. The scheme provides five health care vouchers valued at \$50 each to elderly persons aged 70 or above every year. This is meant to subsidize part of the costs incurred in their use of private sector primary health care services. This pilot scheme on health care vouchers for the elderly will commence on 1 January 2009 and it will complete on 31 December 2011. Since 30 September 2008, the DH accepts online applications from health care service providers to take part in this pilot scheme on health care vouchers for the elderly.

The aim of the health care voucher pilot scheme is to subsidize part of the costs of primary health care services for the elderly. Generally, primary health care services are not costly and on every occasion when elderly persons use them, they can just pay part of the costs plus a health care voucher, this should be able to pay for the service required. When necessary, elderly persons may also seek the provision of service from the public sector out-patient service and hospitals. Such public services will not be scaled back on account of the health care voucher scheme.

As this is only a pilot scheme, the Government thinks that it should be implemented in a prudent manner and initially, the scheme would involve a smaller amount and number of beneficiaries. The Government will keep a close watch on the fees charged for health care services in the private sector to see if they rise as a result of the health care vouchers. A mid-term review will be conducted after the scheme is launched for one year and a full-scale review will be carried out on completion of the trial within three years. The review would include matters like the effectiveness of the scheme, the scope of subsidization and the amount of subsidy.

In sum, for the year 2007-2008, the total expenditure of the Government on service delivery in social security, elderly services and health care services amounts to about \$31.7 billion, which is 16% of the recurrent expenditure of the Government. The expenditure includes the following items:

- (1) About \$13.8 billion is used in the provision of CSSA for the elderly as well as OAA and DA under the Social Security Allowance Scheme. It also includes the grant of an extra one month payment of standard rate CSSA to CSSA recipients, and the grant of an extra one month of allowance to recipients under the Social Security Allowance Scheme;
- (2) About \$3.3 billion is used in subsidizing elderly services, including long-term care services such as institutional care for the frail elderly, home-based care and daytime care, as well as community support services such as home-based support and centres for the elderly; and
- (3) About \$14.6 billion is used in services provided by the HA and the DH.

Deputy President, with respect to public housing policy, the Housing Authority decided in October 2008 to combine the Families with Elderly Persons Priority Scheme and the Special Scheme for Families with Elderly Persons. The combined scheme will be named after the latter scheme and a preferential treatment of a waiting period of six months will be given to all applicants, that means advancing the date of the application by six months. This replaces the minimum waiting time of 18 months and the current arrangement to allocate public rental housing only after the expiry of the minimum waiting time. Under the scheme, the requirement for applying for two public rental housing units by core families and their elderly parents will be relaxed from the original requirement of at least two elderly parents to at least one elderly parent. This will enable more families to benefit from the scheme.

At the same time, the Housing Authority will continue with its Additional Policy for Harmonious Families and the Amalgamation of Tenancies for Harmonious Families in order to encourage families with young members to live with their parents in order to foster harmony. The Housing Authority will also further improve the Enhanced Transfer Scheme for Harmonious Families to provide more transfer opportunities to families living in public rental housing

units in order to transfer elderly parents or the younger generation to housing estates where they live or nearby housing estates in order to take better care of the elderly.

In terms of concessionary fares for public transport, now most public transport operators are offering long-term fare concessions to the elderly. These operators include the franchised bus companies, MTR Corporation Limited, Hongkong Tramways, individual green minibuses and ferry operators. The franchised bus companies and tram company offer half-fare concessions to passengers aged 65 or above and the MTR Corporation Limited offers fare concessions lower than half-fare to the elderly aged 65 or above (Appendix 2). The Government will also promote the provision of various kinds of concessions through the Senior Citizens Card scheme to the elderly by various sectors across society and private sector organizations.

Deputy President, I have highlighted the measures taken by the Government to meet the financial and living needs of the elderly. I wish to stress that the Government will continue to listen to the views and suggestions from all sectors across the community and will improve these measures in the light of the circumstances and needs of the elderly. After listening to the views from Members on the topic, I will make another response.

Thank you, Deputy President.

MR WONG KWOK-HING (in Cantonese): Deputy President, increasing the "fruit grant" to \$1,000 and abandoning the proposed means test for applicants aged 70 or above are two objectives stated in my political platform. As far as the Motion of Thanks debate is concerned, since the Chief Executive has voluntarily proposed to increase the "fruit grant" to \$1,000 and shelve the means test, I withdrew my amendment to the motion as a gesture of welcoming his decisions. However, on the issue of improving the "fruit grant" scheme, I must say, "Mission is not yet accomplished, so more efforts are required." I maintain that the Government must at least make improvement in several aspects as soon as possible.

First, the Government must further relax the permissible limit of absence from Hong Kong to one year, allowing an elderly person to come back just once a year or for just one day, just to make sure that he is still alive. Elderly persons

must not be made to stay in Hong Kong for at least 90 days in order to retain their eligibility.

I wish to tell the Secretary a true story. There is a couple in receipt of the "fruit grant". They want to settle in the Mainland, and they also need to satisfy the Government's requirement. They have already surrendered their public housing unit in Hong Kong because they have settled in the Mainland. But in order to satisfy the 90-day residency requirement, they have no alternative but to rent an apartment on a short-term basis. Why should elderly persons be made to suffer such inconvenience? They must rent a dwelling in Hong Kong in order to satisfy this requirement. What is the point here? How can this be considered to give the elderly a secure life? There is also an elderly person aged over 80. He has similarly settled in his hometown in the Mainland. But owing to this requirement, he must return to Hong Kong to report his presence. Travel-worn, he broke his hip joint accidentally. He was hospitalized and is still in hospital now. The "fruit grant" is meant as a token of respect for the elderly, but it has turned out to be a torture for them.

However, the Government does not require retired civil servants living in Britain and the United States to fulfil any residency requirement in order to qualify for pension payment. In that case, why does it apply a different standard to Hong Kong residents in general? This is discrimination, isn't it?

Another necessary improvement relates to the means test for applicants aged between 65 and 69. I think this means test should also be abolished. The fact is that Hong Kong people nowadays can rarely work up to the age of 60. Sometimes, it is even not easy to work up to the age of 55. Many people can no longer get any jobs when they turn 50. I therefore think that the system is much too rigid. The third point is about whether the qualifying age for the "fruit grant" can be lowered to the range between 60 and 64. I hope that the Government can consider these points seriously. About my proposals on "fruit grant", perhaps I shall stop here for the time being.

When the Hong Kong Federation of Trade Unions (FTU) submitted its policy proposals to the Chief Executive, it urged the Government to introduce a living supplement for impoverished elderly persons. Our proposal is that after undergoing a simple means test, these elderly people should be granted roughly \$1,500 a month. That way, they can be given some concrete assistance in coping with their livelihood difficulties. The reason for introducing such a

supplement is that such elderly persons are not eligible for CSSA. That being the case, should we not offer them some help?

Deputy President, I wish to extend an invitation to the Secretary. I ask him to spare an hour in the morning, from 6.30 am to 7.30 am, such that he goes with me to the corridor on the superstructure of the Light Rail Transit Station in Tuen Mun town centre. There, 100 to 200 elderly persons will line up every morning during the hour in question. Why? They are there waiting for a free newspaper. After getting one copy, an elderly person will move to another waiting line to get another copy. Why do they want to get copies of the free newspaper? Surely, they do not want to read them. They just want to sell them for money. When I was distributing leaflets during my election campaign, some elderly persons gathered around me, saying, "Mr WONG, see, such a scene is a disgrace to Hong Kong." Does the Secretary know why elderly persons all line up for a copy of the newspaper? I also want to invite the Secretary to go to the open nullah in Tin Shui Wai and see for himself how elderly persons sell things in the "dawn market". I also want to invite the Secretary to visit the Shek Lei Shopping Centre and see for himself how the impoverished people are doing in the "dusk market" at its entrance. I hope the Secretary can accept my invitation and give me just one hour. I will accompany him to all these places.

Elderly persons are the most desperate group in our society nowadays. They are in dire need of government attention. The Secretary has cited a huge array of statistics, but I must ask, "Why are there still so many shameful phenomena in our society? If our Government really has the people in mind, really wants to help the poor and relieve their plight, why should it still allow the continuation of poverty? Why doesn't it put an end to all this?" I hope the Secretary can get to know the real situation on location.

Let me now discuss the third issue. At present, there is no universal and comprehensive retirement protection in Hong Kong. As a result, employees will all face a very miserable situation in their old age. Let me give an example here. MPF Schemes the history of MPF is not very long. But the existing MPF System is very unfair to employees, because employees are only "half free", not "entirely free", under the system. The contributions made by employees will first be used for looking after the interests of employers. The contributions are meant to meet employers' expenditure on long service payments or severance payments in case of company closure. The money we save should be reserved

for our use on retirement. Why should employees be made to save money for helping employers to pay severance payments? This is not to speak of the fact that the amounts of our savings are by no means large.

For this reason, as early as the 1980s, the FTU already urged the Government to introduce a comprehensive retirement protection system based on tripartite contributions. It is a pity that the Government did not listen to us, thus missing the golden opportunity. But I very much hope that the SAR Government can now heed the FTU's advice and establish a comprehensive retirement protection system based on tripartite contributions by employees, employers and the Government (*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Time is up.

MR WONG KWOK-HING (in Cantonese): to resolve the retirement problem of Hong Kong people.

MR CHEUNG KWOK-CHE (in Cantonese): Deputy President, the motion today has been put forward as a result of the Chief Executive's proposal in the policy address to require Old Age Allowance (OAA) applicants to undergo a means test (The Administration subsequently yielded to public pressure and shelved the proposal). The OAA is a policy initiative meant to show respect for the elderly. The means test requirement, on the other hand, is a sign of disrespect for elderly persons who contributed so much to the prosperity of our society in the past. Many Members and the public have time and again stated their position. We maintain that to enable elderly persons to live a dignified life in their twilight years, we must, most importantly, establish a universal retirement protection system.

Amid the financial tsunami, the performance of MPF schemes has been less than satisfactory. One will be extremely worried and helpless if one is now 60 or 65, or if one is going to claim one's accrued MPF benefits upon retirement. The reason is that after working for so many years, right at the time when one is looking forward to the accrued MPF benefits as a means of retirement protection, one suddenly finds that the accrued benefits have diminished by half due to

losses. One will certainly be dissatisfied. This problem is here not only for today. If the MPF System is not improved, many more Hong Kong people will face the same problem in the future.

Members are all aware that MPF administrative fees are exorbitant, and that the rates of return are low. We know that there are some capital preservation funds. But such funds may not necessarily preserve capitals as claimed. The mechanism is just that in case of any losses, the fund company will not charge any administrative fees. Even if the capital can be preserved, the return rate may still be lower than the rate of bank interest and unable to catch up with inflation. Instead of saying that MPF can provide any retirement protection, we should actually admit that fund companies or investment managers will be the beneficiaries. Elderly persons who have savings naturally hope to preserve the value of their savings through investments. But those elderly persons who do not have any savings must depend on MPF, and in any case, they only want to enjoy some sort of security after retirement. I think the case here can be illustrated by changing one common saying to read, "Even if one does exert oneself in youth, one may still regret it in old age." This can aptly show how harsh the realities are. If one invests in "reliable" Lehman Brothers bonds in one's youth Or, if one suffers the total loss of his capitals after contributing to "capital preservation" MPF schemes for several years as a result of human errors I am not encouraging people to do nothing and depend solely on CSSA. But the point is that the Government is right now unable to ensure that we can all enjoy reasonable retirement protection after working hard for our whole life. This means that we need to establish a new system which is more effective than the present MPF System.

People not under any employment cannot receive any protection under the MPF System. These people, such as housewives, people with disabilities and low-income earners, will not enjoy any livelihood protection when they grow old. But they are actually in the greatest need for assistance. The proposed universal retirement protection system can help these people by giving them some sort of protection in the future. The proposed scheme is based on tripartite contributions by the Government, employers and employees. It is proposed that the Government should manage and operate the scheme, so as to effectively ensure returns and prevent commercial organizations from pocketing the benefits. Since the implementation of the MPF System, it has been necessary to amend the MPF legislation several times to plug the loopholes. I therefore think that the

existing MPF should be converted to universal old age pension. To say the least, this can immediately provide each elderly person with \$2,500 to \$3,000 a month to meet their living expenses, thus enabling them to live a life of dignity.

I am very glad to hear the Secretary's recent remark about the Central Policy Unit having commenced a study on the issue of universal retirement protection. But I still want to ask the Labour and Welfare Bureau to follow up the issue further, in the hope that a universal retirement protection system can be implemented in the future. I so submit.

MR ALBERT HO (in Cantonese): Deputy President, in order that rational discussions can be conducted today, we must first clarify several concepts, namely, social assistance, social subsidy and social insurance.

The objective of social assistance is to aid the poor. The targets of assistance are ascertained through a means test, with tax revenue serving as the source of funding. Comprehensive Social Security Assistance (CSSA) is a typical example of social assistance. However, social assistance may easily lead to one consequence — the putting of stigmas on recipients and a sense of humiliation on their part. Unfortunately, the CSSA system is once again a typical example. Besides all the rigid and inflexible requirements (such as the rule on families as units of applications and the mandatory production of what are commonly called "bad son statement" to prove children's inability to support their parents), the stigma effect is also a factor that deters an even greater number of needy elderly persons from applying for CSSA.

The objective of social subsidy is not to aid the poor. Rather, it is targeted on the needs of some special social groups. The greatest difference between social subsidy and social assistance is that the provision of the former does not require any means tests. The virtue of social subsidy is that it is meant for all people within the target social groups regardless of wealth. Therefore, the stigma effect can be minimized or even avoided.

The Chief Executive said that some people now depend on the "fruit grant" as a living supplement, that the nature of the "fruit grant" has already changed, and that it is now regarded as a means of support for the elderly rather than a token of respect for them. The Chief Executive's remarks show that he has

mixed up the relevant concepts. Elderly persons in different financial situations will use the "fruit grant" to supplement their spending on different things. Some may, for example, use it to supplement their spending on food. But the nature of the "fruit grant" has not changed. It is always a form of subsidy granted to people regardless of wealth, a form of subsidy that does not carry any stigma as a result.

Seeing that the "fruit grant" can benefit all elderly persons, the Chief Executive concludes that public money is not used effectively. He therefore wants to introduce a means test. But he must realize that it is precisely because of this comprehensive coverage that we can avoid the undesirable sense of humiliation and enable elderly persons to receive the subsidy with dignity.

The "fruit grant" is just like the Disability Allowance and the transport subsidy for students, so there must be no means test. Once there is a means test, the nature of the "fruit grant" will change, and it will become a form of social assistance. Many elderly persons will be scared away because they always have a strange complex, thinking that they have managed to survive for so many years after all. As a result, they do not want to apply for any social assistance lest this may deal a blow to their dignity.

The provision of social assistance and social subsidy is generally financed by tax revenue, and they both serve the purpose of redistributing resources in society. Social insurance is however financed by contributions and the risks involved are shared. The universal retirement protection which workers and grass-roots organizations have been fighting for over the years is one form of social insurance. Universal retirement protection is generally based on the contributions of employers and employees, or the tripartite contributions of employers, employees and the Government. And, social insurance systems entailing government contributions also serve the purpose of resource redistribution.

Prof FUNG Ho-lup of the Department of Social Work of The Chinese University of Hong Kong has been studying the issue of social protection for several decades. In a recent article on the development of the "fruit grant", he writes, "Since its very inception, the 'fruit grant' has never been a form of social assistance aimed at helping the poor. Rather, it is a form of social subsidy meant to make up for the absence of comprehensive retirement protection and

public assistance in Hong Kong. Actually, it is a policy of apology. Only that it has been packaged by the Government as a token of respect for the elderly."

Every time when the Government mentions CSSA, the "fruit grant" and MPF, it invariably tries to get way by referring to the World Bank's three pillars. It always groups CSSA and the "fruit grant" together and refers to them as the first pillar. And, MPF is referred to as the second pillar. This is a very misleading classification.

In *Adverting the Old Age Crisis*, a document published by the World Bank in 1994, three pillars are listed: (1) public pensions; (2) occupational pension schemes; and (3) personal savings schemes. The first pillar of course refers to retirement funds. The World Bank describes this pillar in this way: largely pay-as-you-go, usually financed by payroll tax, and pay a defined benefit. In industrial countries, this pillar generally covers all people. CSSA is a form of relief payment for impoverished families, so it must not be regarded as belonging to the first pillar. Only the "fruit grant" can be somewhat regarded as belonging to the first pillar.

There is no doubt that MPF belongs to the second pillar. But MPF schemes were not launched until 2000. Elderly persons aged 68 or above do not have any MPF protection. And, even if other elderly persons can enjoy such protection, the benefits are negligible. There may be a second pillar for the elderly several decades later. But there is none for the elderly at present. The third pillar, that is, voluntary savings schemes, is likewise absent. Therefore, the retirement protection available to elderly persons in Hong Kong is very inadequate and weak. There is only the first pillar — the "fruit grant". A monthly grant of \$1,000 alone cannot offer any comprehensive and solid protection.

Therefore, Deputy President, the introduction of universal retirement protection can provide wider and more solid retirement protection to our elderly people. It is a policy that merits our support.

I so submit.

MR WONG YUK-MAN (in Cantonese): Deputy President, the two motions today share one thing in common — they are both about poverty.

In connection with poverty, Members should have read a recent report released by the United Nations. According to this report, the problem of disparity in wealth in Hong Kong is the most serious in Asia. In Hong Kong, poverty is divided into two types. The first type, the type we are discussing, is elderly poverty. The other type is working poverty. Speaking of the two motions today, the one under discussion now is about elderly poverty. The other one put forward by Mr Albert HO is about working poverty.

As a Chinese saying goes, "The father supports his son, and his son will in turn supports his own son." Am I correct? This was the case in the agrarian society of the past. But nowadays, in such a developed place called Hong Kong, where the per capita GDP is US\$30,000, there are still some 100 000 households with impoverished elderly persons and also over 1 million poor people. And, there are also several hundred thousand people each earning less than \$5,000 a month. The father is supposed to support his son, and his son is in turn supposed to support his own son, as the saying goes. But with the exception of a handful of fathers, very few fathers nowadays are capable of supporting their children, right?

I can remember that there used to be a couplet at the main entrance of Da Tong Restaurant in Guangzhou. The same couplet was also found at the Da Tong Restaurant in Hong Kong, which was closed down quite some time ago. The first and second columns of the couplet start respectively with the words "da" and "tong". The first column can be roughly translated into English as follows: "Big buns are hard to sell, so big profits are hard to earn/Business is like paring iron with the needle tip, being able to yield very little in return." This tells of the difficulty in getting any profit from business investment. The second column can be translated as follows: "Many fathers come to tea with their sons, but very few sons take their fathers here for tea/All is like water dripping down from the eaves — the flow can never be in the reverse direction".

We can all see that elderly persons nowadays are really very pitiable. The "fruit grant" is to be increased by merely \$300, but they are already very delighted, right? But they are really very pitiable because their children are unable to support them. Some may wonder, "How can anyone behave like this in a Chinese society?" Well, it is not only the question of "how can". It is all about a complete lack of filial piety. But in Hong Kong, there is a different viewpoint. The practice in Hong Kong is absurd. When an elderly person applies for CSSA, he must ask his son to sign a "bad son statement". This is

against Chinese filial piety and family ethics, but this happens all the time in Hong Kong in the 21st century. Young people and secondary students are listening to this debate in the gallery. When you cannot support your fathers

DEPUTY PRESIDENT (in Cantonese): Mr WONG Yuk-man, please face the Chair when you speak.

MR WONG YUK-MAN (in Cantonese): you must sign a "bad son statement". I must tell them that Deputy President, I am just trying to "educate people as the occasion arises" because so many students are listening. Hong Kong is such a mean and unfeeling society! It is so affluent, and yet it is so mean and unfeeling. It is a society that encourages young people not to treat their parents well. Young people are even asked to sign a "bad son statement"! We have been criticizing this for many years, but the Administration has all along refused to do what it is in fact capable of doing. Even if an elderly CSSA applicant does not live with his children, his children must still sign a statement of no support for the purpose of disregarding their incomes in assessing the applicant's asset. My young friends, now that you have heard this, you must now sign this paper in the future. Well, it does not really matter because you will not be able to support your parents anyway. Even university graduates

DEPUTY PRESIDENT (in Cantonese): Mr WONG Yuk-man, I must remind you once again that you must face the Chair when you speak.

MR WONG YUK-MAN (in Cantonese): may have to resort to begging. Under the current situation in Hong Kong, university graduates may really have to prepare to be beggars. The Secretary said just now that 25 years later, one in four persons would be aged 65. But the Government does not intend to provide any retirement protection.

I find the website of the Social Welfare Department (SWD) most disgusting. In the introduction to social security, it says, "The financially

vulnerable would suffer extreme hardship without government's social security support. A single parent with young children to look after or the temporarily unemployed may need short-term help." Secretary, here comes the next sentence, which you must instruct the SWD to delete. If you do not do so, I will curse you every time I see you. This sentence reads, "Those elderly persons who did not make any savings for their old age are also in great need of social security from the Government." "Those elderly persons who did not make any savings for their old age" is the most disgusting part. Frankly speaking, who wants to be bald when he still has some hair? The Government has tried to blame elderly persons for not making any savings when they had earning power.

Buddy, please delete this sentence because it simply hides the inadequacies of the welfare policies and then puts the blame on elderly persons. This is a very detestable practice and claim, right? I hope the Secretary can instruct the SWD to suitably amend the wording of this on the website. If not, I shall go on chiding you here. Secretary, you will also be old one day. Oh, you need not worry because you have plenty of money. There are many people aged over 60 in Hong Kong I do not think that I need to repeat all the statistics here. You should know better than I do. As at September 2008, more than half (53.44%) of all CSSA recipients, that is, 151 205, were elderly persons.

When I hosted radio programmes in the past few years, I was already very angry because the Government frequently tried to "badmouth" CSSA recipients, saying that CSSA would nurture lazybones. And, newspapers also published reports on how a family of four could receive more than \$10,000 a month without working while working people could not earn that much. But how many such cases are there? There are of course cases of deception. The people involved must be sent to prison. But such cases are really very rare. Most CSSA recipients are elderly persons, people with disabilities and chronic patients. Am I correct, Secretary? The assistance available is certainly not enough. Are the recipients supposed to buy only socks with the \$2,000 or so they receive? And, transport fares are so expensive.

Earlier on, I visited some elderly persons living alone in Kwun Tong. They said, "Yuk-man, I am given some \$2,000 only. I live in such a remote place, so I cannot have any contacts with my relatives. I cannot have any social life and friends." Members all know that one cannot receive both CSSA and the "fruit grant". Then, what can they do with the \$2,000?

The proposal on introducing universal retirement protection has been put forward for a very long time, but the Government has always turned a deaf ear to it. It has treated our views as mere nonsense. Today, we all talk about nonsense here again. We will continue to do so, right? We have no alternative *(The buzzer sounded)*

DEPUTY PRESIDENT (in Cantonese): Mr WONG Yuk-man, time is up.

MR WONG YUK-MAN (in Cantonese): The Government does not listen to us, and it just keeps on repeating its arguments, right?

DEPUTY PRESIDENT (in Cantonese): Mr WONG Yuk-man, please sit down.

MR WONG YUK-MAN (in Cantonese): This is an insult to elderly persons. I hope the Government can seriously consider

DEPUTY PRESIDENT (in Cantonese): Mr WONG Yuk-man, please sit down. Time is up.

MR WONG YUK-MAN (in Cantonese): Can I speak for one minute more?

DEPUTY PRESIDENT (in Cantonese): No, because you have used up all your seven minutes.

MR WONG YUK-MAN (in Cantonese): I have not finished.

DEPUTY PRESIDENT (in Cantonese): Even so, I cannot help you. Please sit down. *(Laughter)*

MR LEUNG YIU-CHUNG (in Cantonese): Deputy President, last week we discussed the Motion of Thanks on the policy address here, but I was astonished to see the voting result because it was a vote of Motion of Thanks which had the most votes in favour of it throughout the years.

Someone asked me when this voting result appeared, "LEUNG Yiu-chung, is this result caused by a move made by Chief Executive Donald TSANG to inflict injury on himself? Because he had proposed to raise the "fruit grant" to \$1,000, but subject to a means test. After knowing that the people were averse to this idea and opposed this move, he made a drastic move and removed that means test requirement. So Members are like what WONG Yuk-man has described it, that they tried to find a pearl in the shit and once they found it, they voted in favour of the motion. Is this the trick he is trying to play?"

I said to that man, "I have no idea if the Chief Executive and his psychological warfare unit are that smart, but in any case, I have just one feeling and that is, although the Chief Executive has made a U-turn this time around and abolished the means test requirement and this seems to have made him gain the support from many Members for the vote of Motion of Thanks, I would still think that the Chief Executive is a loser." Why do I say so? Deputy President, the "fruit grant" has all along been meant as a token of respect for the elderly, but now the Chief Executive has completely distorted the original intention and gives a terrible insult to the lifelong contribution made by the elderly to the prosperity of our society.

We can see from the "fruit grant" incident that there is a blatant discrimination of the Chief Executive and his leadership circle against the elderly. They view the elderly as a burden of society. The Secretary has said earlier that the ageing population is a big problem and one person in every four will be an elderly person and if money continues to be paid out in that way, it will certainly be a heavy burden. Deputy President, this is an idea that I find hard to accept. I think if there is an expenditure which is essential, then this is something to which we ought to commit ourselves. This is like the salary of civil servants, which is also a heavy burden. But can we say that we do not have to think about that? Since it is a heavy burden, we should see how we can deal with it and if necessary, we should share it. But the Government keeps on saying that since we want to bear this heavy burden, then it should be given to us. It says that we approach the issue not from a rational frame of mind but with an emotional

attitude. This shows that the Chief Executive is unhappy about it and we can see no respect from the Chief Executive for the elderly.

Apart from that, the Chief Executive has not dealt with another issue. Although he thinks that the "fruit grant" is a heavy commitment, he can offer no solution to the retirement problem for the elderly. He fails to come up with any answer to that problem. I recall in the Question and Answer Session, I had asked the Chief Executive whether or not he knew about the retirement situation in Hong Kong. We have only the MPF but, as we all know, after the financial turmoil, a lot of the deposits in MPF accounts have evaporated. I also said to him that some wage earners had told me that they would retire in a couple of years' time, but when they found out that most of their MPF deposits had disappeared, they had no idea how they could spend their retirement days.

To our dismay, the Chief Executive told us, "Then how come the Legislative Council did not pass the proposal on a universal retirement protection system back then?" He is blaming the Legislative Council for the problem. But he has never thought about this: Although at that time many Members of the Legislative Council did not agree to setting up a universal retirement protection system, should he not revisit the issue after he has become the Chief Executive and as he ponders over the future development of Hong Kong? As the Secretary has said, there will be one elderly person in every four persons in Hong Kong. So how should this problem be tackled? Has any new direction been proposed for us to think about? Unfortunately, he has not done that at all. No new direction is proposed. Therefore, this is telling proof that the Chief Executive and his leadership circle have never thought about how to show respect to the elderly. At the same time, they have not come up with any good plans to address the retirement needs of the elderly. Therefore, I think the Government is really doing a disservice to the elderly.

As for the topic today and whether or not a universal retirement protection system should be set up, Deputy President, I agree very much to the idea. At the end of the 1990s, when we passed the MPF System, I already said that the MPF System was fraught with problems. As a matter of fact, such problems are beginning to crop up one by one. I have mentioned these earlier and I am not going to repeat them. It is not enough if the MPF alone is used as the retirement protection for the elderly. On top of that, there are many people such as women, domestic helpers, persons with disabilities and those without the ability to work, who are completely deprived of protection since they have not made any

contributions to the MPF. It follows that the only solution is a universal retirement protection system and this can solve the problem.

I remember that when the Government was proposing the enactment of legislation on MPF, there used to be a TV commercial in which a question was asked on how much money could be saved in a MPF scheme, the answer given in that commercial was it could be millions. It sounds great. But where does this sum of millions come from? It turns out that it is only after some 20 to 30 years that one can expect to have that (*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Mr LEUNG Yiu-chung, time is up. Please sit down.

MS LI FUNG-YING (in Cantonese): Deputy President, the policy address equates the "fruit grant" which is meant to show respect for the elderly as a kind of pension and this has caused strong opposition in society. In the end, the Chief Executive changed his mind and retracted from his initial position. The requirement of a means test on asset and income was removed and the OAA rate was increased to \$1,000. The Federation of Hong Kong and Kowloon Labour Unions and I welcome such a move.

Deputy President, at the beginning of this debate I heard the speech made by the Secretary and it lasted for almost 15 minutes. But what was said was only about the present situation and nothing was mentioned about the future. As I understand it, the motion debate is on the OAA and this should be examined in the present context, while the universal retirement protection system should be seen as something that is largely about the future. So I hope the Secretary, when he gives a reply later, can talk more about his future plans.

It is beyond any doubt that Hong Kong society is to face the problem of ageing population. According to projection made by the Census and Statistics Department, there will be about 2.26 million elderly persons aged 65 or above in 2036 and the number is 26.4% of the total population. This is 1.39 million more than the elderly population in 2008. I think any government which has foresight and responsibility should prepare well in advance to ensure that the retirement life of the elderly in future is protected and that they can have a real sense of security and truly age in peace.

However, there is as yet no sound system of retirement protection in Hong Kong. The MPF schemes introduced in 2000 are at most retirement schemes linked with occupation and their coverage does not extend to a significant proportion of housewives and there is very little protection for the low-income group and those who are about to retire. Also, the MPF has its shortcomings too. It offsets the long service payment and severance pay under the existing Employment Ordinance. Now there is little job security in society and there is insufficient protection as well. In the course of a person's working life which may stretch a few decades, what is left in the pension and provident fund which are supposed to prepare for his retirement life may be very few after offsets on a few occasions of severance or dismissal. So the problem of offsetting is really a violation of the legislative intent of the Employment Ordinance and the present retirement protection.

Besides, the relentless pounding of the financial tsunami has served to magnify the inadequacies in protection as found in the MPF System and the refusal of the Government to assume the responsibility of protecting the retirement life of the public. All along the Government has been unwilling to bear any responsibility for the investment failures of MPF schemes. I believe wage earners would realize that deeply of late. The money in the MPF schemes which they have saved painstakingly over a decade may come to very tiny amounts or none at all if their accounts were to be settled now because they are about to retire. For some employees who do not get any MPF payments but a pension and so their accounts have to be settled upon their retirement, these people would lose a great part of their accrued benefits. Some people may opt for settlement of their accounts at a later date, that is, after a few years. But if the investment portfolio they choose is one of capital preservation instead of some investment portfolios which bear a higher risk, the return they get may not even be enough to pay for the administrative charges. So this is a great distress for many people. They wonder if they should settle their accounts right now or should they wait until there is a rebound from the abyss of depression. I do not think even Wong Tai Sin can give an answer to that. This shows exactly that the MPF is really not a sound system and the Government should not transfer the investment risks and the issue of welfare for the elderly to the citizens.

Also, Deputy President, the Chief Executive has called on each family to give birth to three kids. Though it is the best way to deal with an ageing population by increasing the population, has the Government ever looked into the question of why the birth rate in Hong Kong is so low? Perhaps we have seen a

commercial which says that raising a kid requires \$4 million. Leaving aside the question of whether this figure is an exaggeration, it is not an easy thing at all to provide for oneself and one's parents, let alone providing for three kids. In the past, people raised kids in order to prepare for the future when they get old and to offer protection in their old age. Now parents only hope that their kids can be self-sufficient, supporting themselves. This is already no easy task to accomplish. Such thinking only shows that life is excruciating here in Hong Kong and no retirement protection can be expected. Everyone hopes to get some protection after retirement. Some people may resort to taking out an insurance policy. But there is no protection given to insurance policies these days. For the housewives who have been labouring for no reward and the low-income people, they may not have even the most minimal protection. They can only rely on providence or on the assistance from their family.

Just imagine how great it is if we can have a sound and cross-sectoral universal retirement protection system, for everyone will not have to worry about their old age. Therefore, I support a universal retirement protection system. As for short-term measures, Deputy President, I hope that a living supplement for the elderly be introduced immediately to help those elderly persons in need; the laws should be amended to abolish the provisions on offsetting the MPF benefits with severance pay and long service payment, and relax the permissible limit of absence of recipients of the OAA from Hong Kong and increase the value of the health care vouchers for the elderly.

Thank you, Deputy President.

DR PAN PEY-CHYOU (in Cantonese): Currently, there is a permissible limit of absence from Hong Kong for elderly recipients of the "fruit grant" and this point was mentioned by some Honourable colleagues earlier. The original intention of this is to prevent abuse of the "fruit grant" and as elderly persons return to Hong Kong to get the "fruit grant", this will enable the Government to know that these elderly recipients are still alive.

However, this measure has caused great inconvenience to elderly persons who have chosen to settle in their hometowns. In terms of housing, many of these elderly persons who have settled in their hometowns have renounced their accommodation in Hong Kong. For those living in public rental housing units, they have to surrender their units. For those who are better off, they may have

sold or leased their property. If it is required that these recipients of "fruit grant" should return to Hong Kong and live for three months before they are eligible for the OAA, then where should they live during these three months? Should they live in a home for the elderly, a hotel or sleep on the floor of the home of a friend or relative?

Then there is the question of transport. Many elderly persons have mobility problems, and some may have to sit in a wheelchair in addition to using a walking stick. If it is required that they should return to Hong Kong to live a certain period of time every year, not only will this be a great burden for them but also for their family members or relatives who take care of them or accompany them on the journey. To speak the unpleasant truth, who will be held accountable if some of these old folks trip over, break a bone or have something happened to them on the way?

On the other hand, the CSSA system is an entirely different story. The authorities allow those CSSA recipients who live in Guangdong and Fujian Provinces to get their payments without having to return to Hong Kong. What they need to do is get a certification from some authorized agencies there. I wish to ask these questions: Why can the same thing not be done for "fruit grant" recipients? What kinds of principles or administrative reasons prevent the same thing from being done to "fruit grant" recipients? Or is it simply because the Government wants to save expenses? Therefore, the FTU demands that the Government abolish the permissible limit of absence from Hong Kong for recipients of "fruit grant" who live on the Mainland.

The next thing is the elderly health care voucher scheme which will be implemented starting from 1 January 2009. We know that this is a trial scheme and eligible persons aged 70 or above will be each issued five health care vouchers worth \$50 each. Elderly persons with these vouchers may use the primary health care services in the private sector. This means, apart from doctors, they can also get services from other allied health professionals. We welcome this move. But honestly, what can be done with this sum of \$250? The sum is perhaps good enough to pay for two or three visits to the general out-patient clinic. Please do not forget that most elderly persons suffer from some chronic diseases such as hypertension, diabetes and hyperlipaemia. They have to be on regular medication. So will this sum of \$250 each year be good enough for them to pay for the consultation fee, medication or is it simply a token after all? I think it is just better than nothing.

We know that this is a trial scheme, however, we would still want to urge the Government that when after the trial is finished, it should increase the value of the health care vouchers and we suggest that it should be increased to \$1,000. We also suggest that the eligibility age for these vouchers be lowered as well to bring it on a par with that for "fruit grant".

The Chief Executive proposes in the policy address this year to introduce a means test for the OAA. The proposal immediately sparked off fierce opposition and strong grievances among the people and the political parties. Nine days afterwards, the Chief Executive sensed the tremendous pressure as reflected in public opinion and made a last-minute decision to shelve the proposal. The FTU welcomes this move by the Government which shows a respect for public opinion. However, we cannot help but ask, "Why is this idea brought up in the first place? Why is this senseless rush towards the edge of a precipice? Why is it that only after the clamorous opposition from all the political groups and concern groups in Hong Kong that the Government stopped this policy which threatens to destroy social harmony? The Government is always saying that it is doing things for the people, then why was this measure which runs counter to public opinion formulated in the first place?"

Many Honourable colleagues have mentioned that the OAA was first set up in 1973 and the original intention of the Government was to regard this as a token of thanks to the elderly people who have made so much contribution to Hong Kong. This respect for the elderly is seen in the fact that the OAA is commonly known as "fruit grant". This term is an apt description for the reason that the amount of the "fruit grant" is not large and it is seen as a show of respect. The FTU has always been striving for the increase of this "fruit grant" to \$1,000. We have first to understand what kind of people the elderly persons in Hong Kong are. They can be said to have experienced great hardships while they were young as they had gone through trying times of war and political turmoil. They had had all the rough times. As they came to Hong Kong, they could rely on no one but they themselves and through all these years of toil and labour, they have built their homes and worked the miracle of Hong Kong. They have a strong sense of self-respect. They do not want to rely on the Government and take dole from it. But they would be happy to take this "fruit grant", for the fact that this is a sign of respect for the hard work they have done for the best part of their life.

The proposal to introduce a means test for the "fruit grant" can be considered a complete negligence of personal dignity to which the elderly attach great importance. This strips the "fruit grant" of its original intention of

showing respect for our elderly persons. No wonder the proposal is drowned in the deafening voices of opposition. Now the Government can mend its ways and this is commendable. However, we also hope that the Government should learn a lesson from this and when it is to launch any policy later, it should strive to keep close tabs on public opinion. Thank you.

MR LEE CHEUK-YAN (in Cantonese): Deputy President, today we are back on the topics of "fruit grant" and universal retirement protection again. As we look back on the way the Government handles the "fruit grant" issue, we can see that the Chief Executive has made a U-turn and of course we welcome this move by him. We from the Hong Kong Confederation of Trade Unions (HKCTU) have said from the outset that the "fruit grant" rate should be increased to \$1,000 and the means test should be waived. After the Chief Executive had made his U-turn, he said when speaking in front of the media or on public occasions to this effect: Rational policy discussions have been eclipsed by emotional responses. He does not feel convinced. It seems that only he himself is right and sensible while all other people are not. But we should examine whether it is true to say that only he himself is right and sensible while all other people are not. Is he the person who is most rational? In fact, it is exactly the other way round — he is neither emotional nor rational.

How is the Chief Executive neither emotional nor rational? Deputy President, Secretary, first of all, politics is emotional. When you see old folks have to pick carton boxes and they even have to scramble for these carton boxes and old newspapers in order to make a living, when they have to hang on to a meagre sum of the "fruit grant" in order to survive, do these not touch the strings of your heart? Have you no feelings at all when you see all these things? If the Chief Executive does not have any feelings towards these things, he does not have a slight speck of humanity in him. Politics is in itself initially an emotional response to things you see and that is followed by a rational search for a solution or the making of another emotional response. The Chief Executive is devoid of sentimental qualities. And he is devoid of rationality as well. What does he say about his rationality? His argument is simple. The reason why he does not want to increase the "fruit grant" rate to \$1,000 is that by 2033, there will arise a situation whereby four people will have to support one person. There is no way the Government can sustain. He is talking about things that will happen more than 20 years later. What in fact is that argument presented by him? From a

rational perspective, he is only mean and he is just holding his purse strings tight and he considers the old folks a big burden. This is the kind of rationality he was talking about. This is not the kind of rationality we want, the kind that is required to solve problems. I cannot see the kind of rationality that will solve the problem of offering protection to the living of the elderly. I can only see rationality deeply rooted in selfishness. Maybe he thinks that he can look very far ahead and he is not selfish. And he is doing this for the Government of the next generation. However, he lacks the kind of emotive charge that will drive him to think of a solution to the problem. All he thinks is that his approach is grounded in rationality.

The kind of Chief Executive and the kind of Government we want is one that will solve the problem of giving protection to the living of the elderly from a rational perspective. We from the HKCTU took part in a joint conference on universal retirement protection and we put forward a very rational approach worked out by actuarians to solve the problem of retirement among the elderly in 2033. It is unfortunate that the Chief Executive would not even agree to short-term measures. We have been striving for an increase in the "fruit grant" rate for so long but what we get is this increase to \$1,000 now. But the immediate problem of giving livelihood protection is not solved, for the sum of \$1,000 is not enough to those old folks who rely on the "fruit grant" to survive. We cannot see anything he has done in the short term and as for the long term, he is likewise inept. So irrespective of whether it is in the short term or in the long term, this Government has failed to deliver. He says "no" when we discuss long-term issues with him. Then we ask him to do something and tell us about the situation. We say that his things will not work and he should do something to tell us what he will do in the long run. I do not know when he will deliver. The Secretary has said that the Central Policy Unit is engaging in a number of studies. I learn that these studies began in 2005 but to date I have not had a chance to see them. Would the Government show us the report of the studies?

We have undertaken a long-term study as well. What kind of study is that? It is on how to solve the problems in 2033. First, we think that the existing system does not work. I wish to make that clear, the HKCTU has opposed the MPF right from the beginning. We want to have a universal retirement protection system with tripartite contributions. When that MPF proposal was submitted to the former Legislative Council, we voted against it. Because we found that the MPF has a great drawback and that is, it is

meaningless to those in the low-income bracket. Even if those with a low income have made contributions for 40 years, the time that the money can be used to support a family or one's retirement life is very short indeed. Now things have gone from bad to worse. I can really see no future in that. The rate of return of the MPF schemes has dropped sharply and some wage earners see that their MPF savings have shrunk all of a sudden by some 40% to 50%. The Hospital Authority says that it cannot stand it and allows retirees to draw their MPF benefits later. But taking out the money at a later date does not mean that a reasonable rate of return is obtained. Will this rate of return rise when people draw the benefits? Now that the market is so volatile and it is making roller-coaster rides. Hence it is a matter of whether you have any luck when you retire, whether you are riding on the crest or trapped at the bottom of the wave as the market makes its frantic moves. It would be too bad if you are trapped at the bottom. We can see dead clear that MPF schemes are not sustainable. They are only practised in Chile and Hong Kong among all the countries and places in the world, while the universal retirement protection system is one that is commonly adopted. Now we suggest that half of the MPF savings be allocated to a universal protection system and the Government should inject funds that are being used on CSSA for the elderly and the "fruit grant" into that system. This will give it enough funds to start off and the elderly can each get \$2,500 to \$3,000 each month.

Another drawback of the MPF is that it has no place for housewives and those who engage in household chores. If these people can also benefit from it, then it is really a system that gives protection. But we do not see the Government think that far ahead. When we are thinking far ahead, the Government just says "no". But we have no idea why this cannot be done. In fact, it is only that the Government does not want to do it, not that the idea does not work.

Deputy President, I hope that as a short-term measure the Government can consider relaxing the means test for elderly applicants for CSSA so that more elderly people can benefit and thereby have the means to live, that they do not have to scramble for carton boxes or rely on the "fruit grant". This is a short-term solution. As for long-term ones, there should be protection for retirement (*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Time is up.

MR LEE CHEUK-YAN (in Cantonese): Thank you, Deputy President.

MR WONG KWOK-KIN (in Cantonese): Deputy President, last month when the Chief Executive delivered the policy address, although he said that the Old Age Allowance (OAA) rate would be increased to \$1,000, he also introduced a new means test on asset and income. The move led to great reverberations in society. Earlier on, when I called a residents' meeting in a certain district, many elderly people came specifically forward to tell me their discontent and they thought that the introduction of a means test was a sign of disrespect for the elderly.

Fortunately, the Chief Executive changed his mind on the 24th last month and announced that the means test mechanism would be abolished. The FTU welcomes this move by the Chief Executive, for it is proof that he could listen to the voices of the people. Also, we hope that the Government will face up to the views of the elderly squarely and pay more attention to elderly policy and related measures. This is because we are on the way to becoming an ageing society and assistance for the elderly and elderly care are the responsibility that this society and the Government should bear.

Deputy President, although the Government agrees that the OAA rate should be increased to \$1,000 without requiring the applicants to go through any means test, there are still many restrictions in the present OAA system. Therefore, we should remove the restrictions and barriers. Such include the restriction on the period of absence from Hong Kong. Now applicants for the OAA have to be residents of Hong Kong for seven years and they should have resided in Hong Kong for a continuous period of at least one year before making their applications. When they are on the "fruit grant", they cannot be away from Hong Kong for more than 240 days each year. I fail to see any justification on the part of the Government to impose these restrictions. Facts and actual cases show that these restrictions have prevented elderly persons in need from applying for OAA. This especially applies to those old folks who have long since settled on the Mainland. I am sure the Secretary is well aware of this problem, for he is very concerned about it and he has gone to Guangzhou himself to learn about the situation. So I hope the Secretary will not let these old folks down.

According to statistics, there are close to 30 000 elderly persons aged above 65 residing on the Mainland. As they live there for long periods of time

and since many of them are frail and they may have mobility problems, they would seldom return to Hong Kong. Hence they fail to meet the absence requirement of the "fruit grant". These people rely on their savings or a meagre amount of pension to live. They told me that they were mistaken about two things when they decided to live on the Mainland. First, they thought that the cost of living on the Mainland was low and so they were caught with surprise when they found out that the index of living there was rising all the time and even inflation appeared. Second, the money they had prepared used to be able to finance their expenses up to the age of 70 or more, that is, the normal life expectancy of people. Now they find that people are having a longer life and they can live up to 80 or 90 years old. So they do not know what to do.

Deputy President, I do not think that these people do not like to live a longer life, only that they do not know how to live their remaining years. These old folks are having a really hard time and they have spent all the retirement funds. Many of them need our help in returning to Hong Kong to apply for CSSA or live in a home for the aged. Our offices on the Mainland have received many of this sort of enquiries and complaints and the number when added to the cases handled is more than 1 000. There are 57 cases within a four-year period that required our assistance in arranging for these Hong Kong residents to live in a home for the aged or a hospital. However, even if we have helped these old folks to return to Hong Kong, a lot of efforts and formalities have to be taken and gone through before they can get any welfare assistance.

The FTU is of the view that regardless of whether these old folks live in Hong Kong or on the Mainland, provided that they are residents of Hong Kong and they had made contribution to Hong Kong, they are entitled to applying for the "fruit grant". This is a token of our gratitude to these old folks. Therefore, I hope that the Government can undertake a review of the restrictions imposed with respect to the "fruit grant" with a view to removing all unnecessary restrictions and tests. This will enable the "fruit grant" to really benefit the elderly persons.

Deputy President, despite its small amount, the "fruit grant" has become an important living supplement to old people among the grassroots. In other words, the "fruit grant" has changed from a token of respect for the elderly to a living supplement for the elderly among the grassroots. What are the reasons leading to this state of affairs? The root of the problem is that the Government has not done enough to solve the problem of elderly poverty and our welfare system is

inadequate. Now when an elderly person applies for CSSA, the person has to go through vetting procedures, the application has to be lodged with other family members or else the person's children have to declare that they do not have the means to support the living of their elderly parents by signing a so-called "bad son statement". All these are rather ignominious things for the old folks. So many of them would rather collect giveaway newspapers at MTR stations and resell them like other people. Or they would pick soft drinks cans, carton boxes, and so on, rather than to be on CSSA which is a form of public assistance.

Does the Government therefore not need to fully examine the inadequacies of the welfare policies on the elderly? The CSSA for the elderly is the first thing that needs to be changed. Restrictions on the "fruit grant" should be lifted. A kind of living supplement should be added to help the poor elderly. This is a proposal made by the FTU last year. The advantage of that is applicants need only go through a simple vetting mechanism and they can enjoy a real kind of living supplement for the poor elderly in addition to the "fruit grant" system. It remains, of course, that the ultimate solution to the problem is to implement a universal retirement protection system as soon as possible.

Deputy President, the FTU thinks that it is only with a multi-pronged approach to change the existing welfare policy for the elderly that the elderly persons in Hong Kong can live happily. I hope the Government and the Secretary can give serious thoughts to our suggestions.

Deputy President, I so submit.

MR FREDERICK FUNG (in Cantonese): Deputy President, first of all, the Hong Kong Association for Democracy and People's Livelihood welcomes the last-minute move by the Chief Executive to call a halt and shelve the asset and means test for the "fruit grant" and to revise the rate upwards to \$1,000. So in the Motion of Thanks debate, I also withdrew my amendment. The motion on the Chief Executive's policy address thus in return was passed by a vast majority. However, I voted against it all the same because as seen from the sudden change in the Chief Executive's attitude in 10 days and especially from the remarks and attitude shown when he made the announcement, he was reluctant and all too unwilling. He talked about being rational and emotional and said that rational discussions had been eclipsed by emotional reactions. The implication is: I would not argue with you and let me give you that. This is an attitude which I

think What then is respect for the elderly? The "fruit grant" is originally specified as a token of gratitude to the elderly and if gratitude is something emotional, so are respect for the elderly and care for one's neighbours. As a matter of fact, human beings have both emotions and reason and more often than not, both emotions and reason are intermingled when a conclusion is drawn. There would be a want of humanity if people have only reason and no emotions.

Deputy President, I do not think this so-called concession or compromise by the Chief Executive is really a show of care and respect to the old people. Nor is it really an attempt to handle the long-term problem of the retirement of the aged. Increasing the "fruit grant" rate to \$1,000 is not only a consensus reached in this Council, but also a common understanding forged across the entire community. How can this be called emotional? Is it true that 60% of the people in Hong Kong are only under the sway of emotions? An opinion poll conducted by the University of Hong Kong shows that more than 60% of the people are in favour of increasing the "fruit grant" rate to \$1,000 and to waive the means test. So I think this conclusion shows that the Chief Executive does not even bother to consider the matter and maybe he has never thought about the question of how to deal with the situation in 2033 when more than 30% of the people, or one quarter of the people rather, are elderly persons. This is a rational issue and it is also an emotive one. It is rational because the number is so large. However, this is only an estimate. It is emotive because the question hinges on how we are going to treat the old people who have worked so hard for Hong Kong when they were young and how we are to deal with their financial problem as they get old. The issue is closely related to feelings and sentiments.

I would not consider the old folks in the United States or those in Britain or even those on the Mainland. I only take those in Hong Kong into consideration, for they are from Hong Kong and they are now living in Hong Kong. I was really puzzled when I heard the arguments of the Chief Executive on that day. What was he thinking? The kind of argument he made and the way he presented it can be seen from a political point of view as an outpour of genuine feelings. It can also be said that he was foolish. What I mean is that it is not right for him to have genuine feelings and more so, genuine feelings about a political issue. His performance on that day was disappointing. Those of us who have been striving so much for this would feel disappointed, for the Chief Executive has not put his heart into that problem. Before the Chief Executive changed his mind, I believe he had also made those who supported him feel disappointed. It is because these people used to support his original proposal, but why did he make this U-turn?

The result is that he failed to please both parties. I hope the Government will understand that in tackling the problems of the elderly, we have to be both rational and emotional.

Second, we think that there should be continuity in dealing with this problem. Do not try to demonize the elderly problem or the population ageing problem and regard them as our burden, problem and pressure. Since the number of elderly people is increasing, we should examine how preparations can be made before the people get old and they should be empowered when they get old. If they are not empowered, we can help them with our system. The system should not give them the feeling that they are the disadvantaged and they are those who extend their hands and wait for welfare from society. Why do some people think that the old people rely on handouts from society? Society is paying back its gratitude for them. It is because they have made contribution when they were young and now we are paying them back as they get old. It has never occurred to us that we used to rely on them, but when they are in need of financial assistance, we are saying that they are relying on us. This argument simply does not hold water.

There is another argument. The Government says that in 25 years from now, that is, in 2033, one in every four people would be an elderly person. If each elderly person is to get \$1,000 a month, then every two persons will have to pay an extra \$500 monthly. Arguments like these sound plausible, but it may not be true to say that every two persons will have to pay an extra \$500 monthly. We all know that egalitarianism is not applied to the payment of taxes. Not every person is paying the same amount of tax. The principle of those who have the ability to pay more shall pay more applies. Some people are not required to pay any tax while some people are required to pay tax. The situation could be those who have the means will pay a bit more. They may pay more than \$500 and it may be \$1,000. But the point is, would it not be fair if someone is asked to pay more as he makes so much money in Hong Kong? If this amount is shared among every member of the public, this is like shifting the burden to the shoulders of every person and in so doing everyone is scared off and hence nobody will agree to this move. Can this be said to be rational? Is this kind of analysis rational? This kind of analysis is in fact cunning.

The authorities are saying that the relevant expenditure is \$3.9 billion currently and if our suggestion is adopted, the expenditure will be increased to \$7.9 billion. And this amount will surge to \$14 billion in 2033. This is a huge

sum indeed and it scares people to death. It makes people feel that no support should be given. It says that the relevant expenditure in 2033 would be \$14 billion. But no one knows what our economic powers and conditions will be like in 2033. Maybe we would have already grown rich. And can we not afford to have a situation where expenses every year are like those in 2007 or 2008? Why do people come to this early conclusion that we cannot afford that sum of money? Why can the following things happen? Like in the budget last year when the idea of a tax cut was proposed. We can see that an 1% tax cut for just one item will mean a loss of \$4.4 billion in revenue. And this tax cut is not to be effected once but for years — and it is \$4.4 billion each year. Does this not demonstrate an influence of emotions? I think it is emotional to make a tax cut and save money for the rich. But I am being very rational, too. I oppose this idea right from the beginning. Can we not make a comparison between the two things I have mentioned in dealing with this issue?

Deputy President, I think insofar as the issue of "fruit grant" is concerned (*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Mr Frederick FUNG, time is up.

MR FREDERICK FUNG (in Cantonese): the Government has entirely failed to offer any satisfactory explanation. Thank you, Deputy President.

MR RONNY TONG (in Cantonese): Deputy President, every time when I make home visits, I would feel uneasy when I step into the homes of some elderly people. For every time when I see these old people living in a state of helplessness and in the solitude of advanced years, and when I come into contact with their dreary and listless eyes, I would be rendered speechless, not knowing how they can be helped.

Deputy President, many of the policies of the SAR Government are far from being satisfactory and with respect to elderly policy, it offers little to write home about. The elderly policy we have is a patchwork of fragmentary pieces. Deputy President, why do I say that this is so? Because government policies seem to fail to address the question of how the elderly should see themselves and

how they should lead a life under the present circumstances. We are not able to show any respect for the elderly and take care of them. Some of these old people even have a great problem when it comes to maintaining themselves.

Deputy President, maybe you would recall that not very long ago, there were newspaper reports about many of the elderly persons in Hong Kong making a living scavenging the dustbins. It is a pity that even scavenging is not possible these days, for waste paper cannot be sold for good money. Then how are they to make a living? Under our system, if the elderly persons are living with their family members, they must apply for CSSA with the entire household as a unit. As some Honourable colleagues have said, there is this statement declaring that family members are unable to support the elderly persons and it is commonly called the "bad son statement". This invites much criticism. The result is that the children in Hong Kong are forced to abandon their parents. If the elderly persons move out and do not live with their family, the CSSA rate that each one would get is only some \$2,400, and if the two elderly parents are living together, there would only be some \$4,000. For these old people, it would be difficult for them to live on this amount of money. If they are living with their family members, they cannot apply for CSSA on an individual basis. So they can just live on the "fruit grant". The "fruit grant" rate that we have been talking about has all along been a mere \$700 and it is only raised to \$1,000 now and it seems to be a great favour from the Government. With the inflation now, even if \$300 is added, it would not be able to catch up with the rise in prices. Hence they are still having a difficult time.

(THE PRESIDENT resumed the Chair)

President, I do not think the Government knows nothing about the plight of the elderly. President, the Legislative Council of the last term undertook a study into the life of the elderly. It was a detailed study and the targets were elderly persons living in New Territories North. I believe their situation is also a reflection of other elderly persons in Hong Kong. We find that 70% of the respondents are not living with their children and more than 40% live alone. These people can only live on the some \$2,000 each month just mentioned by me. If they are living with their children, they can only rely on the "fruit grant". Given the present economic circumstances and due to the wealth gap problem,

even if they are living with their children, still they are unable to lead a decent life. Some people may ask: Why do they not go out to work? President, we find that more than 80% of the old people think that no one will hire them and this is a fact. This is because we do not have any anti-age discrimination law. The problem of age discrimination is indeed very serious. Members would bring up this topic for discussion almost every year, but the Government pretends that it is not seeing, not listening. President, the findings of the study show that 65% of the elderly persons have an average income of only \$3,000. Given such a state of affairs, can we call our society affluent? Despite the fact that Rolls Royces roam freely on our streets and billions of dollars are spent by people speculating on shares and foreign currencies, when we are discussing the issue of raising the "fruit grant" by just \$300, we have to argue till very late at night and we were even criticized by the Chief Executive of being too emotional and not rational enough.

President, the kind of social support which the elderly can get is very small. Our survey shows that each of the young people has an average of six friends; each woman has 4.8 friends; but each elderly person has got only 0.7 friend. In other words, when they are to move out, cease living with their children and apply for CSSA, they do not have the money to go out for social activities. They do not have any friends at all. And even if they have, more than 80% of their friends are in the same situation as theirs. That is to say, they do not have any work and they have got no money. Just what kind of support and social capital have they got in this society?

President, perhaps we too have to face these problems when we get old. The actuarians are telling us, during the 20-year period from 2028 to 2048, it will be the peak of our ageing population. President, this is to say, we have only got 20 years' time. If we are to launch any form of universal retirement protection, a system of contributions like the present MPF System, 20 years would only be barely enough for this system to mature. If we are not doing this, when the peak comes, the responsibility that the Government has to bear may even be greater. And so is the responsibility that the next generation will have to bear. President, the issue is pressing and we can afford no more delays. We have discussed it for a very long time and the legislative procedures should commence at once before this serious crisis can be addressed. In so doing we are also fulfilling our duty of respect to the elderly. I hope the SAR Government can ponder over this seriously.

MR IP WAI-MING (in Cantonese): President, Members have actually discussed this issue for a very long time and on this question of whether or not the "fruit grant" rate should be raised from some \$700 to \$1,000, Members have also put forward their views. My colleague, Mr WONG Kwok-kin, has said earlier that we have got to think, and the Secretary has also got to think, why this "fruit grant" which was meant to be a token of respect to the elderly has now become a resource on which the elderly rely for a living? They are living on this sum of \$1,000 from the "fruit grant" and this has become an important source of income for them. The Government should think about this question.

The most important thing is in fact, as many Honourable colleagues, the public and the FTU have said, the Government should set up a universal retirement protection system so that the elderly population now and in future can be taken good care of. President, the Chief Executive mentioned in this policy address the problem of population in future. Come 2033, the number of elderly persons aged 65 or above will reach 2.17 million. I believe I am also among this vast population of the aged by that time. By then every four persons will have to take care of one elderly person among them and in the face of this challenge of ageing population, we must prepare well in advance and formulate a good welfare policy for the elderly so that we can face up to the future.

It may be that during the past decade or so, we had discussed many issues and alternatives. In the 1980s we talked about the central provident fund system. In the 1990s we talked about the universal retirement protection system. As a matter of fact, all through these some 20 to 30 years, members of the public have put forward many options and proposals to address the problem of retirement protection. However, what is so disappointing to us is that the Government has repeatedly refused to tackle the problem. If it is worried about the financial commitment, then why does it not discuss it with the public? There are in fact many groups and organizations, including the FTU, which have put forward many proposals. In 1994, we proposed a three-tier retirement protection plan aiming at giving a sense of security to the old people. But just how much of what we said, and what we took part in formulating at that time had been put into practice by the Government from 1994 to the present? Now the question is: Are all the suggestions we made, including the plan proposed by the FTU, regarded by the Government as completely useless and not worth adopting at all?

The Government is not doing anything and it is not making any other proposals either. All that it has come up with is a MPF proposal. But what is the use of MPF Schemes to the elderly now? In practice, the most important

thing is that the Government does not want to manage MPF schemes and the task is left to some 10 to 20 financial institutions. We find that these financial institutions charge exorbitant administrative fees. We know that as much as 20% of the MPF contributions made initially may have been used to pay for administrative fees. Why do we have to pay for such expensive administrative fees? Will the workers get the best retirement protection they can get in the end? We hope that the Government can address this problem expeditiously and the responsibility should not be left to Members here. During all these years, many new faces have appeared in this Chamber and the same questions are asked time and again. But the Government is not doing anything. It may make a slight move when pressured, and it may even sit motionless like a statue. I hope the Government can think about this issue for we are really very disappointed.

The Government keeps on saying that the problem of retirement protection can be tackled by CSSA and OAA and such like safety net. And there are the MPF and personal savings. As for the CSSA, OAA and MPF, many Honourable colleagues have discussed them earlier on and I will not go into the details. With respect to personal savings, often times the Government is shifting the responsibility onto the elderly, saying that they had not planned well ahead when they were young. However, when discussing the issue of minimum wage, we find that more than 500 000 of our workforce has a wage below \$5,000. These people are not even able to make ends meet and their monthly or daily wages are not enough to meet their living expenses. How can they have any savings? We are not throwing the ball back to the court of the Government, but has it ever occurred to the Government that these old people or the working poor cannot make any savings? The Government says that it would ask the Central Policy Unit to study and explore the sustainability of these three pillars of retirement protection. But as we can see, this study has been ongoing for many years but no conclusions are drawn. We urge the Government to submit the findings of the study expeditiously. President, with respect to this, please allow me to put it bluntly, we have spoken so long about it that our lips have worn out. So I hope the Secretary can give us a positive response.

We have reservations about the amendment proposed by Mr Tommy CHEUNG, for his amendment has the following words: "must ensure that the system will not increase the burden on the next generation". I think this would impose restrictions on discussions on universal retirement protection, making the scope of the proposal too narrow and lacking in flexibility. Therefore, the FTU will not support this amendment by Mr Tommy CHEUNG. As for the original motion and the other amendments, we would support them.

MISS TANYA CHAN (in Cantonese): President, as the old saying goes, "respect one's own elderly and respect other people's elderly". This is an exhortation to respect not only the elderly in our home but also all the elderly. The top officials of the SAR Government should all be very learned people, but why among all things have they caused so much discontent and grievance in our society on the "fruit grant" and protection of the living of the elderly? Have they forgotten what their teachers had taught them when they were young?

Were it not for the strong reactions from society, I think that the Government would have glossed over the matter and introduced the asset and income test for "fruit grant". And it would have taken the stealthy step of changing the "fruit grant" from a measure showing respect for the elderly into a living supplement in name for them. It thinks that by doing this it has responded to the issue of retirement protection which is an issue of great social concern.

The Government has always taken the lead to educate the young people to respect the elderly. But the Chief Executive went against this and presented a negative example in the policy address. What kind of civic education is he promoting? Although in the end and unnerved by a nosedive in popularity ratings, the Chief Executive came forward and retracted. However, this has not served to make the Government walk clean out of the matter. People know clearly what is in the mind of the Government. The Government therefore owes the elderly an apology. If the Government does not even want to do so, does it not mean that it is not respecting the elderly at all? This will really set a bad example for our young people.

The elderly people have toiled and laboured for a good part of their life and they deserve some token of gratitude from society for the contribution they have made. The case is like those of us who are children, we would give our parents some money each month as pocket money, irrespective of the financial conditions of our parents. Can we save on this sum of money because our parents are financially well off? To introduce a means test for the "fruit grant" is a most absurd proposition.

President, since the "fruit grant" cannot be seen as a retirement protection policy for the elderly, we will need to consider whether we should set up a long-term universal retirement protection system. I am sure this system will not

only affect the elderly people of today but also the young people now. So I must talk about this policy.

The Chinese have a traditional saying or belief in raising children to prepare for old age, that is to say, people will depend on the support of their children when they get old. However, in this time and age in Hong Kong, this is no more than a myth. There is an advertisement which says that it costs \$4 million to raise a child. For an ordinary couple, I do not think they can save that sum of money even though they may work day in and day out. If out of sheer inadvertence they make the wrong investment, then they may become victims and their lifetime savings may go down the drain.

It is almost a mission impossible for the young people nowadays to maintain themselves and their next generation. If on top of this they are asked to support their parents, I believe many of them would simply quit.

Government statistics show that within 25 years, that is, in 2033 — by then the young people sitting in the public gallery will be in their forties — one in every four Hong Kong people would be an elderly and every two persons in the workforce will have to support one elderly person. This may be something beyond the imagination of the young people today. From this it can be seen that the elderly persons will have to rely on themselves. Put it bluntly, they really have to fend for themselves.

If in future these people would have to fend for themselves, this would mean that they will have to rely on the MPF completely to cope with the needs of their retirement life. But can our MPF Schemes yield enough returns to cope with our retirement needs? I doubt it. Leaving aside those middle-aged people who start to make MPF contributions in the middle of their career, even for those young people who have just started their career, their MPF benefits may not be able to pay for their retirement expenses. Let me give an illustration to dispel people's doubts.

Take the example of a 20-year-old person who has a monthly salary of \$8,000 and each year he can expect a salary increase of 3%. He works until the age of 60. The annual rate of return of his MPF Scheme is 5% and when added to the 2% inflation rate, the MPF benefits he can draw at the age of 65, when translated into the purchasing power of today, would be about \$1 million. Also, there is some information which shows that the average life expectancy of Hong

Kong people is 85 years. May I ask the young people here, or the Members, or even the President himself, "Would you think that \$1 million is enough for 20 years?" The expenses would include items like rent, living expenses, utilities, and so on. Would that be sufficient? Can we live on that \$1 million alone?

Actually, the example I have just cited is a better-than-average example. The realistic situation is that there are more people who are in a much worse position than this. If this is the case of people who are eligible for making contributions to a MPF Scheme, just think what will happen to those who work from hand to mouth, or those with an unsteady income, or those housewives who married young and stay at home to raise the kids?

Although I am not a housewife and I do not know if I would have the chance to be one in the future, I would say that the contribution made by housewives to the family should be recognized. It is unfortunate that when they get old, they may have no one to depend on. This is also a reason why a universal retirement protection system should be set up.

I understand that a universal retirement protection system is a very complicated matter and I am also aware of the impending bankruptcy of the retirement schemes in many countries. More so do I know that the risk would be very high indeed if a universal retirement protection system does not function well. In fact, the Secretary may invoke these grounds to justify his repeated and incessant delays of a study into universal retirement protection. I hope that I have not guessed correctly.

Hong Kong is badly in need of a good retirement protection system. A responsible government should take up the challenge and it must not duck and dodge. I am not demanding that there be a universal retirement protection system overnight. We only hope that the Government can study that. Would that be an excessive demand to make?

President, someday you and me, the Secretary, and even the young people sitting in the public gallery, will all get old and retire. I hope very much that when these young people get old, they will not be regarded as a burden and they may not have to worry about their life and they may not have to scavenge the dustbins for carton boxes and newspapers. Can the Secretary meet these three requests of mine? I so submit. Thank you, President.

MR PAUL CHAN (in Cantonese): President, before Mr Fred LI of the Democratic Party proposed his original motion, the Chief Executive tried to mend the fold by announcing the shelving of the proposed means test for recipients of the Old Age Allowance (OAA) or the so-called "fruit grant". There is no doubt that his response answers public views and sentiments, but it also reflects a lack of comprehensive planning in policy conception on the part of the Administration. Notwithstanding that this is the Chief Executive's annual policy address, the inconsiderate arrangement made by the Government in respect of a controversial issue about which a consensus has been reached in the community and the legislature is inevitably rather disappointing.

When announcing the withdrawal of the proposed means test, the Chief Executive expressed his wish to genuinely conduct, at a more appropriate time, a review of the sustainability of the OAA policy in Hong Kong in the light of the ageing population. I hope that such a review will be comprehensive and thorough, and will bring people from all walks of life into discussion. I also hope that the Government will genuinely listen to public views so as to prevent the recurrence of similar incidents.

Retirement protection is an important issue that warrants serious attention by society. In view of the trend that family size is getting smaller, coupled with the fierce competition in the job market and hiking property prices, we can hardly count on our children to shoulder the greater part of the responsibility of supporting the parents when they grow up to work. To the majority of Hong Kong people who have worked so hard all these years, the existing MPF System provides no retirement protection at all. I therefore support that a comprehensive study into a universal retirement protection system be conducted with a view to coming up with a desirable option that will enable the elderly to live a dignified life in their twilight years.

Earlier on, the Secretary for Labour and Welfare, Mr Matthew CHEUNG, informed the Panel on Welfare that the Central Policy Unit was studying the universal retirement protection system, and would hopefully come up with a new thinking and a new direction. I hope that the study will be holistic and will provide options for thorough public discussion. A conclusion will also be drawn to end this decade-long controversy by tackling at root the challenges posed by the ageing population and doing the elderly justice. It is hoped that this is not a stop-gap approach simply to meet the media's transient challenges.

The amendment proposed by Mr Tommy CHEUNG of the Liberal Party mentions that when the Government commences the study regarding the establishment of a universal retirement protection system, it should ensure that the system will not increase the burden on the next generation. I do not consider this practicable, nor do I consider it appropriate to set any pre-conditions for the relevant study or discussion. I therefore do not support his amendment.

Insofar as the amendment proposed by Mr TAM Yiu-chung of the DAB is concerned, I have reservations about the proposals to increase the health care vouchers for the elderly to \$1,000 and lower the age of entitlement to 65. This is because according to the health care voucher scheme proposed in last year's policy address, if the threshold is 70 years and each elderly person is entitled to \$250 a year, the estimated cost will be about \$500 million. Should we increase the amount from \$250 to \$1,000 and lower the age of entitlement from 70 to 65, the cost incurred would increase by several folds. In times of economic downturns, I do not consider it appropriate to look at health care vouchers separately. Rather, it should be considered together with universal retirement protection and other welfare protection for the elderly in a holistic manner. For this reason, President, I do not support the amendment proposed by Mr TAM Yiu-chung of the DAB either. I will, however, support the amendment proposed by Mr WONG Sing-chi of the Democratic Party.

I so submit. Thank you.

DR JOSEPH LEE (in Cantonese): President, the motion under discussion today features four amendments. Actually, this topic simply attempts to convey one message, and that is, to expose the inadequacies of the Government's elderly policy. The Secretary is now present, so he should be well aware of this. Can the existing elderly policy in Hong Kong genuinely enable the elderly people to enjoy healthy ageing in their twilight years? There is a big question.

Certainly, the amendments and the original motion have put forward various proposals. However, there is no disagreement on one point: The \$1,000 as a "fruit grant" or Old Age Allowance (OAA) is a reasonable initiative. Many controversies have passed. It is hoped that the Government will expeditiously submit the relevant funding proposal to this Council for approval. Only by so

doing can the elderly make good use of this \$1,000 to ensure that they have healthy twilight years.

However, can this serve the purpose of caring for the elderly? I do not see any government policy that will enable the elderly to enjoy their twilight years. This \$1,000 is a welcomed OAA, but does it serve to protect the elderly in their twilight years as stated by the Chief Executive in the policy address?

One of the amendments proposes the implementation of a living supplement scheme, and this has precisely exposed how inadequate the existing elderly policy in protecting the elderly is. While everyone is entitled to this \$1,000 at the age of 70, people at the age 65 are subject to, say, a means test. Despite the granting of this sum of money, we can still see a number of elderly people collecting cartons and working night and day to make a living. To them, this \$1,000 is just better than nothing. Some of them, however, will really not apply for Comprehensive Social Security Assistance (CSSA). Has the Government considered their cases?

Mr TAM Yiu-chung's amendment proposes that a living supplement scheme be considered to provide a suitable amount of money to people who do not wish to apply for CSSA but find the \$1,000 grant insufficient to make ends meet. I am certainly not an expert and therefore cannot suggest an exact amount. But just as Mr Paul CHAN has said, an arbitrary increase may incur a huge sum of money, or just as Mr Tommy CHEUNG has said, a heavy resource burden will be imposed on the next generation. We should bear this in mind.

It is questionable whether any pre-condition or constraint is desirable. However, the Government's consideration in respect of the overall elderly policy is, first of all, whether it can enable the elderly to lead a secure life. Given that \$1,000 has been paid, it would be desirable if the authorities can implement a living supplement scheme for the elderly before a sound elderly policy offering comprehensive universal protection can be formulated. I hope that the Secretary will respond positively to this point and help the elderly.

Health care is my profession and the "healthy ageing" proposed by me precisely ties in with the health care vouchers previously proposed by the Government. Mr TAM Yiu-chung's amendment proposes to increase the health care vouchers to \$1,000 and lower the age of entitlement to 65. There are

certainly many voices saying that not only a considerable sum of money would be involved, but also a heavy burden would be created for the Government. From the policy perspective, however, if we consider that the elderly should enjoy healthy ageing Regardless of whether the amount is \$1,000 or \$750, the vouchers are not used primarily for medical consultation. Rather, they should be used to slow down the ageing process so as to ensure that they enjoy healthy ageing. While they may suffer from some chronic illnesses, a deterioration of their physical condition, or they may suffer such functional health problems as diabetes, heart diseases, hypertension, bone degeneration and knee arthralgia, they still enjoy free mobility and are themselves a labour force.

While I have previously proposed the establishment of a commissioner for elderly affairs to study the issue, Dr LEONG Che-hung has also mentioned the silver hair market. However, there seems to be no further proposals so far.

In fact, to ensure that the elderly enjoy healthy ageing in their twilight years, the health care vouchers should not be used for medical consultation alone. But they should also to help them maintain good health through the provision of, say, dental or eye check-ups. As a result, such professionals as optometrists, dietitians and pharmacists would be included in the concept of health care vouchers, with a view to genuinely maintaining the health of the elderly in the community. This is an important factor. So, regardless of whether or not the amount is \$1,000 or the age of entitlement is 65, the provision of vouchers is, in principle, a good initiative.

While Members may not see eye to eye on the exact amount of the health care vouchers, the concept of "money follows the patient" that it expresses precisely reflects the inadequacies of our elderly policy. It is wrong for us to put too much emphasis on using that sum of money for medical treatment. If it is possible to increase the amount, given that \$250 is too little indeed, Dr CHOW said that a review would be conducted when necessary. Assuming that a larger amount will be offered on completion of the review, it is hoped that the elderly would be informed of the fact that the money is not to be used for medical treatment, but to promote good physical health. They should also be told that ageing can be positive.

A number of colleagues have quoted some figures, which are rather negative, in their discussion on ageing and retirement protection. This is, however, unfair to the elderly. Ageing is an inevitable process which all of us

have to go through. Neither is it a social burden for we can live better lives in a positive manner. And yet, government policies have failed to offer any protection to our elderly, in terms of money, medical treatment or health care.

For this reason, it is therefore necessary for the Government to lay down different pre-conditions in the course of studying a universal retirement protection system. Although controversies and conflicts will arise, the only thing the Government should do is, basing on three major principles, to ensure that our elderly enjoy healthy ageing by offering protection in terms of financial assistance, health care and overall welfare benefits. This is pretty idealistic. Here, I am not in a position to make any substantive proposal or give concrete figures. And yet, the different proposals put forward today are, in my opinion, desirable in principle, and truly reflect the inadequacies of the Government's elderly policy.

I therefore hope that apart from these proposals, the Secretary will consider the creation of a commissioner of elderly affairs as proposed by me, which will be tasked to co-ordinate all plans on care for the elderly. It is also hoped that the universal retirement protection under discussion will genuinely ensure healthy ageing. Not only for ourselves or the past generation, but for our children as well, so that Hong Kong will become a healthy city. Thank you, President.

DR PRISCILLA LEUNG (in Cantonese): President, "having an elderly person at home is like having a gem". The achievements of Hong Kong today are attributable to the elderly people. It is therefore a general consensus of Hong Kong people to give the elderly people a sense of security. For this reason, I agree that the poor elderly should be allowed to apply, subject to a simple vetting and approval procedure, for a living supplement in addition to the monthly \$1,000 "fruit grant" (which is a token of paying respect to the elderly). This is particularly granted to the poor elderly.

Regarding the universal retirement protection system, it has been said that elderly people will account for about one fourth of our population by 2033. I think that the elderly concerned actually refer to people of this generation. We would all be elderly people by 2033. I wish to know how our children, young people and students with whom I have frequent contact think about this universal retirement protection system. Nowadays, young people are unwilling to get married or bear any children. Perhaps this is a global trend. Coupled with the

prevailing financial tsunami, fewer and fewer people dare to get married or form their own families for fear that they will be obliged to take care of the past generation on the one hand, and shoulder the education and other responsibilities of their children on the other. In this connection, I agree that the young families should be encouraged to bear more children to ensure a more balanced proportion of elderly to young people.

Insofar as the protection for the elderly retirees is concerned, I think that family harmony is also an important concern apart from money. If an elderly person fails to live a dignified life in his twilight years and his basic living is not guaranteed, the young or middle-aged member of the family concerned will be living under immense pressure. Family tragedy is therefore prone to happen, and elderly people will probably be abandoned in the streets. This is the last thing Hong Kong people would wish to see, in a Chinese community in particular. We respect the elderly people very much and eagerly hope that they can live in dignity. It is my wish to see a systematic plan put in place in society by the time people of this generation grow old, with a view to relieving the immense pressure on the younger generation in taking care of the elderly and raising children, which have dampened their desire in forming their own families.

The motion today relates to a universal retirement protection scheme. I agree with the amendments proposed by Members, including that proposed by Mr Tommy CHEUNG. It points out that in considering a universal retirement protection scheme, the burden on the next generation must also be taken into account. I agree with this point because I always take into consideration our children's views on the decision that we are going to make today. Since all of us will grow into elderly people in the future, we are also potential beneficiaries.

I strongly agree with Mr WONG Sing-chi's amendment for I think that necessary work should commence on a comprehensive scale in the face of an elderly population explosion 25 years later, so as to enable society to guarantee happy twilight years for the elderly people in a systematic and harmonious manner. In my opinion, "having an elderly person at home is like having a gem" is not just a simple remark. Only families with happy elderly people can actually feel the precious value of the elderly — my family is exactly a case in point.

Mr TAM Yiu-chung's proposal on further relaxing the absence limit of OAA recipients is also an objective that I have set out in my political platform,

one which I have been striving to achieve. I think that as universal retirement protection may not be provided in Hong Kong overnight, it is likely that many elderly people will choose to stay in places with lower daily expenses and purchase some cheaper retirement plans. I opine that Hong Kong elderly should be entitled to such benefits as they are, after all, local citizens. They should enjoy the same benefits even if they are off the shore.

I also agree with the proposal to increase the amount of the health care vouchers for the elderly to \$1,000. I consider that the existing \$250 vouchers have failed to benefit many needy elderly and achieve any actual effects. Nonetheless, in increasing the vouchers to \$1,000, consideration must be given to the conditions of using these vouchers. For instance, should they be required to consult private practitioners or use the services provided by public hospitals, and how they should be used. I think that careful consideration should be made in this regard.

Since I have frequent contacts with the young people in my daily work, I am aware of the fact that they are reluctant to get married. This makes me gravely concerned that by the time this one-quarter population becomes elderly people, the gap between the younger and older generations will further widen. In other words, there will be fewer young people. In the aftermath of the financial tsunami, I am now more concerned about the life of the elderly retirees. I therefore hope that the Hong Kong Government will start considering the formulation of a scheme that will offer comprehensive protection to the retirement life of the elderly in a holistic manner in the light of the actual situation. Thank you, President.

MR ALAN LEONG (in Cantonese): President, I am of course very pleased to see that after taking heed of public views, the SAR Government has eventually removed the means test requirement for "fruit grant" recipients and increased the amount to \$1,000. But unfortunately, while most elderly people are happy with the \$1,000 "fruit grant", they do not feel grateful to the Chief Executive because his handling of the case has demonstrated a sense of disrespect to the elderly. When the Chief Executive announced the above policy, he said that (I quote): "Rational policy debates have been eclipsed by emotions" (End of quote). Apparently, the Chief Executive was implying that the call for increasing the

amount of the "fruit grant" is irrational. Such a remark is pretty unfair to members of the public. As evident in previous criticisms made by people of all ages and genders against the Chief Executive for a lack of respect for the elderly, such call for an increased "fruit grant" is not the aspiration of the elderly people alone. When the Chief Executive visits local communities, he may as well ask the younger generation if they mind paying an additional \$8 or \$10 from their wallet for an increased "fruit grant". I believe the majority of them will reply in the negative. Hong Kong people are all very willing to do so, with the exception of the Chief Executive. So, I hope that the Chief Executive will learn a lesson. Or else, regardless of how many more shows he is going to put up in the local communities, they will probably not help at all.

President, another topic under discussion today is the universal retirement protection system. This is again a test of the Government's respect for the elderly people. According to a survey conducted by the Hong Kong Council of Social Service, the elderly population of Hong Kong would reach 2.2 million by 2030. The Census and Statistics Department also projects that the proportion of elderly people aged 65 and above in Hong Kong's total population will increase from 10% in 2003 to 30% in 2033. President, impoverished elderly has long been a serious problem, with the poverty rate reaching as high as 33%, which means that one in every three elderly persons in Hong Kong is living in poverty. The data provided by the Social Welfare Department also show that, as at end of March 2007, there were some 294 000 recipients of CSSA, of which 52% is elderly people. This is pretty worrying. Summing up these data, we discover that not only the number of elderly people is increasing, so is the number of impoverished elderly. Even the Government is aware of the ever-increasing number of elderly CSSA recipients, and yet, no solution has been provided.

President, whenever the retirement protection scheme issue is discussed, the Government will definitely use the Mandatory Provident Fund (MPF) System as a shield. However, MPF has a fundamental problem where protection is offered to only a limited population, excluding people working at home (that is, housewives) and the unemployed. As a result of the financial tsunami, the MPF value has dropped over the past few months and various MPF schemes have recorded a 10% reduction in the third quarter. If calculated on some 2.42 million employees in Hong Kong, each has suffered a loss of nearly \$12,000 on average. Even if members of the public are allowed to choose their own trustees in the future, we can only hope that the necessary handling and administrative

fees can be minimized albeit our contributions will still be left to the fluctuating investment market. What is more, MPF only applies to the working population and will not mature in the next 30 to 40 years. So, people who retire during that period of time can hardly enjoy the full benefit. We cannot sit with our arms folded. There are already many elderly people who have to make a living by collecting cartons. President, should the Government further postpone the implementation of an effective retirement protection scheme, not only are the elderly required to collect cartons, it is likely that they will have to compete for the cartons as reported by the newspapers.

President, I recall that when the Chief Executive ran for re-election last year, the Joint Alliance for Universal Retirement Protection had requested the two candidates to undertake to promote a universal retirement protection scheme. At that time, I had taken part in many of their activities. Only that the Chief Executive turned a blind eye to all these.

A universal retirement protection scheme is society's joint commitment to the ageing population in future, and it is indeed a practicable solution. The scheme requires that contributions be made jointly by the Government, employers and employees to finance it. Under the system, eligible elderly will receive a fixed amount of pension on a monthly basis without the need to pass any means test. A sense of security is the core element of universal retirement protection, which aims to assure the basic living of the elderly retirees who have made so much contribution to society for almost their entire life, and ensure that they lead dignified lives in their twilight years. Universal retirement protection may provide immediate financial protection for the elderly, thus obviating the need to wait for the funds to mature. It may also minimize the labelling of elderly recipients of CSSA in the community, such that elderly people living on the breadline will no longer be so reluctant to apply for CSSA and hence receive appropriate financial assistance.

President, the ageing problem in Hong Kong is not a "future case" but a "present case". We must activate a universal retirement protection scheme to cater for the needs of the ageing population. The wordings of today's motion are pretty mild which merely ask the Government to proceed with the relevant study. If the Government is unwilling to undertake even a study, members of the public would then realize not only is the Government failing to know how to respect the elderly people, it is actually unwilling to do so. Thank you, President.

MR CHAN KIN-POR (in Cantonese): President, today I have heard the voices of many colleagues, highlighting the inadequacies of the MPF. One of the inadequacies is a reduction of the MPF balance in the aftermath of the financial tsunami, which has made many people suffer losses. I hope Members would understand that there are high-risk and low-risk products under the MPF System. When it was launched, efforts had been made to promote the system, highlighting the need to reduce stakes in high-risk funds and increase those in low-risk funds when one approaches the age of retirement. It can therefore be seen that consideration has been made in this regard, and the Government had expressed concern about the effects that could be brought about by any financial turmoil. So, if members of the public have listened to the advice of the MPF Schemes Authority (MPFA), I think they should have switched to low-risk products and therefore emerged from this financial tsunami unscathed. Certainly, some people may have made different choices. And yet, in my opinion, the MPFA has done what it ought to have done.

Members should not forget that though the financial turmoil has resulted in a plunge of stock prices, we should not lose confidence in either the stock market or the financial system as such ups and downs is precisely the feature of our financial markets. The recent plunge is attributable to the rises in 2006 and 2007, hence we should not think that the same applies to all other investments. It is most important to assess our own risk and make our own choice of investment.

I do not think that MPF is totally undesirable. Recently, someone told me that he had saved as much as \$100,000 under the MPF in just a few years, so that when he retires in the future, he could tell his children about this sum of money and hence live with them in a dignified manner. Although this is not a large sum of money, it can be used to help meet household expenses. For this reason, I think that MPF does serve a purpose.

Yet, we should understand that MPF does have a lot of deficiencies, one of them being the large number of low-income earners. Given the low income, even with the employers' contribution, the amount of money is very limited and is definitely not enough for retirement. Another point is that while many people are very glad to have saved this sum of money which is not for immediate use, they would wait patiently until it can be used and may probably spend it all very soon. Therefore, MPF does not seem very helpful to this kind of people.

I think that universal retirement protection should brook no further delay and it is something that the Government must consider. The provision of subsidies in such a piecemeal manner absolutely cannot help solve the problems in Hong Kong. It is necessary to establish a universal retirement protection system so that everyone can rest assured of a secure life in their twilight years. How can this be achieved? I do not think the Government has to feel worried too much. Neither is there a need to evade it as this Council has already reached a consensus regarding the ageing population. I have heard that many times, and I understand that a consensus has been reached.

I think that the Government needs to do this. Why? The major reason is that retirement needs a lot of money. We all know that retirement will require a large sum of money. While many overseas countries have already put in place a retirement system, they have to extend the age of retirement all the same. Why? Because there are more and more people who wish to get this sum of money when the number of people who work becomes fewer and fewer. If we genuinely face up to this problem, look at it carefully, we will notice that it is just a deception of oneself and others to think that we have an enormous reserve. In this circumstance, we should spend only when it is necessary and save when it is not. I guess this kind of thinking probably has a greater social meaning to Hong Kong as a whole, as it is much better than giving out money when there is a considerable surplus and rejecting all requests when there is a deficit.

In fact, all individuals should make savings when they are still young and have the earning ability, and it is the same for this system. Likewise, there is also a need for a society to save when it has a surplus and a large working population. However, we should not deceive ourselves and others. Rather, all calculations must be accurate. I think Members should understand the purpose of raising this issue for discussion, and they are, I believe, very reasonable. They should know that if the calculation is accurate, it can be used as an argument. I do not see why Members would oppose such a proposal. The Government can genuinely tackle this problem. There is no use evading as it is something that Hong Kong must face up to. After a decade or two, a serious problem will certainly emerge. By that time, these people will still turn to the Government for a living. The situation would be even worse if the Government does not have any money then.

Therefore, I consider that the Hong Kong Government should genuinely I was aware of this problem before I was elected to the Legislative Council. I strongly oppose the Government failing to implement any long-term universal

protection initiative in the face of an ageing population. It is hoped that the Government will make up its mind and expeditiously consider such a universal protection system. Regarding the motion and amendments proposed by the several Members today, I consider them very meaningful and will therefore render my support to them. Thank you.

MR ALBERT CHAN (in Cantonese): President, I wish to first respond to the several remarks made by Mr CHAN Kin-por. Just now, he said that low-risk funds were preferred for the MPF schemes, and members of the public should act and make their own choice according to their abilities. But I have to tell him that the low-risk funds bought may become high-risk funds because people might be forced to buy high-risk funds.

I have learnt about a case that nine years ago, a person had bought some low-risk funds. However, he was subsequently informed by the bank that only 45% of the value was left, and he was advised to switch within one month to funds He was forced to buy another fund, which would be combined with the previous funds to become a high-risk fund. He might either withdraw the remaining 45% of the so-called low-risk funds which he has invested for nine years at the prevailing value, or he would be forced to switch to a high-risk fund. He was forced to do so and had no choice at all. I am asking the Monetary Authority why there was such a case. Furthermore, this case After looking at the list, I noticed that there are some 10 to 20 funds and a number of his colleagues in the same office were also forced to face such a plight. This is the problem of the MPF System established by the Government — low-risk funds are actually not low-risk. If he gets back his money now, there will be a discount rate of 45%, which means that more than half of his savings will be lost. If he wishes to buy other funds, he could only turn to another company. Should he decide to buy from the previous company, he will be forced to Since low-risk funds are no longer available, the only choice left for him is to switch to high-risk funds. In case the fund yields no return, he will have to live on CSSA for the rest of his life.

President, earlier the Secretary cited a lot of figures in his speech, saying that there were tens of billions of dollars, highlighting the good housing being provided, the Government's care for the elderly and that of the hospitals, and the welfare benefits provided to them. The Secretary has actually used some cold and rigid figures to describe a society with humanity. But I wish to tell the

Secretary that if it was his intention to use such cold and rigid figures to demonstrate to the world how caring Hong Kong society or the Government is to the elderly, it would be nothing but a lie.

For people who have never been to Hong Kong and know what Hong Kong is like, the figures they see could be very misleading. But we visit the local communities and contact the elderly and members of the public every day. Whatever he said would only keep us shaking our heads. No wonder the numerous policies formulated by the Hong Kong Government still defy human conscience, because very often in the course of policy formulation, the Government's only focus is figures. Since the Secretary may not have many opportunities to come into contact with the elderly, so I hope that arrangements could be made to enable him to come into contact with the elderly and listen to the plight they face.

In fact, these issues have been mentioned time and again in this Chamber. Even the Chief Executive admitted in the policy address that many elderly people in Hong Kong are living on the \$700 "fruit grant". This is the social reality which the Government admits in the policy address. Let us imagine what kind of living will this \$700 "fruit grant" provide. Apparently, it should be pretty inhuman.

If we look at the problems faced by the elderly again, we will find that, all of them are attributable to the lack of reliable retirement protection. After all, this is again purely a matter of money which has resulted in insufficient services. Just now, I said that many elderly depend on the \$700 "fruit grant" to pay for their 30-day monthly expenses. There are also 200 000-odd households solely dependent on CSSA, with each family member receiving \$1,400 to \$1,500 monthly. They are indeed forced to live in abject poverty. For so many years, I have forced and asked the Government to explain how the \$1,000-odd assistance can maintain a reasonable living standard. Assuming that a person has three meals a day, how much does one meal cost? How about the expenses for clothing, housing and transport? What if the person falls ill? Would the Government please show me how that \$1,000-odd assistance is calculated to be able to maintain a reasonable standard of living? I asked the Government to show me the computations through the Panel on Welfare of the former Legislative Council as early as 1993, but it has all along refused to give a reasonable explanation on why \$1,400 to \$1,500 is considered a reasonable level. The Government is still evading this question.

In respect of transport, many buses and public light buses have yet to provide concessions for the elderly. I believe among the developed societies of the world, the transport concessions offered to the elderly people are the least in Hong Kong. We can say that this is indeed pretty shameful.

Furthermore, many elderly people are currently waiting for their turns to be admitted to the residential care homes for the elderly (RCHEs), particularly those operated by the Government. However, either many of them died before they were admitted, or they have to wait five to seven years before they are admitted to a public RCHE. Regarding health care services, they may have to wait three to five years before they can enjoy specialist out-patient services. A few days ago, I saw a patient I really could not believe it without seeing him. He has to wait for six years until 2014 before he will be treated by an urologist. By 2014, six years from now, he will be an elderly person by then.

The Secretary cited a lot of figures, saying that tens of billions of dollars would be spent, and so on and so forth on health care and housing services. Let me tell him loud and clear that the plight currently faced by the hundreds of thousands of elderly people in Hong Kong or those who will become elderly people in the future, is solely caused by the Government's failure in respect of retirement protection. Since the Government is obliged to provide reasonable retirement protection, a failure to do so is a dereliction of duty on its part, and a reflection of its inability and prejudiced acts. It is rather inhuman. Therefore, I hope that the Government will feel pangs over a past defeat and make a fresh start by formulating a retirement plan or policy that complies with the standard of humanity for the elderly people in Hong Kong. Thank you, President.

PROF PATRICK LAU (in Cantonese): President, I very much welcome the Chief Executive's decision to increase the "fruit grant" to \$1,000 without introducing a means test at the same time. I also welcome his decision to explore the possibility of extending the permissible limit of absence from Hong Kong for "fruit grant" applicants. When speaking on the Motion of Thanks, I already remarked that most importantly, we must realize the intent of the Old Age Allowance (OAA) (commonly called the "fruit grant") and distinguish it from CSSA under the social security system.

When first introducing the OAA in 1973, the Government's intention was to assist families in looking after their elderly members. However, the OAA has not been correspondingly increased to keep abreast of the times. For this reason, nowadays, people have come to regard the OAA as a "fruit grant", a token of respect for the elderly. People thus think that there must not be any means tests for OAA applicants. As for those elderly persons in need of financial assistance, people think that they should continue to enjoy protection by CSSA.

Some are of the view that the "fruit grant" is not enough as a supplement to meet the living expenses of elderly persons, and the latter may not like a stringent means test for CSSA applicants and the associated stigma. I therefore agree to what is proposed in the amendments, that is, the introduction of a maintenance grant for the elderly in addition to the "fruit grant" and CSSA, so that elderly persons aged 60 or above can receive a living supplement after a simple asset declaration. That way, assistance to elderly persons can be enhanced on several fronts.

President, according to the survey statistics of the Hong Kong Retirement Schemes Association, half of the respondents earning more than \$25,000 a month considered that the current retirement schemes would be unable to cater for their needs after retirement. And, more than 70% of those respondents earning \$10,000 to \$15,000 a month also thought that their retirement benefits would be unable to meet their needs. With medical advances and rising living standards, the average lifespan of Hong Kong people has become much longer. On average, a man can live to be 77 and a woman 82. If we still do not formulate any measures to cope with the needs of the ageing population, many people who do not have sufficient savings will not get any livelihood protection after retirement.

The Government should review its policy of providing elderly persons with post-retirement financial protection on the basis of the three-pillar model advanced by the World Bank. Why? In regard to the first pillar, that is, MPF Schemes, how many cases of investment losses will emerge in the wake of the financial tsunami? Has the Government formulated any measures to prevent such cases or provide protection? As for the second pillar — private savings and investments — how many families will lose all their savings and livelihood protection, again, in the wake of the financial tsunami? And, regarding the third pillar, that is, the safety net, is the present CSSA System adequate?

President, if these three pillars cannot provide adequate retirement protection, should we not immediately explore the feasibility of introducing universal retirement protection? Naturally, while studying the introduction of universal retirement protection, we must at the same time ensure proper government spending in other areas. I therefore agree to the establishment of a universal retirement protection fund in addition to the safety net.

I so submit. Thank you, President.

MR LEUNG KWOK-HUNG (in Cantonese): President, this badge was given to me by an elderly person outside the Legislative Council Building on the day when the Chief Executive came here to deliver the so-called policy address. But since I had stayed outside the Building to condemn the Chief Executive on that day, I did not have a chance to show it. In fact, the badge seeks to call on everyone to support a universal old age pension scheme. While we are called the opposition, the Secretary just sits there and supports maintaining the status quo.

As the saying goes, "worse than beasts". I remember that when I was young I think the President should have read the two poems written by BAI Juyi, "A crow sings at night" (慈烏夜啼) and "The poem of a swallow" (燕詩), which is dedicated to an old man by the surname of LIU. What is "A crow sings at night" about? It is about a crow which cried very sadly — "a crow which lost its mother moaned in grief", meaning that the crow lost its mother and felt very sad. "Why only you felt sad when all other birds have mothers too?" It means that all birds have mothers, but why the crow alone was so sad? "Your mother must be very kind that her death left you in deep sorrow" means that the crow was in deep sorrow probably because her mother was very nice, and her death had therefore made her feel very worried and sad. The poem then reads, "There was once a man called WU Qi who had not attended his mother's funeral. How come there is such kind of person who is even worse than beasts". Mothers around the world This world would not exist without our mothers' breasts for we were all raised by our mothers.

However, under the existing MPF System, our mothers will have nothing to live on when they grow old if they do not go out to work. Is this not even

worse than the case of WU Qi? WU Qi just failed to pay tribute to her deceased mother, but elderly mothers nowadays fail to make ends meet after raising their children. The Government said that money is not necessary as the MPF can foot the bill. What does a slight increase in the \$700-odd "fruit grant" have anything to do with emotions and rationality? What is he talking about? This is precisely an act worse than beasts. BAI Juyi said "There was once a man called WU Qi who had not attended his mother's funeral". Housewives, mothers, grandmothers, jobless people and those having no MPF accounts are now pushed to a dead end, and they would rather die than live as they are forced to collect cartons and live on congee. How can he still say that the system is proven? What kind of person is he? It is therefore appropriate to condemn Donald TSANG in the way which BAI Juyi condemned WU Qi. This is precisely what "worse than beasts" means.

Even beasts are grateful to their parents for raising them. Filial piety is the best virtue, but the Government is telling all parents to apply for the "fruit grant" and CSSA if they are unable to live on when they grow old. However, the CSSA application procedure is rather complicated, which even requires their children to sign a "bad son statement". What kind of person is he? What Government is this? Is this not exactly the way a beast behaves?

In the poem of a swallow dedicated to the old man LIU, a swallow only remembered how its parents built nests for it and fed it when it grew old. Donald TSANG said that he is now 63 years old. He has plenty of money and he therefore needs not receive any "fruit grant". MPF is a means to force people to make savings. Just as Mr Albert CHAN said earlier on, MPF is no more than a fund managers' tool, inherited from the British Hong Kong Government. Once the money was given to the fund managers, it would evaporate in the end regardless of whether it was invested in either high- or low-risk funds.

President, "it is impossible to get any water using a bamboo sieve". Likewise, one can never get protection from MPF. Members of the public now suffer loss under such a bad system. Even though you were only asked to bear the administrative costs but not provide universal retirement protection at that time, you refused and hence resulted in such a circumstance — while people who bought low-risk funds suffered losses, those who bought high-risk funds are left with nothing. He proposed but a system, but why does he not revise it now? Is he sick? Is he deaf, buddy?

President, let me show you. This is Donald TSANG. He asked me to — President, you need not be afraid because a towel has been placed beneath it — pour some water. Members take a look at this. Not a single drop of water can be retained in this sieve, has the Secretary seen that? This is the MPF System. Some people even do not have the water to pour. How about the Government? He simply finished with the water, not leaving a single drop. Either there is no water, or the water saved is not enough for a single sip of a predator.

Honourable Members, this broken sieve is what the British Hong Kong Government left for us. Since reunification has taken place long ago, it is time to promote national education, to be on par with the Mainland and to secure protection. The authorities, however, think the other way, saying that the Government is very good to the elderly people. What about transportation? Some elderly people have already died when it finally came to their turn to be admitted to the RCHEs. You have forced a large number of elderly people to turn to those substandard homes for the aged with their CSSA. What kind of RCHEs are you talking about? How about health care? How long must an elderly person wait before he can undergo a cataract surgery? It is really a shame that you are still saying something like this. What kind of figures is that? Can you provide some figures of the assistance or aid provided? Is it possible to compare the local resource input for the elderly people with that of our overseas counterparts? Are you bold enough to conduct such a survey? If not, you had better shut up. How dare you are still arguing speciously here?

Honourable Members, many people said that it is a waste of resources for many people, including LI Ka-shing, to receive the "fruit grant". We are not asking the Government to conduct a means test for LI Ka-shing. We are calling on the Government to ask LI Ka-shing to pay more through the imposition of a progressive profits tax, and to provide long-term and comprehensive social security which includes unemployment assistance and pension. So do not put it the other way round. We simply demand that the rich people should be subject to the means test, and to develop a progressive profits tax so that the rich will pay more tax. It is alright for them to get their shares, do you get it? Please argue no more and behave like that crow. Honourable Members, please do not act like WU Qi for he was worse than beasts. Wake up! *(The buzzer sounded)*

Forget it, I would say no more.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Mr Fred LI, you may now speak on the three amendments. You may speak up to five minutes.

MR FRED LI (in Cantonese): President, first of all, I would like to thank the 25 Members who have spoken. Insofar as WONG Sing-chi's amendment is concerned, the Democratic Party is actually playing doubles as the part of my motion relating to the "fruit grant" has been overtaken by events.

I wish to talk about the Tommy CHEUNG's amendment, but he is not present at the moment. We agree to his proposal that the existing welfare policy for the elderly should be comprehensively examined. Prof Nelson CHOW of the University of Hong Kong even proposed to cater for the various needs of the elderly, including the provision of financial support, housing, medical care and family support, and reorganize the existing structure which covers a number of departments. As pointed out by Tommy CHEUNG in his amendment, the universal retirement protection system should not increase the burden on the next generation. However, just as I said in my earlier speech moving the original motion, should we continue to rely on the existing "fruit grant" and CSSA to cope with the ever-increasing ageing population, the burden on the next generation will increase accordingly. The proposed universal retirement protection system is absolutely no worse than the existing system.

As for Mr TAM Yiu-chung's amendment, there is one point which I have considered for quite some time in particular, and it is the inclusion of a living supplement in addition to the "fruit grant" and CSSA. If I remember it correctly, Miss CHAN Yuen-han has once proposed to introduce, in this connection, an asset ceiling of \$169,000 and an income ceiling of \$3,000. We looked up the records of previous years and found that her proposed grant was \$1,100 monthly, and that "fruit grant" or CSSA recipients were not eligible for this. In other words, she had proposed an alternative kind of assistance, which I believe is similar to the living supplement presently proposed by Mr TAM.

However, the "fruit grant" has been increased to \$1,000 and the brand new scheme of giving out \$1,000 "fruit grant" has yet to commence. It is therefore still an unknown as to whether the new scheme will attract more applicants upon implementation. We still have to wait and see its impact on government finance. Therefore, the effectiveness of the proposed living supplement for the elderly people has yet to be seen Since not much has been said, I have no idea if the simple means test as stated is similar to the one proposed by Miss CHAN Yuen-han. But since the amendment only calls on the Government to consider rather than to act immediately, we think that it is reasonable in consideration of those at the age of 60 We also care about people aged 60 to 64 who are not eligible for the "fruit grant" for they cannot benefit from most of the assistance. For this reason, we agree that something should be given to this group of people. The Democratic Party therefore supports Mr TAM's amendment.

The three-pillar concept mentioned by a number of Members earlier is presently very welcomed worldwide, and it is actually the most comprehensive and direct approach: The universal retirement protection system is the first pillar, whereas the MPF System is the second and private savings being the third. We can reinforce the first pillar only by introducing the universal retirement protection system, which is actually a more simple and comprehensive approach than the granting of "fruit grant" and CSSA.

The Democratic Party supports all the amendments.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I wish to thank Mr Fred LI, Mr Tommy CHEUNG, Mr WONG Sing-chi, Mr TAM Yiu-chung and the other 21 Members again for making so many substantive, constructive and valuable suggestions on the financial assistance and welfare policy relating to the elderly retirees.

I am going to briefly respond to the speeches made by Members earlier on.

Firstly, I must stress right from the outset that the Special Administrative Region (SAR) Government has all along attached great importance to the well-being of the elderly. Just as I said in my earlier speech, in 2007-2008, a total of \$31.7 billion was spent in respect of the elderly people's social security and health care services, which accounts for 16% of the Government's total

recurrent expenditure. In other words, \$16 in every \$100 is spent on the elderly, not including the expenditure on housing. I also wish to stress that we have all along regarded the elderly people as our social resources instead of a burden. This is very important.

I am aware of the proposal made by some civic organizations about the introduction of a universal retirement protection scheme, under which all Hong Kong residents who meet the age requirement will benefit. However, in view of the continuously ageing population, the proposal will certainly bring a considerable financial burden on the next generation who has to pay. Also, it is questionable if sufficient financial resources are available for the implementation of the proposed system in the long run. What is more, the suggestion of obtaining money from the Mandatory Provident Fund (MPF) will change the specific relationship between the existing personal contributions and future benefits, hence causing far-reaching implications.

This proposal bears a lot of resemblance to the so-called "pay-as-you-go" universal retirement protection system currently adopted by many countries, and the financial difficulties that it has brought about have gradually surfaced in many developed countries. Take the United States as an example. Despite reforms to the contributory social security system, including a gradual upward adjustment of the age of entitlement of pension, a reduction in the amount of subsidy and an increase in the social security tax, the American authorities has recently projected in public that the system would fail to balance the books in 2017. They also warned that, in the long run, all capital will be used up by 2041. This is the projection made by the American authorities. The United Kingdom has also endorsed the implementation of a pension reform, which includes gradually raising the minimum age of entitlement of the State Pension to 68 years, and initiatives have been taken to encourage personal savings to meet the needs of elderly in old age.

Members just now mentioned that the World Bank has been concerned about the development the elderly retirement protection system. In the report, the "Old-age Income Support in the 21st Century" released in 2005, the World Bank again pointed out that most pension schemes of the world have not made any projections of welfare needs arising from future demographic and economic changes. So, in order to maintain the operation of these systems, it is probably necessary to cut down on the health care and education expenditures, or to significantly reduce the pensions of the next generation.

What is the situation in Hong Kong? Financial assistance for the elderly people in Hong Kong is provided by way of the Comprehensive Social Security Assistance (CSSA) Scheme, and Old Age Allowance (OAA) and Disability Allowance under the Social Security Allowance Scheme mentioned by me earlier, the Mandatory Provident Fund (MPF) System and voluntary personal savings. These are the three pillars with which Members are very familiar. The Government is currently examining the sustainability of these three pillars in Hong Kong, and the Central Policy Unit has already received the relevant findings. An expert group consisting of academics and experts has been commissioned to formulate discussion topics on the provision of financial assistance for the elderly, draw up research proposals, proceed with the necessary studies and make policy proposals. We will take into account the findings of the research and other important factors, which include upholding the traditional family concept, maintaining the overall competitiveness of the economy, maintaining a simple tax regime, and ensuring that the existing social security system will develop in a sustainable manner, before deciding on the way forward.

Insofar as the social security protection system is concerned, I hope Members will understand that contribution is not required under Hong Kong's existing social security system. This is a vital point. All expenses are met by the Government from General Revenue, and this involves a large sum of public money. Therefore, we must be very cautious, in order to ensure that this safety net can have sustainable development.

An effective safety net has been provided by the present CSSA Scheme under the Social Security System, which caters for the basic and special needs of the elderly people who fail to make ends meet. Furthermore, we hope that the recent proposal to increase OAA can be expeditiously endorsed by the Legislative Council — just as I said earlier — so that 470 000-odd OAA recipients can receive the \$1,000 monthly allowance early next year, that is, before Chinese New Year, with a view to subsidizing some of the needy elderly.

I wish to thank Mr TAM Yiu-chung and Members of the Democratic Alliance for the Betterment and Progress of Hong Kong for the living supplement proposal. We have, however, no intention of implementing such a plan for the time being. Should the time for discussion of policy is ripe when both the conditions and objective environment become favourable, it is hoped that we can genuinely consider the sustainability of the policy of OAA in view of the ageing population. A number of Members, including Mr WONG Kwok-hing, Mr

WONG Kwok-kin, Mr TAM Yiu-chung and Dr Priscilla LEUNG, have expressed the hope to relax, in particular, the permissible limit of absence of OAA recipients. A relevant review is now underway, and on completion of the review, we hope to share with Members the result that we obtain and our views of it.

Regarding the health care vouchers for the elderly, they can be used to pay for the services of private Western medicine practitioners, Chinese medicine practitioners, dentists, chiropractors and nurses, as well as those provided by physiotherapists, occupational therapists, radiotherapists and laboratories by referrals. If this is proved practicable, it can be used as the blueprint for providing subsidies for use of primary health care services.

We are equally concerned about the services for the elderly, and will adhere to the four basic principles of the policy of "ageing in the community", namely, first, promoting active ageing; second, encouraging the elderly to age in the community; third, promoting sustainable care, and last of all, focusing resources on helping the elderly people in the greatest need with a view to providing welfare services to the needy elderly. As the population ages, the demand for services from the elderly people in the community also increases. For this reason, we will continue to enhance our services so as to support more elderly in need.

I also wish to thank Mr WONG Yuk-man for reminding me, just now, of a phrase that appears on the Social Welfare Department's webpage, which reads "elders failing to make precautions for the latter part of their life". The Director was immediately notified of it and the phrase removed already. It no longer appears on the webpage and I am very grateful to your advice.

President, all in all, we will continue to listen to Members' suggestions with an open mind and carefully consider how appropriate support and services can be provided to the elderly in the most effective manner, as well as to encourage all individuals, families and the community to join efforts to take care of the elderly. Certainly, we must also ensure that the policy concerned can develop in a sustainable manner and would not bring too heavy a burden on the next generation.

President, I so submit.

PRESIDENT (in Cantonese): I now call upon Mr Tommy CHEUNG to move his amendment to the motion.

MR TOMMY CHEUNG (in Cantonese): President, I move that Mr Fred LI's motion be amended.

Mr Tommy CHEUNG moved the following amendment: (Translation)

"To delete "reiterates that the Government should immediately increase the rates of the Old Age Allowance to not less than \$1,000 per month and fully adhere to the original intention of showing respect for the elderly, and should not introduce any new means test mechanism under the Old Age Allowance Scheme" after "That this Council" and substitute with "welcomes the Chief Executive's announcement that the rates of the Old Age Allowance will be increased to \$1,000 per month and the Government will study whether the permissible limit of absence from Hong Kong under the Old Age Allowance Scheme can be relaxed"; to delete "commence" after "urges the Government to" and substitute with "comprehensively examine the existing welfare policy for the elderly to ensure that elderly people who have financial difficulties and are not on the Comprehensive Social Security Assistance can also receive certain form of living supplement, and when"; and to delete "to" after "universal retirement protection system" and substitute with ", the Government must ensure that the system will not increase the burden on the next generation and will"."

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

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

(Members raised their hands)

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

(Members raised their hands)

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

PRESIDENT (in Cantonese): Mr WONG Sing-chi, as Mr Tommy CHEUNG's amendment has been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. When you move your revised amendment, you may speak up to three minutes to explain the revised terms in your amendment, but you may not repeat what you have already covered in your earlier speech. You may now move your revised amendment.

MR WONG SING-CHI(in Cantonese): President, I move that Mr Fred LI's motion as amended by Mr Tommy CHEUNG, be further amended by my revised amendment.

President, I proposed this amendment today because when the motion was proposed by Mr Fred LI, Chief Executive Donald TSANG had suggested in the policy address that he would consider introducing a means test mechanism to the "fruit grant" without announcing his plan to raise the rates of the "fruit grant" to a uniform \$1,000 per month and temporarily suspend the proposal of introducing the means test mechanism. Hence, this amendment was proposed by me to allow today's debate to address the developments of the incident.

Originally, Mr Tommy CHEUNG had already indicated in his amendment that he welcomes the raising of the rates of the "fruit grant" by the Chief Executive and deleted parts of the original motion incompatible with the developments of the incident. However, I still wish to add my amendment after Mr Tommy CHEUNG's amendment for the sole purpose of enabling everyone to know that the "fruit grant" is raised to \$1,000 in response to the request made by

this Council. This proposal is not raised voluntarily by the Chief Executive out of his goodwill.

Another consideration of mine is that Mr Tommy CHEUNG's amendment has not mentioned the strong opposition from the public and this Council to the means test. Furthermore, when the proposal was withdrawn, the Chief Executive indicated that it might be revisited in future. This is why I hope Honourable colleagues of this Council can state their position today on their opposition to the introduction of a means test mechanism to the "fruit grant" to allow the Government to take this factor into consideration when announcing the review of the "fruit grant" at the end of this year.

Thank you, President.

Mr WONG Sing-chi moved the following further amendment to Mr Fred LI's motion as amended by Mr Tommy CHEUNG: (Translation)

"To add "; regarding the Chief Executive increasing the rates of the Old Age Allowance to \$1,000 per month, this Council welcomes his acceptance of this Council's view, and also welcomes his withdrawal of the proposal of introducing a means test mechanism under the Old Age Allowance Scheme after listening to the opposing voices of this Council and the public" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr WONG Sing-chi's amendment to Mr Fred LI's motion as amended by Honourable Tommy CHEUNG, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr TAM Yiu-chung, as the amendments by Mr Tommy CHEUNG and Mr WONG Sing-chi have been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. When you move your revised amendment, you may speak up to three minutes to explain the revised terms in your amendment, but you may not repeat what you have already covered in your earlier speech. You may now move your revised amendment.

MR TAM YIU-CHUNG (in Cantonese): President, I move that Mr Fred LI's motion as amended by Mr Tommy CHEUNG and Mr WONG Sing-Chi, be further amended by my revised amendment.

My amendment seeks mainly to add three points to, first, urge the Government to consider implementing the "elderly maintenance grant scheme". Although we have not spelt out the details of the scheme, we plan to pitch the amount granted under the scheme at between the OAA and CSSA rates. Second, we hope to further relax the permissible limit of absence from Hong Kong for OAA applicants. Lastly, we hope to increase the value of elderly health care vouchers to \$1,000 and lower the eligibility age for such vouchers to 65.

Hence, I hope to secure Members' support in these aspects.

Mr TAM Yiu-chung moved the following further amendment to Mr Fred LI's motion as amended by Mr Tommy CHEUNG and Mr WONG Sing-Chi: (Translation)

"To add "; in addition, this Council urges the Government to consider implementing an 'elderly maintenance grant scheme' in addition to the existing Old Age Allowance and Comprehensive Social Security

Assistance system, so that those elderly people who are aged 60 will receive a monthly living supplement from the Government after making a simple asset declaration; further relax the permissible limit of absence from Hong Kong for Old Age Allowance applicants; and increase the value of elderly health care vouchers to \$1,000 and lower the eligibility age for such vouchers to 65" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr TAM Yiu-chung's amendment to Mr Fred LI's motion as amended by Mr Tommy CHEUNG and Mr WONG Sing-Chi, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr Fred LI, you may now reply and you have two minutes 55 seconds. This debate will come to a close after Mr Fred LI has replied.

MR FRED LI (in Cantonese): President, I am grateful to the 25 Honourable Members for their speeches. I would also like to make a brief response. I believe this Council has reached a major consensus, that the universal retirement

protection scheme should be a topic to be studied by the Government. The response made by the Secretary earlier can actually be divided into two parts. Despite the fact that the Secretary has spent more than 14 minutes on the first part, basically he has merely repeated the initiatives being implemented once again in 10-odd minutes. In other words, he has merely repeated such initiatives as CSSA, OAA, housing, and health care one more time, without any new ideas. As regards the last seven minutes, it seemed that he was still turning a deaf ear to the requests made by a number of Honourable colleagues. The Secretary has also quoted overseas experience. However, as pointed out by me in my speech, overseas experience cannot be applied entirely to the territory's actual situation, because Hong Kong people have more savings than foreign people do. Secretary, I think you see this point, too. I believe Honourable colleagues are also aware that the savings deposited in banks by Hong Kong people are more than those by Americans. Very often, Americans would spend the money reserved for the future, while Hong Kong people tend to "store up grain as a precaution against famine".

As regards the current permissible limit of absence for OAA recipients, the Secretary mentioned Honourable colleagues from the DAB and the FTU in his response earlier. Actually, not only these colleagues, colleagues sitting on this side also support abolishing the restriction for OAA recipients. This is also a consensus. I hope the Bureau can review this matter and listen to the views of colleagues during the review.

President, I think I need not exhaust my speaking time. Here I would like to thank Honourable colleagues for their speeches. I hope Members can understand that both the amendments and the original motion are meant to give the elderly an opportunity to enjoy a secure life in their twilight years. I so submit.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Fred LI, as amended by Mr Tommy CHEUNG, Mr WONG Sing-Chi and Mr TAM Yiu-chung, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Second motion: Preventing the lower and middle classes from being trapped in hardship amid the financial tsunami.

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

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

PREVENTING THE LOWER AND MIDDLE CLASSES FROM BEING TRAPPED IN HARDSHIP AMID THE FINANCIAL TSUNAMI

MR ALBERT HO (in Cantonese): President, not long ago when the economy was prosperous and the property and share prices were rising, everybody was looking forward to economic prosperity and prosperous financial markets in the future. The Chief Executive said that the present economic climate in Hong Kong was the best in the past 20 years, and that we would embark on a new journey for a golden decade. The words are still ringing in our ears but, in the blink of an eye, Lehman Brothers in the United States filed for bankruptcy protection in September and there was a sudden downturn in our economy and financial system in the wake of a global stock market crash. The Chief Executive has recently said that the financial tsunami we now face is a global crisis and its destructive force is much stronger and more widespread than the Asian financial turmoil in 1997. The recovery will take longer, be more difficult and can certainly not be taken lightly. All of us can see the difference between the two remarks above.

Is it true as stated in the policy address that "as an externally-oriented economy, Hong Kong is naturally vulnerable to changes in the external economic environment"? We have always focused on financial development alone. In the wake of dwindling trades and industries, will the financial turmoil deal a more direct and serious blow to Hong Kong, such that we will feel quite helpless and be walled in by our own worries?

The global financial tsunami initially affected financial investors and banks but it soon spread to various trades and industries. Declining consumer sentiments, an economic downturn, wage reductions and a layoff wave have gradually appeared before our eyes. In the past half month, we saw the winding up or closing down of Hang Fung Gold, U-right, Tai Lin and the chain store Krispy Kreme, forcing thousands of wage earners to join the unemployed ranks. When the economic bubble burst, we know that small enterprises have to put up with high rents while the wage increase of ordinary people fail to catch up with inflation; even though their assets have shrunken within a short time, investors, especially wealthy investors, can still enjoy quality life, but ordinary people and small enterprises would collapse at the first blow. Enterprises would close down and workers would become jobless; there would be serious livelihood problems all of a sudden.

We should know that people would not lose confidence and feel discontented when they suffer losses and lose their jobs under an economic downturn. Ordinary people are most discontented about the fact that they have inevitably become losers regardless of whether our economy is prosperous or declining. In the past, Hong Kong people believed that they would have job opportunities and they could walk away from poverty as long as our economy was prosperous. However, the social reality has made it hard for people to uphold this belief. Hong Kong recovered and our unemployment rate dropped after the last financial turmoil, but the disparity between the rich and the poor has been getting more and more serious and the pressure of life for the middle and lower classes has not been relieved.

After the outbreak of the financial turmoil, the Lehman Brothers victims took to the streets and demonstrated and a lot of small and medium enterprises (SMEs) staged petitions. All these are only signals of people giving vent to their dissatisfaction with the Government, but the crux of the problem is people's dissatisfaction with the unfair system and the policy biased in favour of large

consortia. The Government's allowing the problem of the disparity between the rich and the poor to persist has planted a time bomb for the whole society.

It is stated in a report recently published by the United Nations that Hong Kong has a Gini Coefficient of 0.53, far higher than the general warning line of 0.4, which shows that Hong Kong is the city in the Asian region with the most unfair distribution of wealth. In terms of specific figures, it is pointed out in a study conducted by the Hong Kong Council of Social Service that, in the first half of 2008, 1.26 million people belonged to low-income households, which accounted for 18.3% of our total population. In other words, one in every five persons is a low-income earner, and his household income is less than half of the median household income. We have this year the highest ratio of low-income population in a decade.

Mr HUI Po-keung has recently made this comment in an article: Neo-liberalism emphasizes deregulation which robs the poor to help the rich; reducing profits tax; suppressing the demands of trade unions or restricting the same; appealing to populist sentiments; opposing legislation on a minimum wage; reducing CSSA amounts and universal retirement protection; and restricting wage increases. We all know that this also facilitates monopolization by enterprises. For example, the policy on an application list for the sale of Government land with a very high threshold is described as a policy based on the market demand. The conferment on The Link REIT a dominating position to increase rents three times under such economic circumstances is also euphemized as "privatization" favourable to Hong Kong. Furthermore, minibonds which are not bonds have become products symbolizing financial liberalization. With the connivance of all this, property developers and financial enterprises have become stronger and workers' benefits are undermined. Thus, Hong Kong has the largest wealth disparity between the rich and poor among Asian cities.

President, on the premise of a "big market, small government" policy or a positive non-intervention policy, the Government is actually upholding the neo-liberalism thinking of the 1980s in the 20th century. In essence, it is a series of political, economic and cultural plans through which the wealthy attempts to transfer wealth to themselves from the extremely low-income group. Such redistribution of wealth is based on unfair policies tilted towards large enterprises. The Government superficially holds high the flag of a free market but it will introduce a contrary policy under pressure when a *laissez-faire* policy is not favourable to large enterprises. This is an apt portrayal of Hong Kong today.

Before the former Federal Reserve Chairman Alan GREENSPAN admitted that the *laissez-faire* economic theory that he had all along upheld was not a golden rule, the well-known Mr LAM Hang-chi of the *Hong Kong Economic Journal* who believed in a completely free economy wrote an article on 28 April this year titled "Expectations of the rich and China in the wake of a food crisis": "Having written political and financial commentaries for more than 30 years, I am somewhat regretful about justly upholding capitalism because there are too many unfair devices and fraudulent activities". In my opinion, the whole society and Mr LAM should do some soul-searching together. Mr LAM has the courage of a scholar and an intellectual. It is impossible for us to debate the merits and demerits of a free market economy in this Council for that is not our question, but while the Government refuses to implement the social welfare and security policies demanded by us, it must not blindly consider a market-oriented economy or a non-interventionist policy as Heaven's commandments, and decline formulating strategies to save us from the financial plight of the tsunami in the future.

The Keynesian theory was very popular from the time after the war to the 1970s before the United States began to free market economy. The American Government strongly intervened in the economy and engaged in welfare and social security development. The United Kingdom followed the Third Way whilst there were high taxes and welfare, and its political and economic policies changed from being leftist to centre-left. Even if the United Kingdom and the United States uphold market economy, they still have sound social security as backup.

Nevertheless, we had almost nil social security before the low tax and low welfare policies of a free economy were upheld in Hong Kong. Even though social security development commenced after the 1970s, the welfare and social security systems in Hong Kong only relied on tax revenue, and we did not have contributory retirement and unemployment protection schemes similar to those in European countries, thus giving rise to an increasingly serious problem of uneven wealth distribution. Prof Nelson CHOW from the Department of Social Work and Social Administration of the University of Hong Kong said a few days ago that failing to ameliorate the problem of the disparity between the rich and the poor in Hong Kong in the wake of the financial tsunami would jeopardize social stability.

Facing the imminent M-shape society, monopolization by large enterprises and uneven wealth distribution caused by incomprehensive social security, not

only the grassroots are affected, the finance, real estate, telecommunications sectors and even supermarkets are monopolized by large consortia. As middle-income people find less room for survival and their wealth nibbled, the middle class has moved downwards.

The Census and Statistics Department (C&SD) conducted a study on "M-shape Society" in 2006. Although the results of the C&SD analysis suggested in a forced manner that "there appears to be still a lack of consistent findings which can be construed as a clear indication of the emergence of the 'M-shape Society' phenomenon in Hong Kong", data clearly show that Hong Kong was developing into an "M-shape Society" in the past decade. Households with an income less than \$10,000 increased from 23.8% to 27.9%; middle-income households with an income from \$10,000 to \$39,999 decreased from 61.2% to 55.1%; and high-income households increased from 15% to 17%. President, we have to be more careful, for while the number of people in the highest 40% income group increased between 2001 and 2006, the income of the middle class substantially decreased because of the economic recession between 1998 and 2003.

President, we know many small enterprise operators with a moderate level of education who started from scratch became owners of negative equity assets during the last financial turmoil. They became grassroots when the small businesses on which they depended for a living closed down and they were unable to recover. The financial tsunami today will inevitably bring us another economic recession which will probably be a long-standing problem. Will the middle class move downwards once again and the rich will ultimately be benefited by seizing the opportunity to buy or acquire assets at low prices? If wealth gap worsens further, the middle class moves downwards, the grass-roots population increases, and the middle tier which serves as a stabilization force in society shrinks, then the development of Hong Kong into an "M-shape Society" will become more evident and significant. The imbalance of the entire social structure will deal a strong blow to the governance by the Government.

President, it is worrying that government policies are always tilted towards large business operators and enterprises. The Task Force on Economic Challenges chaired by the Chief Executive is ridiculed as a high-class commission on poverty. As we have observed, it mainly comprises the representatives of the financial sector and large organizations. There are not any

impartial scholars with foresight who really represent people's views. We are indeed worried about whether the Task Force can really help the community. Therefore, we ask the Government to set up another committee to especially cater for the needs of the grassroots. I also hope that the Government will examine our economic or political-economic policies. I have mainly engaged in theoretical discussions today and my Honourable colleagues, Mr Fred LI and Mr WONG Sing-chi, are going to analyse the contents in detail.

PRESIDENT (in Cantonese): Mr Albert HO, please move your motion.

MR ALBERT HO (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed. Thank you.

Mr Albert HO moved the following motion: (Translation)

"That, as the free economy system of Hong Kong has caused the local economy to fluctuate with the external environment, the governance philosophy of a free market economy upheld by the Government also allows the disparity between the rich and the poor to persist for years in Hong Kong; the lower and middle classes are not able to benefit when the economy is growing and cannot save money or capital to fight against adversity, and the social security system is not comprehensive; as a result of the financial tsunami, the Hong Kong economy is now about to enter into recession and many people in the lower and middle classes may fall into hardship, which has become a major challenge to the Government's governance; while the Government has undertaken to fully support the financial and banking industries and take measures to support the small and medium enterprises, it should at the same time pay more attention to the impact of the financial tsunami on the lower and middle classes; this Council urges the Government to adopt various measures to protect the lower and middle classes from being trapped in hardship, including:

- (a) setting up a special committee chaired by the Chief Secretary for Administration to constantly monitor and assess the impact on the lower and middle classes when the Hong Kong economy is in times of financial crisis and to put forward corresponding measures;

- (b) focusing on the over-reliance of the local economy on the financial and real estate sectors, developing eco-tourism and recycling industries etc, so as to create low-skilled jobs, and reduce the impact of the global financial conditions on the economy system of Hong Kong and its labour market;
- (c) expeditiously implementing the 10 major infrastructure projects undertaken in the policy address of last year, accelerating the construction of infrastructure such as public housing estates and hospitals, expediting the redevelopment of old urban areas, repair and renovation of old buildings, inspection of buildings and removal of unauthorized building works, so as to expeditiously create employment opportunities to counteract the impact of the financial tsunami on the employment rate;
- (d) promoting the development of social enterprises, assisting the disadvantaged in making effective use of social capital and creating employment opportunities through the improvement of legislation, funding allocation, training and education, and administrative support, etc, so as to alleviate the difficulties of the disadvantaged in seeking employment in times of economic recession; and
- (e) strengthening the support to low-income families, including assisting the unemployed recipients of Comprehensive Social Security Assistance in securing employment, creating temporary jobs in various sectors of social services, expanding the 'Transport Support Scheme' and extending the duration of subsidy, as well as expeditiously enhancing the food bank services, etc, so as to make up for the inadequacies of the social security and employment protection systems."

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

PRESIDENT (in Cantonese): Mr Tommy CHEUNG and Mr CHAN Kam-lam will move amendments to this motion. Mr Ronny TONG will also move an

amendment to Mr Tommy CHEUNG's amendment. This Council will now proceed to a joint debate on the motion and the amendments.

I now call upon Mr Tommy CHEUNG to speak first, to be followed by Mr CHAN Kam-lam and Mr Ronny TONG; but no amendments are to be moved at this stage.

MR TOMMY CHEUNG (in Cantonese): President, the financial tsunami wreaks havoc on the whole world and various trades and industries are affected by the volatile stock market and foreign exchange market.

Our economic growth has significantly dropped from 7.3% in the first quarter this year to 4.2% in the second quarter. Goldman Sachs has also forecast that our GDP growth next year would be adjusted downward from 5% to 4%. A chamber of commerce has projected negative growth and the Chief Executive has predicted that there will be a higher risk of an economic recession next year.

Premier WEN Jiabao pointed out sometime ago that the crisis was intensifying and spreading and timely policy adjustments were needed to cope with the changing circumstances. Therefore, the Liberal Party has incorporated its views into the original motion with a view to inviting valuable opinions such that more people hard pressed by the financial tsunami can be benefited.

The original motion suggests setting up a special committee to help the lower and middle classes cope with the financial tsunami; and an amendment suggests doing so through the Task Force on Economic Challenges. We hold that so long as the committee can effectively assist the lower and middle classes, we should not mind too much about who chaired the committee. Nevertheless, since the members of the Task Force mainly come from the financial sector, it is more suitable for it to deal with measures for economic revitalization in a focused manner.

President, I believe Members must have noticed recently the power of the financial tsunami and that the market situation is rapidly deteriorating. Beginning from last month, Peace Mark, Tack Fat Group, Smart Union Group, U-Right, Tai Lin and Krispy Kreme (just mentioned by Mr Albert HO) as well as

some restaurants and several companies, Hong Kong-financed companies on the Mainland and local companies have gone into liquidation. Around 1 000 people have joined the unemployed ranks and the unemployment rate has risen from 3.2% during the period from June to August to 3.4% during the period from July to September, which is the highest rate of increase in five years and it sounded the alarm for a considerable surge in the unemployment rate. A human resources consultant has already predicted that the unemployment rate will rise from the existing 3.5% to 5% next year.

Since the lower and middle classes have meagre savings and their assets have greatly shrunk in the wake of the financial tsunami, it is most imperative for the Administration to provide timely help, otherwise, they can hardly make it through the economic winter.

At the unusual times of the SARS outbreak in 2003, the Administration used \$11.8 billion to implement relief measures such as waiving the rates for one quarter and a salaries tax rebate. Compared with SARS, the blow dealt by and the impact of this financial tsunami are even more serious. The relevant relief measures should again be introduced in next year's budget and the Government as the biggest landlord in the territory should sympathize with the people and exercise its discretion to grant a Government rent remission under the worsening economic circumstances. I believe this would relieve the financial burden of ordinary people and small merchants to a certain extent.

As for the waiver ceiling, according to the Administrations' calculations for the year 2007-2008, waiving the rates and Government rents for all private property for one quarter will reduce government revenue by \$3.25 billion in one quarter. This is also taken as the ceiling in the further amendment of Mr Ronny TONG. The Administration and the community can discuss this ceiling further, but reducing rates and Government rent is our common hope.

In the 2008-2009 Budget, the Administration proposed a one-off tax reduction of 75% of salaries tax and tax under personal assessment for 2007-2008. If similar measures are adopted again in the budget of the coming year, it would be a spring in the desert for people tightening their belts in an economic downturn. The Administration can encourage people to spend in Hong Kong the tax savings in order to stimulate the development of our services and retail markets.

The further amendment of Mr Ronny TONG suggests holding over provisional salaries tax and profits tax payment; we think it would relieve people's burden and the Liberal Party is ready to support it because its spirit tallies with its belief. Mr Vincent FANG would express his opinions later.

Premier WEN Jiabao has said earlier on that Hong Kong should learn from the financial crisis and analyse the fundamental problems of Hong Kong and in the financial sector. We cannot agree more.

The Liberal Party hopes that the Task Force would explore certain issues in connection with our pillar industries. On tourism, the Liberal Party thinks that the Administration must take the initiative to host more world-class activities to polish our "Culinary Capital" and "Events Capital" brands.

Large tourism hardware such as the cruise terminal and the West Kowloon Cultural District incur considerable costs and take a long time, and I am afraid distant water would not help put out a fire nearby. So, the Administration should take the initiative to host more world-class activities. In particular, we have a fusion of the Chinese and Western culture, and rich and diversified food culture, which suitably enable us to hold various types of mega events and give play to the features of a culinary capital. The Tai Pai Dong culture alone has considerable plasticity; it would not be difficult to make it a success bearing in mind our publicity and planning abilities. If we could polish our "Events Capital" and "Culinary Capital" brands when there is an economic haze in particular, we would be able to add optimism and enthusiasm to the market atmosphere.

Actually, hosting mega events is the principal tourism programme of quite a few countries. Examples are the Munich Beer Festival in Germany, the Samba Carnival in Brazil and the Snow Festival in Japan. Singapore hosted its first Formula 1 Singapore Grand Prix this year. The Singaporean Government gave publicity to the beautiful scenery of Singapore through rebroadcasting in 150 countries, which might have attracted 100 000 viewers. Actually, quite a lot of famous Hong Kong people went there to watch the race.

Regarding the 10 major infrastructure projects, Hong Kong people can only feed on fancies now. This year's policy address has revisited the 10 major infrastructure projects, but the progress has been slow. Except the Express Rail Link and the cruise terminal, other projects would basically be commenced in

2010 or even later. The land for the Kai Tak Development has already been dried in the sun for almost 10 years, and I think it is embarrassing for the Government to brag unblushingly that the 10 major infrastructure projects have been making good progress.

President, the Liberal Party has proposed some immediate measures to put out the fire nearby. Up till September last year, there were 239 outstanding projects of the former Municipal Councils. The Government has failed to implement these projects as scheduled though it promised at the time of the two former Municipal Councils (many former Municipal Council Members are now present) to implement some of these projects such as the Indoor Recreation Centre Area 6, Tai Po and District Open Space Area. These projects have been shelved for 20 years, but the Leisure and Cultural Services Department are going to submit the relevant proposals only by the end of this year.

These outstanding leisure and cultural services projects of the former Municipal Councils are of a much smaller scale than the 10 major infrastructure projects and most of them have been planned. If the Government starts implementing these projects as soon as possible, it may offer timely help to the construction industry and improve residents' living.

Mrs Carrie LAM, the Secretary for Development, has recently said that the Government would spend \$70 billion on offering timely assistance such as implementing major infrastructure projects of urban construction and a large number of district-based minor works, which is appropriate indeed. However, the expenses on each district-based minor works project is capped at only \$21 million, not including the costs of leisure and cultural services projects such as libraries and swimming pools. We hope that such infrastructure projects of urban construction would include projects already planned at the time of the former Municipal Councils.

With these remarks, President, the Liberal Party supports the original motion and all the amendments.

MR CHAN KAM-LAM (in Cantonese): President, about three months ago, the community was still worried about rapid inflation in the future and we could hardly imagine that the damage of the global financial tsunami was unveiled in Hong Kong by the outbreak of the Lehman Brothers minibonds incident. In less

than 100 days, people who worried a lot about inflation are now very worried about an economic downturn. It is even more lamentable that ordinary people are suffering because goods are expensive; they have to try all means to save money in order to weather the price increases. As business will be slack, the lower and middle classes have to put up with the pressure of wage reductions and layoffs. Therefore, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) supports the spirit of the motion, that is, "Preventing the lower and middle classes from being trapped in hardship amid the financial tsunami".

Facing the blow dealt by the global financial tsunami, the Government must formulate strategies to stabilize our economy and combat adversity as this is the due responsibility of the governance team. Nevertheless, there are priorities and people are most worried about becoming jobless now. Hence, it is a pressing task to proactively help small and medium enterprises (SMEs) and attend to their pressing needs, and prevent the chain effect of closures in various trades and industries from triggering off an upsurge in the unemployment rate.

Although the newly formed Task Force on Economic Challenges also agrees that it is a pressing task to alleviate the effects of the credit crunch on enterprises, the Government has undertaken earlier to make its best efforts to support the financial and banking industries. That being said, banks have not relaxed credit lines, which indicated that the Government's verbal coercion does not work. I hope that the Task Force would not degenerate into a venue for brainstorming sessions and that counter-measures would be taken as quickly as possible such that more and more SMEs would not close down due to liquidity difficulties.

As we all know, the shrinkage of various trades and industries is inevitable in a global economic downturn. While helping enterprises with a solid foundation tackle cash flow problems, the Government needs to promote the development of SMEs and create more job opportunities. The DAB has always stressed that the Government should change its outdated thinking and model of economic governance. It should adopt new industrial policies such as providing preferential tax treatment or loans, directly injecting resources or implementing relevant incentives, and provide concessionary measures for emerging industries and qualified enterprises in terms of land and factory premises. This would attract them to make further investments and carry out technology transfer in Hong Kong.

Concerning the economic prospects of Hong Kong, the DAB has for many years considered it important to promote the development of new economic growth points in Hong Kong. The DAB has conducted studies on the development of various industries in Hong Kong and made specific suggestions, and our efforts are recognized by industry players. There is a substantial demand for and good prospects in creative industries, health care services industries, cross-boundary tourism co-operation and the creation of an all-year-round capital of exhibitions and sales. Hong Kong has the conditions for focused development of these industries.

President, the financial tsunami is bearing down on us menacingly and the affected industries include the financial industry and other industries such as the business and trade, services, transportation and tourism sector. There is one disaster after another, and Taiwan and China reached a few economic and trade agreements yesterday to open direct links. As a result, certain business and trade, logistics, financial and commercial activities originally conducted through Hong Kong can be conducted more quickly and directly. We are pleased to see the further expansion of the "Three Direct Links" across the Taiwan Strait, but Hong Kong will cease to play an intermediary role between both sides of the Strait. Nonetheless, we believe the frequent economic and trade exchanges and flows of people across the Strait can speed up economic development in the South China region. Hong Kong as a financial centre and shipping hub in the South China region will definitely continue to play an important role. The DAB suggests that the SAR Government should ask the Central Government to give it more latitude in dealing with the economic and trade development as well as flow of people between Hong Kong and Taiwan with a view to meeting the needs of the new situation and creating circumstances and conditions that are more favourable to the economic development in the three places on both sides of the Strait.

The last economic setback for Hong Kong happened during the outbreak of SARS in 2003. The speedy economic recovery was mostly made possible by the signing of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) and the implementation of the Individual Visits Scheme. The economic and trade integration between Hong Kong and the Mainland is already an indisputable fact. A solo fight would be impossible in the face of the unprecedented financial tsunami. Hong Kong must enhance its competitiveness and grasp the opportunity of greater freedom for Guangdong arising from CEPA and the trial implementation of closer economic co-operation. It should present

to Guangdong specific co-operation proposals, promote economic co-operation between Guangdong and Hong Kong and alleviate the impact of the global situation on our economy and labour market. The DAB suggests that the Central Government should simplify the endorsement system for mainland residents visiting Hong Kong. It has to merge the existing business traveller, social visit and individual traveller endorsements, extend the limit of stay and grant more visits to Hong Kong to facilitate mainland residents in visiting Hong Kong for travel and social visits and engaging in business activities. The DAB has recently suggesting relaxing the entry to Hong Kong of Shenzhen residents holding identity cards to facilitate more convenient and frequent exchanges between the two places.

In the wake of a global economic downturn, developing the local community economy and encouraging domestic sales are very important economic measures. Promoting the local community economy can give the lower and middle classes ill-equipped to find alternative employment another way out amid an economic downturn. The Government launched activities to promote the local community economy during the SARS outbreak in 2003. Having drawn experience and made improvements, we suggest the Government should revitalize the local community economy. Taking Tin Shui Wai as an example, the Government can make use of vacant land to establish at low rents food courts, bar streets with cultural characteristics and a large famous brand fair in the Northwest New Territories. Revitalizing the local community economy can give remote areas with lower commercial values new opportunities of development amid the financial tsunami, thereby promoting commercial projects that will create more job opportunities.

The Task Force set up to evaluate the effects of the financial tsunami convened its first meeting a few days ago. The Chief Executive stated after the meeting that the risk of Hong Kong going into a recession in 2009 had increased and the unemployment rate looked set to rise as a result of the downturn, and more visibly in 2009. The DAB is concerned about this and we urge the Government to consider and expeditiously implement proposals for boosting employment, including my amendment and the relevant measures in the original motion and other amendments, to counteract the effects of the financial tsunami on our employment situation.

President, the original motion suggests setting up a special committee chaired by the Chief Secretary for Administration to monitor the development of

the economy. The DAB is of the view that, given that the Task Force has been set up, it would be more suitable for the Task Force to constantly monitor and assess the development of the economy and it is expected that its recommendations will cater more comprehensively to the needs of various sectors. In addition, the Task Force under the leadership of and chaired by the Chief Executive is the highest level task force and I trust that it can show more evidently the SAR Government's emphasis on people's livelihood and economic development. That is why we have proposed the amendment.

President, these are my remarks on my amendment.

MR RONNY TONG (in Cantonese): President, the economic downturn caused by the financial tsunami is described as the second edition of the recession in 30 years, showing that the situation is most critical. Under such circumstances, the Government should undoubtedly tackle the challenge with drastic measures.

Today, I am very grateful to Mr Albert HO and Mr Tommy CHEUNG for their views, especially for the relief measures they proposed. However, in certain areas such as reducing taxes, Mr Tommy CHEUNG's proposal is somewhat different from that advocated by the Civic Party all along. That is why I propose an amendment on behalf of the Civic Party today. I must emphasize that the proposal of holding over provisional tax payment is actually made by the small and medium enterprises (SMEs). They have told the Civic Party their views and we consider the proposal feasible. So we hope that the Government will seriously consider it.

President, first of all, I would like to talk about tax reduction. According to the Civic Party, the Government should immediately waive rates and Government rent and allow holding over provisional profits tax and salaries tax. I have to say that there is certain fundamental difference between the direction of our proposal and that of the Liberal Party. The Civic Party has all along objected the Government's casual allusion to tax reduction before implementing policies to improve people's livelihood. If the Government has surpluses, it should allocate the relevant resources to improve people's livelihood instead of casually changing the tax regime. The Financial Secretary has said that we may have a high deficit of \$47.6 billion this financial year. This figure precisely reveals that the SAR Government failed to attain the balance in times of economic difficulties owing to the constraints of a tax base and tax structure in

the past. If we rashly reduce taxes and change the tax bands at this moment, it will be unhealthy and unsatisfactory for the finances of the SAR Government in the long run. Reducing taxes is easy but if the Government wants to increase taxes when it needs more resources to improve people's livelihood, I believe it would meet enormous difficulties.

In any case, President, as the leader of our nation has said, the Government must be determined and resolutely decides to stimulate the economy and the people's desire to consume, so as to revitalize the weak economy. Our proposal of reducing Government rent for a year is quite appropriate in this regard. We wish this one-off measure can alleviate the operational difficulties faced by SMEs and the financial difficulties of the public.

President, there are precedents of one-off relief measures. Last year, the SAR Government waived rates for a year, capped at \$5,000 per quarter, and benefited 2.94 million property owners. Giving those who need to pay salaries tax and profits tax a one-off relief period will let them have sufficient funds for business operation or tackling financial difficulties in the coming nine to 12 months. This is a very useful and direct way to help SMEs, far more direct and easier than the Government's measure for supporting SMEs by providing a 50% guarantee for their loans from banks. Frankly speaking, it may not be easy for banks to grant them loans now. If their provisional taxes can be held over, they will actually have additional funds required for tackling the difficulties they are facing.

Regarding comprehensive relief measures such as reducing rates and Government rent, the Government obviously needs to make financial commitments and we estimate that around \$17 billion are involved. Nonetheless, we must understand that the Government is not asked to pay the amounts in holding over provisional tax, because they will be paid by taxpayers after all. We are only asking for the postponement of tax payment by nine to 12 months. The Government needs no financial commitments at all. It is right that the deficit of the Government may increase sharply but this is only an illusion because it will be able to collect the taxes next year. This is an acceptable solution insofar as overall financial management is concerned.

President, our second proposal is that we wish the Government would launch minor works projects as soon as possible. The Chief Executive already proposed 10 major infrastructure projects last year. However, the 10 major

infrastructure projects have yet to be launched this year and we all know that these projects are just like distant water that would not help put out a fire nearby. No matter how we speed up these projects, they will only commence at the end of next year at the soonest. It will not be of much help to tackling the current economic crisis. Thus, I hope that the Government would expeditiously launch some minor works projects.

When the former Municipal Councils were scrapped in 2000, there were 139 leisure and cultural services projects with 25 of them being priority projects but the Government has only implemented seven of these projects so far. The construction costs of these 25 priority projects amounted to \$7 billion. I trust that these projects will create plenty of business opportunities for SMEs and create most needed job opportunities. I wish the Government would expedite the vetting and approval of these projects to benefit our economy.

President, the last amendment is about the fuel market. I think I have talked too much about introducing genuinely fair competition actually, and I believe Honourable colleagues have already reached a consensus. In this connection, I would like to remind the Government that I hope it would implement measures without delay to create a really competitive playing field in our fuel market. Thank you.

FINANCIAL SECRETARY (in Cantonese): President, first, I wish to thank Mr Albert HO for sponsoring this motion debate and Mr CHAN Kam-lam, Mr Tommy CHEUNG and Mr Ronny TONG for proposing their amendments to this motion. I believe the matters covered in today's discussion will certainly be diverse. This is an excellent opportunity for the Government to collect the views of Members on this motion, so as to help Hong Kong society face the challenges of the financial tsunami.

We understand that the prevailing financial tsunami is the worst situation facing the world economy since the Great Depression of the 1930s. As a highly open economy, it is inevitable that the economic prospects of Hong Kong will be affected. Consequently, the risk of an economic recession occurring in Hong Kong has increased and the unemployment rate has also begun to rise.

Since the onset of the financial tsunami, some people in society hold that Hong Kong should not continue to develop the financial industry. Indeed, the

global financial industry is facing significant changes and various economies are trying to find a new equilibrium between financial innovation and effective supervision. However, the financial industry should not be made the scapegoat and still less should Hong Kong give up its hard-won position as an international financial centre. Hong Kong is still at the forefront in such areas as financial and banking services, securities services and personal assets management, and it can still achieve a lot.

In addition, the financial industry is a high-value-added industry and it maintains close and symbiotic relationships with other professional services. A highly efficient and well-developed financial industry can provide avenues of financing to various trades and industries and raise their competitiveness, thus indirectly creating many jobs in other sectors. For this reason, we should not throw out the baby with the bathwater but should instead make the best use of the situation. It is only by drawing lessons from this financial tsunami, enhancing the efficiency and transparency of the financial markets and making preparations that we can seize the development opportunities in the Mainland and Asia.

Of course, we are also concerned about the wealth gap and the trend in this regard, in particular, about the difficulties facing low-income people, the poor elderly and other socially disadvantaged groups in the course of economic development. On these major issues involving the people's livelihood, we have never dared procrastinate in the slightest bit.

In such areas as education, health care, housing and welfare, a lot of free and heavily subsidized services are provided and, together with the social security net under the Comprehensive Social Security Assistance Scheme, they are all designed to specifically cater to the needy in society. In addition, we are also doing our best to promote economic development and create jobs, as well as strengthening integrated training and various employment support services, so as to actively provide assistance to enable people in the lower and middle classes to improve their lot through personal efforts and self-reliance. Therefore, promoting employment and helping the poor are the focus of the Government's work.

In view of the dire external economic situation and the anticipation that the global economic gloom will persist for a rather long period of time, it is all the more necessary for the Government to face the present challenges actively and lead the Hong Kong public in overcoming the difficulties. We will exert our

utmost to alleviate the impact of the financial tsunami on the Hong Kong public and on the lower and middle classes in particular.

President, today, I will listen carefully to Members' views. After Members have spoken, I will speak again in reply to Member's suggestions. Thank you, President.

MR PAUL CHAN (in Cantonese): President, be it in the reply to the Motion of Thanks on the policy address given last week in the Legislative Council or after the meeting of the Task Force on Economic Challenges held on Monday, both the Financial Secretary and the Chief Executive admitted separately that the risk of an economic recession in Hong Kong had increased. Since the Administration has foreseen this risk, it should face the effects of an economic recession, particularly those on the middle and lower classes, seriously. Often, they are the first group of people to bear the brunt and endure tremendous pressure in times of an economic downturn and they are more prone to be caught in difficulties than other strata of society.

In response to this motion moved by Mr Albert HO of the Democratic Party, Mr Ronny TONG of the Civic Party, Mr Tommy CHEUNG of the Liberal Party and Mr CHAN Kam-lam of the DAB have all proposed amendments. I agree with the great majority of the proposals in them, including the original motion and points (b), (c), (d) and (e) in the two amendments. Of these points, I wish to talk further about point (e) concerning strengthening the support for low-income families. First, I hope the Administration will consider in earnest the proposal that I have all along advocated, that is, allocating additional resources to some schools and non-governmental organizations, so that through these platforms students can stay after school to do their homework and they can be assisted in resolving the difficulties they encounter in doing homework. In this way, not only can assistance be given to students, it can also serve the practical function of providing child care service to a certain extent. If students go home only after they have finished their homework, it will also be possible to prevent disputes and clashes between students and their parents as a result of problems relating to homework. This will greatly reduce the pressure borne by parents of grass-roots families who have to make a living because after work, in fact, they may not have the mental or physical energy to help their own children and perhaps some of them even do not have the ability to handle the homework of their children.

The second point is that in the face of the financial tsunami, many charitable organizations that rely on donations to provide services have already been affected. The day before, the Hong Kong Council of Social Service pointed out that of the funds for service provision required by all charitable organizations in Hong Kong, about 5% (that is, about \$700 million) came from companies and individual donations, with another \$300 million coming from the Community Chest. Under the present economic recession, it was only natural that the donations from commercial organizations had decreased significantly. As a result, these organizations at the front line of service provision most capable of helping socially disadvantaged groups also found that the services provided to socially disadvantaged groups had been affected as a result of decreased resources. I hope the Government can pay attention to the needs in this area. In the event that these charitable organizations most capable of helping the grassroots experience a shortage of resources, the Government should increase its financial assistance immediately and vigorously support their meaningful efforts. It should by no means let the shortage of resources affect the quality or quantity of service.

As regards the holding over of salaries tax and profits tax proposed by Mr Ronny TONG and Mr Tommy CHEUNG in their amendments, I have reservations about it. For one thing, these taxes are not provisional taxes or taxes paid in advance for income not yet earned. In fact, the people or companies concerned have already earned the relevant income, only that technically, it has not yet been assessed by the Inland Revenue Department, so the tax is called a "provisional tax". In addition, the Inland Revenue Ordinance has already provided for a mechanism to enable people or companies whose income has fallen by more than 10% compared to the previous year to apply for the holding over of these taxes. In view of this, it is not necessary to suspend the collection of this kind of provisional tax across the board. I believe the present economic difficulty confronting Hong Kong will not last just one year. It is possible that it will persist for two years and even three years. In that event, if SMEs are required to pay their unpaid taxes in one go, this will also be a rather difficult thing to do. In addition, the types of taxes in Hong Kong are limited, so it is necessary to strike a balance between any tax reduction, waiver or suspension and the overall revenue of the Government. For this reason, I cannot support their amendments.

When Mr Matthew CHEUNG gave a reply to the Motion of Thanks debate last Thursday, he said that he would actively contact the so-called "10 No's" and he would not rule out providing food vouchers to them. I hope the Government

can put forward a specific proposal and table the relevant papers as soon as possible to enable the Legislative Council to approve the funding and assist these "10 No's" expeditiously. President, I will support the amendment proposed by Mr CHAN Kam-lam.

I so submit. Thank you.

DR PRISCILLA LEUNG (in Cantonese): President, I met a woman cleaner when I left my office of the Legislative Council a little while ago. She started crying soon after she had started talking to me. She was a Lehman Brothers victim and she bought the minibonds for \$60,000; then she became hysterical and could not stop crying. She is one of woman cleaners of the Legislative Council.

In my interviews with Lehman Brothers victims in the past several weeks, I found that they were rational at the very beginning but then they went into a state of psychasthenia in the course of our discussions. I met a victim who bought the minibonds for a rather large sum of money — more than \$10 million. He told me very calmly that he wanted to get very professional advice from me, and he would then decide on the basis of my advice whether he would institute legal proceedings.

My friends from the legal sector and I have accompanied many victims to interviews at various banks in the past few weeks, and I would like to share my experience with Honourable colleagues.

When one of the victims attended an internal investigation at a bank, there were two very calm senior bank officers and a lawyer. At the beginning of the interview, the officers said that the conversations would be recorded. When the victim asked if he could have the recordings in the future, the bank officers glanced at the lawyer who had not said anything throughout the process. The lawyer told the victim that he could not have the recordings unless he did the recordings himself. However, he ought to obtain the bank's consent if he wanted to make recordings. I was very angry and I told the two bank officers that I had made a special trip to the bank with the victim in the hope that the bank would show its sincerity and propose solutions to help these victims on the verge of a mental collapse instead of screwing up the whole thing.

I also stated that it would be useless for banks to withhold such information because the victims had the right to ask banks to provide the recordings of their

conversations in accordance with the Personal Data (Privacy) Ordinance. We also asked the banks about the progress of matters but none of the banks could give us a timetable. Banks should show their commitment but they only told us that there were a large number of victims and they also had to carry out investigations of victims who had made no complaints. They could only consider an overall solution when all the investigations had been completed and all the lists had been sorted out. Almost all of us found such an answer unacceptable and simply ridiculous.

Those who had made no complaints might not be victims and they might not consider themselves misled, and they might not be in Hong Kong if we wanted to contact them. The task cannot be accomplished in the foreseeable future. As a Legislative Council Member with a legal background, I reproached the two bank officers at that time. Also, I know that those who accompanied the victims to other major international banks must have similar experiences.

I suppose the victims would be at a loss as to what to do if we were not there, and they would not be aware of the consequences of having the conversations recorded. It appeared to me that they had changed from victims to defendants being investigated. These so-called internal investigations by banks have undermined people's confidence, and separate interviews in the presence of legal representatives are conducted on each case for at least two hours. Even if there are only 200 cases, a bank has to spend more than \$1 million on lawyers' fees only for the first meeting. Why can banks not commit themselves? The economic conditions are so harsh now, and the victims have lost their life savings. Taking the woman cleaner I just mentioned as an example, she comes from the lower and middle classes. I trust banks would feel apologetic though they have earned so much. Concerning commissions, a lot of bank employees have sought help from us. They told us that banks forced them to meet quota for the sale of these products, and they even feared being beaten up when they go out of their banks. They are so helpless that they have considered changing jobs. It would be disastrous if the situation keeps worsening.

We have also interviewed many victims and explained to them arbitrations and mediations. I have to say that most of them have no idea at all about arbitrations and mediations. I believe arbitrations would put greater pressure on the victims than the internal investigations of banks because of the atmosphere is different. I have been an arbitrator before and I know that great emphasis is put on procedures and evidence adduced. Arbitrators will not consider other factors

but they will surely consider the evidence adduced by the victims and banks. If a victim is alone and does not have any professional advice, he will find that arbitration is another painful experience.

Extraordinary matters have to be handled in extraordinary ways. I have mentioned to Secretary Prof K C CHAN that the financial turmoil is the biggest disaster in a century and I believe the banking sector should screw up their courage. Having made so much money in Hong Kong, they should establish a contingency fund, not only for the Lehman Brothers incident but also for the future. Banks should immediately give the victims commonly regarded as the disadvantaged compensations rather than producing more victims with psychological or emotional problems. I was so very angry that I took to the streets with the victims the next day.

If banks continue to be indifferent and cold-blooded to the victims, they will make more people support the victims. The reputation of the banking sector will be disastrously undermined. I believe the international community and professionals like us would consider the current performance of banks disappointing.

After the Government has carried out investigations on banks, it should impose heavier punishments besides condemning the problematic banks. If not, what rights do these banks have to operate in Hong Kong? Thank you, President.

MR ANDREW LEUNG (in Cantonese): President, the motion debate in the Legislative Council reveals the scale and proportions of the impacts of the financial tsunami on Hong Kong. We have had a debate on the first Members' motion in this term on assisting the victims of the Lehman Brothers incident moved by Mr Jeffrey LAM. Honourable colleagues talked a lot about the impacts of the financial tsunami on Hong Kong and how it affected the stability of our financial system in the policy address debate last week. Today, we debate the motion "Preventing the lower and middle classes from being trapped in hardship amid the financial tsunami". As I remarked last week, the financial tsunami not only affected the purchase of financial derivatives but also involved enterprises of different scales in various trades and industries. It directly affected the stability of the employment market, especially the less competitive lower and middle classes.

President, the lower and middle classes are generally less capable of resisting adversity because it is hard for them to find jobs, and still harder to change jobs. After all, there is an abundant supply of elementary workers despite low market demand. The Federation of Hong Kong Industries and I have always urged the Government to create more job opportunities to help elementary workers to bring supply and demand back to a level displaying a relatively small gap. Hong Kong should not concentrate on one sector only and be inclined towards the development of the financial services industry. Instead, there should be diversified industrial development in Hong Kong and resources should be committed to encouraging more labour-intensive industries such as the manufacturing industry to take root in Hong Kong. Diversified investments will not only disperse the risks when the financial industry runs into problems but also create more job opportunities for workers from the lower and middle classes.

I said last week that many Hong Kong businessmen are considering whether or not to move their production lines back to Hong Kong and produce more high value-added products in the face of policy adjustments on the Mainland. For example, the fur industry is considering the relocation of some processes to Hong Kong and looking for sites to set up shop; it wishes to take root in Hong Kong and use the advantages enjoyed by Hong Kong and the Mainland under CEPA. Some industry players have set up pilot factories and machinery has been shipped to and installed in factories. Only the issuance of a factory licence and the import of relevant mainland technicians are needed now before trial operation can be carried out at a scale of one mainland technician to eight to 10 local workers. The Government must expeditiously introduce corresponding measures to help factories intending to return to Hong Kong for development with a view to creating more job opportunities for the elementary workers.

The recycling industry is another industry that needs a lot of elementary and low-skilled workers. Separating waste plastics and paper into different colours and materials for recycling can save superfluous transportation fees and improve waste quality.

Last year, the Secretary for the Environment said in this Council that "the development of environmental industries in Hong Kong would see the direct or indirect creation of some 40 000 employment opportunities and jobs there is still much room for expanding these industries and the job opportunities they provide". President, I have said more than once in this Council that the recycling industry is a high value-added industry that needs to be complemented by high technology. The Environmental Industries Group of the Federation of

Hong Kong Industries estimated a few years ago that so long as the level of recovery activities was elevated from picking odds and ends from refuse heaps to help earn a living to waste separation, recovery and recycling, it will benefit the recycling and waste separation industries and create tens of thousands of job opportunities if every link is handled well. Apart from the recovery and separation industries, the transportation industry will also stand to benefit. It will probably create 20 000 vacancies for low-skilled workers alone.

However, to achieve such an effect, the environmental industries should recover and treat waste; and more importantly, products must be churned out to enable the whole environmental and recycling sector to take root in Hong Kong and provide jobs to more low-skilled workers.

Plans have to be made for the creation of jobs, which may not necessarily be able to save people in dire straits. Nonetheless, the Government can immediately introduce proposals of "water close at hand", and give out shopping vouchers in response to the suggestions I made at a meeting of the Finance Committee late last month.

President, many people with fixed income have not yet been strongly affected by the financial tsunami and they still have a very strong spending power. Yet, most people have lost confidence in the present circumstances and their spending sentiment has largely been dampened. Since these people still have spending power, the Government should implement practical measures to encourage spending. For instance, it can give out shopping vouchers to stimulate consumer confidence with a view to supporting the retail and catering industries by leveraging on the people's spending power. The multiplier effect of promoting domestic demand would generate multiple benefits for the economy as a whole.

The shopping vouchers suggested to be given out should first be applicable to the purchase of food and spending in food establishments. It must be specified that shops accepting the shopping vouchers issued by the Government should give people discounts (for example 20% off) for the lower and middle classes for buying food or patronizing food establishments such as restaurants and fast-food shops. My proposal is different from the Government's which only gives out money; I ask shops to give people concessions which can benefit the public and create business opportunities at the same time. The Government only needs to spend very little to promote spending, and this proposal will result in an "all-win" situation.

President, I am looking forward to government measures helping the lower and middle classes to tide over difficulties not only by giving out money and welfare, but by improving the livelihood of the grassroots in the long run. We will be offering genuine help when we manage to enable each and every worker to get a job and make a living by his hands and skills.

I so submit.

DR RAYMOND HO (in Cantonese): President, Hong Kong has felt the destructiveness of the financial tsunami since its first wave. We have had negative news about the closure of and large-scale layoffs by companies including listed companies. Although the SAR Government has warned time and again that the worst has yet to come, the worsening economic performance has started to affect the general public. Given the shrinking employment market, people have started worrying about problems of immediate concern to themselves such as layoffs and wage cuts.

Low-income families are often the first to bear the brunt in an economic downturn, but even the middle-income classes including some professionals are under enormous financial pressure. The values of their investments and assets have substantially decreased and they still bear heavy burdens of mortgage repayments and education of their children. The SAR Government should be prepared before the worst happens and take the initiative to adopt measures to enable the sustained development of our economy.

In the past, Hong Kong devoted itself to the development of such industries as the financial and real estate industries and overlooked the importance of developing other industries. Many people have all along been worried about the ability of this kind of focused economic development in coping with more substantial changes in the global economic atmosphere. The financial tsunami has aptly revealed the hidden worries of such tilted economic development. The financial and real estate industries have started to shrink and are laying employees off, and the associated negative effects have radiated to other economic sectors, and this accelerated an economic slide in Hong Kong. To prevent the unsatisfactory situation from worsening, the SAR Government must introduce substantive measures to stimulate the economy and dampen the effects of the shrinkage of the financial and related services industries on the economy.

The construction industry has always been a major industry in Hong Kong and the prime task of the SAR Government is to ensure the steady development of the industry employing more than 300 000 people including construction workers, technicians and professionals. Calculating on the basis of 3.5 dependants in each household, the development of the industry will affect more than 1 million people, that is, one seventh of our total population. With continuous economic growth in recent years, the unemployment rate in the construction industry has dropped from the historic peak of 20% in 2003 to 6.7% at present. However, the unemployment rate in the construction industry is still two times of our overall unemployment rate.

The SAR Government must launch more public works projects and create more job opportunities to promote the steady development of the construction industry. It should as a matter of course expeditiously implement the 10 major infrastructure projects undertaken in the policy address last year. For the sake of administrative convenience in the past, quite a lot of major infrastructure projects were awarded as very large works contracts which only benefited a few large consultancies or contractors. I have urged the Government time and again not to focus too much on administrative convenience or award works projects through large contracts. Instead, it should try all means to award works projects as smaller scale contracts to give more small and medium sized companies chances to take part and create more job opportunities. Just like many industries in Hong Kong, quite a few contractors (specialized in design, construction or material supply) are SMEs. The SAR Government should make suitable arrangements as far as possible when it launches public works projects, such that more opportunities can be created for their participation. Small and medium sized contractors who have a chance to participate will not casually lay off employees if they have greater chances of continued operation.

The 10 major infrastructure projects are enormous in scale and take time to complete. Most of the projects have yet to enter the contract award stage so far and the immediate positive effects on the employment market are limited. During this interim, the SAR Government should launch more small and medium projects including infrastructure maintenance and environmental improvement projects to create more jobs. Furthermore, the SAR Government should consider in a forward-looking manner how to plan early for the continued implementation of projects after the completion of the 10 major infrastructure projects. It is because the planning and public consultation on each project is

time-consuming and the continuous development of the construction industry must be ensured.

There was an uneven workload in the construction industry in the past because of the construction cycle of large infrastructure projects. To prevent the recurrence of a similar situation, the SAR Government should plan well the implementation of large public works projects to ensure a stable and continuous workload. This will enable various companies to suitably deploy manpower and resources such that the effects of the construction cycle on the industry can be alleviated and the stability of the economy and the employment situation maintained.

Facing rigorous economic challenges, the SAR Government should make a prompt decision to launch more projects and increase investments on infrastructure (such as the infrastructure projects specified in the policy address last year) to promote economic development. Apart from creating more job opportunities in the construction industry, it can take advantage of the multiplier effect to promote the development of other economic sectors, which will in turn bring about a surge in the manpower demand of other industries. In fact, policies that ensure steady economic development and create job opportunities can best help the lower and middle classes. Besides, it should be noted that the basic investments in works projects will benefit our society and increase our competitiveness, thus giving us an edge in future development.

Thank you, President.

MS LI FUNG-YING (in Cantonese): President, in the debate on the policy address in this Council last week, I criticized the policy address for only stating that a committee would be set up to assess the impact of the financial tsunami, without proposing any specific measures for assisting people in tackling the financial tsunami. I do not oppose the Government setting up such a committee, but things not found in advance assessments will certainly happen in an unstable economy.

The employment market will certainly be shaken by the financial tsunami, employees will have unstable income and elementary jobs will be the first hit. When people are on tenterhooks about wage cuts and layoffs, not only the grassroots will be left with nothing to eat without work, even the middle class and

the rich have seen a lot of their assets evaporated as a result of investment failures, and they can hardly withstand the blow dealt by job insecurity. To prevent the lower and middle classes from falling into dire straits under the impact of the financial tsunami and to relieve the financial pressure of the public, the Government can only tackle problems of immediate concern to the public and propose specific measures to set people's minds at rest. The community would then be able to make concerted efforts to get out of the plight of the financial tsunami.

President, I am not going to dwell on macro policies in today's debate; I am going to propose for discussion policies with instant effects. I have actually made relevant suggestions during the debate on the policy address. Pinpointing the bleak prospects for the job market, the Government should allow holding over provisional tax. Holding over provisional tax does not mean waiving the tax. If people can keep their jobs in the wake of the financial tsunami and if their salaries are not affected, they will pay the tax next year. For many wage earners, holding over provisional tax can help relieve their financial burden and people will feel that the Government is not only shouting the slogan "Be united against the impact of the financial tsunami" but it also has practical policies to help people in the face of difficulties.

Regarding the unemployment problem, I suggest the Government should set up an unemployment loan fund. The employed worry most about losing their jobs in an economic downturn. The grassroots in particular who have low income and not much savings will be left with nothing to eat without work. I understand that it is not realistic to ask the Government to secure the livelihood of unemployed people with public money in the wake of the financial tsunami, but the Government would have been indifferent to those in an abyss of suffering if people have to pawn everything, empty their pockets and see their quality of life lowered to such a level that they will be eligible for CSSA. I have proposed the unemployment loan fund in order to strike a balance, such that there will not be a huge burden on the public coffers and the livelihood of employees will be assured even if they suddenly lose their jobs.

In fact, there are similar government schemes in place. For instance, financial assistance schemes are offered by the Student Financial Assistance Agency for application by students. Although these assistance schemes have been criticized for charging high interests and requiring students to repay government debts over a long period of time after graduation, they can give

students immediate assistance though operational reviews can be made. It is the earnest hope of the unemployed to get help when they need it most. The Government should not be indifferent and it should provide timely help this way.

In creating job opportunities, the community and this Council have reached a consensus to expedite the launch of infrastructure projects. Should the implementation of infrastructure projects secure the priority employment of local workers? Concerning social enterprises, the SAR Government as the biggest employer in Hong Kong is in the best position to co-operate with social enterprises to increase job opportunities. I do not have novel ideas in this area so I can only repeat what I have proposed before. I hope the Government will review the outsourcing policy for non-technical services. It should be changed from a market-oriented policy to save public money to a policy on reasonable wages and hours of work to solve the employment problem of low-skilled workers.

Lastly, I wish to mention the trader policy. There are high rents in the private market and the shopping centres in public housing estates managed by The Link are unfavourable to the operation of small traders. The review of the hawker policy by the Food and Health Bureau has only made slight adjustments in connection with the issuance of hawker licences while the Bureau insists on not relaxing the itinerant hawker licences for dry and wet goods. The Government, while putting emphasis on market economy, must give small traders room for business development.

President, in regard to the original motion and the amendments, Honourable colleagues are concerned about creating employment opportunities. We all agree this is important, but I cannot accept the fact that emphasis is only put on creating employment opportunities and the Government has neglected specific assistance for unemployed workers. In fact, creating employment opportunities is another interpretation of saving the market. I hope the Government would save people besides saving the market. If we wish to prevent the lower and middle classes from being trapped in hardship amid the financial tsunami as stated in the motion today, we should put greater emphasis on saving the people, and propose concrete measures for this purpose.

The Chief Executive has stated in his policy address that we need to re-examine the roles of the Government. The financial tsunami can precisely test whether the Chief Executive is people-oriented, or market-oriented as it was the case in the past. Thank you, President.

MR LEE CHEUK-YAN (in Cantonese): Christmas has not yet arrived but it looks as though we already have a Christmas tree here because Honourable colleagues have hung lots of Christmas wishing tags on the original motion. But I think that hanging Christmas wishing tags whenever there are economic problems, all of us would hang Christmas wishing tags in the hope of getting some relief. I really hope we could have in-depth discussions. Our economy has a structural problem actually.

The Secretary has at the very beginning that the Task Force on Economic Challenges had already made the point; I am very disappointed. What has the Task Force on Economic Challenges bragged about? It still thinks after much bragging that Hong Kong should continue with the development of the financial industry. The Secretary said earlier that the financial industry should not be made the scapegoat. We think it is definitely not a scapegoat, but a wolf in sheep's skin. This wolf in sheep's skin made use of a variety of innovative financial products and capitalism — not only Hong Kong but also the United States which is the principal source — has become a big casino which swallowed the hard earned money of everybody the United States has swallowed the wealth of Chinese and Americans. All the wealth was burnt when the bubble burst.

It is ironical indeed. The United States is a country in which capitalism is most developed but capitalism in the United States is now developing in the direction of communism, and banks will ultimately be nationalized. Communism is about common property rights, but the property of the rich has not become the common property of the poor now; instead, the property of the poor has become the common property of the rich. So, the poor gets poorer while the rich supported by the government are not affected. The government has given the rich the money of the poor.

At the present stage of the development of capitalism, I will be worried about the direction of our future development if the Secretary or the Chief Executive still tells us that Hong Kong will be finance-oriented. I earnestly hope and echo the remark made by Mr Andrew LEUNG, that Hong Kong industries must be diversified and there must not be inclination towards an individual industry, that is, the financial industry. How can resources be moved from the financial industry to other economic sectors with more substance?

From "Wall Street to Main Street" is a common saying in the United States. We should explore how diversified industries can be rekindled in Hong Kong. All of us in Hong Kong should be awakened when we look at our present development. If the financial industry continues to be developed this way, it would be unhealthy for the economy as a whole in terms of the depletion of resources. I really hope that all Hong Kong people will be awakened and examine themselves in respect of the "big market, small government" policy upheld in the past, the neo-liberal economic policy, briefing-out of all work, privatization, and lastly banks launching products without supervision, thus causing people to suffer. I earnestly hope that Hong Kong people will consider our economic structure and do some soul-searching.

Another point I would like to make is not about our economic structure, but about the long-standing problem of resource distribution in Hong Kong. Hong Kong has always been helping the rich by robbing the poor. In the wake of the financial tsunami, I can foresee that the Government will again help the rich by robbing the poor. As all of us saw during the outbreak of SARS and the Asian financial turmoil the consequences of the crises being shifted onto grass-roots wage earners including the middle class through wage reductions and layoffs. I envisage there will be a repeat of this.

According to the Secretary, the Government is tiding over the difficulties together with the people but I am very worried that some may take advantage of the misfortune to do wage earners harm. How can this problem be solved? The Hong Kong Confederation of Trade Unions advocated that intervention can be effected in labour relations and try to realign the imbalance of the power of employers and employees through collective bargaining. All countries in the world are trying to find such a path and they want to balance the labour relations. I wish the Secretary would read the new book *The Conscience of a Liberal* by Nobel Prize winner Paul KRUGMAN. It explicitly expounds how the imbalance between the power of employers and employees can be aligned through collective bargaining to enable workers to share the fruits of prosperity. I hope he would read the book and get some new ideas such that Hong Kong workers do not have to suffer in the face of crises and will be able to share the fruits of prosperity. History will repeat itself, and history will always repeat itself if there is no collective bargaining power in Hong Kong.

This is a structural problem about resource distribution in Hong Kong. Nevertheless, the Government will never face up to the problem. There is a very

good example recently, that is, Chief Secretary Henry TANG's family proposed a 10% wage reduction. They said it would be fair because directors and employees alike would have a 10% wage reduction. As far as we know, the family earned as much as \$2.7 billion in the first half of 2008, and the remuneration of directors increased by 103%, which was more than doubled. Yet, they are now telling workers that there will be a 10% wage reduction, which is fair. Has workers' wages increased by 103%? Certainly not. Workers did not have wage increases in times of prosperity. The mechanism has always been operating this way and the consequences of the crises are always shifted.

President, we would like to find a structural solution to the problem, but I believe the Government would not take into account the structural problems. Let me copycat other people and hang a small wishing tag about solving the problem of travel allowance first. At present, only low-income people living in four districts are given travel allowances. Can the Government at least take a step further and implement a travel allowance scheme territory-wide? This travel allowance scheme has been implemented for a year and will soon be terminated; those who are getting the allowance will cease to get it very soon. Would the Government continue to implement the travel allowance scheme? This is the most practical measure amid the financial tsunami and what we can do at the moment — I think the Government can do only this at the most. The Secretary should consider taking both major and minor measures.

Thank you, President.

MR CHIM PUI-CHUNG (in Cantonese): President, today's discussion is about the impact of the financial tsunami on the lower and middle classes while it is certain that they will inevitably be affected, the question remains whether they will finally be trapped in hardship and how they can escape from the predicament.

Let us attempt an explanation from two aspects. First of all, most ordinary members of the lower and middle classes are presumed to be wage earners or operators of small and medium enterprises (SMEs). It is understood that SMEs are facing a lot of difficulties. First, when the economy is in the doldrums because of the impact, the people, regardless of what service industries they are in, will be affected. Therefore, the Government is presently required to, first, examine government fees and charges to determine which items can be suspended or postponed. The Secretaries of Departments should allow the

related departments to give consideration to this, as the Government merely collects fees and charges. It will not pay extra money. Therefore, the Government should examine which fees and charges can be postponed, that is, handled flexibly. Second, the Government can influence the relevant banks. As extraordinary moves have been made by some banks to immediately suspend the credit limits previously enjoyed by SMEs and, in some circumstances, it is even rumoured that it takes one or two months, instead of three or four days, for some credit card payments to be cleared, the Government should advise the banks not to close their umbrellas when there is rain. Although banks have always acted in this manner, it is now an extraordinary period. As the Government is empowered to issue licences to banks, it should be able to revoke their licences should the banks close their umbrellas. The Government is empowered to credit limits for business enterprises should be maintained as far as possible, and extraordinary actions should not be taken because of the financial tsunami, because such moves will hamper the chances of survival of SMEs. Once the chances of survival of SMEs are threatened, thus expediting their closure, the employment opportunities of wage earners will be affected as well.

Another task the Government must perform is to encourage banks to reverse to their previous mentality. In the past, banks and their clients were literally in the same boat. Given that it is now an extraordinary period, this point has to be highlighted even more prominently, for they have made their fortunes or profits in Hong Kong. At these times, the Government is all the more obliged to give them advice instead of pressurizing them by administrative means for, after all, Hong Kong is a free society. Anyhow, I believe firmly the Government can do it. Recently, many banks have switched to practices for making fast bucks under the influence of other incentives. The Government must encourage them to, since they are in Hong Kong In particular, Hong Kong is regarded by such major banks as the Hang Seng Bank, HSBC and the Bank of China (Hong Kong) as their home. We cannot expect foreign-funded banks to act like charitable organizations. However, insofar as banks assisting the territory to flourish is concerned, the Government should move in this direction.

Another point that warrants the Government's attention is, though not binding, that landlords should adapt to rent-freezing measures or other acts either for their own sake or in the interest of society as a whole. I personally feel that Hong Kong calls for a more balanced development. In the past, the territory was tilted excessively towards the financial sector. Although this approach was not

wrong, the Government's policies had actually given rise to lots of problems. In spite of this, international financial institutions are still warmly received by the Government, which embraces the status of being an international financial centre itself. As pointed out by me two weeks ago, it is widely understood that international financial institutions would stop at nothing to make fast bucks. The Government is actually cheating Chinese people or even robbing them of their wealth should it assist the international financial institutions in adopting unscrupulous practices. We have seen, and I have also mentioned this before, that with the reunification of Hong Kong with China, many nationals in China have indeed made a lot of money by seizing the opportunity of reform and opening. Furthermore, a lot of money has for reasons unknown flowed into Hong Kong. However, because of the permissive attitude taken by the Hong Kong Monetary Authority, many banks have adopted a number of extraordinary practices, thus turning Hong Kong into an abnormal place with a total lack of fair competition. In view of this, the Government should all the more heighten its vigilance.

I would like to mention in particular the Closing Auction Session of the Hong Kong Exchanges and Clearing Limited (HKEx). During the 10-minute Closing Auction Session, the HKEx was actually conniving at the manipulation of the stock market by the relevant major institutions and consortia. For instance, before the close of the stock market on 28 October, the normal HSBC stock price was \$57.8. However, its final closing auction price was \$75 I have to make a correction. It should be \$78.8, with the price of the last lot recorded at \$75 on the following day. Therefore, the Government must pay special attention to this matter. At the same time, we cannot say that Hong Kong's financial industry is absolutely wrong because it has, after all, created many job opportunities. Anyhow, this is a matter of confidence. It is understood that the confidence of the entire community represents the pillar of society. This is why we will probably discuss the establishment of a select committee next Wednesday. Although I understand that the Government and the relevant parties are lobbying, it boils down to the question of whether or not we have confidence. Hence, I encourage the Government to restrain itself and relevant banks in this respect and abide by the law relating to proper competition in Hong Kong. I am convinced that Hong Kong is a blessed land. So long as Hong Kong people and the people around us have absolute confidence in the trades and industries in Hong Kong, all difficulties can be overcome. It is perfectly normal for society to fluctuate. The capability of adapting to changes is true to the spirit of Hong Kong people.

MR FRED LI (in Cantonese): President, two newspaper stories about processions have recently caught my attention. One was about the request made by the recycling industry for the Government's assistance to ride out the hardship currently faced by the industry; and the other was about the request by construction workers for the recreation of job opportunities. These two requests are also among the aspirations voiced in today's motion, in which the Government is requested to develop the recycling industry and commence infrastructure projects expeditiously.

The Government has long been criticized for its inadequate support for the recycling industry. For instance, the amount of recovered materials recycled locally last year accounted for a mere 2% of the total volume of recovered waste, with the remaining 98% exported. This is why the local recycling process will immediately be brought to a halt as a result of the diminishing demand for recovered materials on the Mainland. In the end, all the recovered materials may even end up being dumped at landfills, thereby shortening the service life of landfills and leading to wastage. At the same time, the drop in prices brought about by the fall in demand will also affect the livelihood of practitioners in the recycling industry and scavengers.

The Democratic Party has persistently called on the Government to raise the ratio of waste recycled locally in order to reduce our reliance on export. The Government should improve the *modus operandi* of the EcoPark by flexibly adjusting the size of its leasable land according to the projects undertaken by applicants and their needs. At the same time, the rent should be determined according to the principle of providing land at near cost to attract interested investors.

Over the past couple of years, a large number of major construction projects undertaken in Macao, thanks to its flourishing gaming industry, lured some local workers to take up employment in Macao. However, in the wake of a slowdown in Macao's gaming industry, coupled with the Macao Government's restriction on foreign labour, construction workers returning to the territory will further push our unemployment rate higher.

The Democratic Party fully supports the Government expediting the commencement of its infrastructure projects and some long-planned railway projects by, for instance, bringing forward the construction of the Sha Tin to Central Link, the South Hong Kong Island Line, and so on. Furthermore, some

infrastructure projects closely related to the people's livelihood, such as the hospitals to be built in Tung Chung and Tin Shui Wai, should also be commenced expeditiously. In the light of the falling construction costs, the Government should all the more expedite the construction of public housing to reduce the waiting period for public housing while increasing job opportunities.

At present, there are a large number of buildings in old districts requiring repairs and renovation, and some unauthorized building works awaiting removal. These projects can bring job opportunities to construction workers. The Government should enhance publicity on the subsidy and loan schemes operated by the Hong Kong Housing Society and Urban Renewal Authority, allocate more resources to expedite the removal of unauthorized building works in the hope of completing the processing of up to 500 000 unauthorized building works within five years.

President, in his amendment, Mr Tommy CHEUNG raises the point that the Government should urge the power companies to expeditiously adjust the fuel clause surcharge and basic tariff downwards. The Democratic Party greatly welcomes this proposal. Over the past couple of months, global coal prices had already fallen from US\$190 per ton at its peak in June to US\$100 per ton recently. However, its fuel clause surcharge was doubled when the CLP Power Hong Kong Limited (CLP) announced the slashing of its basic tariff. The Democratic Party now calls on the CLP to change its review from once a year to once every two months to keep closer to coal price movements. Furthermore, the Government should urge The Hongkong Electric Company Limited to expeditiously announce its rate of tariff reduction.

As regards the "Transport Support Scheme", I would sometimes be confronted by a question raised by residents living in Kwun Tong, who requested me to seek an answer from the Secretary or relay their question to the Government, and their question was: Why can residents living in Tin Shui Wai receive a transport allowance for travelling to work in Kwun Tong, while residents in Kwun Tong are not given an allowance for travelling to work in Tung Chung or Tin Shui Wai?

Of course, I understand that the transport allowance was originally devised to address the problem of inadequate job openings in remote areas. By offering the allowance, the Government hoped to encourage people living in remote areas to travel to the urban areas to work. But insofar as the present situation is

concerned, the wages of elementary workers are expected to fall and, at the same time, the workers might probably face rising transport expenses. We are worried that the MTR Corporation Limited, after its merger, will raise fares in June next year. Therefore, it is imperative for the scheme to be extended to cover all low-income workers to alleviate their burden in transport expenses.

Lastly, I hope to say a few words about food prices. Despite an anticipated slowdown in inflation, the overall food price index saw a 14.9% rise over the past year, with a 59.3% rise in individual food items, such as rice prices, and a 50% increase in such food items as pork, live chicken, beef, and so on. While the rising Renminbi exchange rate is definitely one of the reasons, the monopolization of the market by a handful of traders is also a major cause of rising prices. Despite recent reports of falling wholesale prices of vegetables, retail prices at vegetable stalls remain high.

Although I cannot raise questions on pork today, the conditions of the market fully demonstrate that both pork and rice face the same problem, that is, when external prices are rising, the wholesale and retail prices in Hong Kong will immediately rise at an alarming rate. However, the retail prices will remain unchanged even when the external import and wholesale prices have fallen. It is found that not only oil companies are "quick in raising prices but slow in reducing them", the same problem is also found in pork, rice and even vegetables. As these expenses are inevitable, grass-roots people will be affected in particular. Like electricity, pork, vegetables and rice are daily necessities. This is why we hope the Government can strive to provide the Consumer Council with resources to facilitate the watchdog in raising the transparency of the prices in wet markets so that members of the public can grasp more information. Alternatively, the Government may advise the public to consume more chilled pork instead of expensive fresh pork and, through boycott, make use of consumers' power to compel prices to be adjusted downward to a reasonable level.

I so submit.

MR WONG SING-CHI (in Cantonese): President, the economic damage caused by the financial tsunami to Hong Kong economy since the bankruptcy of Lehman Brothers in the United States has become evident. In addition to the evaporation of some \$320 billion in the stock, property and exchange markets, we have also seen closures of businesses, workers losing their jobs, people's reluctance to

spend and bargains everywhere. The situation was similar when our economy was hit by the financial turmoil several years ago. During the previous financial turmoil when the public was faced with adversity and in need of government support, the TUNG Chee-hwa Government resorted to raising taxes, slashing wages and reducing benefits, thereby pushing the economy further into depression. Even though our economy will soon face a bitter winter, we feel a bit relieved with the assurance given by the Chief Executive and the Financial Secretary that welfare expenditure will not be slashed and infrastructure projects will continue. Although the fiscal deficit next year might be alarming, this is inevitable.

It was only just a couple of years ago that the territory recovered from the economic downturn caused by the previous financial turmoil. Many people can still vividly recall the situation at that time with the unemployment rate continuing to run high, businesses resorting to wage cuts and dismissals, the surge in the number of CSSA recipients because of unemployment or low income, and the depressed atmosphere plaguing the whole society. Such situations will very likely re-emerge in the next couple of months. The Government should adopt measures to reduce the number of the unemployed and provide support to them to enable them to re-enter the labour market. While Mr Fred LI's script proposes to create job opportunities, my speech will focus on discussing how we can help the disadvantaged in the lowest stratum of society.

I would like to say a few words about social enterprises. Social enterprises generally refer to enterprises pursuing social objectives through business strategies and commercial market operation as well as putting emphasis on social values rather than the maximization of economic gains. In Western societies, social enterprises are generally regarded as a widely employed "mode of social investment". It is generally believed that it is possible, through fostering social forces such as enterprises and civic organizations, to upgrade individuals' capacity, establish community networks, and provide jobs in communities, thereby addressing such social problems as unemployment of the grassroots.

Most of the social enterprises in Hong Kong began operation after 2000, which was comparatively slow compared to our neighbours, such as Taiwan. At present, most of them are faced with financial difficulties. Only very few of them are making profits. At the same time, the Government has failed to provide them with relevant support. A study conducted by The Hong Kong

Polytechnic University on social enterprises reveals that social enterprises face challenges of all kinds in operation and development.

First of all, social enterprises are in urgent need of sales talents. However, their salaries are generally lower than those offered in the market. Furthermore, the most serious problem faced by social enterprises is that their leaders, who identify with the mission of social enterprises, such as social workers, often lack skills and experience in corporate management, business knowledge, and so on. At the same time, the development of social enterprises is also handicapped by inadequate funds. However, the Government has still not provided suitable support.

Despite the Government's efforts in promoting social enterprises by, for instance, launching the Enhancing Self-Reliance Through District Partnership Programme, in the wake of the previous financial turmoil, a study by The Hong Kong Polytechnic University finds that the Government has relied too heavily on evaluating effectiveness by concrete figures, such as successful employment cases, in providing subsidies and assistance, thereby neglecting such elements as the importance attached by social enterprises to social values, personal development, and so on. This has threatened the development of social enterprises at a deep level. This also demonstrates that responsible government departments lack talents well-versed in social enterprises and are thus prone to making policy blunders.

The study has even revealed that the Government sometimes poses as an obstacle to social enterprises. At present, the legislation relating to social enterprises is obsolete and incomprehensive. More than 30% of the social enterprises consider that the relevant responsible government units cannot effectively meet their needs in, for instance, granting business licences, and so on, thereby posing an obstacle to them.

Despite the organization by the Government of a summit for social enterprises in the year before last, substantial progress in the development of social enterprises is still not evident. Actually, a number of detailed proposals have been raised by the community on how to give proper assistance to social enterprises. When a relevant motion was proposed in this Council last year, many good ideas were raised. The Democratic Party also requested the Government to set up a social enterprise seed fund and a social enterprise development loan fund to comprehensively promote the development of social

enterprises. However, the Government is still indulging in talking without making substantive efforts.

As regards rendering employment assistance, with the rise in the unemployment rate, the situation in which a number of low-skilled workers being forced to apply for CSSA may deteriorate in the coming months. Workfare schemes are a common practice in many countries. Given the limited effectiveness of the supported employment scheme launched by the Social Welfare Department, the Democratic Party has put forth relevant proposals in the hope of assisting unemployed CSSA recipients in re-entering the labour market expeditiously. The Democratic Party has advocated the system of "responsibility welfare", under which the Government is requested to create posts for the unemployed who have received CSSA for 18 months and not yet been able to secure employment. The relevant posts should be provided by the Government or subvented organizations. However, the Government is not requested to employ these unemployed people. Instead, it is requested to provide some extra openings in government departments or subvented organizations to allow these people to work regularly from Monday to Friday. At the same time, the Government will provide them with a travel allowance, an allowance for after-school care services for their children, and so on. This arrangement can not only avoid affecting the work of existing employees, it can also ensure that participants have the opportunities to take up work again and redevelop regular working and living habits.

Furthermore, if CSSA recipients go out to work, part of their income will be deducted. However, as going out to work will increase their expenses, such as transport expenses, deducting part of their income from their CSSA payments will reduce their desire to re-enter the labour market. In order to improve this situation, the Democratic Party proposes that the portion of their income exceeding their disregarded earnings be transferred to their savings accounts and be fully refunded to them when the cumulated earnings reach a certain level, such that they can be lifted out of the CSSA net.

Today, faced with the impending economic adversity, we would like to put forth our proposals again in the hope that the Government can give them serious consideration and come up with a comprehensive package of assistance initiatives to alleviate the employment hardship faced by the disadvantaged.

I so submit.

DR LAM TAI-FAI (in Cantonese): President, the motion today is about "preventing the lower and middle classes from being trapped in hardship amid the financial tsunami". According to my understanding, the lower and middle classes generally refer to the average wage earners. From the economics point of view, wage earners being trapped in hardship cannot make ends meet because of a shortage of money or may even run out of money. If judged from their situation, they would have fears of unemployment, redundancy, wage defaults or cuts, or even underemployment. If judged from their emotional hardship, they might even develop the feeling of no prospects and hope, as well as a sense of loss.

Wage earners in Hong Kong are mostly employed by small and medium enterprises (SMEs). The relationship between the two is so close that they can be described as depending on each other for survival. To avoid the lower and middle classes from being trapped in hardship, the Government must help them seek employment to earn wages. At the same time, prices must be maintained at a stable level affordable to them so that they can afford to spend, and yet they will not spend more than they earn. Most preferably, they can afford to pay home mortgages and enjoy their desired quality of life.

However, where does their money come from? The money comes mostly from the wages paid by employers running SMEs. Therefore, in order to address the hardship faced by the lower and middle classes, we must begin with the source. After all, the hardship faced by SMEs must be addressed so that they have business to do to sustain their survival and development. They would not have to consider layoffs if there is enough work; if they receive orders and make profits, they can sustain their operation and development. This is why I believe the lower and middle classes can definitely enjoy stability so long as SMEs are stable.

I understand that the Government has recently launched some proactive measures to help SMEs. However, I also understand that these measures will not achieve instant results and "stop the bleeding" immediately. At the same time, given the present dire situation, I think the efforts made are still not vigorous enough. The Government must administer a "heavy dose of medicine". In this connection, The Chinese Manufacturers' Association of Hong Kong and I have proactively put forth a diversity of views for the Government's reference.

I would like to tell the Secretary of Department that the five initiatives announced by the Hong Kong Export Credit Insurance Corporation (ECIC) on 23 October are considered by SMEs to be inadequate. Actually, in order to raise the successful rates of SMEs securing orders, boost their confidence, and reduce their risks, the ECIC should underwrite insurance applications fully. Given the present economic slowdown, or even recession, in Europe and the United States, it is imperative for Hong Kong to cease relying entirely on the markets in Europe and the United States and continue to explore emerging markets in such places as South America, Middle East, Russia, and even Africa. Of course, these emerging markets involve higher risks. Therefore, the Government and the ECIC must give us confidence while supporting SMEs in exploring these emerging markets by acting proactively in underwriting and relinquish the mentality and practice of refusing to underwrite.

Actually, I have repeatedly put forth the proposal of revitalizing factory buildings and relaxing user restriction. If factories in Hong Kong are designated for the exclusive use of manufacturing industries, the utilization rate will definitely be very low, and resources cannot be exploited fully. In order to develop business opportunities for SMEs, the Government should relax user restriction on factory premises so that they can be used for wholesale and exhibition purposes, or even as design centres, in order to enhance business opportunities and push up the employment rate. I have proposed some measures, such as holding over of provisional taxes, or even profits tax. As for some government fees and charges, those which can be waived should be waived by all means, and those which can be held over should also be held over as far as possible. It is believed these relief measures can offer a certain degree of assistance to SMEs trapped in hardship. Of course, the Government must keep up its vigorous efforts in urging banks not to tighten credit for the purpose of riding out the storm with the industry. The Government should also urge The Link to stop increasing rents because the Individual Visits Scheme, even if its vigour is increased, can do nothing to help if shops have closed down. The Government must sympathize with the SMEs and, at the same time, enhance its monitoring of banks in marketing investment products, and step up its publicity to advise the public to act according to their own capacity in making investments. This is because I am very worried as the stock market has seen a rebound of 1 000 to 2 000 points recently. I am extremely worried that some members of the public might gamble for a turnaround, for there is a great risk in doing so. I hope the Government can make an appeal and issue a warning to the public again.

Regarding the recent appeal by Premier WEN Jiabao to assist the development of SMEs, I think the SAR Government had better match the major direction of administration of the Central Government by taking resolute actions to enhance its vigour without hesitation because, not only owners of SMEs, but also wage earners of the lower and middle classes will be benefited in the end.

President, I so submit.

MS MIRIAM LAU (in Cantonese): President, during the first meeting of the Task Force on Economic Challenges held by the SAR Government on Monday, it was mentioned that in order to battle the financial tsunami, the four major pillar industries, including the logistics industry, must be strengthened. This happens to be one of the proposals raised in the amendment proposed by the Liberal Party. I must point out that Hong Kong's logistics industry is actually supporting nearly 200 000 practitioners, many of whom being the grassroots. However, in order to develop the logistics industry, its backup land and facilities must be taken into joint consideration before its sustainable development can be enabled.

Actually, many in the industry have indicated that two major factors, namely the relatively high economic cost of cross-boundary land transport and an acute shortage of backup land, are not conducive to the development of our ports and logistics industry.

For instance, the ratio of container yard per metre berth in the container terminals in Hong Kong is 1:300 sq m, while the ratio in international terminals is around 1:625 sq m. Obviously, the ratio in Hong Kong is extremely low. This reflects an acute shortage of container yards in the existing Kwai Chung Container Terminals, which in turns affects the operational efficiency and cost of the Terminals.

Furthermore, the North Lantau Logistics Park proposed to be built in the policy address delivered by Chief Executive TUNG Chee-hwa in 2003 has so far remained a castle in the air. In spite of a consultancy study conducted by the Economic Development and Labour Bureau at that time, a public consultation on the Logistics Park jointly with the Concept Plan for Lantau launched in 2004, the invitation of the industry to submit letters of intent on the development of the Lantau Logistics Park, and the anticipated completion of the project in 2009, the Administration still insists in the latest policy agenda that a feasibility study has

to be conducted, which is absolutely a waste of time. I really do not understand why the phenomenon of "decision without implementation" can still exist today. Furthermore, despite the strong appeal over the years by the logistics industry for adequate logistics sites and container backup land to meet the practical operational needs of the industry, the Government has often acted as if it is squeezing a toothpaste tube by giving something here and there, without any planning and vision, thereby disappointing the industry and stifling its development. Now, with the opening of direct links between both sides of the Strait, our economic position will fall further should we fail to make extra efforts in strengthening our competitive edge.

Furthermore, the construction of such facilities as the Hong Kong-Zhuhai-Macao Bridge, Tuen Mun Western Bypass and the link between Tuen Mun and the airport will help connecting the airport with the Northwest New Territories and the Hong Kong-Shenzhen Western Corridor and foster links with such places as Zhuhai and Western Guangdong, thereby promoting the development of the logistics industry. We hope the SAR Government can make extra efforts and strive to expedite the commencement of the relevant projects to match social development.

In addition to rendering support to the development of the industry, the Liberal Party holds that the Government should strengthen its support for lower- and middle-class households to alleviate the hardship endured by them amid the economic crisis.

We were really heartbroken by an earlier report about an SME employer, driven to desperation due to cash flow problems, being forced to come down from his high horse and approach food banks for food. Yet at the same time, we understood better the role food banks can play in rendering timely assistance.

Despite the announcement made after four months of discussion that the entire territory is to be divided into five regions and \$60 million in total will be allocated to strengthen support for food banks set up by non-profit-making organizations to provide 50 000 people with assistance up to six weeks, the funding application will not be vetted by the Legislative Council for approval until December. As a result, the relevant organizations are worried that distant water will not put out a fire nearby, and the food banks might run out of food at any time. Hence, we hope the relevant authorities can expedite the funding

application and relevant work to enable the food banks to provide support to the needy expeditiously.

Furthermore, despite the reduction by the CLP Power Hong Kong Limited (CLP) of its basic tariff from 86 cents to 77.4 cents per kilowatt hour, it is disappointing that the actual rate of tariff reduction is a mere 3% due to changes in fuel prices, which is far lower than the double-digit figure estimated under the new Scheme of Control Agreement (SCA).

However, global coal prices have begun going down. For instance, coal prices in Australia have started coming down since July from more than US\$170 per ton in the middle of the year to as low as between US\$110 and US\$120 per ton at present. The Government must closely monitor the movements in coal prices to ensure, during the discussion to be held later with the two power companies on the rates of fuel surcharges for the next year, the rates of reduction in coal prices can benefit users and alleviate their burden.

In particular, the tariffs of The Hongkong Electric Company, Limited (HEC) are already more than 40% higher than those of the CLP, with a one-fifth gap in their basic tariffs. Therefore, in discussing with the HEC on the new SCA, the Government must make extra efforts in striving to prevent the gap between the tariffs of the two power companies from widening further so that the burden of the residents and business operators of Hong Kong Island can be alleviated.

Lastly, fuel is closely related to all trades and industries and the livelihood of the people. During a motion debate to be held next week, I will discuss this in detail. Here I only wish to emphasize that high fuel prices and the unreasonable and unjust conduct of oil companies to act "quickly in raising prices but slowly in reducing them" have actually placed a heavy burden on all trades and industries and every citizen (whether they are drivers or commuters).

The Government must spare no efforts and exhaust all possible means to urge oil companies to reduce prices, avoid acting "quickly in raising prices but slowly in reducing them", and strive to lower fuel prices such that the pressure on all trades and industries can be alleviated and members of the public can gasp for breath.

President, I so submit.

MRS REGINA IP (in Cantonese): I am very grateful to Mr Albert HO for proposing this motion which has given us another opportunity to discuss Hong Kong's economic strategies and how we can strive to overcome the present economic hardship.

Talking about Hong Kong's economic strategies, I believe there is already a major consensus among colleagues in this Council, that the economic strategies over the past couple of years were actually lack of substance and devoid of novelty. They could be described as more of the same because the Government's major strategy was nothing more than "grouting" and consolidating the financial industry as our pillar.

What do I mean by a "grouting" strategy? Certainly, I am referring to the Government's strategy of relying on infrastructure or, in other words, undertaking large-scale development projects, to revive the economy. The fact before us is that today's Hong Kong is different from what it was two to three decades ago. Back then, it was easier for the Government to overcome voices of opposition from the public in various aspects, including the construction of the Mass Transit Railway. Actually, in Hong Kong today, when it comes to major public works (such as the West Island Line and South Hong Kong Island Line) or major works undertaken by private enterprises (such as Hopewell Centre and the commercial development on King Wah Road), we can see that Hong Kong people nowadays attach great importance to balanced development and protecting the environment and the Victoria Harbour. As a result, the progress of these works has been very slow. This is why I personally hold that it will be extremely difficult for the Government to rely on its "grouting" strategy to revive the economy.

When it comes to consolidating Hong Kong's position as a financial hub, we as members of the public can see that the Government has actually been relying mainly on "siphoning off water". For instance, the proposal of "transferring the northern capital southwards to Hong Kong", often mentioned by financial officials last year, is not heard of anymore. If Members have paid attention to some of the critics published in financial publications on the Mainland, they would have known that a number of mainland experts share the view that the proposal basically overlooks the overall safety of the country's finances, and it is not necessarily compatible with the overall interest of the nation. This explains why this policy could hardly see the light of the day in the end. However, we feel sorry that this Government's policy is nothing more than

an "instant" economic strategy promoting the making of quick bucks instead of encouraging Hong Kong people to develop education, technology and innovation.

As pointed out by me last week with reference to the World Economic Forum, more money had to be earned when the economy reached the third level. However, the Government has failed to offer any incentives in adding value and enhancing innovation and sophistication. Therefore, as pointed out by many Members earlier, despite its gradual economic revival in the wake of SARS in 2003, we all know it very well that Hong Kong relies, to a very great extent, on the prosperous economic development of our nation and many favourable policies, such as policies for gradually relaxing the Individual Visit Scheme and CEPA V, and so on. In spite of all this, our economic revival has, over the past couple of years, actually relied heavily on these principles that have nothing to do with Hong Kong's own capacity of adding value. Therefore, just one financial turmoil can already let us see that Hong Kong's capacity of withstanding the economic recession is very poor. Furthermore, our economy is actually seriously flawed and problematic.

However, I have reservations about supporting Mr HO's motion and the numerous amendments because I do agree with Mr CHAN Kam-lam's earlier remarks that there is no need for the establishment of a special committee chaired by the Chief Secretary for Administration, given the existence of the Task Force on Economic Challenges chaired by the Chief Executive, to constantly monitor and assess the impact on the lower and middle classes when Hong Kong economy is being trapped in the financial crisis. As the Chief Executive has already chaired such a high-level Task Force on Economic Challenges that sees the engagement of talents and elites, it would only lead to duplication and redundancy should the Chief Secretary be asked to chair another forum.

As regards what can be done to alleviate the people's hardship, I think that, insofar as the prevailing circumstances are concerned and considering the shrinking demands of the global economy, there is little Hong Kong can do to help, no matter how it develops its local community economy or parcel out projects, undertakes more local projects and increase the number of bright spots, given that Hong Kong is, after all, a small and open economy. There is little we can do if we merely rely on domestic demand without rising demands arising from the prosperous growth of the global economy and from the Mainland.

In other words, I believe little can be done if the demand side stimulus is used to stimulate demands. Therefore, I hereby urge the Financial Secretary to consider the supply side stimulus through tax reductions. Actually, as mentioned by a number of colleagues earlier, these initiatives may include waiving or holding over the payment of salaries tax, rates, government rent, and so on. Apart from these, the Government should also consider waiving or holding over all government fees and charges, such as water charges, sewage charges, licence fees for hawkers and street traders, for the purpose of alleviating the burden of every citizen.

Incidentally, I would like to say a few words about the levy on foreign domestic helpers. Although the Government has indicated that the levy will be waived for two years, we know that the levy can only be waived when applications are made for the issuance of visas. Therefore, employers will strive to make use of the waiver to make as many applications as possible. Furthermore, not much benefit can be reaped after deducting this and that.

I also wish to point out that I am not in great support of Mr CHAN Kam-lam's proposed strategy regarding the centre of exhibitions and sales because, if we talk about mega centres of exhibitions and sales, Hong Kong can in no way compare with the large centres of exhibitions and sales in Yiwu in Zhejiang, Shenzhen or Guangzhou. Not only are our charges not as low as theirs, our land is not as abundant as theirs as well. Should we rely on "low charges" to "make a living", our standard of living can never be upgraded. Therefore, I will continue to urge the Government to begin with new economic strategies, that is, raising Hong Kong's economic value by enhancing technology and innovation. Thank you, President. Sorry, President, I would like make one more remark. Based on the abovementioned points, I will support the motion and amendments proposed by Honourable Members, but I will refrain from voting. Thank you.

MR LEUNG YIU-CHUNG (in Cantonese): President, Hong Kong's finances and economy were also affected during the Asian financial turmoil more than a decade ago when there were numerous major problems with the financial sector. There were also fears over the real estate sector because of falling prices. Furthermore, the lower and middle classes had to face, after the emergence of signs of an economic downturn, the most serious difficulties of being forced to accept wage cuts and, most importantly, rising unemployment rates. I believe many people here still have a fresh memory of all this.

Despite the apparent signs of economic revival over the past couple of years, the revival has merely boosted the earnings of the consortia and people in the middle and upper classes of society. During the so-called revival period over the past several years, our lower and middle classes were unable to enjoy any economic benefits. Neither could they catch up with inflation, no matter how hard they tried. As a result, their quality of living is still not very satisfactory.

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

In spite of all this, we were told by our Chief Executive after he had taken office that our economy, regarded as the best in the past two decades, was sound, and that we could still enjoy another decade of golden years. As a result, we were given the impression that Hong Kong's conditions were really as good as we were told, and it seemed that our prospects very bright. However, while the Chief Executive's words were still ringing in our ears, we were suddenly struck by the financial tsunami. We can see not only the financial and real estate sectors, but also many enterprises, are continually hit by crises. But, unfortunately, in the policy address discussed by Members not long ago, the Chief Executive even told us to face the current situation by embracing new challenges, rather than telling us how we should weather the economic crisis.

As we all know, by the so-called "challenges", the Chief Executive should mean what had been done previously was not bad, but we should do even better because of the emergence of some unexpected situations. However, we can see that the Chief Executive, after taking office, has actually not put forth any economic policies. He has merely continued to uphold previous policies without introducing any changes. We can see that the whole Hong Kong economy is still a bubble economy characterized by structural dependency. The so-called bubble economy refers to finance and real estate, whereas the structurally-dependent economy refers to such sectors as tourism and services industries. However, no policy has been put forth to, in particular, propel Hong Kong's economic development in a solid way.

As I mentioned before, even Mr TUNG, however bad he had performed, had once proposed such new initiatives as developing a Chinese medicine port, green industries, and so on. Despite his failure to achieve his goals, at least he

had put forth such proposals. But, unfortunately, the incumbent Chief Executive has not made any proposals. We find this all the more disappointing. Now, he persistently appeals to the people of Hong Kong to have confidence. But, Deputy President, how can we have confidence? How can we confidence when there is nothing concrete in sight?

It was only until the current problems have reached such a serious state that he proposed the setting up of a Task Force on Economic Challenges, but this is merely windowdressing. As Members could see, what was the outcome after the meeting? We were only told after the meeting that efforts would be concentrated on helping small and medium enterprises (SMEs). But, what proposals have been made? The Chief Executive has still failed to deliver. Furthermore, as we all know, assistance must be offered to SMEs because they are the mainstay in Hong Kong. How can we refrain from helping them? His words are just empty words.

However, in the face of the current crisis, I think that the Government should paint us a picture of prospects by putting forth some short-term and long-term initiatives to address the problems from two angles. And yet, we have seen that the Government has failed to deliver, in terms of both short-term and long-term initiatives. So, what can be done? In the end, we have to act to save ourselves. This is why we are greatly disappointed, much to our regret.

Having said that, there is something the SAR Government should be able to do. Actually, it still sits on a historic high level of fiscal reserves at \$400 billion, which is a handsome sum. Under such circumstances, a specific sum of money should be allocated to address the prevailing economic crisis.

What can we do? I recall Mr TUNG's proposal to create some jobs to help the poor and help non-skilled workers to secure employment expeditiously. I think that the Government should make more efforts in this respect by seriously creating some jobs to enable the unemployed to have work to do. If they have no work to do, the shrinkage and depression of the domestic economy will be speeded up. I think this is what the Government should do. This is point number one.

Second, I think that the Government should implement initiatives to help the disadvantaged. For instance, I think there is a need to implement the

establishment of food banks, as mentioned by a number of colleagues earlier. It is basically impossible for them, faced with such a major problem as unemployment and with such a meagre income, to make ends meet. Worse still, Deputy President, with prices continuing to run high and inflation persisting nowadays, the lower and middle classes will be in even greater hardships should we fail to implement such initiatives as food banks to balance goods prices.

Furthermore, I think universal retirement protection must be implemented in the long run to rid us of our worry about our future hardships. As already raised in earlier discussions, I would like to reiterate my hope for the Government to introduce some long-term strategies to implement these initiatives.

I also hope a minimum wage can be formulated expeditiously to enable the income of the grassroots to attain a basic level to prevent their income from falling to such a low level that makes it impossible for them to meet their daily expenses.

Most importantly, Deputy President, there is a most important issue with helping SMEs, an issue being discussed today. I have been told by many that the problem faced by SMEs is, very often, not a lack of business, but they are asked to pay higher rents when they have business to do. The most fatal problem with SMEs is actually rents. Such being the case, I think the Government should reconsider the imposition of rent control. Without rent control, there is no way to help SMEs deal with these unscrupulous landlords who will raise rents indiscriminately because such is *(The buzzer sounded)*

DEPUTY PRESIDENT (in Cantonese): Time is up.

MR LEUNG YIU-CHUNG (in Cantonese): the most formidable situation they have to face.

MS STARRY LEE (in Cantonese): Deputy President, our discussion today is about what can be done to prevent the lower and middle classes from being trapped in hardship amid the financial tsunami. Actually, the minibond storm triggered off in Hong Kong by the closure of Lehman Brothers has told us that many grass-roots people are investors of low-risk time deposits many

grass-roots people who can bear low risks have already suffered the first-wave losses. As for the second-wave challenges, many SMEs are crying out for help because of inadequate capital and banks turning off the tap. It is indeed hard for people to avoid feeling jittery when they learn from news reports every day either processions or reports of closures.

I believe the jitters felt by Hong Kong people were so evident that our Premier WEN Jiabao finally broke his silence by proposing five concrete initiatives to restore the confidence of Hong Kong people. I personally was most impressed by Premier WEN's remark that people's confidence hinges on the resolute measures taken by the leadership. I hope the Financial Secretary and even the SAR Government can come up with resolute measures to help the lower and middle classes from being plunged further into hardship amid the financial tsunami.

A message conveyed by the Task Force on Economic Challenges after its meeting is also shared by me. It was pointed out by the Task Force that its first task was to maintain people's confidence in Hong Kong economy and promote employment. These are its priority tasks. But what should be done to promote employment? Actually, employment can be promoted on several fronts. In the long run, our industrial structure must be reviewed. As a number of colleagues have discussed this earlier, and I personally agree with their point, Hong Kong's industries rely too heavily on the development of the financial industry. Of course, I agree that Hong Kong must continue to improve its position as the regional financial hub, including attracting more foreign capital to make use of Hong Kong's status as a financial hub for the purpose of financing, and luring the transfer of more assets to the territory so that Hong Kong can be developed into an asset management centre in the region.

However, the finance sector with its status as a financial hub is definitely not Hong Kong's sole industry. I hope the SAR Government and the Financial Secretary can demonstrate to us their determination because it is evident to everyone at this moment that the economic problems caused by the financial crisis are affecting every citizen. Should Hong Kong continue to rely solely on the development of the finance sector? This is a major issue. I hope the SAR Government can make reference to our neighbouring countries, especially the "Four Small Dragons" in Asia. In developing high technology and innovation industries, other countries have already achieved definite results. We can upgrade Hong Kong's industrial structure by making reference to them.

At present, business operators doing business in Guangdong Province also face the problem of rising costs resulting from changes in law. I think the SAR Government should now consider whether it is opportune to attract more industries to return to Hong Kong through releasing land in the Frontier Closed Area. I hope the SAR Government can really learn from the experience gained from the financial tsunami to review Hong Kong's industrial structure with a view to preventing Hong Kong's industries from relying too heavily on the development of the financial industry.

In the short run, what can be done to retain employment and even create jobs? Personally, I think it is most imperative for the SAR Government to help the lower and middle classes and prevent them from being trapped further in hardship. So, what can be done to preserve their jobs? The first step is to request enterprises, especially major ones, to assume their social responsibilities and not to resort to layoffs indiscriminately. It has been revealed by many friends of mine that their companies have plans to lay off staff simply because business has been reduced because of the financial tsunami. However, for some leading corporates, I personally think that the Government can resort to "verbal coercion" or request them, during its meeting with them, to tide over the hard times together with Hong Kong people. Of course, I understand that the Government will tell us later that Hong Kong is a free economy and the Government is not in a position to intervene in the internal affairs of corporations. However, I believe it is important to preserve jobs. In particular, major enterprises in Hong Kong should be requested not to take the lead in laying off staff.

The second step concerns how to create jobs. During the SARS outbreak, the SAR Government allocated more than \$10 billion to initiatives of reviving the economy. At that same time, over \$400 million was spent on creating more than 10 000 short-term posts and abundant training places. As the unemployment rate is expected to rise further in the future, the Government must come up with ways to create more short-term posts.

Just now, a number of Honourable colleagues proposed numerous ways to address the issue, including expediting the 10 major infrastructure projects and expeditiously commencing short-term regional projects, including the outstanding projects of the former Municipal Councils. In particular, I hope to point out here, and I hope the Secretary of Department can also consider, an outstanding initiative from the SARS outbreak, and that is, expediting the removal of illegal

structures, particularly unauthorized signboards, during this period. For I believe more employment opportunities can be created for construction workers through improving the environment of old districts.

Lastly, regarding the original motion and amendments the DAB has reservations about the establishment of another committee proposed in point (a). I share the view held by the DAB because the Government has simply too many committees. I hope the Government can take more concrete efforts to demonstrate to the public at large with actions that it is capable of taking resolute measures to help the lower and middle classes from being further trapped in the financial crisis.

Deputy President, I so submit.

DR PAN PEY-CHYOU (in Cantonese): Originally, I did not intend to speak on this subject because I understand that the impact of this financial tsunami is global and since market economy is practised in Hong Kong, the power at the Government's disposal to intervene in the market is not too great. However, this afternoon, thanks to the arrangements made by Ms LI Fung-ying of the labour sector, we, as three Members from the labour sector, had a meeting with the aggrieved people in the Lehman Brothers incident and this changed my thinking. I think that these aggrieved people in the Lehman Brothers incident were actually victims in the first wave of attack by the financial tsunami on Hong Kong. One can say that in finding ways to help them, we can get a sense of the direction that we should take as well as revelations on how we can prevent more members of the public from falling victims to the financial tsunami.

When I came into contact with this group of aggrieved people, I could sense that they were feeling very flustered. It seemed they wanted to grab any lifeline, hoping that they could find some assistance and recover their lifelong savings. They had approached various government departments and requested each of the banks concerned to provide assistance but, more often than not, they were just treated rather indifferently. The banks have made arrangements to have their cases investigated one by one. As far as we know, the present number of aggrieved people — let us not talk about the aggrieved, rather, the total number of people who have bought Lehman Brothers minibonds stands at over 43 700. They can be compared to a big bucket of water. To arrange for individual investigations into their cases is like tipping the bucket to let out water

drop by drop, so when will all the water be poured out? We really have no idea whether it will take one year, two years or 10 years.

However, it has been possible to achieve reconciliation in a small number of cases. What is the outcome of conciliation? Outsiders do not have any idea, nor do other aggrieved people. This gives people the impression that this is very mysterious and it seems the banks are dragging their feet. It can even be said that they are somehow causing divisions. We can see that the Government is playing a rather passive role. It looks as though it were a large government building whose doors are open and there are offices A, B and C, or several offices. These aggrieved people can approach one office or another — they can lodge a complaint with the Hong Kong Monetary Authority, they can seek assistance from the Consumer Council and they can even initiate proceedings in Court. However, with Menus A, B and C available, these aggrieved people just do not know how to choose. They are afraid that after entering door A, they will miss out on other even better options and there is no one in the Government to offer professional advice to them and tell them which course of action is the best and the most beneficial to them. They are now feeling very flurried, not knowing what they should do at this juncture. If we take the families of these 43 700 people into account, the number of people affected will be as large as some 100 000 to 200 000. In any place, if such a large number of people have fallen victims, no matter what sort of disaster it is, it is simply impossible for the government to remain on the sideline. For this reason, I call on the Government to assume responsibility by treating the Lehman Brothers incident as a disaster and deal with it by way of an inter-departmental task force. The Government must not carry out screening on these aggrieved people but should regard them as a group.

In fact, on the day when the Chief Executive delivered his policy address, he also pointed out clearly that minibonds were not bonds at all. I also found out on the Internet that the term "minibond" was once used to refer to the genuine bonds issued by some local governments in the United States. I can cite an example which can be found on the Internet. In October 2000, minibonds were issued in South Carolina and it was stated that they are "'tax-free bonds issued by the State' of South Carolina". It was also stated therein that "The Mini-Bonds are secured by a pledge of the full faith, credit, and taxing power of the State of South Carolina". This tells us what minibonds actually are. The reality before us now is that in broad daylight, 43 700 Hong Kong people were misled collectively, so does the Government not have the responsibility to uphold the proper rights and interests of ordinary members of the public? Is it not only

right that the Government should not evade this responsibility? The aggrieved people whom I came into contact with really hope that the Government can lead them out of the wilderness.

In view of this, I think the Government should take the initiative to contact these aggrieved people in the Lehman Brothers incident, help organize them and discuss with the representatives elected by them how to resolve this matter and offer the best advice to them. The power of ordinary members of the public is totally disproportionate to that of large financial institutions, so in fact, the Government is duty-bound to defend the weak, make justice prevail and ensure that Hong Kong remains a safe and fair financial market, so that be it a multinational corporation or an ordinary member of the public whose savings amount to tens of thousand of dollars, their interests are all protected. At a time when Hong Kong is facing the financial tsunami, this is the best thing that the Government could do because this is conducive to entrenching Hong Kong's position as an international financial centre. If Hong Kong loses this position, it will really get into difficulties.

I so submit.

MR IP WAI-MING (in Cantonese): I believe Members all know very clearly how the financial tsunami has been affecting the lower-middle classes. Most Hong Kong people can realize what situation we are facing and what the conditions will be in the coming half a year — the unemployment rate may rise and the economy may decline. Under such a situation, we really need a strong government to tell us how we can tackle the problem and walk out of the predicament.

"Strong government" does not merely mean an executive-led administration. What I mean is that the Government should give us real confidence. We do not need the Government to tell us how many opportunities there are in good times. Rather, in times of adversities, we need the Government to tell us confidently that it can deliver us from the difficult situation. I believe this is precisely the message of the remarks made by Premier WEN thousands of miles away. That the Government must show us that it is resolute, firm and courageous. But we are rather disappointed that several days ago, after the Task Force on Economic Challenges — I find this name very difficult to pronounce — had convened a three-hour meeting, it still could not

suggest any new direction. Naturally, we do not expect the Government to be able to formulate a comprehensive scheme just a month or so after the outbreak of the financial tsunami. However, at least, it should be able to set a direction for us, or show us that it has all the required resolution, confidence and courage. However, we fail to see all this. The Task Force on Economic Challenges only warned us after its meeting that next year, we might enter a period of recession and the unemployment rate might rise.

As I have just mentioned, many Hong Kong people already know this only too well, and everybody may already be saving for the rainy days. We do not need the Government to remind us once again. We only need the Government to tell us how it will tackle the situation and deliver us from the predicament. However, we do not think that the Government has done so.

I am also disappointed at one more thing. During the policy debate, many Members queried whether we should continue to rely solely on the financial industry. But after its meeting, the Task Force on Economic Challenges still said that we should redouble our efforts to strengthen our four economic pillars — the financial, property, logistics and tourism industries. Last time, I remarked here that with the exception of the financial industries, the Government seemed to have forgotten the other three industries. Although Members mentioned just now that the logistics industry was caught in difficulties The Government now tells us once again that Before the financial tsunami, the Government said that we must focus on these four industries. Now, following the onslaught of the financial tsunami, and after the three-hour meeting of the Task Force on Economic Challenges, which comprises so many experts, they still draw the same conclusion that these four industries must be enhanced. But how? They have never discussed this topic. Nor have they responded to the many proposals Members put forward in the policy debate, such as the development of a diversified industrial structure to ensure that Hong Kong does not need put all the eggs in one basket, ways of promoting industrial diversification and employment assistance to the lower strata of society. I am therefore totally disappointed. I now realize — oh, the Financial Secretary is in the Chamber now — that we have all the time been speaking to nobody. Maybe, we have just been having monologues. I hope the Government can seriously consider how to reply to our proposals.

(THE PRESIDENT resumed the Chair)

And, there are other issues which we have been discussing for many years. In the previous debate during this meeting, we discussed universal retirement protection. We have actually been discussing this topic for a decade or two. I really do not want to repeat all the views which have already been put forward by Members. Members have been talking about some proposals for years, but why has the Government done nothing? The Government has never explained seriously why it refuses to take any actions. It simply refuses. I frankly fail to understand why. I hope the Government can give a reply. Is that because all those proposals which represent the collective wisdom of the people are really not as good as the ideas of the Chief Executive, the three Secretaries of Departments and 12 Directors of Bureaux — I cannot remember the exact number of Bureaux? I hope the Government can answer this question seriously. The Government has never responded to all the proposals advanced by the FTU over the years — employment-based economic development, assisting the employment of grass-roots workers through employment support schemes, the development of social enterprises and the creation of more job opportunities by outsourcing government services at reasonable prices to social enterprises established by welfare agencies and labour union co-operatives. We hope that the Government can show genuine sincerity. We hope that the Task Force on Economic Challenges will not be reduced to a mere "talk show". We are afraid that grass-roots workers may be drowned by all the empty talks instead of receiving any real benefits.

President, I so submit.

MR ALBERT CHAN (in Cantonese): President, the hardships brought about by the financial tsunami on this occasion are understandably the severest in the history of Hong Kong. I do not think they will go away in three or five months' time. It could be one or two years at the shortest, and three or five years at the longest. The reverberations would be felt in the problems the public will have to face and there could be no end to them. Hence the response from the Government and the matching measures so devised to cope with the situation should be ongoing and non-stopping. For if not, the problems to appear would only be getting more and more serious.

The financial tsunami has brought along some instant problems, especially those connected with derivatives. Some of these problems are presently being tackled by this Council with the help of many groups. What I hope the Financial

Secretary can address at the soonest is the question of certain derivatives that may have caused so much damage to the public. Some of these products certainly carry an element of fraud and deception and the Hong Kong Monetary Authority (HKMA) may be in the process of conducting investigations. However, some other products may be lawful and the problems may not have surfaced yet, but they are nibbling at the properties and hard-earned money of the people.

In the Question and Answer Sessions of this Council, I have actually quoted one example. It is about some investment tools presented as funds. These products say that they are low in risk, but the question is, the party concerned can change all the terms and conditions unilaterally. This is because it is stated in the contract signed that it only needs to give one month's notice and it is fully entitled to changing all the terms and conditions. Now it is combining these funds into a high-risk portfolio. The clients can only opt for acceptance or else they can close their accounts and get only about 40% to 50% of their money back. This is forcing members of the public to incur grave losses. I hope the Financial Secretary can ask his colleagues to look into these cases as soon as possible. I do not think that these are only isolated cases and they could well be part of the myriads of problems that are exposed after the outbreak of the incidents related to derivatives. The problem may just be the tip of the iceberg, right? So I believe the cases and problems that will appear could be countless and innumerable. I am referring to the kinds of problems. Therefore, with respect to these problems, if the Government is not more alert, and if it does not expedite the handling, the repercussions, especially when due to the blunders and delays made by the Government in handling these problems, may even be more tragic because of the heavy losses the people may suffer.

Since the Financial Secretary is here today to listen to this motion debate, I hope that he can take actions expeditiously. I have written to the HKMA in the hope that the Financial Secretary can deal with this problem as soon as possible. If they need any information, they can contact us and we will follow up. I have given the Financial Secretary a copy of that letter, though he may not have received it yet today.

President, on the problems faced amid the financial tsunami, there are some matters which I think can really be done by the Government. One month ago, I wrote an article in which I called on all big property developers and the Government to reduce the rents immediately, for rents are a significant

component of the costs of SMEs. If rents can be reduced, I am certain that some of these commercial tenants are able to weather the financial tsunami. However, from what I have heard, not only are rents not reduced but that The Link has also taken the lead to increase rents. This situation of The Link taking the lead to oppress the commercial tenants still appears. I am still handling a large number of problems faced by the commercial tenants of The Link. For some of these tenants, The Link still plans to, that is, for those premises that are to undergo a complete overhaul according to its plan, such as the kiosks in Yau Oi Estate in Tuen Mun, these tenants have been so oppressed that they cannot bear it anymore. In the end, they just have to quit. They will be leaving in January. These are the results of oppressive action taken by The Link REIT. In this financial tsunami, as everyone has to tide over the difficult times, these small commercial tenants should be treated more leniently. They have been doing their business there for 20 years and they want to continue to do business there. But now these kiosks will be redeveloped and they will be unable to do any business there. There is this tenant with three members in his family. I think they are likely to be on the CSSA soon.

So if the problems caused by The Link are not addressed by the Government, the number of commercial tenants affected would be very large. The Government should therefore consider this seriously. The main stakeholder of The Link REIT may not have very high profits now and the Government can make use of this current situation when the share prices of The Link REIT are not so high to propose a buyback. This is the same case as with the buyback of the two tunnels, right? The Government now has a large amount of money and since it can undertake such a guarantee to the banks, it would not matter so much if it sets aside an additional sum of a hundred billion dollars or so and buy back the organizations which the Government should have made the commitment previously. This will enable the citizens and commercial tenants affected to breathe a sigh of relief and tide over the rough times. We should know that the domino effect and the chain effect can be incredibly powerful. Since the goods sold in the shopping malls and markets run by The Link are so expensive, if the situation continues, those citizens who live in public rental housing estates would be in for even worse times because they are forced to buy expensive goods despite the fact that they are living under such hardship.

Apart from buyback The Link REIT, the Government should really think hard and try to identify what items of fees and charges can be reduced. Mr

Tommy CHEUNG loves to hear about cutting the sewage charges. This is because the eateries are having a really bad time. The trade has employed at least some 10 000 to 20 000 workers, so if some of their expenses can be cut, or if the Government can reduce the sewage charges or waive them for some time, at least it will serve to ease the pressure felt by the eateries. As for other fees and charges, the Government can also consider reducing them. All in all, any measure that can help the SMEs should never be ruled out by the Government.

Another thing is that the Government has helped the banks, but the banks are still appointing collection agencies to oppress the ordinary people. A case that I have recently handled is about a member of the public who had been harassed by a collection agency. His employer told him that he would be fired if there were any more recovery actions from the collection agency. The person informed the collection agency and the financial companies, but the collection agency paid no attention and continued to harass him. At last he was fired and lost his job. In the face of the financial tsunami, many people really do not have the money to pay back their debts. The banks and financial companies by engaging in relentless recovery actions are like hitting a person when he is down. I hope the Government can find some ways to help these people. I have suggested to the Secretary for Security many times that laws should be enacted to regulate such conduct. But I have been repeatedly turned down by the Secretary. These problems would only intensify the pain and suffering of the people amid the financial tsunami. Thank you, President.

MR FREDERICK FUNG (in Cantonese): President, the remarks made by Premier WEN Jiabao last week have induced a lot of speculations. I definitely believe that Hong Kong people would be grateful to Premier WEN for giving us reminders when Hong Kong is facing the financial tsunami and for his proposing helpful measures. A few reminders are worth noting, for instance, he said that Hong Kong ought to learn a lesson from the financial tsunami. President, people generally think that Premier WEN wants Hong Kong to make adjustments to its previous *laissez-faire* financial policy modelled blindly on London and New York. Our monitoring regime cannot withstand the impacts of the financial tsunami, and lots of small investors and people have suffered losses. And the current monitoring regime only serves to complement the operation of banks which put profit-making before all else. Therefore, a radical and overall reform of the monitoring regime is essential.

Besides, Premier WEN also referred to the deep-rooted problems of our economic structure. The community generally interpreted that he was commenting on Hong Kong's unitary economic structure and our excessive reliance on such pillars as the financial and services industries. We are congenitally weak and we have very limited capacity to resist adversities.

President, the SAR Government responded soon after Premier WEN had made those remarks to the media. Besides expressing its welcome and being polite, the Administration said, "we agree with Premier WEN that we have to fully assess the difficulties, make full preparations, closely monitor the development of the financial crisis and promptly adjust our policies. The SAR Government has recently set up the Task Force on Economic Challenges to monitor and assess the impact of the financial tsunami on Hong Kong economy. The Task Force will come up with specific options for the Government and relevant industries to consider. This will help us weather the storm and turn crises into opportunities Every time we go through a financial crisis, Hong Kong will learn from experiences and further strengthen our financial and economic systems."

Obviously, the SAR Government has only selectively and perfunctorily responded to Premier WEN's remarks. Similar to the relevant proposal in the policy address, the proposal of setting up of the Task Force is once again cited as an attempt to tackle the financial tsunami. The Government shies away from talking about the lesson to be drawn by our monitoring regime from the crisis, and it has not examined itself in respect of the problem of a unitary economic structure. The expression "further strengthen our financial and economic systems" at the end of the Administration's response tallies with the spirit of the Chief Executive's remark that success hinged on finance and failure was also due to finance. It shows that the Administration is still determined to put all the eggs in the same basket regardless of the risks. The Chief Executive has not learnt a lesson from the current financial crisis in the United States at all. He is no match for the 82-year-old former Federal Reserve Chairman Alan GREENSPAN who boldly admitted his mistakes and prompted the community to rethink the free market orientation.

President, the financial tsunami has dealt a blow to the free market in Hong Kong. Free market has been proven to be imperfect, incomplete and deficient, and the "big market, small government" policy can no longer be applied to the governance of Hong Kong; and there is something wrong with this philosophy of governance. As I said at our debate on the policy address last week, the Task

Force is a tool for tackling the financial tsunami. In view of its scope of work and composition, the Task Force is evidently laying special emphasis on the economic superstructure. Focused on long-term policies, it has failed to put out a fire nearby, and it has also failed to approach the problem and consider how to face up to the challenge from the angles of different social strata. President, as expected, the Task Force only harped on the same old tune after its first meeting the day before yesterday, put special emphasis on supporting the four pillar industries, and failed to think out of the box. Perhaps we should be more realistic and we should not cherish too many illusions about the Task Force. The Hong Kong Association for Democracy and People's Livelihood (ADPL) and I support the proposal in the original motion about setting up a special committee chaired by the Chief Secretary for Administration to monitor and assess the impact on the lower and middle classes, and to put forward corresponding measures when the Hong Kong economy is in times of financial crisis.

Nevertheless, our unitary economic structure is the source of problems rooted at a deeper level. Owing to the policies tilted towards the commercial sector and the philosophy of governance of upholding a free market, the grassroots are the biggest losers whether in economic prosperity or adversity. In connection with the long-term policies and strategies for alleviating the disparity between the rich and the poor, the ADPL and I think that a new Commission on Poverty must be set up. The Commission made up of the Chief Secretary for Administration, officials from the relevant Policy Bureaux and members of the community should carry out fundamental institutional reforms from a macroscopic angle targeting the economic structure. It should formulate explicit objectives for helping the poor, and promote and co-ordinate the work of various Policy Bureaux to help the poor people. Furthermore, in the wake of the financial tsunami, the Administration should make use of the platform of the Commission to explore and put forward targeted measures to help the grassroots face economic adversity.

President, the ADPL and I have all along been very much concerned about high prices of goods; as you know, I pointed out this week and the last the problem of a widening gap between the wholesale and retail prices of goods prices. International commodity prices have substantially decreased under a global economic downturn. Inflation will come down superficially but the prices of rice, fuel, pork, flour and the retail prices in Hong Kong have not fallen. Is there anything wrong? Is regulation unnecessary? Should the matter be given attention? Are these the consequences of a free market? Do we want such results?

The Government has been indifferent and put up the free market as a shield, claiming that prices are market-oriented and government intervention is unnecessary. The Government has also been sloppy in enacting fair competition legislation; it has procrastinated for almost 10 years and resorted to "verbal coercion". Has the Government satisfactorily governed and managed Hong Kong for the people? I think its ultimate goal is to benefit the businessmen.

President, I commented last week that the free market was not all-powerful; it had obvious deficiencies in terms of macroeconomic structure and commercial operation, and it overlooked the elementary workers. Wake up Government! Wake up Financial Secretary! The Government must grasp the opportunity of the financial tsunami to seriously examine itself and think out of the free market box. It should flexibly adjust the "big market, small government" mindset, and it should not be conservative anymore.

If the Government, the Chief Executive and the Financial Secretary love the people, they should love the people genuinely, and they should not only care about its "big market, small government" principle.

MR VINCENT FANG (in Cantonese): President, Hong Kong people are seasoned fighters in the face of the rise and fall of our economy. From the time when the Chinese and British Governments held negotiations on the future of Hong Kong to the stock market crash, the Asian financial turmoil and SARS, perseverant Hong Kong people who never bowed to defeat and dared fight hard, tided over difficulties and scaled new heights on the basis of a robust economic and financial foundation.

Indeed, the financial tsunami is the most serious crisis of all the crises we have faced. In particular, banks engaging in speculative transactions and incurring considerable losses have tightened credit for the honest industries such as the wholesale, retail, catering and services industries as well as factories which have already received orders. As a result, many shops, restaurants, food establishments and factories have closed down recently. The avalanche of negative news has given people an impression that Hong Kong is not doing well.

Our Motherland as our powerful backing is less affected this time and Premier WEN Jiabao has told us that China will give full support to Hong Kong. If the Government could take effective matching measures, I am confident in our

success in tiding over this difficult period of an economic downturn and that people (including the lower and middle classes) will not be caught in a plight.

However, the Government has not actively responded to the promise made by the State, not taking effective measures to lead Hong Kong in weathering the storm. Instead, it keeps making negative comments on the economy and allows enterprises in sudden hardship to close down. As a result, the ranks of the unemployed increased, and people dare not spend money for they are sensitive to danger. The Government is indifferent to the banks' credit crunch and keeps lavishing praises on its "big market, small government" thinking. Not long ago, a restaurant owner said at the consultation meeting organized by the Liberal Party on saving small and medium enterprises (SMEs) that "big market, small government" was the philosophy of governance for piping times of peace, but extraordinary measures should be taken at unusual times, and it was irresponsible of the Government to call out loudly for a small government. I agree very much with him.

The Liberal Party supports the motion today and the proposals made by all Honourable colleagues. We have already suggested "six reductions, one abolition" in our policy expectations, which include reducing oil prices, urging the two power companies to reduce tariffs, reducing rates and government rents, freezing and reducing government charges and licence fees, waiving the rents of shops in government properties, abolishing the foreign domestic helper levy, reducing transport expenses and the continued implementation of the previous relief measures, so as to relieve the people's burden. It is a pity that we cannot find in the policy address any response to these suggestions.

The Liberal Party has always attached importance to economic development for we believe it would promote prosperity and improve people's livelihood. This is actually a favourable cycle; when people live well, they will spend more money and have the courage to start businesses, which is an impetus for economic development.

Yet, how can we meet the pressing needs of SMEs, the principal driving force of our economy? I published an article today in which I suggested that the Government should especially pinpoint the pressing problems of SMEs' shortage of credit and cash, and allow SMEs paying less than \$5 million profits tax a year to hold over provisional tax for one year. The tax amount only accounts for 10% or so of the total profits tax revenue but more than 60 000 SMEs will stand

to benefit. Should they have the extra funds, they would have working capital during the difficult period of the banks' tightening credit. With the implementation of the support policies of the Government after the end of the year, these enterprises that have stood firm and survived will pay profits tax when they make profits. While SMEs can gasp for breath, there will not be less revenue in the public coffers. This will maintain the employment level and reduce layoffs in return, which will result in a "three-win situation" for our society.

I also hope that the Government will concurrently hold over for one year the provisional tax for taxpayers with tax liability below a certain level. This will relieve the pressure of the lower and middle classes who have to pay tax. The amounts may either flow into the consumer market which may stimulate our economy or be kept in banks which may support the banking industry. It will do no harm at all.

In response to Premier WEN's announcement on the expansion of the Individual Visits Scheme to more cities, I hope the Government would strive to host more international events to polish the brands of "Culinary Capital" and "Events Capital". I also hope that it would not implement policies that adversely affect the business vitality of the wholesale, retail, catering and services industries. There will then be an impetus for further economic development.

President, in the face of the global financial tsunami, Hong Kong and our competitors have fallen to a similar level, but the biggest business opportunity will be there for the city that can get back onto the uphill trail the soonest. The Government should not hesitate anymore lest it should lose the opportunity. I am going to discuss in depth support measures for SMEs next week. I so submit. Thank you, President.

MR WONG KWOK-HING (in Cantonese): President, in the debate on this subject, I wish to raise several points. First, concerning the establishment of the Task Force on Economic Challenges (the Task Force), I think it lacks extensive representation. In saying that it is not extensively representative, what I find objectionable is that there is no representative of wage earners in it. There is not any representative of the grassroots, so when the Government considers various issues, it will not be able to listen clearly to the voices of wage earners or see clearly the misery of the grassroots, nor will it be able to take into account the

sufferings of the grassroots. In view of this, how can the Task Force keep close tabs on public sentiment, address the demands of the public and make recommendations?

Mr Albert HO's motion proposes that the Chief Secretary for Administration chair another special committee. I hope Mr HO can explain how the situation would be like if one committee operates alongside another in the future. I am not clear how it would be like. However, this precisely shows that the representativeness of the Task Force is questionable, so I think the Government has to consider how it can establish a truly representative Task Force that can reflect the true voices of the grassroots.

I wish to cite several examples to illustrate this point. The Government has now established this unrepresentative Task Force. Often, the Government would adopt a certain approach, but even though the senior level has introduced a policy, those below it may act counter to it. The first example is a very recent one. Yesterday, in response to a request from a labour union, I went to the airport to meet the representatives of the Airport Authority (AA). A notice of the AA says that whereas originally, the motorcycle parking spaces for staff of the airport could be used for free, a fee of \$400 monthly will be charged from 1 October onwards. It is even said that this is already a special offer and using the parking spaces located at car park P1 will incur a fee of \$1,800. I am not going to talk about the fee of \$1,800 and will only talk about the monthly fee of \$400. The workers told me that the cumulative pay rise they got in the past three years was no more than \$400 and the AA, as a government organization, had gone so far as to demand that workers using motorcycles pay \$400 monthly for parking their vehicles. Not only would their pay rise in the past three years be offset, since the location concerned was very far away, each day, they would have to walk for another 30 minutes to reach and leave that place. This also increased their exertion. The lower level of the Government has adopted such a policy in treating their employees but the senior level is talking about easing the hardship of the public. This gives one the impression that one is not doing what one preaches.

I will cite another example. The day before (that is, this is a case that happened this week), I had a meeting with a group of government employees in the Food and Environmental Hygiene Department (FEHD) working on contract terms. The 27 car park assistants of a certain section will be dismissed in November and their contracts will be terminated. The Government is

conducting an open recruitment for its posts on contract terms but it has not made proper arrangements with regard to the employment of existing employees. How can it talk about creating more job opportunities on the one hand but take away the jobs of existing employees on the other? This cannot but make people wonder what the thinking of the Government actually is. Has it taken into account public sentiment and has it shown empathy for the suffering of the grassroots? Problems have arisen even in the Government's internal administration, so I hope the Chief Secretary for Administration will follow this up. The senior level of the Government is talking appealingly but the actions taken by the lower level are giving the Government a slap in the face, so what is the point in doing so?

In addition, regarding the assistance provided to local SMEs, I wish to give another example, that is, we urge the Government to review its policy on hawker licensing and management. On this policy, the Government is willing to conduct a review this year and this is desirable, but the progress has been too slow. It said that it could table a paper to the Legislative Council for discussion only in the first quarter of next year. If it can enable us to have discussions as soon as possible and implement its policy as soon as possible, so that people who cannot find work but have a little capital to do business can apply for licences and rely on themselves to make a living, thus finding a way out for themselves and becoming self-reliant, this will be helpful to themselves, to other people as well as to the Government because they do not have to apply for CSSA. This is most desirable, however, the Government has to wait until the first quarter of next year before it can submit the papers.

We are now helping 30 people holding licences for ice cream vendors. Concerning the *ex gratia* payment of \$30,000 for them, after repeated lobbying, I succeeded in extending the period of application for just one year and the period will expire in late December this year. After that, no application will be entertained. However, the Government has not completed its policy review, so what should one do? As a result, this has given rise to a situation in which these 30 existing licences recently, the number of licences has been reduced by two and there are now only 28 licences left. Now, these small businesses which are the collective memory of Hong Kong people no longer have any future. Why can these problems and views not reach the senior level of the Government? Because there is no representative of the grassroots in the Task Force established by the Government. For this reason, I hope that the Chief Secretary for Administration will do some serious soul-searching after hearing my comments.

I will cite yet another example, about the nine tobacco licences in Central. The licensees obtained their operating licences to operate their businesses in the 1920s but now, they have been turned into people without licences. We are now making representations on their behalf. They want very much to continue with their business but the Government has kept dragging its feet in solving the problems. These problems precisely reflect the fact that the Government has failed to assist local businesses operating with a small amount of capital. If these are indeed businesses operating with a small amount of capital, why can a way not out be given to them? If the senior level of the Government cannot see this problem, I doubt if the Government is really determined to help ordinary members of the public in tiding over the difficulties.

Thank you, President.

MR WONG TING-KWONG (in Cantonese): President, the financial tsunami has devastated the global financial markets and caused inestimable damage. Some countries are even pushed to the brink of bankruptcy. As one of the international financial centres, Hong Kong cannot hope to stay unscathed and so the territory has also sustained unprecedented impacts. Sometime ago, there was a news story about an owner of a SME who because of the impact of the financial tsunami and the credit crunch went into cash flow problems. As a result, his company folded and he joined the ranks of those on the dole. He had to go to the food bank to get food. Actually, there is little difference between the boss of a SME and other members of the public at the grass-roots level. They all have to get help in such extraordinary times. During the financial tsunami, the most important thing for the SMEs is to get support to tackle their liquidity problem. This will avert the closure of many companies. The crucial issue with respect to people's livelihood is job security and the prevention of massive unemployment and hence social instability. It can therefore be seen that there is a close relationship between the economic conditions and people's livelihood. I therefore support the amendment proposed by Mr CHAN Kam-lam and the suggestion that the Government should take active steps to assist the SMEs.

Now the SMEs are really in the soup. Last week I had a meeting with some SME practitioners. They aired their grievances to me, saying that the banks were not only calling the loans advanced to factory owners but also tightened their credit. This caused them a cash flow problem. Some owners

also said that the banks raised the interest rate for the loans and business had become difficult. Some employers called at my office and said the same thing. They had a cash flow problem that often amounted to only \$300,000 or so, but business was stuck in the quagmire and they ran into losses. Some failed and closed down their companies.

In the Motion of Thanks debate on the policy address last week, I mentioned that the banks should relax the credit for SMEs. However, I know that in the face of the financial tsunami, the lending policy of the banks should be more prudent. In my opinion, after the SME Funding Schemes have increased the loan amount on operating capital to a maximum of \$6 million, the Government should suitably raise the loan guarantee amount. But some parties and chambers of commerce which hold different views. The DAB proposes that the loan guarantee by the Government for loans of less than \$1 million should be raised from the current 50% to 90%. And the loan guarantee for loans of more than \$1 million should be kept at the present rate of 50%. Some trade representatives suggest that the Government should set up a so-called "first blood" scheme for the SMEs in which an emergency loan of \$500,000 should be advanced by the Government to SMEs which have run into trouble. Will the relevant authorities consider this idea? I am sure these suggestions will help boost the banks' confidence in advancing loans and help owners of SMEs maintain a sound cash flow.

The motion also points out that there is an over-reliance of the local economy on the financial and real estate sectors. I think this imbalance in the economy accounts for the unhealthy and irrational development of the economy as a whole. It is high time that a review be conducted. As mentioned in the discussion paper for the meeting of the Commission on Strategic Development this week, the challenges posed by the global financial crisis would have a far-reaching impact on the development of Hong Kong and so it is proposed that apart from taking active steps to enhance the healthy development and regulation of the financial industry, the inherent advantages of Hong Kong should be further exploited. Efforts should be made to explore new engines of economic growth and to seek opportunities for diversified development. Having said that, the financial industry of Hong Kong as well as other trades still enjoy leading edges that cannot be easily surpassed.

With respect to devising a sound long-term policy for economic development, I support the amendment proposed by Mr CHAN Kam-lam to

promote the development of new points of growth in the economy, including the effective use of the land in border areas to turn Hong Kong into an all-year-round capital of exhibitions and sales.

The main reasons why the DAB suggests that an international capital of exhibition and sales should be set up in the border areas are that the costs of exhibition and sales there are low and it is placed in a convenient geographical position to attract mainland buyers to come here. They can make use of the business opportunities provided by the Guangzhou-Shenzhen-Hong Kong Express Rail and the Government's policy in opening up the border areas. This capital of exhibitions and sales can highlight the unique advantages of Hong Kong being a meeting place and a melting pot for the East and the West where "one country, two systems" is practised. The case is not like what Mrs Regina IP has said, that the place would be no match for Yiwu. I would say that it would be superior to Yiwu and better than it. This proposition carries profound significance to consolidating our position as an international centre of exhibitions and to the development of the global economy.

President, the number of SMEs accounts for more than 90% of the companies in Hong Kong and they employ more than 1 million of the workforce. SMEs are the cornerstone of our prosperity. The survival of SMEs is closely tied with the living of the people here. The Government must launch more practical and effective measures which aim at not just helping the SMEs tide over their transient difficulties but also providing support for the long-term development of SMEs. Thus it will enable the SMEs to continue to make contribution to Hong Kong.

President, the DAB holds that the proposal to set up a special committee chaired by the Chief Secretary for Administration as found in the original motion and the amendments proposed by Mr Ronny TONG and Mr Tommy CHEUNG respectively, is a duplication of the Task Force on Economic Challenges headed by the Chief Executive. I therefore have reservations.

With these remarks, President, I support the amendment proposed by Mr CHAN Kam-lam. Thank you.

MS CYD HO (in Cantonese): President, it is indeed a function of a government to alleviate poverty and create wealth, which could be achieved through the formulation of policies and control of public expenditure in the light of taxation

revenue. The previous debate has partially achieved the purpose by offering protection to the elderly people who have now lost their working ability by means of "support", hoping that the provision of universal retirement protection could help remove the worry about their twilight years. For people who have working ability, we will "help" them create wealth. These measures may not actually require money and "openness" is all we need.

The economic environment of China was originally pretty bad, but with the adoption of an open approach, regulations were abolished by all means to make room for the people to create wealth. On the contrary, regulations for different business operations and sectors are increasing in Hong Kong, which have stifled their vitality. If there are still so many regulations in view of the present economic downturn, members of the public would only find it more difficult to make a living.

In fact, we have a group of very hardworking people in Hong Kong who nonetheless has no bargaining power at all. And yet, they are able to create wealth on their own and be independent if the Government makes room for them and provides them with minimal protection. However, Hong Kong has all along promoted competition — liberal competition. Just now, a colleague mentioned an article about neo-liberalism written by Prof HUI Po-keung. Neo-liberalism is actually lawful exploitation of the lower and middle classes, who have no bargaining power at all, under which the poor is robbed to enrich the rich. This is precisely what the second motion of today is about. I hope that the Government will start with its attitude and policy to examine if the introduction of a certain policy will create poverty, or whether or not it tilts to those wealthy consortia and elites in society. In the past, the Government often stressed positive non-intervention and market economy, and bragged about Hong Kong's rating as a free market by international rating agencies. We would be happier if we rank first.

First of all, I wish to say that Hong Kong is not a free market because the land here is monopolized and numerous protective measures are conducive to monopolization. Profit guarantee for public services is one of the controversial safeguards that have yet to be removed. Hong Kong is a *laissez-faire* market where the weak falls prey to the strong. So, we must be very cautious when we talk about free market. What we are pursuing is actually a level playing field where members of the public and small-scale business operators having no bargaining power can continue to make ends meet or carry on their business.

Secondly, when Alan GREENSPAN attended a hearing of the United States Congress two weeks ago, he admitted flaw, though at his age. He said he had never thought that the maximization of gains by banks and other financial institutions would be so damaging to society. His response is really worth consideration because in the aftermath of this financial tsunami, everyone is looking for a new international financial order. In the case of Hong Kong, I have to call on the Government to see how we can restore order in our economy under the new environment, how an appropriate degree of intervention can be effected in the market and how a fairer order can be established for all walks of life.

This motion debate is like a Christmas tree with dozens of decorative items hung to it carrying wishes, and it may possibly take us three minutes to read out Members' wishes. President, I just wish to talk about two points. Firstly, insofar as the Task Force on Economic Challenges (TFEC) is concerned, none of its member understands the plight of the lower and middle classes. Two weeks ago, I had expressed my wish to the Secretary for the inclusion of people's representatives in the TFEC. However, it was immediately turned down on the ground that people's representatives do not have knowledge of economics. Right, not every one of us knows about international financial affairs, and the purpose of our joining the TFEC is not providing solutions. Rather, being representatives of the people who understand their plight, we are obliged to tell the TFEC if the new initiatives to be introduced are beneficial to the lower and middle classes or not, such that other members could have a better assessment of the people from all walks of life, the disadvantaged in particular, before the proposed initiatives are implemented.

Secondly, it concerns the release of land. In Hong Kong, people operating small-scale businesses like the SMEs as well as the lower and middle classes are required to pay rents which often account for more than half of their operating costs or household expenses. For this reason, land must be released for the provision of cheaper housing and commercial sites to enable the lower and middle classes to survive. I therefore call on the Government to relax the eligibility criteria for applying for public rental housing and seriously examine The Link REIT with a view to buying back its shares when its stock price is lower now.

President, I am so glad to hear the Chief Executive suggest the Third Way in the policy address, thinking that this would be a middle course between free market economy and welfarism. And yet, he simply compared the middle course against the extremes, and it was indeed gravely disappointing. I hope that the Chief Executive will seriously consider establishing a new social and economic order in Hong Kong under the new global financial order, with a view to walking the Third Way. Thank you, President.

MR LEUNG KWOK-HUNG (in Cantonese): Ms HO said that the Task Force on Economic Challenges (TFEC) would be aware the plight of the public if it has representatives of the people. I believe the President and Financial Secretary John TSANG must have read Chairman MAO's books when they were young, right? I learnt it from their previous interviews. This is what is meant by "coming from the masses and serving for the masses". It is therefore undesirable if the political mandate of the Government was not derived from the masses nor served for the masses. Unfortunately, in the absence of universal suffrage, the political mandate in Hong Kong did not come from the masses. Neither did it serve for the masses. So, whenever a problem arises, the Administration will turn to its affiliates for closed-door discussions and empty talks. I once heard SHIH Wing-ching say that the property market ought to be rescued because it is of vital importance. No doubt, he is the "pimp" who acts to secure the lowest price for both parties to a transaction. The TFEC merely works for its own economic opportunities. We have had enough of this.

Many people said that I know nothing about economics. I recall that a Legislative Council Member was interviewed by the *Newsweek* when Hong Kong celebrated its 10th anniversary of reunification in 2007. The reporter stated that many economic analysts had said Hong Kong was enjoying its best moment since 1997, and sought the Member's view on this. The Member, however, thought the contrary, saying that the economic status of an ordinary citizen was indeed deteriorating. So was their social status. The gap between the rich and the poor was also growing larger and larger. The *Newsweek* reporter then said the economy would be doing better for at least a couple of years. The Member, however, said that "Hong Kong has become a casino for financial capital and a cash-spinner for state-owned enterprises which prints money with commercial papers. Actually, they do not stand a chance of listing in anywhere else, except

Indonesia." The reply had made the reporter laugh, who subsequently said that it was anti-globalization. The Member then asked, "What is globalization? It means major corporations making the largest amount of money within a short period of time, which is actually a redistribution of wealth from the poor to the rich." Nowadays, there is no job security at all. Financial Secretary John TSANG, I had told you at that time that this is "casino capitalism", right?

It was an interview of me in the *Newsweek* published on 1 July 2007. People accused me of saying that, every one of them. I had requested Financial Secretary John TSANG to ask Secretary Prof K C CHAN to impose stamp duty because people have borrowed our place, which is precious, for gambling. The Government, however, refused. At that time, I asserted that problems would definitely arise. Now, I think that the description of "casino capitalism" is still not good enough because while nearly all casinos cheat, casinos in Macao only require gamblers to pay under-the-table commission and there is no cheating. In front of us is trickery capitalism. Given that Hong Kong is no casino, what are people gambling on? Someone created it and this is what they want.

Everyone is busy doing shoe-shining for Premier WEN, and discussing whether or not the Chief Executive has listened to the Premier's words. I also wish to seek Premier WEN's advice. The Mainland is now on the verge of a "burst", and no one knows the amount of capital they had put into speculation. In addition to the "three agricultural problems" faced by the 900 million peasants that have yet to be resolved, 200 million workers in the Guangdong Province are now unemployed and tens of thousands of people are staging demonstrations every day. The public security authorities have said explicitly that, for whatever reason, anyone seen to be staging demonstrations and involved in an unauthorized assembly would be imprisoned for five years. So, why are we still doing shoe-shining for others?

As a result of the implementation of CEPA, many of our jobs have moved to the Mainland. We could only manage a draw game despite the huge spending of our mainland compatriots in Hong Kong. Hong Kong enterprises in the Mainland have closed down. It was their business on the Mainland, not in Hong Kong. What did Premier WEN Jiabao say about this? He said that first of all, the small and medium enterprises (SMEs) should be rescued — yet, it was him who has to rescue the SMEs. Why should we rescue the SMEs? Where did

the SMEs fold their business? On the Mainland. Secondly, there is a lack of communication between Hong Kong and the Mainland. Needless to say, while the Bank of Shanghai is responsible for wholesaling, the Bank of China is responsible for retailing. Poor Financial Secretary, they have created all these. They will certainly deny, saying that it is most important for the Chinese-owned banks to make money. Are we not singing praises of them? I have said previously that it was not righteous for Joseph YAM to make money by scalping foreign exchange. However, we are the one who suffer now and everyone else is angling for our money. It is, in fact, very simple. What actually is the problem? It is because global financial capital has taken control of everything, and it is beyond our control.

Financial Secretary, has the Hong Kong Monetary Authority (HKMA) probed into any cases relating to the Lehman Brothers incident so far? Despite that the issue was later investigated by the Securities and Futures Commission, there was no substantive result and the victims are still unable to get back their money. What else can be said? What did the HKMA say? Did the HKMA ask you to probe into the matter instead? Did it ask you to conduct a thorough investigation covering even the Bank of China and the Bank of Shanghai? Will Larry YUNG be investigated as well? So, what is the point that he is trying to make? He is the strongest backing of princelings. It is him who took our mainland compatriots' hard-earned money to Hong Kong for listing, with a view to making a fortune for himself. He has changed the country from state capitalism to crony capitalism, and it was Nobel Laureate Paul KRUGMAN who said this. What is more, it has now become trickery capitalism. Why do we need to do shoe-shining for WEN Jiabao? Why do we Hong Kong people need to do this?

I originally planned to revisit some old issues, but after listening to the debate for so long, I really cannot help but ask what point WEN Jiabao intended to make. In the melamine incident, he said he had made a minor mistake. He is always seen crying after something has gone wrong. He needs not cry. What is the point of saying that? Why do we need to do shoe-shining? I feel so sorry for our nationals. How many state-owned assets have been lost? If Renminbi is freely convertible and people can take them away at will, will we run into a state as that in Indonesia?

Honourable Members, do not believe in the Saviour, especially a wicked one. Thank you, President.

MR LEE WING-TAT (in Cantonese): President, I wish to say a few words more on the views put forward by Mr Albert HO.

Honestly, I must say that the Financial Secretary himself should also be aware of many the related problems and proposals. As far as my observation goes, at critical times, we can best see whether the Government is prepared to devise proposals to swiftly resolve all those issues which have been raised repeatedly.

Internally, the Democratic Party has conducted discussions on one question. I think the Financial Secretary must have been asked this question as well. When Hong Kong Monetary Authority Chief Executive Joseph YAM announced the provision of 100% bank deposit guarantee, he must have some specific purposes in mind. First, he obviously wants to ensure the stability of the banking system. But everybody knows at the same time that the present sluggishness of the economy is mainly caused by the credit crunch. The HIBOR is high, so all banks do not want to lend any money. Putting myself in the Government's shoes, I can imagine that the major objective of such a move is of course to help the entire banking system. But then, to a greater or less extent, the move is also meant for individual banks, especially small and medium banks. The reason is that such banks cannot themselves provide sufficient deposit guarantee. They do face the risks of bank runs. Honestly, they are truly vulnerable.

When the Government wants to do anything I am not talking about any coercion, of course. But I would say that the Government can always hint, encourage or even openly suggest people to do something over the dinner table, for example. But I am very surprised that having decided to use taxpayers' money to provide deposit guarantee for banks (unlike Mr LEUNG Kwok-hung, I would not use the word "collusion") In cases like this, no government will probably refrain from trying to do something good not only to the whole banking system but also the overall economy. To my surprise, it seems that banks have simply ignored the Government. After the passage of two weeks, after several attempts of "verbal coercion" by the Government, I have heard somebody hint that actions may be taken in a matter of days.

I cannot understand what is going on because when it comes to things like this, the Government should have considered the situation comprehensively before taking any actions. The public have been given the impression that the

Government's actions are always meant for the benefit of the rich. This may not be the Government's intention, but people do have such an impression. People certainly wonder why banks were not made to apply more flexibility to their lending policies right at the time when the Government decided to offer such a major guarantee for the banking system. These two tasks did not emerge at the same time. I do not know what the Financial Secretary's considerations were. If there is any opportunity, I hope he can answer this question. Actually, has it ever occurred to him that the Government has the power to influence the actions of banks? This is the first point.

Second, this must not be the first time that the Financial Secretary hears the many proposals put forward by Members today. We have raised such proposals to the Financial Secretary many times before. But I think the Government is always so slow in responding to problems. Let me quote an example here. Several days ago, some waste recovery operators staged a petition. They complained that they were faced with very great difficulties because the Mainland had ceased the recovery of waste paper, and so on. They claimed that they had amassed huge quantities of valueless waste. I do not know how the Government is going to handle this problem. My experience tells me that in cases like this, the Government will certainly take follow-up actions. For example, the Lands Department, the Environmental Protection Department, the Trade Department, and so on, will discuss the matter for some time and put forward some recommendations, maybe, three or four months later. A site may be identified for the purposes required.

My opinion is that the ways in which the Government handles such major problems are a good test of its leadership and a reflection of its political will and competence. The Government has set up the Task Force on Economic Challenges (TFEC). Since we are not given any opportunities to take part in the work of the TFEC, we do not know its positioning. Is it meant purely to offer advice? Is it meant to formulate quick responses to major problems? Is it meant to actually tackle problems? If the TFEC is meant purely as an advisory body, then I do not think a single meeting can yield any particular outcome, unless its advice is very revolutionary and very innovative, enabling us to have a brainwave and come up with a good solution.

SHIH Wing-ching, in particular, is most honest. He simply asked why he was invited. He said that all his views were already published in the press, only

that they had not noticed. Actually, the Government will know all his views by reading all those newspaper articles. There is no need to invite him anyway. Speaking of the bankers invited, I have not heard anything much from them. I have not heard any innovative, revolutionary and visionary suggestions from them. What actually is the objective of the TFEC then? If the objective is to establish a task force to tackle some major economic problems within a short time, the TFEC will not be able to accomplish this mission.

Honestly speaking, the ones who are most capable of accomplishing this mission should be the Directors of Bureau here. The mission can be accomplished as long as they can streamline all the administrative procedures, or red tape, which lead them to put up delays and pass the buck from one department to another. Politics is now very important. It puts into the right perspective whether the Government, the Chief Executive and the Financial Secretary, as our leaders, can grasp this significant opportunity and tackle all those long-standing issues discussed for many years.

Recently, I have had some discussions with some Housing Authority officials on designating a site in Tin Shui Wai for use by the elderly. They hope that a site can be designated for the construction of elderly housing and other support facilities, such as a hotel with 200 rooms, so as to create several hundred jobs for Tin Shui Wai residents. They do not belong to a private organization, but still discussions have been going on for nearly two years.

Financial Secretary, what I have put forward is nothing new either. But I always think that if we continue to adopt the past approach, all the problems mentioned by Members will still emerge one by one. The public have only been able to hear the Government's views on certain issues. These views cannot, however, show the kind of political will and energy necessary for solving problems. And, the SMEs and the public are all aware of these problems. Is the Financial Secretary capable of solving them? I think he is. He and the Chief Executive have the power to remove the red tape and bureaucratic procedures. Whether the mission can be accomplished will all depend on him!

Thank you, President.

MR ALAN LEONG (in Cantonese): President, the Task Force on Economic Challenges (TFEC) established by the Chief Executive convened its first meeting the day before. For many days, the public have expressed a lot of views concerning the TFEC and I think they can be summarized into the following three points: First, the Chief Executive has only presented some old proposals via this new TFEC and the Government only proposed that emphasis be placed on the provision of focused support to such industries as the financial services, trade and logistics, tourism and consumption and property and construction industries. However, no a single word was expended on the creative and cultural industries and the environmental protection industry; second, the Task Force did not propose any relief measures to address the difficulties facing the grassroots and third, the Task Force has made a very slow response to a rapid economic recession. President, I think these several points are the impression of the public on the first meeting of the Task Force.

Last week, this Council held a motion debate on the policy address. At that time, I pointed out that the Government should implement an industrial policy as soon as possible, including that on the creative and cultural industries and the environmental protection industry, to increase the number of pillars of the Hong Kong economy from four to six, so that Hong Kong would be better empowered to withstand the hammering of the financial tsunami. President, in fact, in 2006, the Central Policy Unit commissioned the University of Hong Kong to prepare a report entitled "Consultancy Study on the Relationship between Hong Kong's Cultural and Creative Industries and the Pearl River Delta". This report points out that extensive collaboration in creative and cultural industries between Hong Kong and the Pearl River Delta (PRD) may take place in the following five areas: (a) Based on the advanced and comprehensive legal system in Hong Kong, develop the PRD into an international creative and cultural industry market, while winning more room of development for Hong Kong; (b) make use of Hong Kong's international environment to allow the creative and cultural industries in Hong Kong to serve as an important link between the PRD and the international market; (c) through acquisition and merger, unite the creative and cultural industries of Hong Kong and the PRD as a base to develop the mainland market; (d) speed up radiation to the mainland hinterland, especially the mid-south and southwest regions, based on the economic co-operation of the Pan-PRD under the "Nine plus Two" arrangement; and (e) Hong Kong's creative and cultural industries can obtain richer resources, labour and opportunities in a wider regional market by tapping the free trade zone established between China and ASEAN. President, it can thus be seen that the development potential of the

creative and cultural industries in Hong Kong is very great. Granting appropriate development, they will surely make significant contribution to the Hong Kong economy. Unfortunately, we have not seen the Hong Kong SAR Government introduce any industrial policy with any specific cultural and creative component in it.

President, apart from the creative and cultural industries, the Government must also understand the difficulties facing the grassroots and propose targeted improvement measures. On problems relating to employment, the Government must not repeat the mistake of "having discussions without making decisions and making decisions without taking actions". The authorities should honour their undertaking of implementing medium-scale and small-scale projects as soon as possible. In fact, if the Government is willing to first focus its efforts on launching the more than 70 outstanding projects left behind by the former Municipal Councils immediately, this will create over 5 000 job opportunities within a short time to benefit workers with low skills and low productivity.

President, in the four areas of clothing, food, housing and transport, I wish to remind the Government that it should introduce relief measures for the middle and lower classes particularly in the two areas of food and transport. Civic groups have pointed out that this year, cases of people approaching the food bank for food have been increasing. In the first nine months alone, the number of people served has reached 12 000 and it is equal to 95% of the total number of people served last year. The food bank also distributed 330 000 meals and this has already exceeded last year's figure of about 290 000 meals in total. This fully reflects the fact that the need of the grassroots for the food bank is increasing. In the past, the operation of the food bank has relied heavily on donations from the business sector. However, after the battering of the financial tsunami, the support of the business sector for the food bank may wane. In July, the Government announced that \$100 million would be earmarked for the implementation of food assistance schemes. Despite the passage of three months, so far, no specific implementation plan has been announced and in the past few months, the food bank could only try hard to sustain its operation.

President, on transport, expensive transport fares have all along troubled the middle and lower classes in their daily life. Recently, society is full of optimism about the buyback of the harbour crossings by the Government. It is an undisputed fact that the tolls of the Eastern Harbour Tunnel and the Western Harbour Tunnel are too high but their utilization is too low. This situation has led to the social cost of long hours of traffic congestion in the transport network

in Hong Kong. A wise government would have solved this problem over which people have wrangled for many years long ago. Now that a rare opportunity has presented itself to the Government, the Government should consider buying back the two harbour crossings as soon as possible. In addition, the Government should consider offering a transport allowance to the grassroots throughout Hong Kong to ease their burden of living. From past experience, it can be seen that grass-roots members of the public and young people would often be hindered in finding work because they cannot afford the expensive transport fares. This is a very ridiculous social phenomenon.

President, at present, the problem of wealth disparity in Hong Kong ranks the first in Asia but this ranking is not a cause for celebration. If the Government still adheres its old mindset, believing that it can lead Hong Kong out of its difficulties by supporting the four major industries, I am afraid it has underestimated the impact of the financial tsunami on the lower and middle classes.

I so submit.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Mr Albert HO, you may now speak on the amendments. You may speak for up to five minutes.

MR ALBERT HO (in Cantonese): President, today, I thank Mr Tommy CHEUNG, Mr CHAN Kam-lam and Mr Ronny TONG very much for moving their respective amendments to my original motion. Now, I will respond to the amendments one by one.

First, I will talk about Mr Tommy CHEUNG's amendment. He has enriched the contents of my original motion in several areas. For example, he proposed that the Task Force on Economic Challenges should examine specific measures to boost the Hong Kong economy. Of course, he also mentioned the catering industry and about being a culinary capital, which he is personally most concerned about. I fully understand this. He also talked about the provision of

more logistics facilities to strengthen Hong Kong's position as a logistics centre. In addition, he also mentioned expediting the launch of the outstanding projects of the ex-Municipal Councils and urged the power companies to expeditiously adjust the tariffs downwards to help the public tide over their difficulties. Regarding reducing the major living expenses borne by members of the public, I also agree very much with this. Concerning living expenses, they do not just involve the power companies, in fact, the town gas company is also involved. To many families, gas charges also constitute a burden.

One point that we are more concerned about is his proposal "to put forward corresponding measures, such as reducing rates, Government rent and salaries tax" in his amendment. This is a very general remark but its thrust is related to these several items. It is hoped that the Government will consider proposals concerning reductions and waivers. As regards whether they should come in the form of reductions or waivers, or if they come in the form of reductions, how much the reductions should be and whether there should be an upper ceiling, it seems all these issues were not mentioned. For this reason, I think they are open to future discussions. However, for the purpose of making a decision today, I think we should still prescribe some restrictions, for example, a ceiling should be imposed for such items as rates and salaries tax. However, since his proposal is rather general in nature, I think there is room for us to examine it further. For this reason, I find this amendment acceptable.

As regards the amendment proposed by Mr Ronny TONG to Mr Tommy CHEUNG's amendment, he proposes that more local public works be carried out and he hopes that a fair competition law can be introduced. We agree very much with him. One of his most important amendments relates to the waivers mentioned by Mr Tommy CHEUNG that is, he added some particulars to the relief measures I have just talked about, for example, concerning rates and government rent, he proposes that the cap be set at \$5,000 and I agree with this. However, he added the holding over of provisional salaries tax and profits tax and at a glance, compared with Mr Tommy CHEUNG's amendment, it seems that this amendment has narrowed the scope. However, after discussion with Members of the Democratic Party, I believe the amendment has not narrowed scope, rather, the originally non-specific proposals put forward by Mr Tommy CHEUNG was made more specific. Concerning these more specific proposals, we strongly support some of them, but I am also somewhat concerned about others. For example, the holding over of provisional salaries tax and profits tax may lead to several problems.

First, as Members all know, as of October this year, our fiscal deficit has reached \$48.6 billion and it is estimated that it may reach \$70 billion for the whole year. If we make an estimation of the revenue from salaries tax and profits tax, in 2007-2008, it amounted to \$124 billion and our rough estimate is that this year — we are bolder than the Financial Secretary — it will decrease to \$90 billion. Provisional taxes account for 75% of this amount, that is, they will perhaps amount to \$67.5 billion. If this sum is held over, the deficit this year may reach over \$100 billion. This will exert pressure on the Government to cut expenditure for other areas. This is the first point.

The second point and our greatest reservation is that it is not stated that this specific proposal will only apply to SMEs. In view of this — I believe this is what Mr Ronny TONG meant to say but he omitted this point — if all large corporations, large banks, multinational corporations, and so on, are entitled to the holding over of provisional taxes across the board, we find this very hard to accept. For this reason, we cannot support this amendment.

FINANCIAL SECRETARY (in Cantonese): President, I thank Members for their views on the motion. Last Thursday, I already talked about the impact of the financial tsunami on the Hong Kong economy and how the Government is actively tackling the challenges presented by the financial tsunami in my comments made in reply to the debate on the Motion of Thanks on the policy address of the Chief Executive.

The market economy in Hong Kong is flexible and versatile and could recover quickly from each recession. Such resilience, speedy response and adaptability are precisely the unique competitive edge of the Hong Kong economy. However, Hong Kong is an externally oriented metropolitan economy and each time we encountered external impacts, it was inevitable that we would be affected to some extent. In this process, we are very concerned about the employment problems caused by an economic downturn. The policy objective and series of measures taken by the Government in the future will be based on "giving priority to employment", being its foremost consideration.

Recent signs indicate that the impact of the global financial tsunami on a number of industries in Hong Kong is gradually surfacing. Among them, the hammering suffered by the financial, trading, logistics, tourism, catering, retail,

property and construction industries is more serious. Last year, the number of people employed by these industries accounted for about half of the total working population.

We must consider introducing appropriate policies for these industries to help the public tide over this difficult time. Mr Albert HO proposed the development of such industries as eco-tourism and the recycling industry to increase job opportunities for members of the middle and lower classes. This is an appropriate course of action and the Government has already launched the work in these two areas to help some members of the public resolve the difficulties they are facing.

On eco-tourism, the Government will actively make optimal use of available resources to promote eco-tourism according to the principles of conservation and sustainable development in conjunction with the Hong Kong Tourism Board and the tourism industry. The Chief Executive has stated in the 2008-2009 policy address that consideration will be given to the development of geological parks at various locations with special geological features in the Northeast New Territories, so as to further enrich the eco-tourism products in Hong Kong to attract more nature lovers throughout the world to Hong Kong and create more job opportunities.

At the same time, we will actively explore new sources of visitors and step up the promotion of green tourism to visitors from Japan, southern China and other long-haul markets as well as to business visitors. We have just signed an agreement with the Japanese Government to designate 2009 as the "Hong Kong-Japan Tourism Exchange Year" and work out the marketing strategies together. We hope that these measures will take the development of tourism in Hong Kong forward, instil vigour into the economy and create more job opportunities for local workers, particularly elementary workers.

As regards the recycling industry, the Government has all along made efforts to enhance the recovery and recycling of wastes. The Product Eco-responsibility Ordinance was passed by the Legislative Council in July this year to provide the legislative framework for the implementation of various producer responsibility schemes, so as to reduce the generation of waste and facilitate the recycling of waste.

Through the EcoPark in Tuen Mun, we are also providing long-term land at affordable costs and various public facilities for the local recovery and recycling industries. It is expected that about 750 new jobs will be created in the EcoPark. In addition, 35 conveniently located sites in the urban areas charging affordable rents will also be provided on short-term tenancies for use by the recycling industry to support its development. These measures will hopefully create more jobs in the recycling industry and help absorb unemployed people in the lower and middle classes.

The Chief Executive pointed out in the policy address that 10 large-scale infrastructure projects would be implemented at full steam in order to drive economic development with infrastructure development and create job opportunities. In the past year, most of these infrastructure projects have made good progress and it is expected that their construction can commence as scheduled. Among them, the work relating to the legislation and funding for the West Kowloon Cultural District has been completed smoothly and significant progress has been made in relation to the Hong Kong-Zhuhai-Macao Bridge, the construction will commence no later than 2010 according to anticipation. The design of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link is being carried out at full steam. In addition, we have been examining ways to enhance co-operation between the Hong Kong International Airport and the Shenzhen Airport and the development of the Lok Ma Chau Loop has entered the study phase. We also aim to commission the first berth of the cruise terminal located at the former Kai Tak Airport in 2013. As regards the development of community facilities, we will make use of two sites in Tin Shui Wai with a total area of about 14 hectares to give fresh economic impetus to the district and create job opportunities for this community.

Since we have expedited the administrative procedures of the relevant departments, in 2007-2008, the Finance Committee approved 81 capital works projects involving a construction cost of \$47.1 billion. With these capital works projects entering the construction phase one by one, it will be possible to create more job opportunities in the construction industry, from 23 000 in 2007-2008 to 27 000 in 2008-2009.

In the 2008-2009 Legislative Session, we plan to submit about 100 new applications for funding for capital works projects to the Legislative Council and the construction cost involved will stand at more than \$70 billion. It is also

expected that the expenditure on infrastructure projects will see an even more substantial increase in 2009-2010.

As regards expediting the redevelopment of old districts, the Urban Renewal Authority (URA) will implement the 35 ongoing urban renewal projects and four conservation projects at full steam, including making acquisition offers in relation to the biggest project ever carried out by the URA — the redevelopment of Kwun Tong town centre — at the end of this year as scheduled. In addition, the URA will assist in the rehabilitation of about 200 buildings this year and in the implementation of new projects to revitalize the Wan Chai old district using a district-based approach. The URA estimates that in each of the next five years, an average of about 3 700 people in the construction industry will be employed to carry out various projects implemented by the URA.

Infrastructure development is an opportunity that we must seize in the present economic situation. We will closely monitor the impact of the financial tsunami on construction cost and on other areas, then seize the opportunity of a letup in the mounting pressure on construction cost to vigorously take forward infrastructure development, create employment opportunities and maintain the dynamism of the Hong Kong economy.

Small and medium enterprises (SMEs) are the backbone of the Hong Kong economy. We understand the considerable number of difficulties facing SMEs in this financial crisis and their hope that the Government would help them tide over this difficult time. The Secretary for Commerce and Economic Development has earlier on announced a series of support measures, including allowing greater flexibility in the loan amount under the SME Loan Guarantee Scheme and extending the guarantee period for the Working Capital Loan. In addition, we will also raise the grant ceiling of the Export Marketing Fund and extend the scope of reimbursable items, with a view to enabling SMEs to develop more new markets and undertake more marketing efforts.

In addition, the Hong Kong Export Credit Insurance Corporation will also enhance its support for exporters, including freezing premiums for its insurance facilities, continuing to provide cover for payment risks arising from the buyers' failure to take delivery of goods which are usually not covered by other insurance companies in the market and providing a certain number of free buyer credit assessment service for exporters.

We have all along maintained close contact with the Legislative Council, various chambers of commerce, groups representing SMEs and the representatives of relevant industries, including the tourism and retail industries, to listen to their views and suggestions. The Secretary for Commerce and Economic Development, in collaboration with the SME sector, convened an SME Summit on 23 October and listened to many valuable suggestions in the summit. Various relevant Bureaux and departments are now actively considering these suggestions to see if more support measures for SMEs can be introduced.

We are very concerned about the impact of the financial tsunami on SMEs. Yesterday, I chaired an inter-departmental meeting to further study the measures to assist SMEs. Once decisions are made, we will announce the measures as soon as possible.

As regards the proposal put forward by Mr CHAN Kam-lam on promoting economic growth, as a further step to intensify Hong Kong-Guangdong economic and trade co-operation, the Governments of Guangdong and Hong Kong have agreed to implement 25 liberalization and facilitation measures for early and pilot implementation in Guangdong this year, covering such service areas as accounting, construction and related engineering, medical and dental, placement and supply services of personnel, environment, social services, tourism, education, maritime transport, road transport and individually-owned stores. Seventeen of the measures are included in the liberalization measures under CEPA. In addition, we will continue to make good use of CEPA and lobby for an expansion of its scope as well as more liberalization measures beneficial to various sectors. In particular, we hope that we can secure the further liberalization of key service industries such as the financial and tourism industries, so as to provide fresh impetus to Hong Kong's economic development.

At present, both sides of the Strait have reached an agreement on establishing further links and the SAR Government greatly supports the full implementation of the arrangements in respect of the Three Direct Links between both sides of the Strait. Although in the short term, the commencement of the Three Direct Links between the two sides may make some of Hong Kong's roles as the middleman less important, we believe that in the medium and long terms, the establishment of the Three Direct Links between both sides of the Strait will facilitate economic and trade exchanges between the two sides and among the four regions, so this is conducive to giving full play to the respective functions of the two sides and the four regions, thus resulting in synergies and mutually

complementary benefits, which will benefit trade, economic development and long-term development in the region. I believe that as an important service provider in the trade between both sides of the Strait, Hong Kong will continue to assume a strategic position and play an important supporting role after the establishment of the Three Direct Links. It is believed that in the long term, Hong Kong will reap even greater economic benefits from the establishment of the Three Direct Links.

To this end, the Government will face the opportunities and challenges presented by the establishment of the Three Direct Links between the two sides positively and take active measures to complement this development. I have already established an inter-departmental steering committee to study and co-ordinate the overall strategy and action plan for promoting closer economic and trade ties with Taiwan. Separately, the Hong Kong Trade Development Council will shortly establish an office in Taipei and it will also encourage Hong Kong industrial and business leaders, as well as Taiwanese businessmen in Hong Kong, to form a Hong Kong-Taiwan Business Co-operation Committee. The Committee will facilitate direct communication between enterprises from both places and foster closer co-operation in such areas as trade, investment and tourism through interactions at the non-government level.

As regards the development of the exhibition industry, the Government attaches great importance to the expansion of the Hong Kong Convention and Exhibition Centre and the AsiaWorld-Expo and will continue to actively study its feasibility. In the policy address delivered by the Chief Executive recently, a detailed feasibility study on the Phase 3 extension project of the Hong Kong Convention and Exhibition Centre has also been proposed and public consultation will be launched as soon as possible.

On the promotion and development of the creative industries, Hong Kong has enormous potentials to further develop a creative economy and with appropriate support from the Government, the creative industry can become a new industry capable of pushing economic development in Hong Kong. The Government supports the continuous development of the creative industries and has decided to bring the existing duties in providing support to and promoting the creative industries presently undertaken by various government departments and the resources in this regard under unified management by establishing a dedicated Creative Industry Office under the Commerce and Economic Development Bureau. This office will be specifically responsible for co-ordinating the work

of various departments and the relevant Policy Bureaux, enhancing communication with the sector and providing one-stop services to it, so as to cater closely to its needs.

Hong Kong is the prime destination for business, conventions and exhibitions tourism in Asia. In order to enhance Hong Kong's appeal in this area, I earmarked an additional \$150 million in the 2008-2009 Budget to step up the publicity on Hong Kong in the next five years. I also proposed in the Budget to waive the Hotel Accommodation Tax to further promote the development of tourism. The Secretary for Commerce and Economic Development and I are heading a cross-sector steering committee to review and formulate our development strategy, so as to vigorously promote conventions, exhibitions and incentive travel.

In addition, the Tourism Commission and the Hong Kong Tourism Board have also been working closely with the Macao Government Tourist Office and the Guangdong Provincial Tourism Administration to jointly promote multidestination itineraries. These measures are designed to enrich the travel experience of visitors, so as to create a win-win situation and more job opportunities.

On social enterprises, in the 2008-2009 policy address, the Chief Executive reiterated that social enterprises could help create job opportunities in local communities. The Government will continue to provide seed money under the Enhancing Self-Reliance Through Partnership Programme to support the startup of new social enterprises by non-governmental organizations and assist socially disadvantaged groups in becoming self-reliant. Since the introduction of such projects in June 2006, about \$76 million has been granted to over 80 new social enterprise projects, thus creating about 1 400 job opportunities for socially disadvantaged groups. At present, there is still about \$74 million for applications by organizations to establish social enterprises. We will closely monitor the financial situation of the programme and consider increasing the amount of funds allocated to this area if necessary.

Meanwhile, the Home Affairs Department is implementing the Social Enterprises Partnership Programme early this year to provide channels for entrepreneurs and professionals to offer gratuitous professional and business consultation service to social enterprises, so as to encourage collaboration between the business sector and social enterprises.

I understand that the economic decline will have great impact on the job market and it is inevitable that job-seekers will encounter more difficulties. The Government will continue to provide education, training, retraining and placement services, so as to enhance the employability of socially disadvantaged groups. In the face of the possible impact of the prevailing financial tsunami on the Hong Kong economy and the job market, the Employees Retraining Board will also pay greater attention to the training and employment needs of socially disadvantaged groups. It has also decided to relax the application requirements and restrictions for half-day and evening part-time generic skills courses and vocational skills courses to enable people in employment to take these courses. Furthermore, low-income people can receive tuition fee waivers, so that they can upgrade and equip themselves. We will pay close attention to the changes in the job market, adjust the places allocated to various courses flexibly in the light of the market condition and respond to the latest situation in the market speedily, so as to assist course graduates in finding employment.

Separately, the Labour Department has launched a number of employment promotion schemes to help place into employment job-seekers with special needs or who have difficulties in finding employment, particularly to help young people, middle-aged people and people with disabilities joining or rejoining the labour market. In addition, the Labour Department also organizes large-scale job fairs or district-based job fairs from time to time and assists employers in recruiting suitable workers, so as to enhance the efficiency of the job market.

To help Comprehensive Social Security Assistance (CSSA) recipients move into work, the Social Welfare Department (SWD) has also been implementing the Support for Self-reliance Scheme and the Integrated Employment Assistance Scheme to provide ordinary and intensive employment assistance services to unemployed able-bodied CSSA recipients, so as to assist them in rejoining the workforce and achieving self-reliance.

The Government understands that the pick up in food inflation may exert pressure on low-income people. For this reason, I have earmarked \$100 million for the SWD to help people and families in need and provide immediate and direct assistance.

On the pilot Transport Support Scheme (TSS), in July this year, we relaxed the eligibility criteria under the pilot scheme and extended the subsidy period to

benefit more low-income workers living in remote districts. We understand that although the criteria of the TSS have been relaxed, there are still demands in society for further expansion of the scheme. However, we must consider such views cautiously to avoid any departure from the original policy intention, thus turning this subsidy into a virtual low-income supplement. We will continue to monitor the implementation of the scheme, listen to the views of Members and various sectors in society and consider conducting a review when necessary.

As regards Mr Tommy CHEUNG's proposal to reduce the basic tariff and the Fuel Clause Surcharge, the CLP Power Hong Kong Limited (CLP) has introduced a 10% reduction of the basic tariff on 1 October this year and this reduction was agreed upon after the Government had held a number of discussions with the CLP in accordance with the new Scheme of Control Agreement reached with the CLP in January this year. In addition, the Government will continue to perform its gatekeeping role properly when examining the various proposals in the five-year Development Plan submitted by The Hongkong Electric Company, Limited. It will also negotiate a reduction in Basic Tariffs and in the Fuel Clause Charge level in accordance with the new Scheme of Control Agreement. With the decrease in international fuel prices, the Government will closely monitor the movements in coal price and their effects on the present Fuel Clause Charge level.

As regards the local auto-fuel retail prices, the Government has all along been monitoring whether or not the retail prices are changing according to the movements in international oil prices. We notice that recently, international oil prices have been on a continual decline. For this reason, we have been contacting the oil companies frequently to urge them to adjust their prices, so as to ease the public's burden. In this connection, oil companies have also reduced the prices of the relevant products in the past few weeks.

In order to enhance the transparency of fuel products, we have introduced the measure to announce on a weekly basis the movements in local auto-fuel import and retail prices, benchmarked against the Singapore free-on-board prices for unleaded petrol and motor vehicle diesel. In addition, the Consumer Council will also announce on a weekly basis the local auto-fuel retail prices set by local oil companies and various forms of cash or non-cash special offers or discounts, so that consumers can follow the market trend closely and make informed choices in consumption.

In the policy address, the Chief Executive announced the establishment of the Task Force on Economic Challenges (TFEC), to be chaired by him, to closely monitor the impact of the financial tsunami and global economic slowdown on Hong Kong and propose specific medium-term and long-term counter-measures to turn the crisis into opportunities. The TFEC has already held its first meeting and had in-depth discussions on the global economic situation, as well as the possible impact on Hong Kong.

With an increased risk of recession in Hong Kong as we enter 2009, the TFEC expects that several sectors, including the financial services, trading and logistics, tourism and consumption-related service sectors, as well as the property and construction sectors, will be quite seriously affected next year. A number of Members also suggested today that more support be given to these sectors. The trading and logistics sector, for example, accounts for 27% of our Gross Domestic Product and employs 840 000 workers, so it is a very important sector. For this reason, the TFEC agreed that these four sectors should be the focus of our work. Moreover, there is also an urgent need to alleviate the impact of a credit crunch on the business and retail sectors. As the Deputy Chairman of the TFEC, I will exert my utmost to assist the Chief Executive in seizing the opportunities and overcoming various challenges.

Today, I am grateful to Members for expressing their views on the motion. We hope that the foregoing series of measures can help workers in the middle and lower classes enhance their ability in job-seeking and employment in times of economic difficulties. Although I could not respond fully to all the views and measures put forward in the motion debate today, I will consider them in detail further.

President, I so submit.

PRESIDENT (in Cantonese): I now call upon Mr Tommy CHEUNG to move his amendment to the motion.

MR TOMMY CHEUNG (in Cantonese): President, I move that Mr Albert HO's motion be amended.

Mr Tommy CHEUNG moved the following amendment: (Translation)

"To delete "as the free economy system of Hong Kong has" after "That," and substitute with "under economic globalization, Hong Kong's position as an important global financial centre and its free and open economy system have"; to add "more easily" after "fluctuate"; to add ", including introducing further relief measures such as reducing rates, Government rent and salaries tax" after "corresponding measures"; to add "the Task Force on Economic Challenges having to strive to explore specific measures to revitalize the local economy and, in particular," after "(b)"; to add "identifying corresponding strategies and promoting more comprehensive development of the economy, including" after "real estate sectors,"; to delete "and" after "developing eco-tourism" and substitute with ", taking the initiative to bid for the hosting of international activities, polishing the brands of Hong Kong as a 'culinary capital' and an 'events capital', providing more logistics back-up sites and facilities to strengthen the status of Hong Kong as a logistics centre and to support"; to add "and expediting the implementation and commencement of the outstanding projects of the ex-Municipal Councils," after "building works,"; to delete "and" after "economic recession,"; and to add "; and (g) assisting as far as possible the families in the lower and middle classes in reducing expenses and lessening their burden, urging the power companies to expeditiously adjust the fuel clause surcharge and basic tariff downwards, and taking effective measures to alleviate the impact of high oil prices on various trades and industries and the public" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Tommy CHEUNG to Mr Albert HO's motion, be passed.

I now call upon Mr Ronny TONG to move his amendment to Mr Tommy CHEUNG's amendment.

MR RONNY TONG (in Cantonese): President, I move that Mr Tommy CHEUNG's amendment be amended.

Mr Ronny TONG moved the following amendment to Mr Tommy CHEUNG's amendment: (Translation)

"To delete "reducing" after "measures such as" and substitute with "waiving"; to delete "," after "rates" and substitute with "and"; to add "(capped at \$5,000 per quarter) for a year," after "Government rent"; to add "holding over provisional" before "salaries tax"; to add "and profits tax" before "; (b)"; to add "local public works and" after "commencement of"; and to add ", including introducing competition," after "effective measures"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Ronny TONG to Mr Tommy CHEUNG's amendment, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr Ronny TONG rose to claim a division.

PRESIDENT (in Cantonese): Mr Ronny TONG has claimed a division. The division bell will ring for three minutes.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. Voting shall now stop and the result will be displayed.

Functional Constituencies:

Dr Raymond HO, Dr Margaret NG, Ms Miriam LAU, Ms LI Fung-ying, Mr Tommy CHEUNG, Mr Vincent FANG and Mr CHEUNG Kwok-che voted for the amendment.

Dr David LI, Mr CHEUNG Man-kwong, Mr Abraham SHEK, Mr WONG Ting-kwong, Mr IP Wai-ming, Mr IP Kwok-him and Dr PAN Pey-chyou abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr Frederick FUNG, Ms Audrey EU, Mr Alan LEONG, Mr Ronny TONG, Miss Tanya CHAN and Dr Priscilla LEUNG voted for the amendment.

Mr Albert CHAN and Mr LEUNG Kwok-hung voted against the amendment.

Mr Albert HO, Mr Fred LI, Mr James TO, Mr CHAN Kam-lam, Mr LAU Kong-wah, Ms Emily LAU, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr LEE Wing-tat, Mr KAM Nai-wai, Ms Cyd HO, Ms Starry LEE and Mr WONG Sing-chi abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 14 were present, seven were in favour of the amendment and seven abstained; while among the Members returned by geographical constituencies through direct elections, 23 were present, seven were in favour of the amendment, two against it and 13 abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

MS MIRIAM LAU (in Cantonese): President, I move that in the event of further divisions being claimed in respect of the motion on "Preventing the lower and middle classes from being trapped in hardship amid the financial tsunami" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members who are present. I declare the motion passed.

I order that in the event of further divisions being claimed in respect of the motion on "Preventing the lower and middle classes from being trapped in hardship amid the financial tsunami" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Albert HO, as amended by Mr Tommy CHEUNG, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr CHAN Kam-lam rose to claim a division.

PRESIDENT (in Cantonese): Mr CHAN Kam-lam has claimed a division. The division bell will ring for one minute, after which the division will begin.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. Voting shall now stop and the result will be displayed.

Functional Constituencies:

Dr Raymond HO, Dr David LI, Mr CHEUNG Man-kwong, Ms Miriam LAU, Ms LI Fung-ying, Mr Tommy CHEUNG, Mr Vincent FANG, Mr CHEUNG Kwok-che, Mr IP Wai-ming and Dr PAN Pey-chyou voted for the amendment.

Dr Margaret NG, Mr Abraham SHEK, Mr WONG Ting-kwong and Mr IP Kwok-him abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Ms Emily LAU, Mr Frederick FUNG, Mr WONG Kwok-hing, Mr LEE Wing-tat, Mr KAM

Nai-wai, Ms Cyd HO, Dr Priscilla LEUNG and Mr WONG Sing-chi voted for the amendment.

Mr Albert CHAN and Mr LEUNG Kwok-hung voted against the amendment.

Mr CHAN Kam-lam, Mr LAU Kong-wah, Mr TAM Yiu-chung, Ms Audrey EU, Mr Ronny TONG, Ms Starry LEE and Miss Tanya CHAN abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 14 were present, 10 were in favour of the amendment and four abstained; while among the Members returned by geographical constituencies through direct elections, 22 were present, 12 were in favour of the amendment, two against it and seven abstained. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was carried.

PRESIDENT (in Cantonese): Mr CHAN Kam-lam, as the amendment by Mr Tommy CHEUNG has been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. When you move your revised amendment, you may speak for up to three minutes to explain the revised terms in your amendment, but you may not repeat what you have already covered in your earlier speech. You may now move your revised amendment.

MR CHAN KAM-LAM (in Cantonese): President, I move that Mr Albert HO's motion, as amended by Mr Tommy CHEUNG, be further amended.

My further amendment mainly seeks to add parts (g) and (h) to the amendment which has been passed. Thank you, President.

Mr CHAN Kam-lam moved the following further amendment to the motion as amended by Mr Tommy CHEUNG: (Translation)

"To add "; (h) actively supporting and assisting small and medium enterprises, including formulating preferential policies for trades and industries, and offering concessions to those trades and industries which are conducive to the restructuring of Hong Kong's economy and increasing of employment opportunities; studying splitting major government projects to enable more small and medium enterprises to undertake such projects; promoting the development of new points of growth in the economy, including creative industries and healthcare service industries; fostering at a faster pace cooperation in cross-boundary travels; making effective use of the land in border areas to turn Hong Kong into an all-year-round capital of exhibitions and sales; deepening the Mainland and Hong Kong Closer Economic Partnership Arrangement and expeditiously discussing with the Guangdong Provincial Government more cooperation plans, so as to create low-skilled jobs; and (i) revitalizing the community economy, utilizing vacant land in remote areas, such as Tin Shui Wai and Tung Chung, to develop commercial projects which can increase employment opportunities" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr CHAN Kam-lam's amendment to Mr Albert HO's motion, as amended by Mr Tommy CHEUNG, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by

functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the amendment passed.

PRESIDENT (in Cantonese): Mr Albert HO, since you have used up all your speaking time, you do not have any time to give a reply.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Albert HO, as amended by Mr Tommy CHEUNG and Mr CHAN Kam-lam, be passed. I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

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

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11.00 am on Wednesday, 12 November 2008.

Adjourned accordingly at twenty-five minutes past Nine o'clock.

Appendix 1

REQUEST FOR POST-MEETING AMENDMENTS

The Secretary for Transport and Housing requested the following post-meeting amendments

Second line, fourth paragraph, page 26 of the Confirmed version

To amend "..... the investment advisers," as "..... the investment managers,"
(Translation)

(Please refer to line 3, fourth paragraph, page 1193 of this Translated version)

Appendix 2**REQUEST FOR POST-MEETING AMENDMENTS**

The Secretary for Labour and Welfare requested the following post-meeting amendments

Second last line, second paragraph, page 105 of the Confirmed version

To amend "..... lower than half-fare to the elderly" as "..... lower to half-fare to the elderly" (Translation)

(Please refer to fourth last line, second paragraph, page 1304 of this Translated version)