

# OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 19 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 WONG YUNG-KAN, S.B.S., J.P.

THE HONOURABLE LAU KONG-WAH, J.P.

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

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

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

THE HONOURABLE ANDREW CHENG KAR-FOO

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

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

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

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

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

THE HONOURABLE ALBERT CHAN WAI-YIP

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

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

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

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

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

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

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

THE HONOURABLE 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.

### **PUBLIC OFFICERS ATTENDING:**

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

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

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

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

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

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

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

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

**CLERKS IN ATTENDANCE:**

MS PAULINE NG MAN-WAH, SECRETARY GENERAL

MRS VIVIAN KAM NG LAI-MAN, ASSISTANT SECRETARY GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY  
GENERAL

**TABLING OF PAPERS**

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

- No. 28 — The Government Minute in response to the 20th Annual Report of The Ombudsman 2008

**ADDRESSES**

**PRESIDENT** (in Cantonese): Address. The Chief Secretary for Administration will address the Council on "The Government Minute in response to the 20th Annual Report of The Ombudsman 2008".

**The Government Minute in response to the 20th Annual Report of The Ombudsman 2008**

**THE CHIEF SECRETARY FOR ADMINISTRATION** (in Cantonese): President, I hereby table the Government Minute in response to the 20th Annual Report of The Ombudsman 2008, which was tabled to this Council on 9 July this year.

In general, the Government and the public organizations concerned have adopted the recommendations of The Ombudsman on various cases investigated last year and they are also taking active actions to implement the relevant recommendations.

To promote fair, reasonable, open and highly efficient public administration is a major task of The Ombudsman and this is also an important principle of administration upheld by the Government. Here, I wish to thank The Ombudsman for her work in the past. In the future, we will continue to fully co-operate with The Ombudsman and work hard together towards the goal of improving public administration.

Thank you, President.

## ORAL ANSWERS TO QUESTIONS

**PRESIDENT** (in Cantonese): Questions. Question time normally does not exceed one and a half hour. 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.

**PRESIDENT** (in Cantonese): First question.

### Measures to Protect Investments of MPF

1. **MS LI FUNG-YING** (in Cantonese): *President, many investors who purchased the Lehman Brothers-related structured notes under the misconception that such products were of low risks have suffered heavy losses after Lehman Brothers' announcement of filing for bankruptcy protection in the United States. In the light of this incident, will the Government inform this Council whether it has adopted measures to prevent the employees' accrued benefits in their Mandatory Provident Fund (MPF) accounts from suffering huge losses in the same manner as a result of investment in similar products; if it has, of the specific measures; if not, the reasons for that?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): President, the MPF legislation has prescribed stringent requirements on the permissibility of investments into which the MPF constituent funds may invest in order to reduce risk as far as possible for the protection of MPF scheme members' interests. According to the Mandatory Provident Fund Schemes Authority (MPFA), the Lehman Brothers-related structured notes do not fall under the permissible investments prescribed under the law, and the MPF constituent funds have not invested in such products.

The conditions that need to be fulfilled by permissible investments are clearly set out in Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation (General Regulation). For example, debt securities are permissible only if they meet certain criteria, such as when they are issued or guaranteed by a government with the highest credit rating. For corporate debt securities, they must satisfy a minimum credit rating or be listed on a stock exchange approved by the MPFA.

In addition, the General Regulation also imposes an investment spread requirement to reduce risk. One of the requirements is that an MPF fund can invest no more than 10% of its total funds in the securities and other permissible investments issued by the same institution. The relevant legislation also restricts MPF funds from carrying out relatively high-risk activities such as those relating to borrowing and leveraging.

The MPFA ensures compliance with the investment regulations by the approved trustees of MPF schemes through different means, including examining the statutory returns and reports, conducting on-site inspections and investigating into complaints received, and so on. The investment of all the constituent funds is managed by investment managers who are authorized by the Securities and Futures Commission.

In respect of disclosure of information, there are already codes which prescribe that trustees must disclose the investment objective, the portfolio allocation and the risk level of the relevant constituent funds in the offering documents and fund fact sheets distributed to scheme members. This serves to ensure that the scheme members have sufficient information to choose the constituent funds that are suitable for them in accordance with their individual investment preference and risk tolerance level.

In the light of the current market situation, the MPFA has further stepped up its market surveillance work. For example, it has imposed additional requirements on trustees to submit information on investment holdings of the constituent funds and other relevant information. This will help ensure that the operation of MPF schemes is in compliance with all the relevant requirements.

**PRESIDENT** (in Cantonese): Before inviting Members to raise supplementary questions to this main question, I wish to remind Members that last week, this



Council passed a resolution to authorize a subcommittee to exercise the powers conferred by the Legislative Council (Powers and Privileges) Ordinance to study issues arising from Lehman Brothers-related minibonds and structured financial products. According to Rule 25(3)(c) of the Rules of Procedure, the content of a question should not be substantially the same as the subject matter to be considered by the subcommittee.

**MS LI FUNG-YING** (in Cantonese): *President, in the main reply, the Secretary mentioned that supervision of the MPF is sufficient. In fact, before and after the happening of the Lehman Brothers minibonds incident (the Lehman Brothers Incident), the Secretary of Department concerned also stated that supervision had been effected in the financial markets, but this still could not prevent the incident from happening. So, may I ask the Secretary how he can assure members of the public that the Lehman Brothers Incident would not recur when the MPFA effects supervision over the MPF?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): I would like to thank Ms LI for her question. Just as I said in the main reply just now, details of the portfolio allocation have been clearly set out in the MPF legislation, and so are the criteria of the permissibility of investments. As I said, certain debt securities and such other investments as stocks must be listed on a stock exchange approved by the MPFA. Insofar as supervision is concerned, the trustees are supervised by the MPFA under the existing supervisory mechanism, and the trustees will then monitor the fund managers. Just as I said earlier, the trustees are required to submit reports to the MPFA on a regular basis and cases of non-compliance must also be reported. Meanwhile, MPFA staff will conduct regular on-site inspections to ensure that the trustees comply with the requirements in law.

**PROF PATRICK LAU** (in Cantonese): *President, in the second paragraph of the main reply, the Secretary pointed out clearly that investments must meet certain criteria, for example, debt securities issued or guaranteed by a government with the highest credit rating. The point is, however, such credit rating institutions as Standard and Poor's apparently have some problems because companies rated AAA have also gone bankrupt. May I ask the Secretary whether an alternative approach will be adopted in considering the highest credit rating?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): Among the investments currently permissible under the MPF, bonds do not include complicated structured products. Just as I said earlier on, all bonds issued by governments or other companies must have the highest credit rating. Furthermore, fund managers are also required to meet certain statutory requirements, such that when the rating changes, appropriate actions must be taken accordingly to ensure that the change in portfolio allocation complies with the law. In respect of the overall investment products, different funds are available for the choice of employees.

**PROF PATRICK LAU** (in Cantonese): *The Secretary has not answered my supplementary question. My question is: Since the rating by Standard and Poor's is also problematic, what other criteria can be adopted to determine the highest credit rating? May I ask the Secretary what yardstick will be used in the future? Will he still place full trust in Standard and Poor's?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): According to the existing law, the risk of an investment portfolio is determined by its credit rating. I certainly understand Members' query about credit ratings as a guarantee. As we all know, credit rating is not the best guarantee. When the investment environment changes for the worse, problems will arise even with high rating products. This is attributable to changes in the investment environment. And yet, I must stress that the MPF does not contain any complicated structured products, and the case is slightly different from the market dissatisfaction and suspicion about a credit rating institution currently.

**MR PAUL TSE** (in Cantonese): *President, my supplementary question is indeed more or less the same as that of Prof Patrick LAU, for there is only a small difference in the angle of view. In the light of the recent situation, Members should be aware that it is pretty difficult to assess the asset value of a certain product and its related shares despite the banks having abundant resources, manpower and strength. Apart from making reference to the assessment made by those internationally recognized credit rating institutions, do we have the talents, mechanism or approach necessary for making more accurate assessments? Or can we simply rely on these international ratings as the only yardstick of assessment? May I ask the Secretary to answer this question?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): Insofar as fund management is concerned, fund managers should manage investments under the risk management mechanism that is generally accepted by the market, which also complies with the statutory requirements. At present, just as I have said in replying Prof Patrick LAU's supplementary question, does a company given the highest credit rating mean there is no risk at all? We all understand that this is not. At present, all decisions pertaining to wealth management and investments are based on the risks calculated using the credit ratings. But since the permissible investments under the MPF do not involve any structured derivatives, they should be considered separately with the ratings of the structured derivatives frequently discussed in the community.

**MS STARRY LEE** (in Cantonese): *President, my supplementary question also relates to the credit rating of products. Following the Lehman Brothers Incident, Members have cast serious doubts about the credit rating institutions. Earlier on, the Secretary said that investments would be made according to the credit ratings. May I ask if amendments have been made to the MPF guidelines or legislation to protect the interests of the general public in the light of the special circumstance since the outbreak of the financial tsunami?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): The MPFA has, in the light of the prevailing situation — a highly volatile financial market as Members have described — dialled up its supervision, which includes requiring the trustees to provide additional reports and information, like investment holdings of the constituent funds, to facilitate the MPFA's identification of non-compliance with the statutory requirements. Subsequently, appropriate actions will be taken to protect the interests of investors. On the whole, despite the ups and downs observed in the market lately, the MPFA stressed that the operation of the MPF System is normal.

**MS AUDREY EU** (in Cantonese): *President, my supplementary question is the same as those raised by other colleagues. After the outbreak of the financial tsunami, many people have raised serious doubts about the overall credit rating system, particularly the source of funding of those international credit rating institutions. Very often, their capital actually comes from the companies being*

*rated. Does this not give rise to a conflict of interest? Will the Government conduct an internal review in this regard? Or will it consider the need to revise or even replace the whole credit rating system in conjunction with the financial sectors of other countries?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): Ms EU's supplementary question is very good. In fact, this cannot be done by individual markets. A review of the credit rating system is, I believe, a concern of many supervisory authorities around the world. Hong Kong's financial system also participates in different international conferences, and has conducted reviews and kept abreast of the improvements recently made in the global financial systems, including the credit rating system.

I wish to reiterate a point made just now. Members are all concerned about credit ratings because we can see that certain products seemed to have serious problems with their credit ratings in the past few years. I nonetheless hope that Members will instead take note of the fact that the present argument mainly involves those complicated derivatives. As the transparency of these products is not high, the market will often refer the ratings given by the credit rating institutions. For those comparatively more simple securities or bonds, I believe fund managers in the market should be able to assess independently a company's investment or financial condition.

**MS AUDREY EU** (in Cantonese): *President, the Secretary has not answered my supplementary question. My supplementary question did not ask about the complexity .....*

**PRESIDENT** (in Cantonese): What is your supplementary question?

**MS AUDREY EU** (in Cantonese): *My question is: In view of the problem with the system, will the Government conduct a review or a global review with the financial sectors or relevant officials of other countries with a view to improving the existing credit rating system?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): I have already answered the question. I said that we have participated in international discussions to review the operation of the overall financial system, including the credit rating system. We have participated in a number of international discussions.

**MR RONNY TONG** (in Cantonese): *President, I think that the Secretary has only answered half of the main question. The main question asked what measures had been adopted to prevent the employees' MPF accounts from suffering huge losses, but the Secretary's reply only mentioned the procedure of product review without touching on marketing control. I wonder if the Secretary has made any MPF contribution, which everyone should do so. He might be aware that when he is asked to buy MPF products, the sales agent will show him dozens of products for him to choose. Very often, the employee concerned will only select casually. But what actually are the dozens of investment funds that have been selected? The employee concerned usually does not know the details nor does he have any understanding of them, which is indeed a sales problem. Insofar as marketing is concerned, what concrete measures can be adopted by the authorities to ensure that the employees will not select the products casually?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): I thank Mr TONG for his question. There are currently codes prescribing that trustees must disclose the investment policy of the constituent funds and the risk details of the funds concerned. Trustees are also required to compile, in every financial year, the fund .....

**MR RONNY TONG** (in Cantonese): *President, I did not ask about the trustees. Rather, I asked how the front-line sales agents can fully explain to the employees the details and risks involved, as well as the monitoring measures in place.*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): That is precisely what I was going to say.

**PRESIDENT** (in Cantonese): Secretary, please give a reply.

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): What I was going to say is that, just now we mentioned the requirement of document disclosure, and for marketing, the MPFA is responsible for the registration of MPF intermediaries and the monitoring of market operations. All intermediaries are required to register with the MPFA, which has drawn up a code of practice for MPF intermediaries, setting out a guideline of codes and standards for the intermediaries to follow. The code of practice specifies that MPF intermediaries are required to provide the offering documents and details of the constituent funds to facilitate the choice of fund products by their clients.

**PRESIDENT** (in Cantonese): Mr TONG, I think the Secretary has tried his best to answer your supplementary question. Last supplementary question.

**MR PAUL CHAN** (in Cantonese): *President, in the aftermath of the recent Lehman Brothers Incident and financial turmoil, I believe many employees now wish to keep their money in the safer capital preservation funds. After doing some analysis, I discovered that money would be deducted from an employee's account when gain was recorded for MPF capital preservation funds. I wish to ask: firstly, what measures have been adopted by the MPFA to monitor such acts such that the gain deducted would not be so unreasonably high as to deprive the employee concerned of his benefits; secondly, these capital preservation funds are basically .....*

**PRESIDENT** (in Cantonese): Mr Paul CHAN, you may only raise one supplementary question.

**MR PAUL CHAN** (in Cantonese): *Thank you, President.*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): For the supplementary question raised by Mr CHAN, I believe I have to make some enquiries with the MPFA before I can provide any information. I would provide the supplementary information. (Appendix I)

**MR PAUL CHAN** (in Cantonese): *President, I wish to follow up one point.*

**PRESIDENT** (in Cantonese): Members cannot follow up the Secretary's reply.

**MR PAUL CHAN** (in Cantonese): *Thank you.*

**PRESIDENT** (in Cantonese): You may request the Secretary to provide a written reply after the meeting.

**MR PAUL CHAN** (in Cantonese): *Fine, thank you.*

**PRESIDENT** (in Cantonese): Second question.

### **Work of West Kowloon Cultural District Authority**

2. **MR ALAN LEONG** (in Cantonese): *President, regarding the work of the West Kowloon Cultural District Authority (the Authority), will the Government inform this Council:*

- (a) *as the three development proposals for the West Kowloon Cultural District (WKCD) put forward by the Government in 2004 had been criticized by some Members of this Council, members of the public and bodies concerned, and the entire plan had to be scrapped and start from scratch again, whether it knows how the Authority will materialize the policy direction of "public engagement" in the formulation of the blueprint for the development of the WKCD project, and gauge the views of members of the public and community groups in a systematic manner, as well as institutionalize such practice, so as to avoid making the same mistake as that in 2004;*

- (b) *as the Board Chairman of the Authority stated earlier that the blueprint for the development of the WKCD project had to produce a synergy effect as well as have good connectivity with the community, whether it knows how the Authority will simultaneously build up a sound community cultural network at the community level to avoid the WKCD from becoming an isolated cultural island; and*
- (c) *whether it knows how the Authority will formulate an expenditure reporting mechanism for the WKCD development project to facilitate this Council to monitor if the \$21.6 billion appropriated to the Authority are spent properly?*

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

- (a) At the joint meeting of the Panel on Home Affairs and the Panel on Development last Friday, the Chief Secretary for Administration, who is the Chairman of the Board of the Authority, had explained in detail the process of the preparation of the development plan for the WKCD. The preparation of the development plan will be conducted in three phases which will take the form of workshops, discussion groups, brainstorming sessions, exhibitions, and so on, to allow ample opportunities for the public to participate in the discussions and express their views.

The Authority will also set up a consultation panel in accordance with the ordinance in order to initiate dialogue with the arts and cultural sector and to collect public views in a systematic manner. To allow more time for Members to ask their supplementary questions, I am not going to repeat the detailed arrangement for the preparation of the development plan here. In a nutshell, the objective of the WKCD Project is to promote cultural development in Hong Kong. Since culture nurtures people, the more the development process is able to attract public attention and participation, the better it will be for the cultural development. The entire process will, therefore, be conducted in a highly transparent and completely open manner.



- (b) As mentioned in the main question, the future development plan of the WKCD will ensure smooth connectivity with the neighbouring areas, so as to achieve positive interaction and synergy. In addition to the development of the hardware cultural facilities, the Authority will also plan for arts and cultural activities to meet the aspiration of society. The Government of the Hong Kong Special Administrative Region (SAR) considers the WKCD as a major strategic investment to promote the long-term development of arts and culture. To this end, we will enhance the cultural hardware and the corresponding software in other districts of Hong Kong.

The Government has launched a series of activities to promote arts and nurture audience with a view to promoting cultural exchange and co-operation, fostering the development of creative industries and promoting cultural tourism. Relevant measures include further support for the development of the performing arts groups, strengthening nurturing of small and medium-sized arts groups, implementation of the "Venue Partnership Scheme", strengthening of arts education targeting mainly youngsters and students, such as organizing School Culture Day and Community Cultural Ambassador Scheme, incorporating the relevant learning experience of "Aesthetic Development" into the "New Senior Secondary" curriculum to be launched in the 2009-2010 school year. We will assist arts groups in introducing their art forms to schools, popularize arts education by making reference to international experience, as well as increase local residents' understanding of and interest in arts through the "Enhanced Community Arts and Cultural Activities Programme" of the Hong Kong Arts Development Council.

- (c) The Authority is required to implement a series of the financial control and monitoring measures contained in the West Kowloon Cultural District Ordinance. These measures include preparing an annual report for each financial year and submitting it to the Financial Secretary who will arrange for the report to be laid on the table of the Legislative Council. The annual report will include a statement of accounts for the financial year, which comprises a profit and loss account, a cash flow statement, a balance sheet and an auditor's report of the accounts.

The Authority is also required to include the following in the annual report:

- the construction progress and actual expenditure in relation to various core arts and cultural facilities (CACF) for that financial year;
- details of the income and expenditure on the operation of individual CACF for that financial year;
- remuneration information of the senior staff of the Authority;
- a comparison of the income and expenditure account for that financial year with the one for the previous financial year.

The above is my concise reply to the question.

**MR ALAN LEONG** (in Cantonese): *President, being a member of the Subcommittee on West Kowloon Cultural District Development in the last term of the Legislative Council, I certainly understand that one of the points most strongly emphasized by the Subcommittee is that this project, which requires an enormous input of public money, is a project of Hong Kong people and that the public should be engaged in its planning and discussions. Part (a) of the main reply mentioned that "The preparation of the development plan will be conducted in three phases which will take the form of workshops, discussion groups, brainstorming sessions, exhibitions, and so on, to allow ample opportunities for the public to participate in the discussions and express their views". Will the Secretary tell us, insofar as these three phases are concerned, how they will be divided as far as he knows? Is it that workshops, discussion groups, brainstorming sessions and exhibitions will all be included in each of these phases?*

**SECRETARY FOR HOME AFFAIRS** (in Cantonese): President, with regard to the three phases, in the first phase the Authority will listen to the views of the arts and cultural sector as well as various other sectors. In the second phase, three blueprints of the development plan based on their views will be put forward, and the blueprints will also be published for the public and the cultural sector to

comment. On the basis of their opinions, a development proposal will then be drawn up for further consultation. We will continuously consult people from various sectors during the entire process.

**MR ALAN LEONG** (in Cantonese): *President, I only wish to provide the Secretary with some information .....*

**PRESIDENT** (in Cantonese): Mr LEONG, you need only point out which part of your supplementary question has not been answered by the Secretary in his reply earlier.

**MR ALAN LEONG** (in Cantonese): *Well, forget it.*

**DR MARGARET NG** (in Cantonese): *President, it is learnt that the Chief Secretary for Administration is the Chairman of the Board of the Authority. At the first meeting he cited a line from Genesis: "Let there be light!" I wonder if the Secretary was admitting the lack of transparency in the past. I am very concerned about this, for the Secretary's main reply today seems to be suggesting that consultation would be conducted in the same old way again. To prevent the lack of transparency as what happened before, we made a practical proposal of establishing a standing consultation panel on the WKCD when examining the legislation. The principle of "public engagement" mentioned by Mr Alan LEONG in the main question is actually related to this point. Can the Secretary tell us the specific details relating to the consultation panel? Has consideration been given to how it should be established as well as its membership and structure, in order that the objective of "public engagement" can be achieved in each phase of consultation?*

**SECRETARY FOR HOME AFFAIRS** (in Cantonese): President, the consultation panel will, of course, be established by the Authority. We would propose that the consultation panel shall comprise members representing opinions from various sectors of the community, and there will be a limit to the number of members due to actual operational needs. However, we hope that the consultation panel will carry broad representation of the community, especially

the arts and cultural sector as well as various organizations, as suggested by Dr NG just now. We are thinking about proposing to the Authority that a partnership relationship be established between the consultation panel and various major organizations in the community, particularly those that have expressed views on the WKCD development, so that they can express their opinions to the consultation panel frequently and the suggestions and proposals from members of various sectors of the community on the progress of the WKCD development can be collected.

**DR PRISCILLA LEUNG** (in Cantonese): *President, my question to the Secretary is this: How will the Authority, within the scope of its work to be commenced, give overall consideration to enabling residents in old districts to enjoy the resources and facilities in the WKCD? Has consideration be given to revitalizing some old districts, such as Ap Liu Street, Pei Ho Street, and so on, in order to facilitate cultural development in both new and old districts; secondly, on the point about smooth connectivity mentioned earlier .....*

**PRESIDENT** (in Cantonese): Dr Priscilla LEUNG, you can only ask one question in a supplementary question. If your questions are interrelated, please phrase them in one question.

**DR PRISCILLA LEUNG** (in Cantonese): *Thank you, President. In the process of revitalization, will there be greening plans for roads, so that residents in old districts can enjoy the revitalized roads, thus enabling old districts to become part of this colourful cultural city where there is culture everywhere with the WKCD as the cultural hub? This is what I wish to know.*

**SECRETARY FOR HOME AFFAIRS** (in Cantonese): President, the development of the WKCD must embrace smooth connectivity and contact with the neighbouring communities. Certainly, talking about the revitalization of Ap Liu Street, that falls outside the ambit of the Authority. But from the angle of cultural development in Hong Kong, the SAR Government will provide as many supporting measures as possible. There is a good point in saying that "there is culture in all districts with the WKCD being the cultural hub", and this is our goal too.

**MR LEE WING-TAT** (in Cantonese): *President, given that members of the public have very strong views on the composition of the Authority as they consider the Authority not representative enough, will the Government consider, when setting up the several consultation panels later, undertaking that people who hold different opinions would be given the opportunity to participate in the consultation process as far as possible and that it would even accept the name lists recommended by these people or organizations? Certainly, it is up to the Government to decide whether or not to accept them, but the Government would have to give a proper explanation if it refused to accept them.*

**SECRETARY FOR HOME AFFAIRS** (in Cantonese): *As a matter of fact, before the completion of the composition of the Authority, we had indeed received some lists recommending candidates to us. As far as I know, these lists have been fully taken into consideration, and members from various sectors of the community are now being invited to join the committees under the Authority. The major consideration is how the work of the Authority can be taken forward more effectively and how the views from various sectors of the community can be fully incorporated, with a view to promoting the development of the WKCD.*

**MR JAMES TO** (in Cantonese): *President, the last part of the main question is about the formulation of an expenditure reporting mechanism and how this Council can monitor the use of the \$20 billion-odd allocated to the Authority. This is, indeed, a very important point. But in the main reply the Secretary only mentioned the annual report, saying that the information is set out in the report. Does the Secretary appreciate the concern of the public? Because the report will be submitted only afterwards and that is, the annual report will only report on work completed a month or so ago or before December. But how can we ensure interaction with the Legislative Council over large-scale projects before their commencement or projects involving a huge amount of expenditure? Put it in other words, what mechanism is in place to inform the Legislative Council of these projects and for this Council to give its opinions? I think this is of the utmost importance, but it seems that the Secretary has not given us an answer. If we can only read the annual report after the event, we can only pursue responsibility in retrospect, rather than providing constructive or forward-looking opinions. Can the Secretary give us an explanation in this respect? In fact, he only has to answer part (c) of the main question again.*

**SECRETARY FOR HOME AFFAIRS** (in Cantonese): President, apart from submitting the annual report, the relevant ordinance also requires the Authority to submit at the end of each year a three-year corporate plan and the business plan for the following year to the Secretary for Home Affairs for the record. These two plans will include the financial plan. If the Legislative Council would wish to examine the three-year corporate plan and business plan for the following year, the Secretary for Home Affairs will consider making reports to the Legislative Council in an appropriate manner.

**MRS SOPHIE LEUNG** (in Cantonese): *President, insofar as this issue is concerned, I think part (b) of the main question appears to be the crux of the entire question. Towards the end of part (b) it was mentioned, "..... how the Authority will simultaneously build up a sound community cultural network at the community level to avoid the WKCD from becoming an isolated cultural island". On this point, may I ask the Secretary whether he will think more out of the box, so as to enhance the community's cultural knowledge as a whole, and also give consideration from the angle of encouraging greater public participation in creative work, rather than just talking about revitalizing Ap Liu Street, submitting reports or giving accounts to the Legislative Council? What we really need is that this \$21.6 billion upgrading the overall cultural level of Hong Kong and enabling all Hong Kong people to engage in enthusiastic activities of creativity.*

**SECRETARY FOR HOME AFFAIRS** (in Cantonese): President, the \$21.6 billion appropriated to the WKCD development will certainly be greatly helpful to promoting the development of creative industries and cultural and arts development in Hong Kong, and this is why we believe that it will be conducive to the restructuring of Hong Kong into a knowledge-based economy. The WKCD will be able to play such a role. In the meantime, outside the scope of the WKCD, the SAR Government will vigorously promote the corresponding software to support the arts and cultural development.

**PROF PATRICK LAU** (in Cantonese): *President, in the main reply the Secretary said explicitly that he would allow more time for Members to ask questions on the specific arrangements for the development plan, as he said in the second paragraph, "To allow more time for Members to ask their supplementary*

*questions .....". As far as I know, the Authority will certainly set up an office, and it is also mentioned that there will be a lot of consultation. Will the standing office of the Authority provide a venue for exhibition? I am very concerned about the design of the WKCD. Will the overall design of the WKCD be exhibited for public consultation, so that we will know everything about the plan and the progress?*

**SECRETARY FOR HOME AFFAIRS** (in Cantonese): President, an office has not yet been set up. When setting up an office, we will consider displaying the physical model of the design, so that members of the public can examine it more clearly.

**MISS TANYA CHAN** (in Cantonese): *I still wish to know more about the composition of the consultation panels. In fact, this is provided for under section 20 of the West Kowloon Cultural District Authority Ordinance, and we have striven for a very long time for the establishment of consultation panels. I very much wish to know how often a consultation panel will hold a meeting, the composition of the panels, and their terms of reference in relation to the duties and functions of the Authority. I hope the Secretary will tell us the scope of work in more specific terms.*

**SECRETARY FOR HOME AFFAIRS** (in Cantonese): The consultation panels will be established by the Authority. The Authority has just convened its first meeting and it is hoped that the second meeting will be held in December. If a decision can be made at the second meeting, consultation panels can be established early next year. The Authority very much hopes that consultation panels can be set up as soon as possible and commence operation expeditiously, so that they can help the Authority collect views from all sectors of the community, which would in turn help take forward the WKCD development.

**MS CYD HO** (in Cantonese): *Indeed, the most effective way to realize "public engagement" is open meetings in addition to consultation, and we have followed this up for a very long time. President, at the last meeting of the Panel on Home Affairs, the Chief Secretary for Administration answered our questions in his capacity as the Board Chairman of the Authority. He said that meetings could*

*be made open as and when appropriate and that if it would not be suitable to do so, meetings would not be open to the public. In this connection, I would like to follow up the question as to what circumstances are considered not suitable. Except for meetings involving tender proposals and funding applications submitted by arts groups as mentioned by the Board Chairman of the Authority at the last meeting, is it considered suitable to hold open meetings under all other circumstances? When these two issues are not discussed in the meetings of the Authority, can the discussions made be fully open for broadcast by the media to the public? If not, why not?*

**SECRETARY FOR HOME AFFAIRS** (in Cantonese): President, the decision certainly rests with the Authority as to on what occasion and when meetings will be open to the public. As far as we understand it, there are certainly more topics considered suitable for open discussion than those considered not suitable for open discussion. Apart from agenda items or issues involving sensitive business information which, as Members will understand, are considered not suitable for open discussion, I believe the Authority will consider taking appropriate measures to open its meetings to the public as far as possible.

**MS CYD HO** (in Cantonese): *President, I hope that the Secretary can give us a specific and clear answer as to whether meetings will be made open for broadcast by media groups except those involving tender proposals and funding applications. If the meetings will not be made open, what is the reason for that?*

**SECRETARY FOR HOME AFFAIRS** (in Cantonese): President, the decision will, after all, rest with the Authority, and I cannot answer this question on its behalf because the Authority has not yet made a decision. However, I believe the discussion on a vast majority of the agenda items at meetings of the Authority can be open to the public through the media in appropriate ways, except when sensitive information is involved, as mentioned by Ms HO earlier.

**PRESIDENT** (in Cantonese): We have spent more than 22 minutes on this question .....



**MS CYD HO** (in Cantonese): *President, the Board Chairman of the Authority is actually in this Chamber now. Should he answer the question himself?*

**PRESIDENT** (in Cantonese): Ms Cyd HO, I think the Secretary has already answered the question as far as is possible within the permissible scope. Third question now.

### **Problems Brought by Substations of Power Companies**

3. **DR JOSEPH LEE** (in Cantonese): *President, I have recently received complaints alleging that some bulk infeed substations (BISs) cause noise nuisance to the residents nearby and may pose health hazards to them. In this connection, will the Government inform this Council whether:*

- (a) *it has studied the impact of electromagnetic radiation emitted from BISs on the health of the residents nearby; if it has, of the study results;*
- (b) *it knows the existing number of BISs in the territory which are located less than 6 m away from residential areas; and*
- (c) *power companies have to comply with the Hong Kong Planning Standards and Guidelines (HKPSG) on the provision of BISs; of the measures the Government has put in place to monitor the impact of the provision and operation of BISs on the surrounding environment as well as the livelihood and health of the residents; and of the government department(s) responsible for handling complaints about the electromagnetic radiation emitted from and noise nuisance caused by BISs?*

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): President, I thank Dr Joseph LEE for his question.

- (a) Concerning the existing approach, taking account of the findings of various scientific researches and related health risk assessments, the International Commission on Non-Ionizing Radiation Protection has

developed the Guidelines for Limiting Exposure to Time-Varying Electric, Magnetic, and Electromagnetic Fields (the Guidelines). The World Health Organization (WHO) encourages its members to adopt the Guidelines, and considers that at present, there has yet to be sufficient evidence indicating that there is adverse health impact on human body exposed to electromagnetic fields under the reference level. The level of electromagnetic fields generated by BISs in Hong Kong is way below the reference level as set out under the Guidelines. Though the Government has not carried out any study on the impact of Hong Kong's substations on public health, we will closely monitor any scientific researches done by relevant international organizations (for example, the WHO).

- (b) According to the information got hold of by the Administration, all BISs of the two electric companies are at least 6 m away from residential buildings.
- (c) The purpose of the HKPSG is to provide basic guidelines in the planning process to ensure that the Government will reserve adequate land for social and economic development and for providing appropriate public facilities to meet the needs of the public. In accordance with the established procedures, power companies should observe the relevant standards and guidelines in the HKPSG in planning for a substation. Where the proposed substation falls within Column 2 uses under the relevant Outline Zoning Plan (OZP), the companies should also apply to the Town Planning Board (TPB) for approval before construction. When the Planning Department (PD) receives an application for building a substation, it will consult the departments concerned including the Electrical and Mechanical Services Department (EMSD), the Office of the Telecommunications Authority, the Environmental Protection Department (EPD), the Transport Department and the Lands Department, and so on, on the application. The PD will also publish information about the application on newspapers for public inspection, and consult the nearby residents and landlords on the proposed substation. The PD will then submit the public views and relevant departments' advice together with its planning analysis on the application to the TPB for consideration. Applications will be considered by the TPB on their own merits. No matter whether the

proposed substation falls within Column 1 or 2 uses under the relevant OZP, the power companies will be required to submit relevant documents and plans regarding the proposed substation to the departments concerned such as the Buildings Department, the Fire Services Department, and so on, for approval. These approving departments will consult other departments on the proposal before making a decision.

The construction and operation of the substations should comply with the various requirements of pollution control (including air, noise, water and waste). Should there be any pollution problems, the EPD will follow up and carry out enforcement immediately. Electricity supply equipment inside substations should also comply with the electrical safety requirements.

The EMSD will follow up any complaints on the level of electromagnetic fields generated by a substation, to ascertain whether the substation complies with the Guidelines that I mentioned just now. The public can also contact the Office of the Telecommunications Authority for investigation on any suspected interference with broadcasting or telecommunications services by a substation. The public can file complaints to the EPD for any noise nuisance from a substation. Upon receipt of the complaint, the EPD will deploy staff to carry out noise assessment at the affected area. If the level of noise exceeds the relevant standard, the EPD will serve a noise abatement notice requiring the responsible party to carry out improvement measures.

**DR JOSEPH LEE** (in Cantonese): *President, the Secretary said in part (a) of the main reply that the Government had not carried out any study on the impact of substations on public health but in fact, we have received complaints from the public expressing concern about their health being affected. May I ask the Secretary if the relevant government departments have received complaints concerning the magnetic field of substations and pollution control in the past five years?*

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): I have some information here showing that in the past three years, the number of complaints concerning substations ranged from two cases to six cases and most of them were

related to noise or air. These figures are on the low side. As I said just now, at present, there is no evidence indicating that the electromagnetic fields of all substations affect human health, nor have we received any complaint in this regard.

**MS EMILY LAU** (in Cantonese): *President, I really do not know what the Secretary is talking about. The Complaints Division of the Legislative Council has spent several years handling the complaint concerning Sycamore Street in Tai Kok Tsui lodged by the public and we have also had innumerable discussions with four to six departments of the Administration. Is the Secretary aware of these problems? We have also held meetings with the CLP Power Hong Kong Limited (CLP) and it even said that panels would be installed to insulate the electromagnetic field. In view of this, President, may I ask the Secretary if he knows that some members of the public are very concerned about their health? In addition, will the Government do something actively, including seeking the assistance of the Department of Health and the Hospital Authority (HA) in carrying out physical examinations on members of the public to see if their health is being affected? If there is really an adverse effect, will the authorities take follow-up actions accordingly?*

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): *President, I thank Ms Emily LAU for her supplementary. Perhaps let me take this opportunity to do some explaining. Concerning the question of whether the electromagnetic field complies with health standards, I have adopted the guidelines laid down by the international commission, as mentioned in part (a) of the main reply, as reference. Simply put, if we talk about the electromagnetic field generated by substations, according to the recommendations of the international organization mentioned by me just now, there is an upper limit, which is 5 000V per m. In general, the level of the electromagnetic fields generated by substations in Hong Kong is less than 1 000V per m. Concerning the recommended level of electromagnetic fields, the unit is 100 microteslas and the level of the electromagnetic fields generated by substations in Hong Kong is generally less than 10 microteslas. Therefore, at present, the level of electromagnetic fields generated by existing substations is within the reference level of international standards.*

Ms Emily LAU said just now that in the past, there were cases in which some issues were raised due to the proximity of substations to residential areas,

including the substation in Sycamore Street in Tai Kok Tsui mentioned by Ms Emily LAU just now. In this regard, I know that a case committee was established by the Legislative Council. The substations involved in such cases, say, the one in Sycamore Street, have existed since as early as 1966. In 2003, due to the need to increase the electricity supply to the area, a renovation and upgrading project was carried out. On the concerns voiced by residents, in fact, various departments have also done some work. Insofar as this case is concerned, the CLP undertook to install a metal panel between the substation and the building of the residents concerned and make the walls of the substation thicker, in the hope that in such a surrounding, residents can feel better protected. In this regard, I know that the power company concerned will continue to take follow-up actions along this line.

**MS EMILY LAU** (in Cantonese): *President, my supplementary is: When this kind of complaints relating to health are received, will the Department of Health and the HA be asked to jointly carry out physical examinations on the residents, so as to put their minds at ease? Now the authorities say that no study has been carried out but the public maintain that their health is affected, so both sides cannot reconcile their differences and this will not do. President, I wish to take this opportunity to ask the Secretary about this issue as well, so will the Secretary please reply?*

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): *President, as I said just now, there is currently no scientific evidence showing that living near substations will cause health problems, so we have never made such an arrangement. However, I believe we can seek advice from government experts to see if substations will really affect health. However, at this stage, no such evidence can be found in the information available to us.*

**MR LAU KONG-WAH** (in Cantonese): *President, the Secretary said just now that due to the lack of scientific evidence, no arrangement has been made to carry out physical examinations. However, the international organization concerned has already carried out the relevant health risk assessments and drawn up the Guidelines. Had there been no risks at all, the Guidelines would not have been necessary. Since there are restrictions and guidelines, there must be some adverse effects. For this reason, I wish to follow up the issues in this regard.*

*In fact, can the Secretary seriously ..... I have no idea how many residential buildings are located near substations at present. Has the Secretary ever conducted such a survey? Will he consider the conduct of such a health study by the Government or asking the CLP or the Hong Kong Electric Company Limited to do so and give an account of this to the Legislative Council as soon as possible?*

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): President, I think there is one point that all of us must understand, that is, in a city, substations are often a must and there is a substation in each building. This is because the high voltage electricity generated by the power companies has to gradually transmit to residential units via various substations, so such facilities are indispensable. As I said just now, at present, there are some larger-scale substations, for example, the so-called BISs. Since the voltage of the electricity is higher, we have put in place planning guidelines for this kind of substations. As I said in the main reply just now, according to the existing standards, there are some guidelines and their construction has to meet even more requirements.

However, regarding the substations in various zones or areas, one can say they are part of the facilities of a building and they can be found in any city. In this regard, I have to stress that we cannot see any special evidence indicating that they are a health hazard. However, just now, I have also undertaken that if other professional departments tell us that there are concerns in this regard, we will certainly follow up. However, I believe we have to use scientific evidence as the basis.

**MR LAU KONG-WAH** (in Cantonese): *He did not answer my supplementary. He only talked about the types, but he has not given a reply as to whether any survey has been conducted on how many residents live near BISs and whether he is willing to consider taking actions actively instead of waiting for evidence to emerge before doing so. If he does not conduct any study, he will not know if there is any evidence or not.*

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): President, in Hong Kong, which is a densely populated city, it is inevitable that all substations are located relatively close to residential areas because their *raison d'être* is to

serve the areas concerned. At present, insofar as BISs are concerned, there are about 70 throughout Hong Kong. In terms of planning, these BISs are already located some distance away from residential areas. We have been able to comply with the requirements on this point.

As regards smaller substations, as I said just now, the case is different for each building, so if we want to assess the impact of substations on health, it is necessary to produce relevant evidence. I think that currently we have no plans to initiate the conduct of a study covering such a wide scope, but I have made an undertaking just now that if we find problems or other scientific grounds that warrant further studies, we will be happy to follow up.

**MR KAM NAI-WAI** (in Cantonese): *President, it can be seen from the main reply of the Secretary that the Government has not carried out any study or assessment on the impact of these substations on public health. In fact, Hong Kong people are increasingly concerned about these so-called magnetic fields and radiation, and this includes the concern of many people about the phonemail transmitting stations near their homes. Recently, I have also received complaints from members of the public concerning the laser transmitting station to be built next to the North Point Government Offices. Since the public are concerned about magnetic fields and radiation, will the Government conduct an overall study on how to protect the health of the Hong Kong public, instead of just focusing on substations?*

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): President, just now, in reply to the supplementaries put by other Members, I said that currently there are some planning restrictions to ensure that the impact will be kept to the minimal. However, without any definite evidence indicating that there is an impact on health, we have not conducted any medical study as suggested by Mr KAM Nai-wai. In fact, the scope proposed by Members is quite extensive and we will continue to pay close attention to whether there is any relevant assessment of this kind in the international community or in the scientific sector. If there is, we will follow them up from time to time.

**DR RAYMOND HO** (in Cantonese): *President, the Secretary said that the BISs in Hong Kong were subject to stringent regulation, be it in terms of*

*electromagnetic field, distance, noise, air or other aspects. Nevertheless, from time to time, members of the public still lodge complaints or disagree that the Government has already effected adequate regulation. In view of this, is it the case that the Government actually has a lot of information that could have been disseminated to the public to let them know that there is no problem? What efforts has the Government made to let the public receive correct messages and information?*

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): President, if I look at the recent cases that I have here, for example, the case mentioned by Ms Emily LAU just now or complaints in which the residents in certain areas have made strong reactions, the number of such cases is not that many. Of course, once such cases occurred, sometimes, the residents would feel concerned and as I said in the main reply just now, if the relevant facilities involve bulk infeed, the approach we take is that in terms of urban planning, generally speaking, we have already put in place the relevant arrangements. In this process, that is, from the process of preparing the development blueprint to that of preparing the OZP, we will hold discussions actually. I can also see that in some cases, when the TPB was considering an application, it would also take into account the issues raised by some complainants and sometimes, it would make some modifications. For example, in the case of the Sycamore Street substation mentioned just now, we can see that as a result of the issues raised by Legislative Council Members, the power company installed some additional facilities to put the minds of the public at ease. In addition, there were also cases that did not involve residential areas, for example, schools were involved instead. Together with colleagues of the Home Affairs Offices, we would hold discussions with the complainants through the District Councils. Sometimes, the distance of substations would even be slightly adjusted or beautification projects would be carried out to put the minds of all people at ease. We have made efforts in this area.

When the discussion on the planning process takes place in the TPB, as Members are aware, this kind of discussion is open to the public. As regards the discussions on individual cases in local communities, as they involve the residents or resident groups there, they will take place directly in local communities. Therefore, the relevant process is in fact quite transparent and open.



**MR JAMES TO** (in Cantonese): *President, in fact, part (b) of the main question asks how many BISs are located less than 6 m from residential areas but the main reply only says that no BISs are located less than 6 m from residential areas. As far as I know, the Sycamore Street substation is a medium one — from the point of view of the Secretary — however, how many ..... first, the Secretary should define what is called high, medium and low capacity, should he not? Second, can the Government tell us how many substations not classified as BISs are located less than 6 m from residential areas and whether it is possible to list the locations in writing after the meeting, so as to give us a better idea? In addition, many of the problems are in fact historical ones. For example, the substation in Sycamore Street mentioned just now has existed for several decades. In view of this, although the Secretary said that there was no concrete evidence indicating that there is an impact on health, the public are still very worried. If some substations are located right next to a building, is it possible to relocate them as practicable as possible, if such an opportunity in the course of development arises?*

**PRESIDENT** (in Cantonese): Mr TO, you have asked more than one question but I will still ask the Secretary to answer them.

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): First, I believe Members will all understand that there are many types of substations and I have already stressed that every building has a small substation. Concerning the extra high voltage substations and BISs mentioned by Mr James TO just now, in fact, they are relatively few in number throughout Hong Kong. Just now, I have given the relevant figure and their number stands at some 70. These so-called BISs all comply with the criterion I mentioned just now, that is, they are located more than 6 m away from residential areas. Of course, if we make a finer distinction, the power output of some substations ranges from 11V to 22V only. It is certain that some of these substations will be located in residential buildings and I believe this is not the type of substations about which the public are concerned. In response to Mr James TO's supplementary, the simple answer is that at present, all BISs basically comply with the criterion I mentioned just now, that is, they are located more than 6 m from residential areas.

**MR JAMES TO** (in Cantonese): *I am not asking about BISs. For example, the substation in Sycamore Street is a medium one. In that case, how many of the*

*70 or so substations are located right next to or less than 6 m from (in fact, that means it is right next to) residential buildings?*

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): President, if Mr James TO is talking about other kinds of substations, including zone substations or those transmitting power to various premises, their number is in the thousands and even tens of thousands. As I said, some of them are located inside buildings and I believe their distances have to be less than 6 m away because they are used to supply electricity to the areas or buildings concerned.

**MR JAMES TO** (in Cantonese): *President, I think that is a most cunning reply. Why? Because the substations located downstairs are used to supply electricity to the buildings concerned and their distances are of course less than 6 m. However, what I am referring to are the regional substations. I think the Government knows this clearly. How many such substations are there? I hope the Secretary can provide such a figure. What I am asking about is not the substations in buildings. President, I really hope the Government will understand the thrust of my supplementary. I have made it very clear that I am referring to those medium substations, not the small ones.*

**PRESIDENT** (in Cantonese): Secretary, apart from the BISs, can you further categorize the substations, for example, those that are not designed to transmit electricity to residential units, only medium in capacity?

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): President, I stressed just now that insofar as BISs are concerned, there are some 70 of them throughout the territory and they are all located more than 6 m away from residential areas. As regards others, such as primary substations and consumer's substations, according to the information I have here, there are over 100 primary substations or zone substations and more than 10 000 consumer's substations. I must stress that many of them are in fact designed to supply electricity to a very small area.

**PRESIDENT** (in Cantonese): Fourth question.

## Monitoring of Lift Maintenance

4. **MR JAMES TO** (in Cantonese): *President, the incident of a lift in Fu Shin Estate, a public housing estate, plunging to the ground, which occurred last month, has aroused public concern about the safety of lifts. In this connection, will the Government inform this Council:*

- (a) *why the Electrical and Mechanical Services Department (EMSD) did not immediately make an announcement following the occurrence of the aforesaid serious incident which involved breakage of suspension ropes of the lift, but confirmed it only upon media enquiries 10 days later; of the respective numbers of cases in the past three years in which owners of lifts or registered lift contractors (the contractors) notified and did not notify the EMSD immediately of incidents involving lifts as required by law, the number of such cases announced by the EMSD, as well as the penalties imposed on those people convicted on grounds of not immediately making a notification or other contraventions;*
- (b) *given that currently a single contractor is selected by tender to undertake maintenance of the lifts in a public housing estate which were manufactured by different manufacturers, whether the authorities will review the arrangement, and whether they will conduct comprehensive inspections on all the other lifts in public housing estates which are maintained by the contractor involved in the above incident; and*
- (c) *how the authorities presently monitor the repair and maintenance of lifts in various kinds of buildings, and whether they will carry out surprise checks on the annual safety inspections conducted by registered lift engineers, checking if the quality of the parts used by the contractors meets the statutory requirements and safety standards, as well as amending existing guidelines or codes of practice (for example, to require that the inspection and maintenance work be carried out by at least two repair workers, and to introduce a minimum number of inspection hours, and so on)?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese): President, the Lifts and Escalators (Safety) Ordinance (Cap. 327) (the Ordinance) provides the statutory framework to ensure safety of lifts in private buildings in Hong Kong. Under the Ordinance, only registered lift engineers and registered lift contractors are qualified to carry out lift works including construction, installation and maintenance service. These works shall comply with the required safety standards according to the Code of Practice promulgated by the EMSD. The Ordinance requires the EMSD, as the regulatory authority, to maintain registers for qualified engineers and contractors.

Lifts in public housing estates managed by the Hong Kong Housing Authority are not governed by the Ordinance. However, the Housing Department, being the authority responsible for the regulation and maintenance of lifts in public housing estates, follows the requirements under the Ordinance as the basis for regulation of lifts. In this regard, the Secretary for Transport and Housing will respond to Members' questions on lifts in public housing estates in the supplementary questions and answers session.

The Administration's reply to the three-part question is as follows:

- (a) Section 27A of the Ordinance requires that certain lift incidents shall be reported. After the occurrence of the prescribed lift incidents, the owner of a lift shall immediately notify the EMSD and the registered lift contractor. The registered lift contractor shall, on receipt of the notification, immediately carry out investigation and shall, within seven working days, submit a report to the Director of Electrical and Mechanical Services.

The lift incident occurred in Fu Shin Estate is an incident prescribed in section 27A. On receipt of the notification, the EMSD immediately carried out an investigation and inspected all lifts of the same type in Fu Shin Estate, and found no similar problems. The registered lift contractor, in accordance with the Ordinance, submitted a preliminary report within seven working days from the occurrence of the incident.

The EMSD at that time considered that the incident needed further investigation. The major damaged parts of the lift were sent to laboratory for a detailed analysis of the cause of damage. The Department has also subsequently conducted checks on about 500 lifts of the same model in Hong Kong. Therefore, the Fu Shin Estate incident was not announced to the public immediately. Since lift safety is an item of a high level of concern of the public, the EMSD has undertaken that, if any serious lift incident occurs in future, the Department will announce the incident as early as possible so as to ease public concern.

Over the past three years, the EMSD has not received any reports on lift incidents similar to the one occurred in Fu Shin Estate (that is, breakage of a number of suspending cables of a lift at the same time). To pre-empt giving Mr James TO any impression of my answers to questions being cunning, I will now give a detailed account on lift incidents involving the breakage of suspension cables over the past four years, which involved the breakage of only one suspension cable instead of many. In May 2005, a similar incident occurred in Fung Tak Estate, Wong Tai Sin, and on 14 October 2008 before the occurrence of the incident in Fu Shin Estate, an incident involving the breakage of one of four suspension cables occurred in Poplar Street, Sham Shui Po. This is the situation over the past four years. However, I believe such cases were also not announced immediately back then based on the considerations made by the EMSD. Of the reports of other incidents received by the EMSD under section 27A of the Ordinance, they mainly fall under two categories. For incidents not involving equipment failure (for example, caused by careless use of lifts by passengers), there were 132 cases in 2008 (up to end September), 224 in 2007 and 201 in 2006.

For incidents involving equipment failure which resulted in breakdown of lifts but without affecting their safety, the number was 21 in 2008 (up to end September), 27 in 2007 and 31 in 2006.

The causes for most of the above incidents could be immediately traced. The equipment failure only happened in the individual lifts, and had no implications on the safety of all lifts of the same model or other similar installations. Regarding those incidents involving careless use of lift and for which ambulances were called, the media would notice the same immediately and make appropriate reports. The EMSD therefore did not make any particular announcement of such incidents.

In the past, the EMSD did not discover any cases in which immediate notification of the occurrence of incidents as required by the Ordinance were not made to it.

- (b) Lifts in all public housing estates and individual Home Ownership Scheme estates where owners' corporations have not yet been formed are under the direct management of the Housing Department. The routine repair and maintenance services of all lifts under the direct management of the Housing Department are carried out by the original maintenance contractors. No arrangement has been made for the provision of maintenance service by a single contractor for lifts made by different manufacturers. In the wake of the lift incident in Fu Shin Estate, the Housing Department had immediately instructed the relevant maintenance contractors to complete inspecting lifts in those estates under its direct management before 6 November this year. The contractors had finished the inspections and confirmed that the lift operations were normal. In addition, the Housing Department had asked all its lift maintenance contractors who provide relevant service that in conducting routine checks and maintenance service every week, they shall follow the latest Technical Circular issued to the industry by the EMSD in November this year to additionally inspect the cable systems and overspeed governors of the lifts. Lifts in the estates under the Tenant Purchase Scheme (for example, Fu Shin Estate) are maintained and repaired by the contractors appointed by their owners' corporations and are regulated by the EMSD.

According to our understanding, Fu Shin Estate has adopted the tendering approach in arranging for the provision of lift maintenance service by a single contractor for lifts made by different manufacturers. Such tendering arrangement has also been adopted for the maintenance contracts of a small number of government properties by the Electrical and Mechanical Services Trading Fund under the EMSD. To reinforce the quality of lift maintenance, I have already asked the Electrical and Mechanical Services Trading Fund to adjust its future tendering arrangements.

- (c) The Ordinance regulates the cycles of periodic maintenance, periodic examination and periodic testing for lifts in private buildings, which include inspection and testing with loading once every five years, annual inspection and testing, as well as monthly routine maintenance and inspection. Lift works could only be carried out by registered lift engineers and registered lift contractors, who shall provide lift maintenance services in accordance with the safety guidelines drawn up in line with the international standards and the requirements of the Code of Practice. Also, to ensure the quality of lift components, the major safety components of lift installations must possess the test certificates issued by accredited independent testing institutes. Currently, the EMSD conducts audit inspections for 10% of the lifts in private buildings every year. Samples are selected under the principle of risk assessment. The Department also carries out surprise checks to ensure that the services provided by contractors are up to standard. Regarding lifts in government buildings, at present, the repair and maintenance works are undertaken by the Electrical and Mechanical Services Trading Fund. The Trading Fund also arranges the relevant works in accordance with the requirements and technical standards of the Ordinance, and monitors the works as appropriate.

For lifts in public housing estates, the Housing Department is responsible for their repair and maintenance. Although lifts in public housing estates are not covered by the Ordinance, the Housing

Department employs lift engineers and contractors registered under the Ordinance to conduct lift repair and maintenance works according to all the requirements and standards under the Ordinance and the EMSD guidelines. Moreover, with reference to the current arrangement of the EMSD, the Independent Checking Unit of the Housing Department examines one tenth of the periodic examinations and testings carried out by lift maintenance contractors, so as to monitor the performance of engineers and contractors.

Although statistics do not reveal an increasing trend of lift incidents in private buildings in recent years, the Government is highly concerned about the recent lift incidents and will take immediate measures to enhance the existing regulatory framework in order to further improve lift safety in private buildings in Hong Kong. The EMSD will redeploy resources to strengthen audit inspection in the next three months. It will also review the long-term inspection programme with regard to the investigation results of the recent lift incidents as well as the effectiveness of other measures, so as to ensure the effective operation of the regulatory mechanism.

With a view to further strengthening the requirements of lift safety, the EMSD will consult the contractors and workers' representatives on a review of the existing Code of Practice through an existing working group. The Code of Practice will specify the procedures, frequency and time of repair and maintenance to ensure lift safety. The working group will convene a meeting this month.

**MR JAMES TO** (in Cantonese): *President, it is really frightening to hear that seven out of eight suspension cables were broken. As the inspection takes time, the report is not ready yet. However, according to the "diagnosis" made by people in the trade, there are two possibilities: one being that the inspection standards are too low, or there might be problems with the enforcement of the inspection standards.*



*Many owners' corporations and individuals have told us that very often when lift management is handed over from company A to company B, that is, to put it in a more rude way, company A will lose the job in the coming year, it will often conduct its works shoddily during the last few months because it will no longer have any chance of retaining the job. May I ask the Government whether a points system will be introduced so that, even though random inspections are carried out, when incidents of shoddy work or irregularities are detected in the inspections conducted during the last few months, consideration will be given to not granting any new contract, that is, whether this can be adopted as the criterion for tender selection? Can this penalty regime be established to give the public greater peace of mind that at least the company will not dare to be sloppy with its works?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese): President, I am grateful to Mr TO for raising this supplementary question. First of all, as the incident of Fu Shin Estate is very rare, we will surely give the public a detailed explanation upon completion of the report in early December.

Regarding Mr TO's concern of whether problems will arise with the change of contractors, actually, at present, when lift owners change the contractor for lift maintenance, the new lift contractor shall submit to the EMSD a lift inspection report to prove that it has adequate resources and experienced workers to deal with the day-to-day repair works. Besides, at hand-over, the current maintenance contractor shall also provide information on the safety inspections and the necessary technical information on the parts of the lifts to the new maintenance contractor. Of course, there are also contractor representatives in our working group, and we can further improve and enhance these codes of practice.

Mr TO mentioned the issue of inspections. In fact, they are still risk-based at present. Therefore, we will consider placing the primary focus on whether there are problems in the hand-over of lift maintenance in future inspections or surprise checks. Mr TO also mentioned putting in place the so-called demerit points system to enable lift owners to obtain more accurate information in arranging tender for maintenance. Actually, the EMSD and the

industry, that is, lift contractors, have implemented an internal demerit points system as an internal monitoring system. However, as this system is outside the ambit of the legislation and it is only an outcome of discussions by both parties, if the information relating to this demerit points system is to be made available to the public, discussions with the industry with the benefit of legal advice is required.

However, in principle, when more and more owners' corporations of private buildings arrange for their own lift maintenance service, the Government and the regulatory authority are duty-bound to provide them with more information. At the meeting with Members, I have already undertaken to follow up this task.

**PRESIDENT** (in Cantonese): As many Members are waiting for their turns to ask questions and the Secretary has spent quite a long time giving the main reply, I will suitably extend the time for this question, but will Members please be as concise as possible when raising questions.

**MR CHEUNG MAN-KWONG** (in Cantonese): *President, the incident of the breakage of the suspension cables of the lift in Fu Shin Estate is horrifying. However, it is most shocking that the EMSD covered up this incident and did not announce it to the public until it was exposed by the media 10 days later. Two reasons were cited by it: one being that an investigation was still in progress, and the other was that 500 lifts of the same type had been investigated. However, the incident of the suspension cable breakage is a clear indication of the hidden problem, and the safety of 57 000 lifts throughout the territory is at stake. In deciding not to announce the incident to the public after inspecting only 500 lifts, have the authorities made a hasty conclusion and neglected the safety of the remaining 56 500 lifts and the public?*

*With the EMSD's failure to carry out regulation and subsequently covering up the incident without announcing it to the public, does the Government consider that the EMSD has committed a serious fault which is unacceptable in a modern society to the extent that it should be penalized?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese): President, I think Mr CHEUNG Man-kwong has put it too seriously. I have made it very clear just now that the Government is highly concerned about lift safety. Besides carrying out the relevant regulatory functions, a regulatory authority should also enable the public to enjoy the right to information. Therefore, having learnt a lesson from this incident, the EMSD has undertaken to announce to the public in future serious lift incidents which require announcement under the legislation within 12 hours upon confirmation.

Regarding Mr CHEUNG's question of whether failure in regulation is involved in the current incident, I think this is not the right time for such a discussion because the investigation on the Fu Shin Estate incident will not be completed until next month. However, the regulatory mechanism mentioned by me just now, be it the annual inspection, the large-scale inspection conducted once every five years, or the monthly routine maintenance and inspection, has been working effectively. I do not think that we should be particularly worried about the safety of the some 50 000 lifts throughout the territory because lift safety can already be assured under this mechanism.

**MR CHEUNG MAN-KWONG** (in Cantonese): *President, the Secretary has not answered my supplementary question. I asked the Secretary whether the EMSD's act of covering up the incident and not announcing it until 10 days later is a kind of fault.*

**SECRETARY FOR DEVELOPMENT** (in Cantonese): President, if the EMSD had all along established a mechanism prescribing clear requirements on circumstances under which announcements should be made, and the EMSD did not make an announcement on the Fu Shin Estate incident on purpose, I would accept the comment made by Mr CHEUNG — that it deliberately covered up the incident. However, I have explained the EMSD's established practice just now. Of course, for incidents in which casualties are involved, as ambulances have to be called in afterwards, they will be reported extensively. Therefore, this is not a case of cover-up. It is true that our government departments should move towards the goals of being more open and accountable. Therefore, we will make improvements in this regard. I hope Mr CHEUNG will understand that there is no deliberate cover-up of the incident.

**MR ANDREW CHENG** (in Cantonese): *President, the main rely as a whole reflects that the existing legislation is extremely conservative, as it has been enacted for more than 40 years. Besides, there are only some 10 inspectors or engineers in the EMSD to inspect 57 000 lifts throughout the territory. Sometimes, these inspectors even issued safety certificates without conducting inspections in person, which is similar to the practice of a rubber-stamp approach.*

*Does the Secretary think that the lift safety problem is caused by a congenital deficiency, which has subsequently created the loophole of the lack of maintenance? As public safety is of paramount importance, will the Secretary undertake to introduce legislative amendments with immediate effect (instead of just conducting a review, for example, making the registration system for electrical and mechanical workers and the repair works assessment system for repair tradesman open to the public) as soon as possible (for example, within six months), and increase the establishment of inspectors in order to protect public safety, that is, review and amend the legislation, instead of just waiting for the release of the report and maintaining the current legislation and enforcing a very old piece of legislation, as mentioned in the reply to the question?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese): *President, in fact, after this incident, we have conducted a comprehensive study on the various efforts made in assuring lift safety in Hong Kong. We are now following up such efforts actively.*

Mr CHENG mentioned inspections. We have in fact immediately increased the manpower of inspectors responsible for conducting inspections. For the time being, there are already four additional inspectors. We hope that the frequency of random inspections can be increased from inspecting one lift in every 10 lifts to inspecting one lift in every eight. I also advised the Director of Electrical and Mechanical Services this morning that if trained inspectors can be deployed, it is appropriate to step up inspections in the next few months to give the public some peace of mind.

Besides, we will hold a meeting with the industry and worker representatives this month without delay in the context of the Code of Practice — as the Code of Practice is also part of the regulatory regime under the legislation — to discuss the need to update and enhance the Code of Practice.

Thirdly, I have also mentioned in the main reply that we will also revise the tendering arrangements for maintenance contracts to ensure that future maintenance services will be provided by conversant workers.

Mr CHENG mentioned enhancing the training for workers. We are actually making efforts in this regard, and I have also undertaken to consider whether the so-called competent workers under the legislation will later be placed under an independent registered worker system.

I hope that Members can give us some time to observe the effect of these efforts. If it is found during the review that there is a need to introduce legislative amendments, we will definitely do so, and I have undertaken to report to the Panel on Development within three months.

**MR CHAN HAK-KAN** (in Cantonese): *President, it is suspected that this incident of a lift plunging to the ground was caused by the maintenance quality problem. Therefore, some have criticized that the existing tendering system of awarding contracts to the lowest bid is not good. Nevertheless, I wonder whether costly things are necessarily good. I consider that the quality of maintenance service is the most important consideration. Therefore, may I ask the Secretary whether surprise random checks of repair tradesmen will be conducted to see whether repairs of these lifts are carried out in compliance with the existing guidelines issued by your Bureau, and whether certified spare parts are used? Or else, similar incidents will easily occur.*

**SECRETARY FOR DEVELOPMENT** (in Cantonese): President, there are a few aspects relating to the regulation to ensure lift safety. Mr CHAN just mentioned spare parts used in repairs. Actually, the spare parts in the main vehicle and the so-called important safety components of the lift are subject to the prior approval by the EMSD, and certificates have to be obtained before such spare parts can be used. The spare parts of these more important safety components include suspension cables. What is more, the repair and maintenance standards stipulated in the Code of Practice also meet the current international standards.

Of course, regarding inspections, we can enhance random inspections and surprise checks to ensure the quality of maintenance services. However, on

maintenance contract tendering, we are for the time being unable to ascertain whether this is the root of the problem. However, as I have said just now, I have immediately requested the EMSD to make suitable adjustments to the maintenance service provided by the Trading Fund, at least with regard to lifts in government departments, to avoid including lifts made by different manufacturers in a single contract, so that contractors undertaking these projects will not have to deploy all workers who are conversant with the operation of lifts made by these manufacturers within a short period of time. Regarding these aspects, I hope the quality assurance of maintenance and repair service can be enhanced.

**PRESIDENT** (in Cantonese): We have spent more than 24 minutes on this question. Last supplementary question.

**MR ALBERT CHAN** (in Cantonese): *President, before the accident, I had already received complaints from some lift repair workers and written to the Director of Electrical and Mechanical Services about them.*

*Lift inspections should be carried out by two repair workers. However, as the companies try to cut costs, very often, after signing their names, one of the two workers will disappear, and some repair workers may even worry about their own safety during the inspection. According to disclosure by relevant parties, such situations are very common in the trade and may cause inspection quality problems.*

*Will the Secretary conduct a comprehensive and thorough investigation to ascertain whether such situations have any implications on the level of safety of inspections, and whether any dereliction of duty is involved in relation to regulation?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese): President, after this incident, I have personally met with the industry, in particular, the Hong Kong General Union of Lift and Escalator Employees. At the meeting, they also reflected to me concerns such as those raised by Mr CHAN just now. Therefore, we will immediately activate this working group with representatives of workers, trade unions and the industry to study if any enhancement can be made to the Code of Practice, which actually requires, among other things, that certain work

procedures be carried out by two workers. However, not all work procedures relating to lifts have to be carried out by two workers. Nevertheless, if it is found that this is necessary for safety reasons and quality assurance, we will definitely work in this direction.

**MR ALBERT CHAN** (in Cantonese): *President, I asked the Secretary whether a thorough investigation will be carried out, and whether efforts will be made to find out if there is any dereliction of duty in regulation.*

**SECRETARY FOR DEVELOPMENT** (in Cantonese): Even in our thorough investigation, we can only target certain issues. Therefore, for the investigation report of the Fu Shin Estate incident, we will follow this direction. However, if it is found in our daily random inspections and surprise checks that there are maintenance quality problems, the EMSD will definitely conduct thorough investigations and activate the internal administrative demerit points system mentioned by me just now.

**PRESIDENT** (in Cantonese): Last oral question.

### **Public Space Issue of Proposed Hopewell II Project**

5. **MISS TANYA CHAN** (in Cantonese): *President, the Hopewell Centre II project (the project) involves the construction of a 93-storey hotel and commercial building on a site located at the junction of Ship Street and Kennedy Road in Wan Chai District. It has been reported that the developer may need to revise the development proposal for the project because the traffic impact assessment report which it submitted has recently been rejected by the Transport Department (TD), yet, the Government may still enter into a land exchange agreement with the developer in respect of the project. In this connection, will the Government inform this Council:*

- (a) *as the project development blueprint published by the developer on 19 January 2004 showed that the lot at 196-206 Queen's Road East was earmarked as part of the land exchange scheme and designated as open space, but now the developer had built on that lot a*

*large-scale commercial building comprising restaurants and dancing schools, whether the Government will find out if the development on that site violated the planning intention of the land exchange scheme then, which was to designate the land as open space; if there was violation, of the relevant follow-up actions;*

- (b) of an update on the discussion with the developer on land exchange in relation to the project; and*
- (c) as the TD earlier rejected the traffic impact assessment (TIA) report of the above project, whether the Government will reconsider the land exchange arrangement for this project; if not, of the reasons for that?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese): President, the project in Wan Chai has recently attracted wide discussion in the community. I fully appreciate the concerns raised by some concerned groups and nearby residents on the development intensity and height as well as the traffic impact of the project. As I have pointed out at the meeting and the Panel on Development meeting of the last Legislative Session, we must respect the development right of the landowner to proceed with the approved scheme, as well as the Government's established land exchange policy.

The Government is committed to striking a balance in development and we attach a lot of importance to public views. Over the past half year, the Development Bureau has been actively discussing with the developer with a view to achieving an appropriate balance between respecting the landowners' development right on the one hand, and addressing the public concern on the other. I am pleased to see that such discussion has borne fruit, in that the developer has agreed in principle to reduce significantly the scale of the project, and will submit a new revised scheme to the Government later. I hasten to add that such revision is not a result arising from the recent comments made by the TD on the updated TIA submitted by the developer in respect of the 1994 approved scheme, but a result of discussions between the Development Bureau and the landowner. In any case, the significantly reduced development intensity would help in the subsequent discussion between the developer and the TD regarding the TIA in the next phase.



Under the new revised scheme, the planning features of the development are as follows:

- (i) The total gross floor area will be reduced by about 31%, as compared with the 1994 approved scheme; the plot ratio will be reduced from about 15 permissible under the approved scheme to about 10.3.
- (ii) Whilst the site coverage of the building will constitute about 20% of the Comprehensive Redevelopment Area (CRA) as in the approved scheme, the building height will be lowered significantly from 315 mPD to 210 mPD, and the storeys of building will be reduced from the original 93 to only about 55.
- (iii) As compared with the 1994 approved scheme, the number of hotel rooms will be reduced by half (from about 2 197 to about 1 024) and only convention facilities of appropriate quantity will be added. Besides, the commercial and office floor areas will also be reduced.
- (iv) Although the development scale of the revised scheme has been reduced significantly, the developer will still provide about 5 880 sq m of open space for public use in accordance with the 1994 approved scheme.

Besides, the developer undertakes to preserve and revitalize the adjoining Nam Koo Terrace, a Grade I historical building, which is located outside the application site. The developer will also develop the land surrounding Nam Koo Terrace, which is also owned by the developer, into open space for public use.

My reply to the three-part question raised by Miss Tanya CHAN is as follows:

- (a) According to the planning application approved by the Town Planning Board (TPB) in 1994, the TPB did not include the surrender of the 196-206 Queen's Road East site as a planning condition in its approval, but advised the applicant to negotiate with the Government on the land to be surrendered to the Government. Subsequently, the Government has been processing the land exchange application on the basis of the boundary of application site

of the planning application, that is, not including the 196-206 Queen's Road East site. The project development blueprint published by the developer in 2004, as mentioned by Miss Tanya CHAN, had not been endorsed by the TPB.

In fact, back in 1981, the TPB approved a planning application which provided for the development of an office building at the 196-206 Queen's Road East site. Although the site was subsequently rezoned to "Open Space" ("O") on the Wan Chai Outline Zoning Plan, such rezoning does not affect the office development which had already been granted planning permission.

Since the construction of the building, as the lot is zoned "O", the developer has submitted eight planning applications to change the use of ground floor to 10/F and 20/F to 29/F to shops and service/restaurant use. Such applications have all been approved.

As regards the dancing school uses raised by Miss Tanya CHAN, the Administration has looked into the case and the developer has indicated that they have misunderstood it as Column 1 use under "O" in the outline zoning plan which include "Education", and hence has not sought prior permission. The developer is now discussing with the Planning Department on the submission of a rezoning application, requesting rezoning the 196-206 Queen's Road East site from "O" to "Commercial" to reflect the completed development.

- (b) Over the past half year, the Government and the developer focused on the discussion on the reduction of development intensity of the project. We will reactivate the discussion on land exchange matters based on the revised scheme and the established land policy in due course.
- (c) Regarding the updated TIA report in respect of the 1994 approved scheme and its road improvement works submitted by the developer to the TD, the TD had examined the report in detail and had furnished comments to as well as requested further information from the developer. At this stage, the TD has not yet accepted the updated TIA report.

The developer will follow up with the TD on the TIA report and road improvement works in the context of the new revised scheme of the project. The road improvement works is one of the planning conditions of the then TPB approval, and hence the whole project, including the land exchange arrangement, could only be effected after the road improvement works have been authorized.

**MISS TANYA CHAN** (in Cantonese): *President, it is mentioned in the second paragraph of the main reply that the developer will submit a new revised scheme to the Government later. May I ask whether the relevant plan and revised scheme will be submitted to the TPB for public consultation? Actually, the Secretary may also be aware that an application for turning the same area into a green zone was submitted last month, and the application was supported by most of the submissions from the public. May I ask whether the application will be submitted to the TPB? Will the revised scheme or the updated TIA be submitted to the TPB for further public consultation and approval?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese): President, Miss CHAN wants to know whether it is necessary for the revised scheme to obtain TPB approval again. I may explain the case as follows. Under the Town Planning Ordinance, there are detailed guidelines on making amendments to development proposals previously approved by the TPB. Town Planning Board Guidelines No. 36 provides that changes to an approved development proposal falling within Class A amendments do not require further application to the TPB. But Class B amendments must be submitted to the TPB again for approval. Our present opinion is that the amendments in Hopewell's revised scheme are all Class A amendments as defined in the relevant legislation and guidelines. These Class A amendments are about reduction, such as the reduction of building height and development density. All amendments relating to reduction are Class A amendments, which do not require further application to the TPB. The reason is that the main worry of the TPB should be "addition". But, of course, if any proposed reduction is about public facilities, such as the reduction of public space, a further application to the TPB will be required. As mentioned in my main reply, Hopewell's revised scheme does not involve any reduction of public space despite all the reduction of development density and height. Therefore, our tentative opinion at this stage is that there is no need to submit any further application to the TPB.

However, I can tell Members very honestly that over all these years, we have never seen one single developer who voluntarily proposes to scale down an approved development proposal so drastically. Therefore, we are still seeking legal advice to ascertain whether the amendments are really Class A amendments because there are just too many reductions, and they may not be in line with the spirit underlying Class A amendments.

If Miss CHAN is worried about whether there will still be any public involvement in this project, I can say the answer is in the affirmative. As mentioned by Miss CHAN, on 29 September, a non-governmental organization submitted a rezoning application, seeking to rezone the Government land inside the CRA concerned as a green zone. Any application for amendment of plans filed under section 12A of the Town Planning Ordinance is required to undergo a public consultation process — a two-month period for the public to submit objections or opinions. The public consultation period for the case in question already commenced on 10 October 2008. Miss CHAN's information is correct. Of all the 1 580 public submissions received by us so far, 950 support the rezoning application. And, 610 submissions oppose the application. The Metro Planning Committee under the TPB will examine the application on the 19th of next month. Therefore, the process involving public participation in the discussions is ongoing.

Besides, there are still other channels of public involvement in taking forward this project. Next year, we will need to obtain the Wan Chai District Council's approval of the gazettal of the required road improvement works. This will also offer an opportunity of public involvement and presentation of views, including their objection. In the process of gazettal, the public will play a part, and they can also voice their views to the Wan Chai District Council. Land exchange can be possible only after the completion of all these statutory procedures.

**MR WONG YUNG-KAN** (in Cantonese): *President, from the Secretary's reply, we know that many non-government organizations have put forward proposals on revising the Hopewell II project. May I ask the Secretary whether there are any discrepancies between Hopewell's revised scheme and the expectations of the public? If yes, what are the discrepancies?*

*On the same issue again, and in view of the many opinions expressed by residents, may I ask the Government whether it will arrange for any meetings between the developer and residents for further communication?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese): President, as mentioned in my main reply, we are aware of the many discussions and opinions on the 1994 approved scheme. In general, the main concern about this scheme is that the 93-storyed building may damage the ridgeline and the development density may also lead to traffic problems. Basically, following negotiations, the developer has heeded the advice and concerns of the public. The scale of development will be scaled down substantially. It is believed that the issue can thus be satisfactorily settled.

The developer is also clearly aware that in the old district of Wan Chai, residents all expect to have more open space. That is why it has not proposed any reduction of open space, and there will be 5 880 sq m of open space for public use. Not only this, the developer also appreciates our aspiration to heritage conservation in recent years. It has thus voluntarily proposed to preserve and revitalize the adjoining Nam Koo Terrace and develop the 1 800 sq m site where it is located into an open space for public use. This is initiated by the developer, not as part of the development plan or land exchange programme. In view of this element, I therefore think that the Government should support the revised scheme.

It will be the developer's job to explain the whole revised scheme to the public. I understand that this afternoon, an announcement may be made. In the past two to three months, the developer also organized various exhibitions on this project. Of course, I must also point out that at that time, the substantial amendments mentioned above had not yet been made. I trust the developer will continue to communicate with the public more frequently in the time to come.

**MR ABRAHAM SHEK** (in Cantonese): *President, I am very glad to hear the Secretary's reply. The reason is that in Hong Kong, it is very difficult to find anyone who is willing to spend his own time and money on urban renewal. The Urban Renewal Authority has spent billions of dollars on the renewal of Wan Chai. Hopewell has also been spending its own money on doing the same thing. And, it has spent more than two decades. But the situation it faces is so very different. Under the scheme approved in 1994, it should have a plot ratio of 15,*

*but now it has reduced the ratio to 10.3. But it is still willing to proceed. Why does our society still want to oppress it? There is this developer who is prepared to spend its own money and time on something beneficial to society. Why can't we just facilitate its work and follow its direction? Besides, .....*

**PRESIDENT** (in Cantonese): Mr SHEK, please state your supplementary question.

**MR ABRAHAM SHEK** (in Cantonese): *Thank you, President. (Laughter) May I ask the Secretary when Hopewell's revised scheme can be launched? I want to know this because society needs such projects to create more employment opportunities.*

**SECRETARY FOR DEVELOPMENT** (in Cantonese): President, as mentioned in my main reply, the Hopewell project still needs to undergo certain statutory procedures before it can be launched. The most important issue is related to road improvement works because they are a planning condition under the 1994 approved scheme. Therefore, in its next stage of work, the developer will need to hold discussions with the TD on the revised scheme and assess the present traffic conditions. If the TD approves the road improvement works, they will be gazetted after consulting the Wan Chai District Council. After gazettal, all statutory procedures will be completed. Then, the land exchange can begin and so can the project. Mr Abraham SHEK is entirely correct in saying that this project will help create employment opportunities and bring benefits to the private investment market.

**MR IP KWOK-HIM** (in Cantonese): *President, in the midst of the financial tsunami, our economy faces many uncertainties. The tourism industry is extremely worried about its prospects, and those in the industry are not quite sure whether they should make any investments. I understand that the Hopewell II project includes the construction of a hotel. I know this because the matter was once discussed in the Central and Western District Council. What will be the impacts on Hong Kong's hotel industry and convention and exhibition industry if this project can eventually be launched? Besides, speaking of traffic, will the construction of a hotel really affect the flows of residents in Wan Chai and the Central and Western District?*

**PRESIDENT** (in Cantonese): Mr IP Kwok-him, it seems that your supplementary question has deviated from the main question. Can you point out clearly the direct relevance of your supplementary to the main question?

**MR IP KWOK-HIM** (in Cantonese): *President, there is, because this development plan is directly related to the construction of a hotel. For this reason, if the whole project can proceed, there will be effects on the industry. I therefore hope that the President can allow this question.*

**SECRETARY FOR DEVELOPMENT** (in Cantonese): President, as Members know, a working group under the Financial Secretary is tasked precisely to promote Hong Kong as a convention, exhibition and tourism centre. Therefore, efforts to bring about the construction of more hotels in Hong Kong are certainly consistent with the goal. And, it is also for this reason that lands designated for hotel use are included for the first time in the Land Application List this year. We do not know whether there will be any applications, but at least, we have set down such an objective. Therefore, a simple answer to Mr IP Kwok-him's question is that surely, a sizeable hotel in Wan Chai dedicated to the hosting of conventions, together with a convention and exhibition centre nearby, will be conducive to the upgrading of Wan Chai and should merit our support.

Regarding traffic, in the course of examining and approving the TIA, the TD will definitely take account of the functions of the project. If there is to be a hotel, traffic flows will be assessed on the basis of different criteria. The developer has proposed to drastically reduce the number of hotel rooms, but it has also proposed to slightly expand the convention and exhibition venues. For this reason, assessments will be based on a different set of criteria. Sum up, the developer will later on engage in discussions with the TD in respect of the revised scheme and submit a revised traffic flow assessment. And, the authorities will consider the assessment in conjunction with the road improvement works proposed by the developer under the project.

**PRESIDENT** (in Cantonese): The Council has spent more than 20 minutes on this question, and the whole question session has lasted nearly two hours. Oral questions end here.

**WRITTEN ANSWERS TO QUESTIONS****Government's Offices Outside Hong Kong**

6. **MR VINCENT FANG** (in Chinese): *President, the Chief Executive stated in his policy address this year that the Government would strengthen the collaboration among agencies responsible for promoting Hong Kong overseas, including the Hong Kong Economic and Trade Offices, Hong Kong Trade Development Council (TDC), Invest Hong Kong and Hong Kong Tourism Board, in developing strategies for city branding and publicity. In this connection, will the Government inform this Council:*

- (a) *of the types of projects jointly organized by these agencies over the past three years, and the quantified achievements of such projects;*
- (b) *of the details of its plan to strengthen the collaboration among these agencies, and in view of the impact of the financial tsunami on the global economy, whether it will review afresh the overseas promotional activities to be held by these agencies in the coming two years and the expenses involved;*
- (c) *whether it has any plan to accommodate the overseas offices of these agencies at the same location so as to strengthen the collaboration among them, save resources and make it more convenient for local people to enquire about information on Hong Kong; if it has, of the details of such plan; if not, the reasons for that; and*
- (d) *given that TDC will set up its first office in Taipei, whether it has any plan to accommodate the offices of the other agencies mentioned above at the same location when such offices are set up in Taipei in the future?*

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

- (a) In 2006-2007 and 2007-2008, the Hong Kong Economic and Trade Offices (HKETOs), Hong Kong Trade Development Council (HKTDC), Invest Hong Kong (InvestHK) and Hong Kong Tourism Board (HKTB) co-organized or supported a total of 279 events in



various places around the world (including mainland China, Asia, Europe, the Americas and Australia) to promote Hong Kong and develop economic and trade co-operation between Hong Kong and these places. It is estimated that over 1.96 million people have participated in these events and 122 investment projects have been initiated by InvestHK as a result. (Details of the events are set out at Annex.)

- (b) The HKETOs, HKTDC, InvestHK and HKTB review their work plans, including the activities and expenditure of their overseas offices, from time to time. They also collaborate with other Hong Kong agencies as appropriate and necessary to publicize and promote Hong Kong as a platform for international trade and commerce using cost-effective channels. In view of the impact of the financial tsunami on the global economy, these agencies will strengthen their publicity and promotion work.

InvestHK and HKTDC meet on a regular basis to discuss their plans and promotional initiatives and to explore opportunities for co-operation, to achieve synergy and economies of scale and avoiding unnecessary conflict and duplication of efforts. For example, during the past year, InvestHK and HKTDC have reviewed their respective in-house mechanisms to strengthen their work in initiating and recording cross-referrals of companies.

Moreover, to maximize the effectiveness of our overseas network for MICE (Meetings, Incentives, Conventions and Exhibitions) promotion, the Tourism Commission has formed an Alliance Group with the above agencies. The Group meets regularly to promote concerted marketing efforts and actively attract more conferences and exhibitions to Hong Kong.

- (c) While the HKETOs, HKTDC, InvestHK and HKTB share the common responsibility of promoting Hong Kong overseas, they focus on different areas. These agencies maintain close contact and work together to produce optimum results and avoid duplication of efforts.

The HKETOs seek to promote Hong Kong's overall image and advantages as a world city and international business hub.

InvestHK is responsible for attracting foreign direct investment and enhancing Hong Kong's position as the preferred destination for international investors. The HKTDC mainly engages in trade promotion whereas the HKTB is tasked with promoting the tourism industry.

The locations of the overseas offices of these agencies are chosen in accordance with the local situation, facilities and operational needs. Where appropriate and circumstances allow, arrangements will be made for the agencies to be accommodated in the same office building to strengthen collaboration and make it more convenient for people who wish to seek information on Hong Kong. For example, in London, New York, Sydney, Singapore and Chengdu, some of these agencies are housed in the same office building.

InvestHK has set up Investment Promotion Units in 10 HKETOs in Brussels, London, New York, San Francisco, Tokyo, Toronto, Sydney, Guangdong, Shanghai and Chengdu for investment promotion.

- (d) Taiwan is Hong Kong's fourth largest trading partner. The SAR Government has been actively promoting trade between Hong Kong and Taiwan. The office set up by the HKTDC in Taipei will not only assist Hong Kong's business sector in exploring business opportunities in Taiwan, but also encourage Taiwan businessmen to join our trade fairs and to make use of the fair to open up new markets. This is an important move, demonstrating the SAR Government's commitment to the long-term development between Hong Kong and Taiwan.

The office of HKTDC in Taipei will facilitate business exchanges and development between Hong Kong and Taiwan. The SAR Government will consider all proposals which will enhance the co-operation on Hong Kong-Taiwan economic and trade relations in accordance with our established policy and actual needs.

At present, the HKTB has a representative office in Taipei. Whether the offices of the agencies responsible for promoting Hong Kong overseas will be accommodated in the same office building depends on the circumstances. We will actively consider such a proposal.

## Annex

Promotional Events Jointly Organized/Supported by  
the Hong Kong Economic and Trade Offices/  
Hong Kong Trade Development Council/Invest Hong Kong/  
Hong Kong Tourism Board

Item	Types of Events		Financial Year		
			2005-2006	2006-2007	2007-2008
1	Seminar/Forum/ Conference	No. of events	48	56	64
		No. of participants	13 434	14 044	12 608
2	Trade Fair/Expo/ Exhibition	No. of events	7	6	13
		No. of participants	34 335	625 979	239 516
3	Cultural/ Promotional Event	No. of events	12	11	12
		No. of participants	157 530	159 740	680 745
4	Reception	No. of events	12	8	13
		No. of participants	7 975	8 224	10 404
5	Others	No. of events	2	9	6
		No. of participants	270	1 186	463
Total no. of events			81	90	108
Total no. of participants			213 544	809 173	943 736
No. of investment projects generated (No. of projects completed)			32 (5)	59 (10)	31 (4)

## Note:

- The above table includes promotional events co-organized by the Hong Kong Economic and Trade Offices (HKETOs), Hong Kong Trade Development Council (HKTDC), Invest Hong Kong (InvestHK) and/or Hong Kong Tourism Board (HKTB), and events hosted by local or other organizations and supported or sponsored by the HKETOs, HKTDC, InvestHK and/or HKTB.
- The data include promotional events organized, supported or sponsored by the HKETOs in Brussels, London, New York, San Francisco, Tokyo, Sydney, Singapore, Toronto, Guangdong, Shanghai and Chengdu and the Office of the Government of the HKSAR in Beijing. The ETOs in Geneva and Washington are excluded. The main function of the Geneva ETO is to represent Hong Kong, China as a member of the World Trade Organization. The Washington ETO monitors the political and economic developments in the United States and represents Hong Kong's interests in the US capital.
- The increase in the number of participants under item (2) in 2006-2007 and 2007-2008 is mainly due to the special events organized in celebration of the 10th anniversary of the establishment of the HKSAR, which included the launching of a roving exhibition of Hong Kong pictures in the mainland cities (550 000 participants in 2006-2007 and 70 000 participants in 2007-2008), and the setting up of a Hong Kong Pavilion at Putra World Trade Centre in Kuala Lumpur in 2007-2008 (50 000 participants).
- The increase in the number of participants under item (3) in 2007-2008 is attributable to the 2007 Shanghai Tourism Festival Float Parade jointly participated by the HKTB and the Shanghai ETO. The Parade attracted 460 000 participants.
- Other events under item (5) include various visits arranged for trade delegations to the mainland cities or visits to Hong Kong by target groups, as well as workshops and ceremonies, and so on.

**Protection of Wages on Insolvency Fund**

7. **MR PAUL CHAN** (in Chinese): *President, the 2007-2008 Annual Report of the Protection of Wages on Insolvency Fund Board revealed that the number of applications for ex gratia payment received by the Protection of Wages on Insolvency Fund (the Fund) recorded a significant drop of 38% when compared with that of the previous year. However, given the uncertain economic outlook amid the financial tsunami, the Chief Secretary for Administration said on 18 October that he was not optimistic about the unemployment rate in Hong Kong. In this connection, will the Government inform this Council:*

- (a) *of the number of applications for ex gratia payment received by the Fund and the amount of payment involved for the period from April to October this year, together with a breakdown of such figures by the industry to which such applications belong, the amount and period of outstanding wages, and a comparison with the relevant figures in the same period of last year;*
- (b) *given that the Fund has an accumulated surplus of \$1,228,600,000 as at the end of March this year and the current annual rate of business registration certificate levy is \$450, and judging from the experience in granting ex gratia payment in the past five years, when the accumulated surplus of the Fund is anticipated to be exhausted; and whether it has any plan to adjust the rate of business registration certificate levy for the coming five years; and*
- (c) *of the total number of suspected cases of misuse of the Fund and the amount of payment involved for the period from April to October this year, and the number of convicted cases as well as the penalties imposed?*

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

- (a) For the period from April to October 2008, the Protection of Wages on Insolvency Fund (the Fund) received a total of 3 258 applications involving claims for *ex gratia* payment of \$217,580,000. The breakdown of these applications by industry, amount claimed and

period of outstanding wages and a comparison with the relevant figures in the same period of 2007 are set out in the Annex.

- (b) The accumulated surplus of the Fund amounted to \$1,437,300,000 as at the end of October 2008. The financial position of the Fund is subject to the amount of levy income and *ex gratia* payment. Therefore, how much longer the accumulated surplus of the Fund can cope with the disbursement of *ex gratia* payment and whether any adjustment to the rate of the business registration certificate levy would be necessary in the next five years will depend on the state of Hong Kong's economy as well as the number of major insolvency cases in the years to come. The Labour Department (LD), together with the Protection of Wages on Insolvency Fund Board, will continue to monitor the financial position and levy rate of the Fund closely.
- (c) In the course of investigating insolvency cases which might involve abuses of the Fund, if there is sufficient evidence that wage offences committed by a company are attributable to the consent, connivance, or neglect of its responsible persons, the LD will take out prosecution against such persons under the Employment Ordinance.

From April to October 2008, of the prosecution cases concluded, there were 84 convicted summonses against company responsible persons. The total sum of outstanding wages involved was around \$530,000. In one of the cases, the company responsible person was remanded in custody for 38 days before being sentenced to imprisonment for four months, suspended for three years. In another case, the responsible person was given a community service order. For the remaining cases, fines were imposed.

The LD also refers cases involving Fund abuses to the Official Receiver's Office, recommending that applications be made to the Court for disqualifying the concerned company responsible persons from being directors and taking part in promotion, formation or management of a company. Altogether, 18 persons were so disqualified during April to October 2008, with the disqualification period ranging from one to five years.

Applications for *ex gratia* payment received by  
the Protection of Wages on Insolvency Fund

*Breakdown by industry*

<i>Industry</i>	<i>No. of applications</i>		<i>Change %</i>
	<i>April to October 2007</i>	<i>April to October 2008</i>	
Manufacturing	229	412	+80%
Electricity, Gas and Water	1	2	+100%
Construction	784	394	-50%
Wholesale, Retail and Import/Export Trades, Restaurants and Hotels	1 026	924	-10%
Transport, Storage and Communications	252	784	+211%
Financing, Insurance, Real Estate and Business Services	148	624	+322%
Community, Social and Personal Services	187	118	-37%
Total	2 627	3 258	+24%

*Breakdown by amount claimed*

<i>Arrears of wages claimed</i>	<i>No. of applications</i>		<i>Change %</i>
	<i>April to October 2007</i>	<i>April to October 2008</i>	
No entitlement/Not claimed	296	419	+42%
\$8,000 or less	949	1 111	+17%
\$8,001-\$18,000	662	826	+25%
\$18,001-\$24,000	178	215	+21%
\$24,001-\$27,000	55	89	+62%
\$27,001-\$30,000	50	64	+28%
\$30,001-\$33,000	46	65	+41%
\$33,001-\$36,000	41	42	+2%
\$36,001-\$39,000	44	39	-11%
More than \$39,000	306	388	+27%
Total	2 627	3 258	+24%

<i>Wages in lieu of notice claimed</i>	<i>No. of applications</i>		<i>Change %</i>
	<i>April to October 2007</i>	<i>April to October 2008</i>	
No entitlement/Not claimed	1 200	716	-40%
\$2,000 or less	284	673	+137%
\$2,001-\$6,000	363	391	+8%
\$6,001-\$10,000	336	257	-24%
\$10,001-\$15,000	230	359	+56%
\$15,001-\$22,500	145	271	+87%
\$22,501-\$25,000	19	121	+537%
More than \$25,000	50	470	+840%
Total	2 627	3 258	+24%

<i>Severance payment claimed</i>	<i>No. of applications</i>		<i>Change %</i>
	<i>April to October 2007</i>	<i>April to October 2008</i>	
No entitlement/Not claimed	1 978	2 377	+20%
\$8,000 or less	89	71	-20%
\$8,001-\$36,000	283	337	+19%
\$36,001-\$50,000	52	87	+67%
\$50,001-\$80,000	90	135	+50%
\$80,001-\$110,000	50	74	+48%
\$110,001-\$140,000	28	55	+96%
\$140,001-\$170,000	20	43	+115%
\$170,001-\$200,000	17	26	+53%
\$200,001-\$250,000	9	25	+178%
\$250,001-\$300,000	7	14	+100%
\$300,001-\$350,000	1	6	+500%
\$350,001-\$370,000	0	2	-
\$370,001-\$390,000	3	4	+33%
More than \$390,000	0	2	-
Total	2 627	3 258	+24%

*Breakdown by period of outstanding wages*

(excluding overtime pay and "deemed wages" under section 43 of the Employment Ordinance)

<i>Period of outstanding wages</i>	<i>No. of applications</i>		<i>Change %</i>
	<i>April to October 2007</i>	<i>April to October 2008</i>	
No entitlement/Not claimed	433	495	+14%
Half month or less	390	878	+125%
More than half month to one month	585	944	+61%
More than one month to two months	657	532	-19%
More than two months to three months	254	158	-38%
More than three months to four months	107	104	-3%
More than four months	201	147	-27%
Total	2 627	3 258	+24%

**Proposed Footbridge at Kennedy Road**

8. **MR KAM NAI-WAI** (in Chinese): *President, it is learnt that the Office of the Commissioner of the Ministry of Foreign Affairs in Hong Kong plans to build a footbridge to connect its office building at Kennedy Road with its staff quarters at Borrett Road. In this connection, will the Government inform this Council:*

- (a) *when the relevant government departments received the application in respect of the abovementioned project, and whether it knows when the project will commence;*
- (b) *whether the relevant government departments have assessed the impact of the project on neighbouring areas (including the environmental impact and the impact on the traffic on nearby roads during the construction period); if they have made the assessment, of the details; if not, the reasons for that; and*
- (c) *whether it has consulted the Central and Western District Council and the public on the project; if so, of the details; if not, the reasons for that?*



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

- (a) The Lands Department (LandsD) received the land grant application for Inland Lot No. 8893 on 1 November 1994. It was granted to the Ministry of Foreign Affairs of the People's Republic of China on 26 June 1997. According to the land grant conditions of Inland Lot No. 8893, the grantee is permitted to build a footbridge at the specified location at MacDonnell Road to connect the two separated lots. The grantee's initiation of works is in accordance with the conditions of the land lease granted in 1997.

The Authorized Person (AP) appointed by the Office of the Commissioner of the Ministry of Foreign Affairs (OCMFA) submitted the building plans of the footbridge to the Buildings Department (BD) on 29 August 2007 for approval. The BD processed the plans in accordance with the provisions of the Buildings Ordinance and the established procedures. As the footbridge is in compliance with the requirements of the Buildings Ordinance, the BD approved the plans on 30 October 2007. The foundation works of the footbridge were commenced on 26 May 2008. On 7 November 2008, the AP applied to the BD for commencement of the construction works of the main body of the footbridge. The BD is currently processing the application.

- (b) Regarding the environmental impacts of the project on the neighbouring areas, the grantee of the land lease applied to the LandsD in January this year to fell four trees and transplant one tree in the grantee's private lot area. The grantee also applied for clearance of 15 deceased trees located in the private lot area, the slope area maintained by the grantee and the adjoining government land. Compensation planting of 10 new trees was also proposed. The application was approved by the LandsD on 29 February 2008.

Besides, the BD has approved the AP's proposal to carry out hydroseeding at part of the slope under the footbridge within the private lot area to enhance greening of the neighbouring environment.

Regarding the traffic impact during construction of the footbridge, as requested by the Transport Department (TD), the contractor hired by

the AP has carried out an assessment and formulated a temporary traffic management scheme during construction based on the actual traffic condition. The TD has also requested the contractor to minimize the possible traffic impact on MacDonnell Road during construction.

According to the information provided by the contractor, only the footpath on one side of the road and a section of the carriageway near the construction site will be closed temporarily during construction. A minimum width of 4.5 metres of the existing carriageway will be maintained for vehicular passage. Besides, traffic on sections of MacDonnell Road which will remain open will need to be shortly suspended during hoisting of construction materials across the road at non-peak hours. The TD is of the view that this arrangement does not have severe impact on the traffic condition in the area and accepts the proposed arrangements in principle.

- (c) As the proposed footbridge is considered as minor works under the Roads (Works, Use and Compensation) Ordinance (Cap. 370), gazetting is not required.

The TD submitted an information paper (Central and Western District Traffic and Transport Committee Paper No. 35/2008) in September this year through the Central and Western District Office (DO(C&W)) to the Central and Western District Council to explain the temporary traffic arrangement (TTA) during construction of the footbridge. DO(C&W) has also informed nearby residents of the TTA.

### **Handling of Water Seepage Complaints**

9. **MS STARRY LEE** (in Chinese): *President, the Buildings Department and the Food and Environmental Hygiene Department have set up dedicated Joint Offices (JOs) to handle complaints about water seepage in buildings. For substantiated cases, JOs may issue a Nuisance Notice to the person concerned or apply to the Court for a Nuisance Order, and anyone who fails to comply with the Notice or Order may be prosecuted. In this connection, will the Government inform this Council:*

- (a) *of the total number of complaints about water seepage received by JOs between March and October this year; among them, the number of cases in which the source of water seepage had been identified; the average time taken between the receipt of a complaint and identification of the source of water seepage, and the percentage change of the figure as compared to those of the same periods in 2006 and 2007;*
- (b) *of the total number of Nuisance Notices issued and the number of instances in which an application for a Nuisance Order was made to the Court by JOs during the above period; the number of cases in which prosecution was instituted and, among them, the number of those in which the persons concerned were convicted and the penalties imposed on them;*
- (c) *as it was mentioned in the report released by the Office of The Ombudsman in March this year that the Government intended to introduce working guidelines to inform complainants regularly of the progress of the cases, whether the Government has already introduced such guidelines, if it has, of the details of the guidelines; if not, the reasons for that; and*
- (d) *as earlier there were complaints that the colour water test in identifying the source of water seepage was ineffective, of the criteria adopted by JOs for determining whether such a test should be employed; among the present cases for which water seepage tests are conducted by JOs, of the percentage of those in which only the colour water test is conducted; whether it will replace the colour water test with other testing methods; if it will, of the relevant timetable; if not, the reasons for that?*

**SECRETARY FOR DEVELOPMENT** (in Chinese): President, as pointed out in the Ombudsman's "Direct Investigation Report on Handling of Water Seepage Complaints" released in early 2008, water seepage in private premises is primarily a matter of building management and maintenance which should be the responsibility of property owners. However, if the problem of water seepage causes public health nuisance, building safety risks or wastage of water, the Government has a statutory responsibility to consider its involvement by

exercising the relevant statutory powers. Based on this concept, the Food and Environmental Hygiene Department (FEHD) and the Buildings Department established a Joint Office (JO) as a pilot programme in 2006 to assist members of the public to resolve some of the water seepage problems.

Regarding the four parts of the questions, my replies are as follows:

(a) The required statistics are as tabulated below:

	<i>Water seepage complaints received</i>	<i>Cases where sources of water seepage successfully identified</i>
March to October 2008	16 848	2 864
March to October 2007	12 414	2 128
March to October 2006	10 034	1 306

The JO has prescribed standard and requirements on investigation of sources of water seepage. Some water seepage complaints received do not involve public health nuisance, building safety risks or wastage of water, hence do not fall within the scope of the authority of the JO. There are also cases where the complaints are falsified, seepage has stopped or complainants have withdrawn their complaints such that the JO would not continue with the investigation.

Co-operation of the concerned owners/occupiers is critical to JO staff's entry into premises to conduct multiple tests to identify the source of water seepage. With the full co-operation of concerned parties, an investigation can normally be concluded within around 130 days (90 working days). However, in many cases, repeated arrangements have to be made with complainants on timing for site inspections and consents of respondents have to be sought in allowing multiple inspections inside the premises, such that it takes on average 168 days from receiving complaints to successfully identifying sources of water seepage. The JO will enhance publicity to appeal for the co-operation of more owners/occupiers such that the Office can conclude its investigations swiftly.

As the JO service was only extended to the whole territory in July 2006, and the investigations of some complaints received in 2008 are still continuing, the figures of 2006, 2007 and 2008 cannot be compared directly.

- (b) If investigation result reveals that the water seepage problem involves public health nuisance, the JO will serve a nuisance notice on the concerned owner, requiring him to abate the nuisance. If the concerned owner fails to comply with the nuisance notice, the FEHD will prosecute the concerned owner, who will be liable to a maximum fine of \$10,000 upon conviction. Among the past convictions concerning water seepage, the amount of fine ranged from \$500 to \$4,000.

The table below lists the required statistics, including the number of nuisance notices served, applications for nuisance orders made to the Court, prosecutions and convictions during the concerned periods:

	<i>Nuisance notices served</i>	<i>Applications for nuisance orders made to the Court</i>	<i>Prosecutions</i>	<i>Proceedings concluded and defendants convicted</i>
March to October 2008	1 500	2	29	7
March to October 2007	458	1	14	9
March to October 2006	284	3	8	5

As the JO service was only extended to the whole territory in July 2006, and the investigations of some complaints received in 2008 are still continuing, the figures of 2006, 2007 and 2008 cannot be compared directly.

- (c) The JO has formulated and implemented working guidelines. The JO will, upon receipt of a water seepage complaint, acknowledge receipt within three working days and contact the complainant and arrange investigation within six working days. If the investigation is concluded within three weeks, a detailed reply will be given to the complainant, otherwise investigation progress will be reported to the

complainant within one month and at appropriate intervals afterwards.

With the full co-operation of concerned owners/occupiers, an investigation can normally be concluded within around 130 days, and results will be given to the complainant and owners concerned. Otherwise, investigation progress will be reported to the complainant within around 130 days upon receipt of the complaint and at two-month intervals afterwards.

- (d) The JO uses non-destructive testing methods during investigation of water seepage complaints. The objective is not to damage household fixtures and hence to avoid unnecessary disputes and litigations caused by the investigation. Investigators will adopt appropriate and effective tests depending on site circumstances and moisture changes of places affected by water seepage, including colour water test, flow meter test, reversible pressure test, water storage test for floor slabs or roofs, fluorescent colour water test and infrared thermal test, and so on. As combinations of testing methods are often adopted, the JO does not maintain separate statistics on individual testing methods.

Investigators will inspect or test for the most common sources of water seepage, including whether there are defects in drainage and water pipes, whether water proofing of floor slabs is damaged, whether the seepage is caused by rainwater, and so on. From past experience, among the cases where sources can be successfully identified, over half are caused by defects in drainage pipes or damaged water proofing of floor slabs. Colour water test is a direct and effective means to confirm the source of water seepage.

Currently, there are apparatus, such as infra-red thermal scanners and microwave detectors, which can measure the temperature of the surface layers of objects. Professionals may infer the situation or source of water seepage with the assistance of these apparatus and with their professional judgments. However, the accuracy of these apparatus may vary with site circumstances, such that other tests or data are required to effectively confirm the sources of water seepage. The JO will keep abreast of technological development with a view to enhancing methods of investigation and testing.

## Eggs Containing Melamine

10. **MR FRED LI** (in Chinese): *President, it has been reported that after learning that the egg powder produced by the Dalian Hanovo Foods Company Limited on the Mainland had been found to contain melamine in Japan, an egg importer had reserved on 18 October a carton of eggs for testing by the authorities. However, it was not until 10 days later did the Centre for Food Safety (CFS) send its staff to collect egg samples from the importer's shop for testing. The test results released the following day showed that the egg samples in question contained melamine, but that consignment of eggs had already been put on the market. In this connection, will the Government inform this Council:*

- (a) *why CFS did not immediately send its staff to collect the egg samples from the shop concerned for testing;*
- (b) *whether measures will be introduced to ensure that eggs will not be put on the market before they are confirmed to be melamine-free; and*
- (c) *as the authorities concerned have indicated that they would discuss with the State General Administration of Quality Supervision, Inspection and Quarantine the proposal that the eggs supplied to Hong Kong must be accompanied by a melamine-free certificate, of the progress of their discussions?*

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

- (a) The CFS has actively collected samples of different food items (including eggs) at various levels for testing, including the import, distribution, manufacturing and retail levels, since the occurrence of the melamine incident. As at 17 November 2008, 4 275 samples have been tested, among which 39 were found to contain melamine above the legal limit. On 24 October, the CFS began to collect samples of eggs imported from the Mainland and other places for testing. Since then, a total of 269 samples have been tested, among which three were found with unsatisfactory test results.

The CFS received media enquiries on 30 October on whether the CFS had delayed collecting samples of eggs reserved by an egg trader for testing. The CFS issued a press release on the same day to respond on the matter. The press release stated that CFS staff went to the Western Wholesale Food Market on their own accord on 28 October to collect egg samples, including those from the egg trader concerned, for testing. Announcement of unsatisfactory result of testing was promptly made on the following day (29 October). Before that, the egg trader concerned had not contacted CFS staff nor made any requests to CFS by any means or in any way for tests to be conducted on its eggs. It must be stated that the food industry has an inherent responsibility to ensure food safety. Should food traders have doubts on the safety of any specific food item, they should take effective measures by contacting their suppliers to get further information about any problem which might have occurred to the food item concerned at source, and avoid purchasing food items with doubtful quality to minimize unnecessary business loss.

- (b) The Expert Group on Melamine Incident appointed by the Government in early October recommended that the scope of the samples collected for testing in the second phase of the testing programme be extended to cover raw materials of food, meat and vegetables.

Hence, the CFS began taking samples of various raw materials of food (including eggs) at import, wholesale and retail levels for testing in late October. When test results indicated that egg samples contained excessive amount of melamine, the CFS would make public announcement and take follow-up action which included source tracing and detaining consignments of products from the egg farms and processing plants concerned. The eggs would be released only upon satisfactory test results. Meanwhile, the CFS would inform the mainland authorities concerned to take follow-up action and suspend the export of products from the egg farms concerned and their processing plants.



The CFS has completed testing of the stock of eggs from the Mainland kept by operators in the two wholesale food markets as well as by importers. The CFS will continue to collect samples of eggs imported from the Mainland at import level for testing.

- (c) The Government is having active discussions with relevant mainland authorities to study measures to strengthen the safety of eggs supplied to Hong Kong, including stating on the health certificates that the melamine level is in compliance with Hong Kong laws. The mainland authorities concerned are now studying the feasibility of this measure.

### **SME Loan Guarantee Scheme**

11. **DR DAVID LI:** *President, with respect to the SME Loan Guarantee Scheme, will the Government inform this Council of:*

- (a) *the cumulative number of claims made by the participating lending institutions (PLIs) for defaulted loans, and the latest number of these claims which have been settled;*
- (b) *the average time taken for processing such claims; and*
- (c) *the respective numbers of claims which have been outstanding for 12 months or less, over 12 months but less than 24 months, and 24 months or over?*

### **SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT:**

President,

- (a) The SME Loan Guarantee Scheme came into operation in December 2001. The risk of default is shared between the PLIs and the Government. As at 31 October 2008, the Government has received 1 030 notifications from the PLIs for potential default claims<sup>1</sup>.

<sup>1</sup> According to the deed signed with the Government, PLIs are required to inform the Government as soon as possible if a borrower fails to repay a loan more than 60 days after the scheduled repayment date. They are then required to provide relevant documents to the Government in support of their claims.

Among them, 502 cases have been suspended<sup>2</sup> or have become inactive<sup>3</sup>. Of the remaining 528 cases, 410 claims have been fully settled, and 16 claims have reached the final stage of processing and are expected to be settled soon.

- (b) According to the deed signed between the Government and the PLIs, the Government is required to pay the claim to the PLI concerned within one month after receiving all the materials required by the Government to support the claim. In 407 (that is, over 99%) of the 410 completed cases, the claims were settled within this one-month period. The average was 26 days.
- (c) Among the 118 active cases<sup>4</sup>, 78 have been processed for 12 months or less, 24 cases for over 12 months but less than 24 months, and 16 cases for 24 months or more. This period counts from the date of receipt of the notification for potential default claim. The processing time for a case is usually dependent on the time taken for all the relevant documents/materials to be made available by the PLIs.

<sup>2</sup> Cases are suspended out of PLIs' own initiative, usually because the borrower has subsequently resumed active repayment.

<sup>3</sup> Cases are classified as inactive when the PLIs have yet to provide the documents required in support of their notifications for potential default claims, or failed to respond for more than six months to Government's request for the necessary information or documents for processing their claims.

<sup>4</sup> Being the balance of 1 030 claims after deducting 502 suspended/inactive cases and 410 fully settled cases.

## **Light Pollution**

12. **MR CHEUNG HOK-MING** (in Chinese): *President, regarding the problem of light pollution, will the Government inform this Council:*

- (a) *of the current number of large luminous devices installed illegally on the external walls of buildings in the urban areas of Hong Kong, and the anticipated time required to have all such illegal structures removed;*
- (b) *whether it has studied the impact on human health of living under or being exposed to strong light for a long period of time;*

- (c) *of the number of complaints about light pollution received by the relevant government departments since January last year, and how such complaints were handled;*
- (d) *whether it will reconsider, in response to the aspiration of the community, formulating control measures against light pollution; if it will not, of the reasons for that; and*
- (e) *whether it will provide incentives or give advice in the near future to the enterprises concerned to urge them to turn off those non-essential luminous devices installed on the external walls of buildings during late night and early morning hours, or shorten the luminous time of such devices; if it will not, of the reasons for that?*

**SECRETARY FOR THE ENVIRONMENT** (in Chinese): President, the Government has not compiled any statistics on large luminous devices installed illegally on the external walls of buildings. In accordance with the existing policy on removal of unauthorized buildings, the Buildings Department will, depending on individual circumstances, request removal of unauthorized, dangerous or abandoned signboards (including those with large luminous devices) as empowered under the Buildings Ordinance or the Public Health and Municipal Services Ordinance.

According to the Department of Health, there is as yet no definitive medical study indicating that living in an environment with intense outdoor artificial light has adverse health impact. Nevertheless, in view of the energy wastage arising from the excessive use of external lighting, the Government announced in this year's policy address that we would conduct a consultancy study on the relevant issue, and assess the feasibility of regulating external lighting by legislation.

In 2007, the Environmental Protection Department received 40 complaints regarding energy wastage or nuisance of lighting. In the first three quarters of 2008, the Department received 50 such complaints. At present, external lighting such as advertisement light boxes and spot lights, and so on, are subject to regulation by various government departments including the Buildings Department, the Fire Services Department, the Marine Department, the Hong

Kong Police Force, the Civil Aviation Department, and the Food and Environmental Hygiene Department for various purposes. All relevant government departments including the Environmental Protection Department, regulatory authorities and facility managers will continue to respond to and follow up on public complaints against external lighting in accordance with their respective jurisdictions.

The Government is committed to promoting energy conservation and efficiency in the community through various channels. For example, the Electrical and Mechanical Services Department wrote to a number of trade associations earlier to encourage them to appeal to their members to reduce unnecessary lighting installations and use lighting products of high energy efficiency. The Department also organized a seminar recently in September 2008 to promote energy efficiency on lighting technology and installations to the trade associations. We will continue our work on this front.

### **Competition in Foodstuffs and Household Necessities Retailing Sector**

13. **MS EMILY LAU** (in Chinese): *President, it has been reported that in recent years, large supermarket chains (supermarkets) have allegedly acted in collusion to make use of their dominant market positions to manipulate retail prices of goods. Moreover, the high prices of goods in supermarkets have also aroused public concern. The Competition Policy Advisory Group (COMPAG) had also received complaints about the anti-competitive conduct of supermarkets. In this connection, will the executive authorities inform this Council:*

- (a) *of the total number of complaints received by the COMPAG over the past three years about the anti-competitive conduct of supermarkets and, among such complaints, the number of those which had been substantiated;*
- (b) *as the COMPAG pointed out in its 2006-2007 report that in May 2006, some rice traders had complained that supermarkets sold rice below cost, but the then Commerce, Industry and Technology Bureau (CITB) found no conclusive evidence of anti-competitive conduct on the part of supermarkets, whether CITB had investigated at that time if the suppliers concerned had provided rice to various supermarkets*

*and other retailers at the same prices; if it had, of the investigation details; if not, the reasons for that;*

- (c) as the COMPAG also pointed out in the above report that in August 2006, a supplier had complained against a supermarket for unilaterally raising the retail price of the supplier's products above an agreed level, and the then CITB had commissioned the Consumer Council (CC) to follow up, and the COMPAG would review the CC's findings within 2007, of the details of those findings; and*
- (d) as the COMPAG pointed out in its response to the findings and recommendations of the CC's Report on Competition in the Foodstuffs and Household Necessities Retailing Sector released in August 2003 that "the issue at stake was not the lack of competition but the competitiveness of various suppliers and customer choice", but large supermarkets in fact enjoy a market share as high as 70%, whether the authorities have studied if this situation will make it difficult for other operators to enter the market, resulting in large supermarkets being able to manipulate the prices of goods; if they have, of the details of the study?*

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

- (a) In the past three years, the COMPAG has received two complaints of anti-competitive conduct by supermarkets. The Administration found no conclusive evidence of the conduct alleged in the complaints.
- (b) In a free market, rice suppliers may sell rice to buyers at different prices. This does not necessarily mean that anti-competitive conduct is involved. As neither the CITB nor COMPAG have investigative powers to follow up complaints and given that the information on the prices set by rice suppliers when selling to supermarkets and other retailers is commercially sensitive, we did not gather this information.

- (c) The CC has completed the investigation and the relevant findings were set out in the recently published COMPAG 2007-2008 Annual Report. The Council examined the complaint with reference to its previous studies on the supermarket sector, relevant overseas experience and the guidelines set out in the Government's Statement on Competition Policy. However, the Council could not assess the complaint in detail due to the limited information provided by the supplier. In addition, as the complainant requested that his identity not be disclosed, the Council was unable to approach the supermarket concerned to verify the allegations made by the complainant. According to the information gathered by the Council, there was no *prima facie* evidence that the supermarket had created barriers to stop the complainant from supplying products to other retailers, or was engaged in conduct that would substantially lessen competition. Therefore, the Council could not conclude that the supermarket's behaviour constituted anti-competitive conduct.
- (d) In a small economy like Hong Kong, the scope for a larger number of firms to provide certain products or services may be limited. It is therefore not uncommon for oligopolies to exist in certain markets. However, this does not mean that anti-competitive conduct will necessarily occur. By the same token, the fact that a large supermarket has a high market share does not necessarily mean that it is difficult for other operators to enter the market, thereby allowing the large supermarket to manipulate the prices of goods.

The question of whether a company has abused its substantial market power or engaged in anti-competitive conduct (for example, price-fixing) can only be determined after investigation. Under the proposed competition law, the independent Competition Commission would be able to initiate an investigation as long as it had reasonable cause to believe that anti-competitive conduct had taken place in a market. If it could prove that anti-competitive conduct had occurred, the Commission or the Competition Tribunal could then apply appropriate remedies, including fines and the issue of "cease and desist" orders.

**Regulation of Private Columbaria**

14. **MR LAU KONG-WAH** (in Chinese): *President, regarding the regulation of commercially-operated private columbaria, will the Government inform this Council:*

- (a) whether it has assessed if the number of niches currently provided by the Government in various districts can meet the demand;*
- (b) whether it knows the existing number of private columbaria;*
- (c) of the number of enquiries or complaints about private columbaria received over the past three years and the follow-up actions taken;*
- (d) whether it has studied if the number of private columbaria is on the increase; and*
- (e) whether it will consider establishing a licensing system to regulate private columbaria; if it will not, of the reasons for that?*

**SECRETARY FOR FOOD AND HEALTH** (in Chinese): President, on five parts of the question raised by the Member, our reply is as follows:

- (a) There are eight cemeteries under the Food and Environmental Hygiene Department (FEHD) providing a total of about 146 000 niches for allocation to the public on application. At present, the public niches provided by the FEHD have all been sold. It is anticipated that about 59 000 new public niches will be available in the coming five years, while the projected number of cremations over the same period of time will amount to about 195 000. The progress in providing new public columbaria is primarily constrained by the limited land resources in Hong Kong and the strong objections from local residents against columbarium developments. As a result, a number of projects could not commence. In fact, apart from public niches, niches are also provided by the non-governmental Board of Management of the Chinese Permanent Cemetery (BMCPC), cemeteries managed by religious bodies such as Catholic, Protestant and Buddhist organizations and in premises

managed by private entities (for example, Po Fook Hill at Sha Tin, monasteries, nunneries, and so on). Moreover, the public could also opt to handle the cremains of their ancestors through alternative means, such as scattering the cremains at the sea or in Gardens of Remembrance.

- (b) The Government does not maintain comprehensive statistics on the number of private columbaria.
- (c) The FEHD has received a total of 17 enquiries or complaints from members of the public against private columbaria since 2006. After receiving a complaint, the FEHD will investigate if the operation of the private columbarium concerned has caused any environmental hygiene problems, and will also refer the case to the land authority for follow-up action on whether land use requirements have been violated.

Departments handling lands and planning issues receive from time to time enquiries or complaints, including those referred from other government departments, about private columbaria encroaching on government land, contravening the Town Planning Ordinance (TPO), or operating in unauthorized building works. However, the departments have not maintained any actual statistics on the number of such complaint cases received directly or indirectly through other channels (such as the media). The relevant departments will exercise the powers conferred upon them by the land lease, the TPO and the Buildings Ordinance, and take action against any unauthorized building works or unauthorized developments contravening the planned use or the land lease, or posing imminent danger to life or property, in accordance with established procedures.

- (d) As mentioned in part (b), the Government does not maintain comprehensive statistics on the number of private columbaria. It is also uncertain as to whether there has been an increase in the number of private columbaria. That said, it is understandable that the community has a certain demand for private columbaria, as private columbaria offer value-added services that public columbaria do not provide, such as daily incense and offerings. As a matter of fact, public columbaria could only provide a limited number of niches.



- (e) Storage of cremains does not give rise to any public health concerns. Hence, the Government has not enacted any legislation to regulate private columbaria from this perspective.

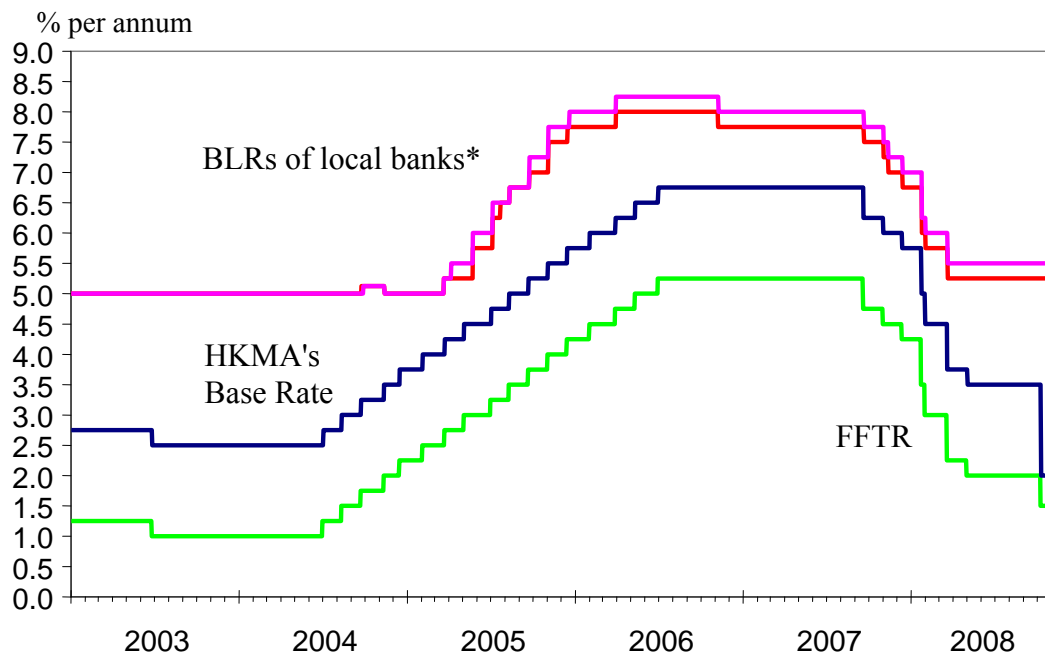
Other relevant departments will handle issues, enquiries and complaints relating to private columbaria in accordance with legislation and administrative procedures under their purview.

### **Reduction in Interest Rates**

15. **MR FREDERICK FUNG** (in Chinese): *President, in response to a reduction in the federal funds target rate (FFTR) by the Federal Reserve of the United States, the Hong Kong Monetary Authority (HKMA) announced on 30 October this year a downward adjustment of the Base Rate to a historic low of 1.5%. Yet, for several times this year, the local banks did not follow the downward adjustment of the Base Rate and reduce their prime rates accordingly, and those in the banking industry have even pointed out that there is no room for rate cuts, and it is not until recently that a few banks made a 0.25% rate cut. In this connection, will the Government inform this Council:*

- (a) *of the trends of the United States FFTR, HKMA's Base Rate and the prime rates of local banks, and their differentials in the past five years;*
- (b) *whether it knows the reasons for local banks not following the Base Rate to reduce their prime rates accordingly; whether it has assessed the impact of such practice of local banks on the financial system, including whether it will trigger arbitrage trading on the interest rate differential between the Hong Kong dollar and the US dollar and undermine the stability of the linked exchange rate system; if it has, of the assessment results; if not, the reasons for that;*
- (c) *of the measures to urge local banks to adjust their prime rates in line with the level and pace of the Base Rate adjustments; and*
- (d) *whether it will consider refining the linked exchange rate system to guard against any possible attacks and alleviate the difficulties of enterprises to raise funds, so that rate cuts can serve the purposes of stimulating the economy and easing the public's burden of repaying mortgage?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Chinese): President, details of the trends of the United States FFTR, HKMA's Base Rate and Best Lending Rates (BLRs) of local banks, as well as their differentials in the past five years, are shown in the diagram below.



\* : The data represents the two major levels of BLRs of local banks in the relevant period.

Note: Daily data

Source: HKMA

As can be seen from the above diagram, movements in BLRs of local banks in the past five years in general followed those in FFTR, with occasional deviations and time lags. For example, during the period from June 2004 to February 2005, BLRs of local banks did not follow the increase in FFTR, reflecting ample interbank liquidity on the back of capital inflow. It was not until mid-2005 that local banks started catching up with the increase in interest rates, with an extent larger than the hike in FFTR during the same period. From September 2007 to March 2008, BLRs of local banks followed the decline in FFTR, though the extent of decline was sometimes 25 basis points less than that in FFTR. While major local banks have recently lowered their BLRs by 25 basis points, they did not follow the United States in cutting rates on 30 April, 8 and 29 October 2008.

As regards the HKMA's Base Rate, it has all along been automatically tracking movements in FFTR according to a pre-set formula. Prior to 9 October 2008, the HKMA's Base Rate was 150 basis points above FFTR at most times. The HKMA adjusted its formula for calculating the Base Rate on 9 October 2008. From then on, the HKMA's Base Rate has been 50 basis points above FFTR.

Deposit and lending rates are commercial decision for banks. These rates are determined not only according to the United States interest rates but also the external environment and monetary market condition of Hong Kong. Since early this year, while the Federal Reserve has lowered FFTR many times, the US and Hong Kong dollars interest rates have stayed high owing to the seizing up of local interbank market as well as banks' unwillingness to lend money for fear of credit risk.

The HKMA has been closely monitoring the operation of the local banking sector. Under the Linked Exchange Rate system, interest rate arbitrage activities are mainly driven by the differential between Hong Kong and US dollars interbank interest rates instead of that between Hong Kong and US dollars deposit and lending rates of banks. At present, Hong Kong dollar interbank interest rates are roughly at the same level as their US counterparts, constituting no incentive for interest rate arbitrage activities. Even if there were a spread between the two interest rates, interest rate arbitrage activities will not be as active as they have been under normal circumstances due to market concern about credit risk as well as inclination of market players to deleverage and reduce risk. All market operations conducted and other measures taken by the HKMA are in strict accordance with the Currency Board principles. Therefore, the stability of the exchange rates will not be adversely affected.

Given the situation of the global financial market, central banks of different economies have recently introduced a number of measures in a co-ordinated manner. With these measures in place, the US dollar interbank interest rates have gradually eased. The HKMA has also injected liquidity into the Hong Kong banking system many times in the light of Hong Kong's condition and put in place five precautionary measures (including subsequent further refinements) to ease the pressure facing local banks. With the implementation of these measures, Hong Kong dollar interbank interest rates have gradually eased alongside the US dollar rates, allowing local banks to lower their commercial

interest rates. On 7 November 2008, major local banks reduced their BLRs by 25 basis points.

The HKMA will continue to closely monitor developments in the market and put in place necessary measures as appropriate, with a view to maintaining orderly and smooth operation of local interbank market and facilitating banks to continue to effectively discharge their lending function, so that normal operations of enterprises and Hong Kong's economic development can be maintained.

### **Measures to Enhance Road Safety of Public Light Buses**

16. **MR JAMES TO** (in Chinese): *President, regarding measures to enhance the road safety of public light buses (PLBs), will the Government inform this Council:*

- (a) *as the Transport Department (TD) issued guidelines to PLB operators in January this year, urging the trade to make arrangement for replacing the handrail partitions on PLBs with full-screen ones, so as to meet the relevant standard, of the current respective numbers of PLBs in Hong Kong which have and have not been fitted with full-screen handrail partitions; whether there is any plan to assist PLB operators in replacing the handrail partitions expeditiously; if so, of the details of the plan; if not, the reasons for that;*
- (b) *given that the Road Traffic (Construction and Maintenance of Vehicles) (Amendment: Requirements for Speedometers and Speed Display Devices) Regulation 2007, which came into operation on 1 May this year, provides that every PLB shall be fitted with an approved speed display device and, without the permission of the Commissioner for Transport, no alteration in respect of design, accuracy or position shall be made to it, of the total number of cases of non-compliance with the Regulation to date and the penalties imposed on the convicted persons;*
- (c) *as the TD has indicated that it is testing the use of the satellite positioning technology to monitor the speed of PLBs, of the progress of the test; and*

- (d) *apart from launching the PLB Road Safety Trial Scheme in March this year, whether the Government has studied implementing other schemes to enhance the road safety of PLBs, so as to safeguard the safety of passengers?*

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

- (a) The TD has been examining with the vehicle supplier and the PLB trade on further improvement to the design of the handrail partition next to the door on PLBs. Since February 2007, all newly registered PLBs have been fitted with full-screen handrail partitions to enhance the safety of boarding and alighting passengers. As for PLBs with old-style partitions, the vehicle supplier has submitted to the TD a reference drawing of the modification required and offers at-cost modification services for the trade. The TD has passed the drawing to the trade immediately afterwards and actively encourages the trade to have the old-style partitions modified.

Modification to the handrail partitions does not require approval from the TD. The Department therefore does not have information on the number of PLBs whose old-style handrail partitions have been replaced with the full-screen ones.

- (b) Under the Road Traffic (Construction and Maintenance of Vehicles) Regulations (Cap. 374A), any person who makes unauthorized alteration to a speed display device, or any person who uses or causes or permits to be used on any road any PLB fitted with a speed display device which does not function normally, commits an offence and is liable to a fine of \$10,000 and to imprisonment for six months upon conviction. Since the Regulations took effect on 1 May 2008, no person has been prosecuted for committing such an offence.
- (c) Three green minibus (GMB) operators are using an onboard monitoring system operating with the global positioning system on 31 GMBs on a trial basis. The monitoring system is mainly used for enhancing the safety of GMBs on the road on the one hand, and assisting operators in fleet management on the other. The trial

scheme is conducted jointly by the three operators and the system provider with the TD's assistance. So far, the system still has room for improvement in its performance in recording data such as vehicle positions and speed. The TD has advised the provider to improve the monitoring system accordingly. The TD will continue to monitor the progress of the trial scheme closely and encourage the provider to enhance the system performance.

- (d) In mid-March 2008, the first phase of the PLB Road Safety Trial Scheme was launched in the Police Kowloon East District. Under the Scheme, notices are posted prominently in the compartment of PLBs to remind passengers that they may report driving misbehaviour or speeding via the traffic police hotline or operators' hotlines for follow-up actions. The Scheme aims at alerting PLB drivers to maintain a high standard in driving to enhance safety. Upon receipt of complaints from the public, the police will take appropriate action depending on the nature of the complaints. As the Scheme was supported by both passengers and the PLB trade, the police and the TD have extended and launched the Scheme territory-wide since November this year.

To safeguard the safety of PLB passengers, publicity and education for enhancing road safety awareness among drivers and improving their driving attitude is of vital importance. We will continue to implement and strengthen the following measures:

- (i) encourage PLB operators, associations and unions to adopt the published Code of Practice for PLB Drivers, and Guidelines for Picking up/Setting down Passengers for PLB Drivers for training purposes so as to instill in PLB drivers a proper driving behaviour and attitude, and to make compliance with the code of practice and guidelines a service requirement;
- (ii) organize PLB Road Safety Workshop to publicize and disseminate road safety messages to PLB drivers and other trade members, and to update workshop content regularly to tie in with the traffic accident and prosecution trends, as well as newly-implemented legislation or measures;

- (iii) a new series of Announcements in the Public Interest on television and radio having been produced jointly with the Road Safety Council to remind drivers of public service vehicles that they should adopt proper driving attitude as advocated by the "Smart Driving with Courtesy" campaign, and shift to a lower gear and activate other auxiliary systems as appropriate when driving down-slope in order to take passengers to their destinations safely; and
- (iv) launch regular campaigns on driving safety targeting PLB drivers and draw their attention to road safety via publicity and stringent enforcement.

In addition, a new measure will be implemented early next year to mandate all drivers (including PLB drivers) who have committed serious traffic offences or are repeat traffic offenders to attend driving improvement courses. We expect that this measure will further improve their driving behaviour, attitude and safety awareness.

### Safety of Lifts

17. **MR LAU KONG-WAH** (in Chinese): *President, on the 25th of last month, a lift in Shin Nga House of Fu Shin Estate in Tai Po plunged to the ground from great height. It was reported that the situation was very serious as seven of the eight suspension ropes of the lift had snapped. However, the management company of the estate did not notify the residents immediately after the accident. In this connection, will the Government inform this Council:*

- (a) *of the number and details of lift failures in various public housing estates over the past two years, as well as the number of these cases which involved lifts of the same model as the one involved in the above incident; whether the authorities knew about the situation immediately after each incident, and whether announcements were made;*
- (b) *of the existing maintenance requirements, including the frequency and extent of inspections, for lifts in various categories of buildings;*

*whether the authorities will, in view of the above incident, issue guidelines or requirements on items to note for undertaking maintenance and repair works for lifts; and*

- (c) *how the Government regulates the arrangements for notification of lift failures by management companies?*

**SECRETARY FOR DEVELOPMENT** (in Chinese): President, the Lifts and Escalators (Safety) Ordinance (Cap. 327) provides the statutory framework to ensure lift safety of private buildings in Hong Kong. The Electrical and Mechanical Services Department (EMSD) is responsible for regulating lifts in private buildings under the Ordinance. Lifts in public housing estates managed by the Hong Kong Housing Authority and buildings owned by the Government are not covered by the Ordinance. The lifts in these estates and buildings are regulated by other relevant bodies.

The reply to the three-part question is as follows:

- (a) Lifts in public housing estates<sup>1</sup> are regulated by the Housing Department. Should there be any lift incidents that result in injuries or damages to the mechanical parts of a lift affecting its normal operation, the estate management office is required to report to the Lift Ordinance Enforcement Unit of the Independent Checking Unit of the Housing Department as soon as possible. This arrangement is made with reference to the requirements of the Lifts and Escalators (Safety) Ordinance (Cap. 327). A breakdown of the number of lift incidents since 2006-2007 till end-September 2008 is as follows:

<i>Year</i>	<i>Total Number of Incidents</i>	<i>Incidents not involving Equipment Failure</i>	<i>Incidents involving Equipment Failure</i>
2008-2009 (as at end-September)	32	30	2
2007-2008	66	63	3
2006-2007	71	68	3

<sup>1</sup> Estates under the Tenant Purchase Scheme are excluded.



Since 2006-2007, there has not been any lift incident in public housing estates which involved lifts of the same model as the one involved in the incident of Fu Shin Estate, Tai Po.

Should there be any equipment failure that requires the suspension of lift service for carrying out maintenance, the estate management office will post a notice at the building to inform the residents and handle the case as soon as possible. As for other minor incidents which do not involve the lifts' functioning (for example, passengers tripping over when using a lift or getting injured due to the opening or closing of the lift door), the estate management office will immediately assist the injured and report to the Lift Ordinance Enforcement Unit of the Independent Checking Unit of the Housing Department according to the above mechanism.

- (b) The Lifts and Escalators (Safety) Ordinance governs lifts in private buildings. The cycles of periodic maintenance, periodic examination and periodic testing for lifts as required under the Ordinance are as follows:
- (i) for periodic maintenance, every lift shall be inspected, cleaned, oiled and adjusted by a registered lift contractor at intervals not exceeding one month. The Code of Practice for Lift Works and Escalator Works drawn up by the EMSD further requires lift contractors to carry out the above maintenance services at least once every two weeks, or as specified in the guidelines of the manufacturer (whichever interval is shorter);
  - (ii) for periodic examination, every lift shall be thoroughly examined by a registered lift engineer at intervals not exceeding 12 months; and
  - (iii) for periodic testing, the safety equipment of every lift shall be tested by a registered lift engineer at intervals not exceeding 12 months with the lift not carrying any load, and such safety equipment shall be tested by a registered lift engineer at intervals not exceeding five years with the lift carrying loads.

Lift works shall only be carried out by registered lift engineers and contractors, who shall provide lift maintenance services in accordance with the safety guidelines and requirements stipulated under the Code of Practice issued by the EMSD, the requirement of which are in line with international standard. Moreover, major safety components for lift installations are required to have test certificates issued by accredited independent testing institutes to ensure their quality. Guidelines on periodic maintenance have been provided in the Code of Practice for Lift Works and Escalator Works issued by the EMSD. As regards lifts in government buildings, at present, their repair and maintenance are undertaken by the Electrical and Mechanical Services Trading Fund under the EMSD. The Trading Fund also arranges the relevant works according to the requirements and technical standards of the Lifts and Escalators (Safety) Ordinance.

For lifts in public housing estates, although they are not covered by the Lifts and Escalators (Safety) Ordinance, the Housing Department employs lift engineers and contractors registered under the Ordinance to conduct lift repair and maintenance works subject to all the requirements and standards under the Ordinance and the EMSD guidelines.

The EMSD will, through an existing working group currently headed by a Chief Engineer, consult contractors and workers' representatives on the review of the existing Code of Practice to further reinforce the safety requirements for lifts. Procedures, frequency and time for maintenance works will be specified in the Code of Practice to ensure lift safety. The working group will convene a meeting this month. To reflect the importance of the review, these meetings of the working group will be chaired by an Assistant Director of the EMSD.

- (c) Section 27A of the Lifts and Escalators (Safety) Ordinance requires that certain lift incidents shall be reported. After the occurrence of the prescribed lift incidents, the owner of the lift shall immediately notify the EMSD and the registered lift contractors. In general, these notifications will be made by management companies on behalf of lift owners. A "Lift Owners' Guidebook" has been

published by the EMSD to remind building owners, owners' corporations and management units of their responsibility of notification of lift incidents. The EMSD will strengthen its publicity to owners, owners' corporations and management units so as to reinforce the understanding of their responsibilities. When inspecting lift installations, the EMSD will check the relevant lift maintenance log books. If the EMSD discovers an incident that should be reported but has not been reported, it will investigate and follow up the case and where appropriate, issue a warning letter to the registered lift contractor so as to urge the lift owner to notify the EMSD and the registered lift contractor of lift incidents.

For lifts in government buildings, there is also a notification mechanism. After the occurrence of incidents, the relevant management units/contractors will notify the Electrical and Mechanical Services Trading Fund under the EMSD. The same arrangement has also been adopted for public housing estates. For lift incidents in public housing estates, the estate management office concerned will report to the Lift Ordinance Enforcement Unit of the Independent Checking Unit of the Housing Department as soon as possible if injuries or equipment failures affecting the normal operation of the lifts are involved. This arrangement is made with reference to the legislation concerned and the requirements of the EMSD.

### **Fuel Clause Charge in Electricity Tariff**

18. **MR FREDERICK FUNG** (in Chinese): *President, according to the 2008 Development Plan proposed by the CLP Power Hong Kong Limited and Castle Peak Power Company Limited (collectively referred to as CLP) and approved by the Government, the Fuel Clause Charge (FCC) has doubled since October 2008 because the CLP forecast that the average coal price would stand high at US\$130/ton until the end of 2009. Nevertheless, it is learnt that the international coal price dropped to about US\$100/ton in late October and, with the reduction in coal demand due to economic recession, the coal price is expected to stand low. In this connection, will the Government inform this Council:*

- (a) *of the weekly movements of the international coal price over the past three months and the latest estimate of its average price between now and the end of 2009; and*
- (b) *given that the international coal price has dropped substantially because of the global economic downturn in recent months, whether the Government will discuss with the CLP afresh with a view to lowering the FCC so as to assist the public and the small and medium enterprises in tiding over financial difficulties?*

**SECRETARY FOR THE ENVIRONMENT** (in Chinese): President,

- (a) The international coal price has been very volatile this year. Coal price per ton rose from about US\$90 at the beginning of the year to a peak of over US\$190 in July. Although it eased gradually to US\$95 by the end of October, it rose again to over US\$100 in early November. Owing to the high volatility of coal prices, compounded by the international financial crisis and uncertainty over the global economy, both the Government and the CLP are not in a position to make an accurate forecast of the coal price in 2009 at this point in time.
- (b) Pursuant to the Scheme of Control Agreement (SCA), fuel cost is to be borne by consumers. Basic Tariff includes a standard fuel cost as agreed between the Government and the CLP. The CLP has the right to recover from or return to the consumers, by means of a charge or a rebate from time to time, the difference between the actual fuel cost and the standard fuel cost. As such, the power company cannot make any extra profit or return under the Fuel Clause Account mechanism.

During the 2008 Tariff Review carried out at the end of last year, the CLP projected that average coal price in 2008 would be about US\$63/ton. In accordance with this coal price projection, the CLP's FCC from 1 January 2008 was set at 5.9 cents/kWh. However, with the continuing increase in coal price in 2008 till July, the FCC level was not sufficient to meet the difference between the actual fuel cost and the standard fuel cost during the period. As a result,

the Fuel Clause Account has accumulated a deficit balance of about \$800 million by the end of September 2008. To avoid accumulating an even larger deficit balance in its Fuel Clause Account, the CLP increased its FCC by 5.9 cents/kWh to 11.8 cents/kWh on 1 October 2008 upon the commencement of the new SCA.

International coal price has declined in recent months and is lower than the average coal price (that is, CIF price including freight charges) of US\$130/ton up to the end of 2009 as projected by the CLP in their Development Plan. Nevertheless, as the Fuel Clause Account has accumulated a substantial deficit balance, the CLP is not able to lower the FCC in the near future.

Under the Fuel Clause Account mechanism, the CLP needs to first clear its Fuel Clause Account deficit balance before it has room to lower the FCC. The Government will continue to monitor coal price movement in the market and its consequential impact on the CLP's Fuel Clause Account balance. If there is indeed room for a FCC reduction, the Government will discuss with the CLP regarding the timing and magnitude of such adjustment.

### **Home Environment Improvement Scheme for the Elderly**

19. **MR WONG KWOK-HING** (in Chinese): *President, in June this year, the Social Welfare Department (SWD) launched the Home Environment Improvement Scheme for the Elderly (the Scheme) under which District Elderly Community Centres (DECCs) will arrange minor home maintenance and improvement works as well as provide necessary fittings for eligible elderly people, and the amount of subsidy for each eligible household (elderly people living alone or together) will be subject to a ceiling of \$5,000. Some organizations have reflected that there are quite a number of problems with the Scheme's implementation. In this connection, will the Government inform this Council:*

- (a) *what criteria the participating DECCs are required to adopt in drawing up their lists of service suppliers and purchasing household items for the elderly, and whether the elderly people have the right to participate; if not, the reasons for that;*

- (b) *in the event that the elderly people are dissatisfied with the maintenance/improvement works or the household items that DECCs have arranged or purchased for them, whether they can request the DECCs to arrange for the suppliers concerned to rectify the works or replace the fittings free of charge; if not, whether it will consider formulating a mechanism for such purposes; and*
- (c) *whether it will review the current monitoring and assessment mechanism to ensure effective utilization of public funds by DECCs?*

**SECRETARY FOR LABOUR AND WELFARE** (in Chinese): President, the Government has set aside funding in this year's Budget for implementing the Scheme to assist elderly who live in dilapidated homes with poor fittings and lack financial means to improve their home conditions. The SWD launched the Scheme in June 2008 and engaged the 41 DECCs throughout the territory as delivery agencies of the Scheme.

My reply to the question is as follows:

- (a) Before rolling out the Scheme, the SWD had developed implementation guidelines for DECCs to follow in processing applications. According to the guidelines, DECCs are required to draw up a list of service suppliers approved by the Board of Directors of the non-governmental organizations concerned for the provision of home environment improvement works for elderly under the Scheme. In drawing up the list, DECCs should take into account factors such as the service quality and reliability of service suppliers in addition to the fees they charge. For instance, DECCs should consider whether the service suppliers have hired qualified artisans, taken out employees' compensation and third party insurance, as well as provided complementary services such as follow-up works and maintenance, and so on. To ensure fairness and openness of the procurement procedures, DECCs must also refer to the "Subvented Social Welfare Non-Governmental Organisations — Procurement Procedures" issued by the Corruption Prevention Department of the Independent Commission Against Corruption in March 2001. For purchase of fittings, DECCs will mainly consider the practical and safety aspects of the products.

In processing the applications, DECCs will first assess if applicants meet the eligibility criteria of the Scheme. They will then arrange social workers to conduct home environment assessments in order to ascertain the applicants' needs under the scope of the Scheme and arrange the improvement works and purchase of household fittings. Before providing the services, DECCs will explain to the applicants the approved items and the estimated amount of subsidy required. After obtaining the applicants' consent, DECCs will proceed with the improvement works and/or purchase of fittings.

- (b) As stated in part (a), DECCs will only carry out the works and/or purchase the fittings after obtaining the consent of the applicants. If the applicants notice any damage when inspecting the concerned items before formal acceptance, DECCs will take follow-up actions, such as requiring the service suppliers to conduct remedial works or replace the damaged fittings. In general, no additional costs should be charged to applicants under such circumstances.
- (c) As stated in part (a), before rolling out the Scheme, the SWD has developed implementation guidelines for processing and vetting applications. The guidelines are developed after detailed discussion with the sector (including representatives of the Hong Kong Council of Social Service and welfare organizations) and have been provided to DECCs for reference in processing and vetting applications.

Besides, the participating DECCs are governed by their service agreements with the SWD which stipulated a wide range of monitoring measures. For instance, the SWD will conduct regular as well as random checks on DECCs' records to ensure that they follow the established procurement procedures of the non-governmental organizations in selecting service suppliers and that the criteria used for vetting and approving the applications are in compliance with the requirements laid down in the SWD's guidelines. The SWD has started sending staff to DECCs to conduct random checks on processed cases. DECCs are also required to submit financial reports to the SWD at regular intervals and maintain all financial records for checking.

The SWD will continue to listen to views about the Scheme and maintain close liaison with DECCs on implementation details with a view to identifying areas for further improvement in the light of practical experience.

**MEMBERS' MOTIONS**

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

**PRESIDENT** (in Cantonese): First motion: Comprehensively improving the public dental out-patient services and the dental care scheme.

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 WONG Kwok-hing to speak and move his motion.

**COMPREHENSIVELY IMPROVING THE PUBLIC DENTAL OUT-PATIENT SERVICES AND THE DENTAL CARE SCHEME**

**MR WONG KWOK-HING** (in Cantonese): President, I move that the motion as printed on the Agenda be passed.

President, I have brought along two teeth models for my speech today. As we all know, oral health is very important to human beings. This is why there is a popular saying that "toothache causes the worst pain of all", and this has always been true since time immemorial. Members can see on my right a very beautiful teeth model, and this shows that if we do not maintain our teeth properly, the result may be like this model underneath with 18 teeth lost.

Indeed, toothache hurts very badly. One who suffers from toothache can neither eat nor rest at ease, and toothache will cause a nuisance to his normal life. In this connection, GUO Yu in the late Yuan Dynasty wrote a poem to describe the importance of teeth. This shows that people in the ancient times already attached great importance to oral health. In his poem, he wrote: "An elder with an awe-inspiring look and teeth of steel; devouring the wicked and spitting out



staleness of meat; wearied by a decade of vagrancy, worthless does the tongue exist; how a rinse by the milky way would freshness and cleanliness be regained." It means that in order to maintain dental health and a complete set of healthy teeth, one would turn to high technology or even the "milky way" to achieve dental health. But regrettably, the Government has consistently neglected the importance of providing welfare to the people to ensure their dental health and enable them to maintain a complete set of healthy teeth. The Government's attitude has for a long time been passive and neglectful towards the dental health of the public and the related services. It has not provided universal dental services; nor has it provided free oral care and health services to the public. Even today, the Government still insists on this unreasonable approach.

I would like to draw the attention of Members and the public to some figures. The Government now spends \$360 million per annum on the provision of free public dental services for civil servants, with an annual attendance of 640 000 by civil servants and their families who can receive services including dental check-ups, scaling, filling, extraction and root canal treatment. All these services are free of charge. On the other hand, the Government spends \$173 million on providing dental care services for all primary school students in Hong Kong, but only to primary school students, not secondary school students. What about other members of the public? While the Government has provided services to the public, only two types of services are provided. President, when members of the public have a toothache, they can go to hospitals for emergency pain relief or teeth extraction, and that is all. These services cost the Government \$44 million per annum, but the public will have to foot the bill for other services. Government dental care service for students will cease when students move on to secondary schools, thus giving rise to a gap, and this strikes me as most strange. As a result, most people suffering from toothache can only put up with it, and they will see a dentist only when they cannot stand it anymore. I would like to ask the Government: Is it that the teeth of civil servants are more valuable while those of the general public do not need attention and care? I hope that the Government can respond to this question later.

The erroneous policy of the Government has resulted in the lack of universal free dental services. In fact, according to the oral health survey conducted by the Department of Health (DH) in 2001, after the provision of dental care services ceased when children reach the age of 12, about 40% of children in this age group had the problem of tooth decay, while almost all adults

aged 35 to 44 who relied on government publicity and the private sector for dental care had tooth decay problem. Information also showed that 97.5% of adults aged 35 to 44 had tooth decay problem, showing that the problem of tooth decay is very common. Of the 32 permanent teeth, filling is required for an average of 7.4 teeth among adults, compared to just 0.8 or less than one tooth among 12-year-old children. When we compare the figures of adults and children, we will find that dental care must really start from early childhood, or else the root of disease would continue to worsen. This also shows that maintaining dental health is of vitally important.

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

But regrettably, faced with the need of every citizen for services to prevent and combat dental diseases, tooth decay problem and bacteria, the Government would give only one response, saying that education and publicity are the solution. Insofar as the public's dental health is concerned, apart from providing services to benefit primary school students, nothing else has been done. I, therefore, would say that this is like helping the bacteria do evils and helping the bacteria wreak havoc on our teeth. I think that the bacteria have become the boss of the Government, while the Government has become a part-time employee of the bacteria.

On the other hand, we can see that the private health care sector has also failed. Just when the Government focuses on education and publicity, has the private health care sector performed the role as expected by the Government of balancing the supply and demand in the market by providing oral health and other suitable services to the public? I wish to cite an example to point out this problem. A decade ago in 1998, the Director of Audit already recommended in Report No. 31 that the DH should make planning on the human resources for dental services, in order to meet public demand. The dental service working group also held the view at the time that it would be necessary to closely monitor the supply of and demand for dentists in Hong Kong. Much to our regret, Deputy President, over the past decade we have not seen any effective measure taken by the Government to address the problem. The Government in the past did not address the problem; nor has this SAR Government addressed the problem. The fee charged by a general practitioner for private out-patient service is about \$150. As for the fees charged by dentists, we have conducted a

survey and found that the median fee ranges from \$300 to \$399, which doubles or is more than double of the fee for general out-patient service. But it is not just as simple as that. If several teeth are found to be decayed, or if an X-ray is required, fees would be charged item by item and would hence multiply. We have conducted a survey on this. It was found that 87% of the public considered that the dental services currently available in the market were very expensive. So, generally speaking, when members of the public suffer from the less serious types of dental disease, they would put up with the suffering or simply take painkillers. They would deal with the problems in their own ways but not going to see a dentist, and only when their suffering becomes intolerable that they would turn to a doctor. Fees will be even higher if filling or crowning is required.

Deputy President, some members of the public have told me that a filling can cost over \$1,000 at the minimum, and that a full denture can cost over \$10,000, and this is only the cost for service of the poorest quality, not of a better quality. In this connection, I think the Government cannot provide the services that should be provided to the public simply by carrying out publicity and education. Nor has it taken up the responsibilities expected of it.

In fact, members of the ordinary public are badly affected by dental diseases. According to a survey conducted by us, among people with a monthly income below \$5,000, less than 5% will go to a dentist every year, and no more than 13.6% of them will undergo a dental check-up annually. For people with a monthly income between \$15,000 and \$19,999, only 20% will see a dentist every year and only 25% of them have received treatment. In other words, members of the general public will often endure the suffering because the fees charged by a dentist or for dental services are much too expensive. But unlike the saying that "endurance makes gold", their endurance will only worsen the suffering caused by dental diseases.

Just this morning a group of elderly people staged a petition outside the Legislative Council, and two of the elderly are already aged 81. As the fees for scaling, filling and crowning are too expensive, they do not have the means for these services and as their children have just started to work, they can only put up with the suffering. The result is that, as the elderly have said, if there are teeth in the upper jaw, there is none in the lower jaw; if there are teeth in the lower jaw, there is none in the upper jaw. In the case of a 81-year-old elderly man who joined the petition this morning, 18 of his teeth had either come off naturally or

been extracted as no other remedy was possible. As he has lost all his teeth, Deputy President, according to what he told me, the worst is that he cannot even chew the food in every meal and he has to force the food down his throat because he just cannot take congee only in each meal and so, he can only swallow the unchewed food. As a result, he has developed stomach diseases, followed by problems with his intestine, gallbladder and the excretory system. This shows that if oral health is not properly maintained, unhealthy teeth can lead to many ailments. As the elderly people have said, they do not have teeth to eat when they grow old and cannot even take a decent meal in their twilight years. Even though the Government has increased the "fruit grant" to \$1,000, they cannot eat the fruit even if they have the means to buy it. So, the Government cannot shirk its responsibility of addressing the problem of dental diseases.

Some kaifongs asked me whether the Government would pay for all their expenses as they are Comprehensive Social Security Assistance (CSSA) recipients, because government subsidies are provided to them. They also told me that it is very difficult for CSSA recipients to be granted subsidies for dental services. If they wish to have a filling, they will have to produce a medical certificate. Doctors will normally make a judgment based on their ability to eat and if they still have several teeth left and are still able to eat, the doctor will question the need to approve their application and so, they can only eat and swallow the food slowly. As a result, many kaifongs can only endure the suffering.

Yesterday, a group of kaifongs and I called a press conference. In the case of an elderly person, a tooth was broken with its root still left inside the gum, thus causing infection and making both sides of his face swell, but he did not have the money for treatment. He had sought assistance from the Government, but the Government only extracted the tooth for him and gave him painkillers, and he could only endure the suffering. Is this not dereliction of duty on the part of the Government? Should the Government not have the responsibility to provide comprehensive dental services to all the people of Hong Kong?

Deputy President, the example cited by me just now shows that since the Government can provide a comprehensive range of dental services to the 160 000 civil servants and their families at an annual attendance rate of 630 000, this goes to show that each and every person has this need and not only the 160 000 civil servants and their families have this need. I, therefore, consider that the provision of dental services to the public is absolutely not a policy of "handing

out candies", but the responsibility of the Government. Let me cite the latter half of the poem of the poet in Yuan Dynasty: "Arriving from the South one day is a toothbrush; it is worth a piece of gold for it removes all the plague and troubles." In order to obtain a toothbrush to maintain oral health, people in the ancient times were willing to exchange a piece of gold for a toothbrush in order to maintain health. This shows the importance of teeth to us. I hope that Secretary Dr York CHOW can respond to this aspiration of ours today and address the problem that the SAR Government has never addressed seriously by providing to the public universal dental services and also comprehensive dental care and health services (*The buzzer sounded*) .....

**DEPUTY PRESIDENT** (in Cantonese): Time is up.

**MR WONG KWOK-HING** (in Cantonese): I hope that Members will support my motion.

**Mr WONG Kwok-hing moved the following motion: (Translation)**

"That, as the Government on the one hand promotes oral care among the entire population, but on the other hand the public dental out-patient services and dental care services in Hong Kong are seriously inadequate, resulting in the grassroots who cannot afford the charges of private dental clinics not being able to receive timely dental treatment even when they have dental diseases, and at the same time, the present dental care scheme remains to be available to primary schools only, this Council urges the Government to provide additional resources to improve oral care for the entire population, the public dental out-patient services and the dental care scheme, including:

- (a) providing public dental out-patient services to members of the public at the medical and health organizations run by the Government in various districts;
- (b) public dental out-patient services must include comprehensive dental treatment, such as dental examination, scaling, extraction, filling, endodontic treatment and crowning, etc;

- (c) setting up a dental care scheme for secondary school students;
- (d) setting up a dental care scheme for the poor elderly aged over 60; and
- (e) drawing up an implementation timetable and a detailed plan to comprehensively improve the public dental out-patient services and the dental care scheme."

**DEPUTY PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr WONG Kwok-hing be passed.

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

I now call upon Mr Andrew CHENG to speak first, to be followed by Dr Priscilla LEUNG; but no amendments are to be moved at this stage.

**MR ANDREW CHENG** (in Cantonese): Deputy President, over the years, whenever we discussed the policy address or the budget, or even elderly health issues, the Democratic Party would always call on the Government to increase the provision of resources for and make improvement to dental services. But many years have passed, and it seems that there has been little change in the work of the Government to promote oral health among the public.

The Government's policy on oral health dates back to 1974 when it published the White Paper on Further Development of Medical and Health Services in Hong Kong. In 1995, there was a more comprehensive report on dental public health. The report highlighted a number of strategies, including regular check-ups to monitor the oral health of the public. It was only in 2002 that the Government completed the oral health survey report which presented a fuller picture of the oral health of the Hong Kong population.

The findings of the survey showed that compared with other countries, the dental conditions of various other age groups could still score a passing grade.

However, the oral health status among the elderly did leave a great deal to be desired.

Deputy President, a full complement of teeth normally includes 32 teeth. Dentists generally consider that 20 teeth is the minimum number of teeth for performing a minimum level of function. In fact, a person with only 20 teeth left will already suffer quite badly. Imagine: If we only have 20 teeth left, how inconvenient it will be for us to eat! But in the community, less than 50% of the elderly have 20 teeth or more, and 8.6% or 38 300 of them do not even have one single tooth. Besides, 30% of the elderly only have the roots left and some have their whole set of teeth severely broken down.

Apart from the problem of having no teeth or being edentulous, the tooth decay problem is also very serious among the elderly, as over half of the elderly people with tooth decay problem do not receive treatment. The problems of broken down teeth and missing teeth have caused difficulties in chewing food among 35% of the elderly. It is worth noting that even though the elderly suffer toothache to such an extent that their sleep is disturbed, 15% of them still take no action to stop the toothache from worsening.

These elderly people, despite suffering pain that disturbs their sleep, still do not see a dentist. I think Members can all imagine that their utmost concern is the expensive fees for dental services. Some 94% of the elderly are not covered by dental care schemes. The fees charged by private dentists are expensive and the Government basically does not provide comprehensive dental services in the public sector. We all know that as there is no retirement protection in Hong Kong, many elderly people live in poverty and they even have difficulties in getting enough food for three meals a day. Such being the case, how possibly can this group of elderly people who live in poverty pay hundreds or even thousands of dollars to see a dentist?

Deputy President, the proposal in my amendment of studying the provision of small dental clinics in elderly health centres seeks to assist the elderly in the community. At present, there are only 11 designated dental clinics providing pain relief and tooth extraction services in emergency cases. Take Hong Kong Island as an example. There is only one such clinic which operates on a half-day basis, causing great inconvenience to the elderly who require dental services. We consider that there should be at least one elderly health centre in each of the 18 districts and since many elderly people normally go to these health

centres for medical consultation, it would be easier for the elderly to access dental services if they could be provided at elderly health centres. Moreover, elderly health centres basically aim to provide primary care services to the elderly, and the provision of dental clinics in elderly health centres can facilitate the provision of more holistic primary care services to the elderly. These small dental clinics can initially focus on the provision of inexpensive, simple services, such as dental check-ups, filling and extraction.

Deputy President, another proposal of my amendment, which relates to elderly living in residential care homes for the elderly (RCHEs), is the provision of out-reaching dental services for them. Dental problems are far more serious among elderly living in RCHEs than those living in the community. Studies and surveys showed that among elderly living in RCHEs, 27% are edentulous, 46% have only the roots left, and over 50% do not have any type of prostheses to replace their missing teeth.

The lack of dental services is also far more serious among elderly living in RCHEs than those living in the community, as only 2.8% of them undergo regular dental check-ups, and 25% of the elderly said that they had never been to a dentist. Even if they suffer from severe toothache caused by tooth decay, only 16.5% would see a dentist, while 60% would take no action. Why do they take no action even if they suffer from toothache? Unlike elderly people living in the community, only 20.4% of them are worried about the high costs involved; 10.6% said that they could not go to see a dentist because of poor health, and as many as 49.1% said that this is just a small problem, for they may have bigger problems to deal with, such as other health problems. But if we asked the elderly further why they would consider this just a small problem, according to the report which cited some replies from the elderly, some said that it is because dental service is not provided in RCHEs, and some said that they do not spend much time on eating and so, there is no need to see a dentist if the pain can be tolerated. From this we can see that to the institutionalized elderly, other than the concern about fees, another major reason is that they cannot go to see a dentist by themselves. This explains why many elderly living in RCHEs can only endure the suffering when they have toothache and other dental problems. With the provision of out-reaching dental services, such simple services as dental check-ups, tooth extraction and filling can be provided to all the elderly living in the RCHEs in one go. This can achieve cost-effectiveness and also effectively ease the dental problems of elderly living in RCHEs, thus relieving their pain and enabling them to have more reasonable quality of living.



Deputy President, the original motion proposed by Mr WONG Kwok-hing actually targets only the public dental out-patient services and the dental care scheme. Our view is that the motion has left out the point that the overall oral health policy and goals of the Government are incomplete, and we consider it necessary to make this point in the amendment. The Government has repeatedly stated that its policy is to improve the oral health of the public through publicity and education. But given the lack of information in the past, most elderly have neglected dental care and as a result, their teeth have fallen out. While it is still cost-effective to focus on publicity work to promote oral health with the objective of maintaining dental health among the younger generation, we cannot turn a blind eye to elderly people whose teeth have already fallen out. It is imperative for the Government to conduct a comprehensive review of the policy and provide remedial services to the elderly. Moreover, while the Government has long drawn up the long-term objectives for oral health in reference to the recommendations of the World Health Organization (WHO), the population group aged between 65 and 74 is the only age group for which no objective has been drawn up in accordance with the WHO recommendations. Without policy objectives to provide a basis for assessment, it would be difficult for the Government or the public to gauge and monitor in a systematic manner the progress of work carried out to achieve the targets. In this connection, in my amendment I call on the Government to conduct a review which should focus particularly on this group of elderly aged between 65 and 70 who had in the past toiled for Hong Kong.

On behalf of the Democratic Party, I support many proposals made in the original motion and in the amendment proposed by Dr Priscilla LEUNG. However, Dr Priscilla LEUNG's amendment has deleted the proposal in the original motion of setting up a dental care scheme for the poor elderly aged over 60, proposing instead that the scheme be provided for elderly aged 65 or above. The Democratic Party has great reservations about this. Many elderly care services, such as social centres for the elderly, and the CSSA all draw the line at the age of 60 in defining elderly. The proposal in the original motion of providing services to elderly aged over 60 is more desirable. For this reason, the Democratic Party does not support the amendment proposed by Dr Priscilla LEUNG.

With these remarks, Deputy President, I support the original motion and I will move an amendment to it.

**DR PRISCILLA LEUNG** (in Cantonese): Deputy President, today's motion debate is about the public dental out-patient services and the dental care scheme. I think that the original motion and the amendments share the same objective and, that is, to give the elderly people a sense of security, a feeling of health and worthiness and the necessary teeth.

Apart from the lack of dental services for the elderly as mentioned by the Members earlier, my amendment has adopted a holistic approach in considering how best the dental care scheme can be implemented in a more reasonable way.

According to a survey conducted by the Department of Health (DH) between April and May 2006, many people in their thirties already developed oral diseases and there was a mean of more than 7.4 decayed teeth. For elderly aged 65 to 74 who are not inmates of RCHEs, there was a mean of 17.6 decayed teeth, whereas the mean for RCHE inmates was as high as 24.5. Besides, over 45% of the members of the public have symptoms of periodontal disease. The Department of Applied Social Sciences of the City University of Hong Kong also conducted a similar questionnaire survey in October 2006, and the findings showed that over 70% of the respondents claimed that they had suffered oral diseases in the past year, which included toothache, gum infection, tooth decay, bleeding and sensitive gums. It is therefore evident that oral disease is common among Hong Kong people, and this warrants our concern. Some dentists have even pointed out that people suffering dental disease are more prone to, for instance, gastrointestinal disease, loss of appetite, headache, diabetes and cardio-pulmonary diseases. It seems that the list is non-exhaustive. Nonetheless, dental health does warrant Hong Kong people's greater concern.

Regarding the proposal made by Mr WONG Kwok-hing and Mr Andrew CHENG in their respective original motion and amendment to request the Government to "provide public dental out-patient services to members of the public at the medical and health organizations run by the Government in various districts", while I agree with the underlying spirit, I wish to express my concern about the approach adopted, in particular the effect brought about by the blanket provision of public dental out-patient services in response to market needs. My concern is, namely, the over-reliance on public dental out-patient services will probably affect its competition with the private sector on an equal footing. For this reason, my amendment proposes to achieve a win-win situation for both the

public and private sectors through collaboration of the two sectors in the provision of dental out-patient services.

Statistics provided by the DH show that, as at the end of last year, there were a total of 2 025 private dentists in Hong Kong. If all dental out-patient services were to be provided by the Government alone, its bountiful resources and strategic locations would pose serious competitive threats to the private dental clinics. On this premise, I must state clearly that I support the provision of better dental services to the elderly and people of all age groups. I am going to explain this in detail.

While this proposal is made out of our good intentions, it is not my wish to see that the private dentists become potential victims of this scheme as a result of the provision of such services by the Government. So, I think that it would be more comprehensive if we can suggest a better way through which the public and private dentists can participate in the provision of universal dental services.

For private practitioners, while health care vouchers was suggested by Members as a health care reform, we think that dental care vouchers can also be considered in the provision of dental services. However, the amount of government subsidy for the health care vouchers is far from adequate. In this connection, I suggest that the value of the voucher should be left to discussions by members of the trade and the community, with a view to reaching a consensus on a more reasonable value rather than unreasonably urging the Government to substantially increase its spending. I think that the matter can be left to discussion by members of the public.

As far as I understand it, the business of private dentists is not good and they should have plenty of time to participate in the provision of dental services through public-private collaboration. I therefore consider myself obliged to speak for this group of professionals.

Deputy President, I believe Members will agree that our teeth are very important, a point fully explained earlier. Among the adult respondents aged 35 to 44, nearly one third do not consider it necessary to have regular dental check-ups, whereas nearly 20% do not receive regular dental check-ups for concern about the expensive fee. One quarter of the adult respondents even do not agree that they should pay for their check-ups. Teaching at the university has made me aware of the fact that many university students do not attach much

importance to dental health. Although preferential schemes are presently offered by various universities, many students prefer sacrificing their dental health than paying the private dentists for the relevant services. I think that this dental care scheme can actually be extended to full-time students of universities. This merits consideration.

On the other hand, while Mr WONG Kwok-hing's original motion proposes to set up a dental scheme for the poor elderly aged over 60, Mr Andrew CHENG also mentioned the provision of dental services for the elderly aged 60 earlier on. If government resources are available, I absolutely support these proposals. However, after consideration, I think that a general standard can be adopted, which is also adopted in the provision of "fruit grant". For elderly people aged over 65, the Government is obliged to do so because just as I said at the beginning of my speech, we should "give the elderly a sense of security, a feeling of health and worthiness and the necessary teeth". I hope that the elderly people would not become "toothless". In this connection, I believe the younger generation is ready to shoulder this responsibility together to enable the elderly people to live a happier life. This is why I propose this amendment today.

Furthermore, I also notice that there is a substantive difference between my amendment and the original motion and Mr Andrew CHENG's amendment, especially in respect of the blanket provision of dental services through public-private collaboration. This is worth discussion by Members.

Deputy President, I so submit. Thank you.

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): Deputy President, oral health is very important to a person's general physical well-being and daily life. Through education and publicity in recent years, members of the public have begun to attach greater attention to oral care and health. In this part of the debate, I will first give an account on the general oral health status of Hong Kong people, government policies relating to oral health, as well as the provision of dental services and promotion of oral health education by the Government. After Members have spoken, I will then respond to their views again.

The oral health status of the Hong Kong population is comparable to that of many advanced and developed countries. The Department of Health (DH)

conducted a territory-wide oral health survey in 2001. The survey, which was conducted on basis of the criteria and recommendations of the World Health Organization, targeted the following key index age groups: children at the age of five and 12, adults aged 35 to 44, non-institutionalized elderly aged 65 and above, and institutionalized elderly aged 65 and above. Nearly 6 000 people were evaluated through clinical examinations and specially designed questionnaires. The survey report mainly targeted the two commonest dental diseases, namely, tooth decay and gum disease, as well as the oral health-related behaviour and habits of the people evaluated.

The findings showed continuous improvement in the oral health of the Hong Kong population. There was a downward trend in the level of tooth decay among the five and 12-year-olds, while that for the adults and older persons groups remained relatively stable. The Decayed, Missing, or Filled Teeth Index, or the DMFT Index in short, which is used to evaluate the prevalence and severity of tooth decay, was 0.8 among 12-year-old children, which compared favourably with the level of 1.75 in the United States, 2.1 in Canada, and 2.4 in Japan, while the DMFT Index among adults aged 35 to 44, which was 7.4, also compared favourably with the level of 13.3 in the United States and 13.7 in Japan.

The DMFT index of non-institutionalized elderly aged 65 and above was 17.6, which again compared favourably with other developed countries such as Britain and Australia as theirs stood at 23.5 and 21 respectively. The percentage of edentulous among elderly in this age group was 9%, which was far lower than the 26% to 31% in the United States. The percentage of edentulous means the percentage of people who have lost all their teeth in the respective population group.

While the oral health status of Hong Kong people is generally good, tooth decay and gum disease still cannot be treated lightly, as findings of the survey also showed the following: The level of tooth decay of permanent teeth and gum disease continued to increase with age; the risk in the development of gum disease was already noticeable at the age of 12; and there was an emerging presence of root surface decay among adults and older persons. Moreover, calculus and gum pockets were quite commonly found.

That said, many dental diseases are, in fact, preventable. Take tooth decay and gum disease as examples. With good dietary and living habits and correct tooth cleaning techniques, these diseases can be prevented safely and effectively.

So, this is why prevention work is the first and foremost way to effectively improve oral health. In this connection, the Government's policy on oral health aims to raise public awareness of oral health and facilitate the development of proper oral health habits mainly through publicity and education.

While our policy is prevention-based, we will focus on providing emergency dental services for the public. The public can turn to the private sector for the general dental services required.

At present, the DH provides free emergency dental services covering pain relief and teeth extraction through the general public sessions in 11 government dental clinics. The objective is to provide the public with emergency relief to the pain and discomfort caused by dental diseases. Besides, the DH operates Oral Maxillofacial Surgery and Dental Units in seven public hospitals to provide specialist dental services for in-patients on referral and those with special oral care needs, such as people with systemic diseases or physical disabilities. The dental clinics will arrange appointments for patients on referral according to the urgency of their conditions. Patients with pressing needs, such as cases of dental trauma, will be provided with immediate consultation and treatment.

To take care of the needs of people with financial difficulties, under the current Comprehensive Social Security Assistance Scheme (CSSA), recipients who are old, disabled or medically certified to be in ill health will be given a dental grant to meet the actual expenses for dental treatment. The grant will cover treatments including scaling, filling, dentures, crowns, bridges, removal of calculus, and root canal treatment.

Eligible CSSA recipients can approach the 36 dental clinics designated by the Social Welfare Department (SWD) for dental examination and an estimate of cost. After undergoing a dental examination and obtaining an estimate of cost at a designated dental clinic, the recipient can apply for a dental grant from the SWD, and upon receiving approval for the dental grant, the recipient can choose to turn to any registered dentist for the relevant treatment service.

Moreover, proper oral health habits must be developed at a young age. To encourage students to pay attention to oral health and prevent common dental diseases, the DH has since 1980 introduced the School Dental Care Service (SDCS) to provide basic dental and oral care services to all students in Primary One to Six, with a view to imparting knowledge of oral hygiene habits to children and inculcating in them proper dental care and cleaning habits.

Students enrolled in the SDCS will be arranged to undergo an annual dental check-up at a dental clinic near their school. Services are provided by professionally trained dental therapists under the instruction of dentists. The services include oral care guidance, oral examination, and also preventive and basic dental treatment. The SDCS Scheme has been very well-received. In each of the past three years, primary school children participating in the Scheme constituted more than 90% of the total population of primary school children, and Primary Six students participating in the Scheme whose oral health standard was considered good also accounted for over 90%.

If students can lay a good foundation for oral health since the primary school stage, they can continue to properly take care of their teeth in future. In order to ensure that school children will continue to take care of their oral health after they have moved on to secondary schools, a "Teens Teeth" oral health promotion programme is specially developed for secondary school students. Participants are trained to organize various activities to promote oral health among their schoolmates, in order to enhance their knowledge of oral health and encourage them to undergo regular dental examination, while at the same time teaching their schoolmates the correct tooth cleaning techniques.

Moreover, the Oral Health Education Unit (OHEU) of the DH has been actively organizing territory-wide and age-specific activities to promote oral health. To enhance the knowledge of pre-school children of oral health, the OHEU of the DH has promoted the "Love Teeth with Your Kids" programme annually with the objective of encouraging parents to motivate their children to clean their teeth on their own initiative. The programme has since its introduction provided oral health education for over 100 000 children in kindergartens and pre-school centres each year, which amount to 80% of the total number of pre-school children in the territory.

On the other hand, the DH has since 1993 organized the "Brighter Smiles for the New Generation" programme to encourage children aged six or below to develop good oral care habits since early childhood. The DH has also through the display and presentation of different types of educational resources disseminated the message of oral health to pre-school children and their parents at Maternal and Child Health Centres, kindergartens and nurseries.

In addition, an annual "Love Teeth" Campaign is organized with the objective of facilitating the development of a correct tooth cleaning concept

among the public and teaching them the proper tooth cleaning techniques. Oral health messages have also been conveyed to the public through promotional programmes produced in collaboration with the media including television, radio and the press, and through light box advertisements placed in public places. The DH updates the webpage of the OHEU from time to time and has put in place a 24-hour interactive Oral Health Education Hotline, through which the public can have ready access to oral health information. Under the "Patron Angel of Oral Health Programme" launched by the DH in collaboration with the private sector and non-governmental organizations, training has been provided to working adults and elderly volunteers for promoting oral health among their peers. In the long term, we will, by way of education, continue to bring home to the public the importance of regular dental check-ups and scaling, with a view to enhancing the oral health of the general public.

Deputy President, I so submit. I will give another response after listening to Members' views on the motion and the amendments. Thank you, Deputy President.

**MR LEE CHEUK-YAN** (in Cantonese): Deputy President, the Secretary just taught me a new term, the "percentage of shameless<sup>1</sup> people". I wondered what it meant when I heard the "percentage of shameless people". While "shameless" is a homonym of "toothless", this percentage may probably serve as a yardstick for us to evaluate how shameless our Directors of Bureaux are.

Certainly, after listening careful to his speech, I learnt that he was actually talking about the edentulous percentage. If the Secretary wants to defend the existing health care policy by saying that there is no problem with the dental care policy, his "shameless percentage" will go up immediately. I do not wish to criticize him in this way. But after listening to his remarks, I find that he has failed to address squarely a very significant problem, and that is, the people of Hong Kong, especially the grassroots cannot afford to consult the private dentists. Neither can they access appropriate treatment in the public health sector, which is a fact. If the Secretary denies this reality, his "shameless percentage" will immediately soar. I really hope that he will not deny it.

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<sup>1</sup> "Shameless" is a homonym of "toothless".



In the speech made by the Secretary just now, he stressed the importance of oral health. So, what is the Government going to do? He stressed very clearly that they would focus on publicity and education, and this is where the biggest problem lies. Certainly, no one will deny the importance of publicity and education. The biggest problem is that while efforts have been made in publicity and education, dental services are not provided to members of the public. We have received numerous complaints from the elderly about their teeth being immediately extracted rather than filled when they approached the public health sector for treatment of toothache. As a result, the edentulous percentage is pretty high in Hong Kong because the elderly people cannot obtain services from the public sector other than tooth extraction when a decayed tooth is identified. Can Members imagine how painful this is? The poor elderly and grassroots who refuse to receive dental treatment owing to the high charges could only turn to the public health sector when they find the toothache unbearable. And yet, their teeth would always be extracted in the end. As a result, it is a common phenomenon that these people are toothless.

We merely request that the health care services currently provided by the Government to the grassroots will include dental services. Only by doing so can we have comprehensive services. It would suffice if the Government can treat members of the public in the same way as the civil servants. We all know that civil servants are entitled to dental services, and the dental clinic in the West Wing of the Government Headquarters only serves eligible civil servants but no one else. People may ask why civil servants are entitled to such services but not them? If the Government considers oral health so important, why does it not provide the relevant services? If the Government thinks that publicity and education already suffice, why does it not just provide publicity and education to the civil servants? I am not encouraging the Government to simply provide the civil servants with publicity and education but not dental services, but I just hope that the Government will treat all people alike to enable everyone to enjoy dental services. Only by doing so can oral health be genuinely protected.

I hope that the Secretary will not just read out the speech without making any efforts. I hope the Secretary, after listening to Members' speeches, will respond by honouring his pledge such that the teeth of the elderly and the grassroots will be properly protected. Thank you, Deputy President.

**DR LEUNG KA-LAU** (in Cantonese): Deputy President, I would like to reflect the trade's views in a pragmatic manner. As regards the services provided by the Government at present, though the Secretary just pointed out that members of the public have very healthy teeth, it is an indisputable fact that there are still a lot of inadequacies. Earlier on, Mr WONG Kwok-hing, Mr Andrew CHENG and Mr LEE Cheuk-yan have elaborated on the issue, so I am not going to make any repetition here.

Let me do some calculations with the Secretary. Given that more than \$30 billion worth of resources are committed to health care every year, how much is actually committed to the provision of dental services? The data provided by Mr WONG Kwok-hing shows that while \$360 million was used to provide services to the civil servants, \$170 million was for primary students and \$44 million for other patients. This information is supplied by the Department of Health. I believe together with the provision granted to, say, the 30-odd social welfare organizations mentioned by the Secretary earlier, which is estimated to be \$100 million, the sum would still be less than \$700 million. Compared with the \$30-odd billion worth of resources committed to health care, this amount is indeed too little.

The private dentists just mentioned by Dr Priscilla LEUNG expressed concern about the considerable resources to be committed to this purpose, which is true enough. However, if government provision is as little as \$700 million, they may not feel comfortable to oppose the relevant proposal. Therefore, the dentists also agree that more resources should be committed to the provision of public dental services, to the poor people and the elderly in particular.

We should nonetheless deal with this issue in a pragmatic manner. To provide comprehensive public dental services, we have to calculate the necessary amount of resources. About 20% (300 to 400) of the dentists in Hong Kong are working in the public sector, mainly serving about 500 000 people, including civil servants and their families. Should comprehensive public dental services be provided, it is believed that more than \$1 billion or \$2 billion worth of resources would be required, and even if all dentists in Hong Kong are deployed, it would still be unable to meet the need. The University of Hong Kong currently provides about 50 undergraduates in dentistry every year, and based on this figure, it is impossible to employ sufficient dentists in 20 years.

In practical terms, we may have to engage in bargaining with the Secretary. The Chief Executive undertook last year to increase local public health care expenditure (which is a recurrent expenditure of the Government) from last year's 15% to 17% in 2012, which is approximately \$5 billion. Frankly, it is unlikely that this \$5 billion health care provision will be committed to the Western medical profession alone. I hope that the Secretary could undertake to commit an appropriate portion of resources to the development of services that have lagged behind. Undeniably, dental services have so far lagged behind in comparison with other services in the public sector. In spite of a lack of manpower, it is hoped that these resources will immediately be used to help the poor public and the elderly. I also support Dr Priscilla LEUNG's proposal to expand the coverage of the student dental care service.

For the amendments to the motion, as I am a novice, I am still not very familiar with the procedures. I received a notice stating that Dr Priscilla LEUNG will withdraw her amendment if Mr Andrew CHENG's amendment is passed. After consulting members of the sector and actually doing some computations, I support Dr Priscilla LEUNG's amendment. And yet, Dr Priscilla LEUNG has indicated that she will withdraw her amendment if Mr Andrew CHENG's amendment is passed.

Then according to the procedure, I have no choice but to oppose Mr Andrew CHENG's amendment. However, I must state clearly that I do not oppose the principle of Mr Andrew CHENG's proposals to request additional resources from the Government for the provision of public dental services. Neither do I oppose the good proposal to request the provision of outreaching dental services at those elderly centres. And yet, practicably speaking, I hope that the Government can immediately commit more resources to the needy persons. For this reason, I support Dr Priscilla LEUNG's amendment. Thank you, Deputy President.

**MS LI FUNG-YING** (in Cantonese): Deputy President, dental health is essential to oral health and we must therefore protect our teeth so that they can accompany us through our lives. However, public dental services in Hong Kong are weird. From one angle, they are specially designed for the civil servants as only civil servants can enjoy the comprehensive dental services provided by the Government, which include scaling, treatment, filling, extraction and crowning. Members of the public suffering dental diseases and seeking consultation at government dental clinics would only have their teeth extracted. But, very

often, tooth extraction is the last resort. The bigger problem is that no crowning service will be provided subsequent to extraction.

I wish to stress that the purpose of highlighting the difference between the dental services provided to civil servants and members of the public in today's motion debate is not to provoke conflicts between them. Neither do I wish to call on the Government to abolish the dental services provided to the civil servants. Instead, I just wish to highlight the absurdity of the dental services provided by the Government. In fact, I have approached many elderly people. And the Complaints Division of the Legislative Council has also handled many similar cases in which elderly people who sought dental treatment at government clinics had their only tooth extracted. Since not a single tooth is left, they then have difficulty in eating. But still, people suffering from dental diseases have only two options: Either not seeking consultation but to bear the pain, or having their teeth extracted such that no tooth is left for eating. Not only is such dental service ridiculous, it has created a large population of grassroots who would rather stand the unbearable toothache than seek consultation at government dental clinics.

As to the question of how best improvements can be made to the dental services, a number of suggestions have been made in the motion and the amendments. I support them in principle, especially the inclusion of comprehensive dental care service in the public dental services. I think that only the provision of comprehensive dental care services can genuinely address the problem of grassroots who suffer dental diseases being deterred from seeking consultation because of the expensive fees of private dentists and having nowhere to turn to. Although Members of this Council had raised questions in the last Legislative Session, the Government's reply at that time was priority should be given to addressing the imbalance between the private and public sectors and to consider the long-term health care financing options. In other words, the Government has no intention to commit resources to improving dental services for the time being.

Even if comprehensive improvements cannot be made to the existing dental services, I still hope that the Government could show concern for the elderly who are left with no teeth for eating. Also, it is this group of people who are most seriously affected by dental diseases. In view of this, if the Government can slightly relax the criteria currently adopted for the provision of dental services to allow elderly people access to certain dental services presently available to civil servants, for instance, filling and crowning, the predicament faced by the elderly

can be greatly relieved. Deputy President, I wish to stress again that it is not the objective of this proposal to enable equal sharing of the resources committed to dental services between the elderly and civil servants. Rather, it is hoped that the Government will adopt a target-based approach and improve dental services such that the amount of resources required for this purpose will be comparatively smaller, while greater flexibility can be applied in implementation.

Deputy President, another problem which I wish to point out is the serious shortage of government dental clinics. While there is only one on Hong Kong Island which opens in the morning only, there are two on the Kowloon side which just open for one or two mornings. Although there are eight clinics in the New Territories, which sounds better, some of them only open for one morning monthly, like the one in Tai O. There are also clinics which only open for one morning every week, like those in Tai Po, Fan Ling and Tuen Mun. I think that this issue should also be immediately resolved because even if members of the public decide not to stand the pain anymore and turn to the government dental clinics for tooth extraction as an ultimate cure, it is not easy for them to do so. Therefore, I hope that the Secretary can look squarely at this problem. Thank you, Deputy President.

**MS AUDREY EU** (in Cantonese): Deputy President, I heard Dr LEUNG Ka-lau say just now that it is difficult for him because he agrees with most parts of the original motion and the amendments, but he is worried about how he should vote so as not to cause Dr Priscilla LEUNG's amendment not to be passed. I would like to tell Dr LEUNG that the Civic Party frequently encounters such problems; we will give explanations in our speeches. Actually, when we debate motions which do not have legislative effect, it is often very difficult for us to vote against the whole motion because we disagree with certain parts of it. Therefore, so long as we agree with the general direction, we will support the motion so that it can be passed. However, if we find that there are problems with certain parts, we will say that we have reservations about those parts when we speak. Taking the motion debate today as an example, it is about dental care and services and the Civic Party agrees with the general direction but we have worries. For instance, let us take a look at part (b) of the original motion of Mr WONG Kwok-hing. It is stated therein that public dental out-patient services must include comprehensive dental treatment, such as dental examination, scaling, and so on. We understand very well that these are very expensive services. If all these public health care services are provided by the public sector, what should

the private sector do? In fact, there will be impacts on the private sector because providing free or low-cost services to all Hong Kong people will adversely affect those who have genuine a need for the services as the waiting time will become much longer. These people are going to be affected.

For this reason, in the course of our debates on some motions, we sometimes cannot consider some expressions as legal provisions and ask what would happen if the scope of the expressions is expanded. Thus, in the speeches, Honourable Members can only state that they would like to have comprehensive public services because the Government has always attached great importance to primary services and the point that prevention is better than cure, right? So, the Government should provide comprehensive services to the grassroots. However, such questions as the service recipients or the manner of service provision, who the fee-paying patients are and how the matter should be handled should be considered in detail to ensure that it would not become a case of everyone being able to enjoy the inexpensive services but nobody is actually getting them. Therefore, I would like to make this point clear.

Deputy President, when Honourable colleagues delivered their speeches today, they touched upon the problems with the dental services in Hong Kong. First, the present dental care scheme remains to be available to primary students only. As the first step towards oral disease prevention, people should develop the habit of undergoing regular dental examination from childhood, so, it is actually the Government's good deed to start implementing the dental care scheme at the primary school level. According to the Oral Health Survey 2001 Report, almost 90% of Hong Kong students participate in the scheme when they are in Primary One, and the mean DMFT Index among 12-year-old students was 0.8, lower than the mean DMFT Index worldwide of 1.7, and it ranked as the most favourable alongside their Australian counterparts. This reflected that the services delivered under the School Dental Care Service scheme since six years ago have achieved positive effects, and students generally have little decay experience or can have decays treated under the scheme.

However, as the dental care services are currently only available to primary students, students will cease to enjoy oral health protection once they enter secondary education. Information shows that among the secondary students not enjoying such service, almost 60% have tartar accumulation, 10% higher than that reflected in the primary student samples collected in their early years. The reason is very simple. Many students and parents think that dental care services

are costly and refuse to seek the relevant services, and only the remaining 20% of them will undergo dental examinations at dentists' clinics (only one out of five students undergo regular examinations). This rapidly declining trend precisely reflects that, in the absence of a long-term dental care service scheme, people will overlook the importance of dental care because resource consideration. Thus, almost half of the adults aged 35 to 44 have tartar accumulation and gum pockets, and this arouses concern about whether a long-term dental care service scheme alone can give people comprehensive oral health protection.

Second, I would like to talk about the supply of public dental clinics falling short of demand. When the Government stops providing dental care services to students, the public would enjoy oral health protection if the Government could provide adequate out-patient services or facilities. But what the Government has done in this respect leaves much to be desired. Let us take a look at the dental out-patient services in Hong Kong. There are only 11 public dental clinics with general public sessions, and the relevant services are only available to civil servants, their dependent family members and retired civil servants. However, I know the services are in short supply. Deputy President, as you may know, at court hearings, the only occasion on which the Judge tells us that the Court shall adjourn early for the day is when the Judge has a dental appointment, and this is what happens every time.

Third, students on CSSA will not get the benefits on completion of primary education. To families with lower financial capacity, there are not enough public dental services and they cannot visit private dentists; it will be even more difficult for CSSA recipients. With the exception of CSSA recipients who are old, disabled or medically certified to be in ill health who are given a dental grant, other people cannot get the benefit so long as they have completed primary education, so they have to pay for subsequent regular examinations and consultations. Thus, in this connection, we very much agree that such services should be provided to CSSA recipients.

Deputy President, what I have just said are exactly the major problems arising from the shortage of dental care and out-patient services in Hong Kong. In order to solve the problem, quite a lot of people have asked the Government to inject more resources and funding. Deputy President, I hope that, besides increasing resources and funding, the Government will target the services on people who need them most, especially the disadvantaged and the elderly, and provide suitable care to the children when they are healthy. Thank you, Deputy President.

**MR CHEUNG KWOK-CHE** (in Cantonese): Deputy President, some Honourable colleagues asked the Secretary early this year if the Government had any new plans to inject more resources into improving dental services, and the Secretary replied at that time that the dental care problem called for good preventive work, and it was the government policy to enhance people's awareness of oral health through publicity and education to help them cultivate good oral health habits. But I would like to say that oral care alone is not enough; no matter how effective the prevention, people will become sick and they have to consult doctors when they are sick. At present, a dental examination costs a few hundred dollars and if a patient needs a filling or an extraction, the charges will be very expensive, which is a very heavy burden for those who are financially less capable. Dental services are actually quite extravagant in Hong Kong; so, there are advertisements on television telling people to visit dentists in Shenzhen, which reflects that local services are not affordable to the ordinary public. Now the Government often encourages people to undergo annual dental examination, why do public dental out-patient services not include simple services such as dental examination and scaling?

The elderly are facing more serious problems. As the common saying goes, "old machines tend to break down", so the elderly have a greater demand for dental services than ordinary people for they need dentures and crowning, and such dental care arrangements are more expensive than ordinary services. Therefore, in respect of Mr WONG Kwok-hing's proposal of setting up a dental care scheme for the poor elderly aged over 60 and Mr Andrew CHENG's proposal of studying the provision of small dental clinics in elderly health centres, I believe there are urgent demands. Yet, as for Dr Priscilla LEUNG's amendment which proposes setting up a dental care scheme for elderly aged 65 or above, I disagree because many elderly people already have dental problems when they are aged 60 or younger, and early treatment would conversely save future expenses.

Deputy President, Honourable colleagues have repeatedly requested the provision of dental care services but the Government has reservations about it and it constantly uses the health care financing arrangements as a shield. The Government has cited the excuse that, due to a shortage of resources, the health care financing arrangements have to be made before other services are provided. However, we all know that the health care financing arrangements have been discussed for years but they still remain at the consultation stage. For people with dental ailments, especially the elderly, who have difficulties in eating and



often have toothache, "a toothache is more unbearable than a serious illness", how long do they have to wait before their trouble can be resolved? Improving public dental services is a pressing task and the Government should set up a fund to tackle the problem.

Insofar as the dental care needs of secondary school students are concerned, the Government should not neglect their needs. The Government has not given an explicit reason to explain why dental care protection is given to primary school students but not secondary school students. Deputy President, I so submit.

**MR CHAN HAK-KAN** (in Cantonese): Deputy President, a popular saying has it that a toothache is much worse than a serious illness. But in Hong Kong we can see that many people would rather bear with a toothache rather than going to see a dentist. Because they fear that after consulting a dentist, they would experience a greater pain in the expensive fees they have to pay. Now the fees charged by a dentist are at least a few hundred dollars and in some cases, the fees can be in the thousands. This has a direct impact on the desire of the people to seek dental care services.

In 2001, the Government conducted a territory-wide survey on oral health. The report of the survey shows that about 52% of the adults and 38% of the non-institutionalized elderly persons have doubts about the value for money of oral care services.

In Hong Kong, most of the dental care services are currently provided by private-sector or non-profit-making agencies. As for the Government, as the Secretary said earlier, it would only play the role of a health facilitator and it would engage in publicity and education efforts. The provision of public dental out-patient services is only very limited.

Currently 11 public dental out-patient clinics in Hong Kong are open to members of the public, but the time slots in these clinics available to the public are very limited and there could well be only one or two time slots in a whole week. As some Honourable colleagues have said, for those who live on the outlying islands, there may only be one time slot of dental service monthly. And Honourable colleagues have also said that these out-patient services are mostly

confined to uncomplicated services like pain control and tooth extraction. If follow-up treatment is desired, the public can only go to the private dentists. It is most inconvenient.

In recent years, we often see on the television many mainland dental clinics putting up massive advertisements in Hong Kong. What are their selling points? The fees are affordable and the services excellent. There are even some mainland dental clinics which resort to the gimmick of having special coaches to ferry patients right to the doorsteps of the clinics once they have crossed the checkpoints. However, these dental clinics on the Mainland vary greatly in the quality of their services and should any mishap happen, the patient may have to seek remedial help from Hong Kong dentists. So if people go to some mainland dental clinics of a poor service standard, the trouble they get is often greater than the money they save. There was a newspaper report of late about a young woman who went to Shenzhen to have a scaling and contracted hepatitis C because the dental appliances were not clean. In these cases, the patients have to return to Hong Kong to seek medical treatment and this will add to the burden on the Hong Kong health care system.

Deputy President, although the Government now provides a dental care scheme for primary school children under which an annual dental check-up is offered, on the whole, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) thinks that government input in oral care services is very limited and unable to meet the current demand. In this regard, the DAB generally supports Mr WONG Kwok-hing's motion and Dr Priscilla LEUNG's amendment which both point out that this kind of dental care scheme should be extended to cover secondary school students and full-time students of universities subsidized by the Government.

To improve the dental health of the children more effectively, there is a need to begin work at a younger age. Many parents have the misconception that tooth decay and tooth loss in the young children are trivial matters, for the reason that the teeth of these young children will be replaced by permanent teeth someday. This is an obvious neglect of dental care in the young children. It should be noted that dental health of the young children will affect the growth and location of the permanent teeth later. Moreover, many oral health problems should be treated when a child is young and undesirable habits should not be allowed to continue into adulthood. So the DAB is of the view that a dental care scheme for pre-school children is necessary and must be set up.

(THE PRESIDENT resumed the Chair)

As for the dental care of the elderly, the DAB agrees that services in this regard should be strengthened. This is because many elderly persons did not have any knowledge of dental care when they were young and they are not conscious of its importance. They think that teeth loss is a normal thing as they age and so they do not care about it. In the end, their ability to speak, their ingestion of food and quality of life in general are seriously affected.

The DAB does not want to see the elderly going out early in the morning or late in night to queue on the street for a chip in the out-patient dental clinic, nor do we want to see that they skip regular oral check-ups for the lack of means. So it is essential that dental services should be expanded and a dental care scheme for the elderly put in place.

The amendment proposed by Dr Priscilla LEUNG seeks to delete the setting up of a dental care scheme for the poor elderly aged over 60 and replace it with a similar scheme for the poor elderly aged over 65. The DAB opposes it for the reason that this would render many elderly persons in genuine need of such services ineligible.

Another part in the amendment proposed by Dr Priscilla LEUNG is to extend the government dental clinic services to cover recipients of CSSA. The DAB is of the view that under the existing system, provided that CSSA recipients have been vetted and approved by the Social Welfare Department, they can apply for a grant which enables them to seek private-sector dental services. In addition, the public dental services which are available to civil servants are also partly open to all members of the public. If the proposal made by Dr LEUNG is endorsed such that the services are extended only to the CSSA recipients, this would conversely serve to narrow the scope of beneficiaries of such services. This will affect in particular people in the low-income bracket or those in abject poverty. Hence the DAB will abstain from voting on Dr LEUNG's amendment.

In the amendment proposed by Mr Andrew CHENG, it is proposed that the Government should set up a fund to subsidize the people in need to use dental services of the private sector or non-profit-making organizations. While the DAB does not oppose the provision of subsidy by the Government for those in

need to use private-sector services, and this inclination of the Government is also evident in many other public-private partnership health care schemes, it should be noted that such schemes are not operated in the form of a fund. Also, we cannot see any justification for setting up such a fund in the amendment proposed by Mr CHENG. Therefore, the DAB will also abstain from voting on this amendment.

President, I so submit.

**DR JOSEPH LEE** (in Cantonese): President, the issue of dental services has been discussed in the Legislative Council on various occasions. This topic under discussion now has put across the important message that there are inadequacies not only in terms of dental services, but also in the overall primary care services in Hong Kong. As the Chief Executive pointed out in the policy address this year, primary care services should be enhanced.

In respect of the delivery of primary care services, dental services primarily include some basic treatment only. There has been no provision of primary dental care service, except the Student Dental Care Service. Nor is such service provided to adults or the elderly.

Some colleagues have talked about the services for civil servants, but I think this should not be a topic for discussion today; nor is it appropriate to discuss it in this debate. Because under their terms of employment, civil servants are entitled to comprehensive dental treatment in government dental clinics, similar to the medical benefits generally provided by large corporations and other organizations such as universities. So, this should not be mentioned in the same breath by arguing that it is inappropriate for civil servants to be provided with dental out-patient services by the Government whereas members of the general public are not allowed access to the same services. Obviously, drawing a comparison in this way may give the impression of unfairness because if the Government can provide its employees with such medical benefits, why can it not extend the scope of these medical benefits and provide primary care services and even comprehensive dental treatment to the public? This is an issue worthy of more thoughts by the Government.

Another issue that the Government should also study is that if members of the public can be provided with dental care services such as scaling and dental

check-ups in the public health care sector, and as teeth are just part of the human body, why does the Government not provide to the public various types of health care service such as annual physical check-ups on a regular basis in its GOPCs (general out-patient clinics)? This is also a way to enhance the provision of primary care services to the public. That said, it is still necessary to consider whether the Government, in so doing, would have to inject a huge amount of resources. The Government has all along adopted a prevention-based policy under which members of the public are expected to take their own preventive measures for maintaining health, rather than the Government helping the public to protect their health. This has been the case, whether in respect of dental health or other systems of the body.

The topic under discussion today is about urging the Government to extend the services, so that all members of the public will be provided with dental care services covering such basic services as dental examination, oral care, and even scaling. As a related issue, the Government should actually provide in the general out-patient services regular annual physical check-ups for the public. Only in this way can changes be truly made to the policy to achieve the objective of universal health care protection. Certainly, the allocation of resources does warrant careful consideration by the Government. Is this what we wish to achieve? I hope that the Government can think about this. I myself or the people of Hong Kong absolutely do not oppose the provision of this kind of health care service by the Government in the public sector in future.

However, this is slightly in conflict with the current policy of the Government which emphasizes the promotion of public-private partnership, or the "money follows patients" concept. But since the Government is geared towards promoting the "money follows patients" concept, why does it not try to start with dental services? As pointed out by colleagues in the motion or the amendments, why does the Government not provide the elderly with comprehensive dental services?

In fact, the health care voucher system currently adopted by the Government covers dental services. But unfortunately, first, the value of the health care vouchers is too small and one consultation may use up all the vouchers; second, the fees charged by private dentists may be too high. In fact, can the Government consider extending it ..... Of course, Secretary Dr York CHOW may say that this is just a pilot scheme which is subject to review in future. I hope that when reviewing the scheme, they will also study whether

emphasis would be put particularly on the use of health care vouchers by the elderly for dental care and treatment by increasing the number and value of health care vouchers and also extend the use of the vouchers, with a view to putting into practice the "money follows patients" concept. Moreover, all the elderly people, whether they are 60, 65 or 70 years of age, can be provided with health care vouchers for maintaining dental health.

Dental health is particularly important to the elderly. As one grows old, the organs will deteriorate; so will the teeth. When teeth deteriorate, there will be problems with eating and the other parts of the body may not be functioning smoothly as a result. Moreover, if a broad grin will show gaps between their teeth, they may not dare to wear a smile anymore. It would be too bad if the elderly dare not smile and look miserable all the time, as this would affect their social life and mental health. Therefore, the teeth of the elderly are important.

Some colleagues mentioned earlier that children's teeth, be they milk teeth or new permanent teeth, must be taken care of in a correct way. Secretary Dr York CHOW mentioned earlier a host of initiatives for promoting dental health among pre-school children, primary school students and even secondary school students. This is important, but apart from passing the responsibility to them and requiring them to take preventive steps on their own, the Government must also increase the vigour of its measures and plough in more resources, so that pre-school children, primary school students and secondary school students can have better dental health. Certainly, it is most desirable to provide annual dental examinations or even scaling services to them on a regular basis. However, the Government has to consider the question of resources.

As regards providing services to university students or adults, I think this is quite a tall order for the Government, for university students are adults already. Certainly, the teeth of adults are important but under the current policy of the Government, they should take their own action to maintain their dental health. Under the proposal of Dr Priscilla LEUNG, the Government would have to revise its policy, and I have reservations about this point.

Generally speaking, this question has put across a very important point and that is, the work of the Government in promoting primary care services has been inadequate, and its work in respect of dental health is even more inadequate. I, therefore, hope that the Secretary will work to fulfil the undertaking made in the Chief Executive's policy address by providing primary care services in respect of

dental care or dental health first and increasing the provision of resources in this area, in order to do more for the elderly and children.

Thank you, President.

**MR TOMMY CHEUNG** (in Cantonese): As the common saying goes, "toothache is more unbearable than a serious illness". Improper dental care can, in serious cases, cause a patient to suffer tooth detachment, and his appetite and appearance will be affected. Therefore, the Liberal Party supports promoting oral health for all. It is a pity that the Government has not done anything in connection with oral health policies. Apart from carrying out publicity and promotions from time to time and providing very limited services, the efforts made by the Government basically leave much to be desired. But the reality is that the oral health of adults in general has reached an alarming level, so the Government must formulate early the relevant policies to prevent the situation from worsening.

In 2001, the Department of Health (DH) conducted the first territory-wide oral health survey. Although the results showed that the oral health conditions in Hong Kong were better than before, the problems of tooth decay and gum disease were very serious. It was found in the survey that 97.5% of the adults had tooth decay experience and almost half of them had gum disease. About the elderly, they generally had tooth decay experience and gum disease, and tooth loss was a common problem, for nearly half of the elderly population had lost their teeth to the extent of having less than 20 teeth and even less teeth remaining. Furthermore, 30% of institutionalized older persons had no teeth at all. I believe the current situation would only get worse but not better because the Government has not proactively taken follow-up actions to tackle the serious and prevalent oral problems.

In fact, the dental out-patient services currently provided by the Government are limited; there are only extraction or pain relief services and nothing else. Also, dental out-patient services are not available in all districts. There is only one dental out-patient clinic on Hong Kong Island and there is not even one dental out-patient clinic in the most populated Sha Tin. A large number of grass-roots residents live in Sham Shui Po and the fastest rate of population growth is recorded in Tin Shui Wai, but there are no dental clinics in

these districts. Obviously, setting the contents of services aside, the distribution of dental out-patient clinics is entirely not in keeping with the distribution or growth of our population.

Originally, for most people with tooth diseases, extraction is the last option. It is a pity that quite a lot of poor people cannot afford the expenses on fillings or other dental care, or they do not have a correct understanding of dental care, so they ultimately have to have their teeth extracted. However, public dental out-patient clinics do not provide crowning services after extracting the patients' teeth, and the patients often have a hard time of suffering after extraction.

The Liberal Party thinks that the Government should give priority to teeth protection, and it should provide such services as filling, scaling and crowning, and expand the scope of the dental care scheme.

Let me take as an example the dental care scheme for primary school students implemented by the DH. The 2001 Oral Health Survey showed that the scheme had definite effects. The Government planned in the same year to expand the scheme to cover secondary school students. Seven years down the line, it has been all thunder but no rain. Thus, the Liberal Party demands the Government to expeditiously implement the relevant scheme so that the benefits of the dental care scheme for primary students can also be enjoyed by 500 000 secondary school students.

The dental care scheme should also benefit the elderly, especially the poor elderly people. It is because the elderly recipients of CSSA aged over 60 are given a dental grant, but those poor elderly who are not CSSA recipients have to visit private dentists or dental clinics. However, the expenses on each dental care visit range from \$100-plus to over \$1,000, which are a heavy burden for the elderly with a meagre income. If they do not seek treatment for this reason, the consequences can be inconceivable.

President, Mr Andrew CHENG's amendment proposes providing out-reaching dental services to the elderly living in residential care homes. We in the Liberal Party support it. We also support giving people in need a dental grant, but we have reservations about setting up a fund because it will accumulate a considerable amount of fund and its management will cost time and money,



which is not as simple and speedy as distributing "dental vouchers" to those in need.

As to Dr Priscilla LEUNG's proposal of extending the dental care scheme to cover full-time students of universities, I know most universities have set up dental clinics offering services at inexpensive charges. Taking the example of the City University of Hong Kong for which Dr LEUNG works, full-time and part-time students need only pay \$30 for a dental examination and \$98 for every 20 minutes of dental treatment, enough for ordinary filling, scaling or extraction. Furthermore, the dental services provided by many universities are more comprehensive than those provided under the dental care scheme for students, for example, endodontic treatment and crowning services are provided at low charges. Thus, the Liberal Party has great reservations about Dr LEUNG's proposal.

In addition, Dr LEUNG's amendment substitutes the dental care scheme for "poor elderly aged over 60" with "elderly aged 65 or above", which fails to cater for the needs of poor elderly aged 60 or above. Hence, the Liberal Party has reservations about this proposal, too.

President, I so submit.

**MR PAUL CHAN** (in Cantonese): President, concerning the motion proposed by Mr WONG Kwok-hing, although I do not agree with every part of its content, I think the motion's principle and direction are correct and merit support. In fact, this Council already debated and passed the motion on "Immediately improving the health care services in Hong Kong" in May this year. At that time, the motion also touched upon closer public-private partnership in dental services, enhancing oral care education, and providing dental care vouchers to young children, secondary students, and so on, so as to protect the oral health of the public.

The Administration has all along emphasized that, to effectively enhance oral health, the most important method is to do a good job of prevention. Therefore, it is the Government's policy to devote efforts to enhancing public awareness of oral health through publicity and education.

However, I think that, besides publicity and education, the Government can make a further step in preventive work. Mr WONG Kwok-hing's motion

proposes setting up a dental care scheme for secondary school students, and I think it worths an injection of resources by the Government.

At present, the DH implements for all primary school students in Hong Kong the School Dental Care Service covering basic dental and oral health care services. The Government spent in the year 2007-2008 more than \$167 million on dental care services for students. There were around 365 000 participating students and the average cost for the provision of such services to each student was around \$620. Also, the data for the years 2005 and 2007 showed that, in each of the two years, around 22% of participating students on average needed follow-up services after oral health examinations.

Calculating on the basis of around 440 000 secondary school students in Hong Kong at present, though the government expenditure will increase by more than \$200 million, promoting oral health among children at a young age will really achieve preventive effects, and this will be conducive to reducing public health care expenditure in future.

Although the Secretary for Food and Health, Dr York CHOW, told this Council early this year that the Government and the dental sector were still studying the proposal of setting up a dental care scheme for secondary school students, the Administration remarked after the release of this year's budget that it did not have plans to inject additional resources into the provision of dental care services. I hope the Administration will carefully consider Mr WONG Kwok-hing's proposal, and that it would not overlook the long-term burden for the sake of saving expenditure in the short term.

I have reservations about the first and second demands in the original motion because public health care services require substantial resources and commitment, and I believe holistic consideration is essential; we should not just engage in partial consideration. Thus, insofar as public dental services are concerned, I think that they should be considered in the context of a health care reform in the future.

Mr Andrew CHENG's amendment has touched upon the point that the Government should first set up a fund to subsidize the people in need to use the dental services of private or non-profit-making organizations.

President, the Government currently provides emergency and pain relief dental services to the public through 11 dental clinics. If the recipients of CSSA

are aged 60 or above, disabled or in ill health, they will be given dental grants to cover the expenses of the relevant treatment. CSSA recipients can seek treatment at 36 dental clinics recognized by the Social Welfare Department, and they will be given special grants to cover the expenses on registration and examination. These recipients can also use the dental grants to meet costs of dental treatment by private dentists. Hence, I do not find it necessary to set up a fund now.

Dr Priscilla LEUNG's amendment proposes extending the government dental clinic services currently available to civil servants to cover CSSA recipients. I have great reservations about it because CSSA recipients, as I have just said, can get the services they need through existing channels. If the Government extends the government dental clinic services available to civil servants, their dependent family members and retired civil servants to cover CSSA recipients, unless the Government injects substantial resources, the burden will become too heavy for these dental clinics. For this reason, I think that Dr LEUNG's amendment is not a fine-tuning, but a significant policy proposal that warrants prudent consideration.

President, I so submit.

**MR CHAN KIN-POR** (in Cantonese): President, as there is now a serious shortage of dental services in Hong Kong, the motion today is very meaningful. From the information for our discussion today, we can see that the Government's provision for dental services is obviously much fewer than those for other services. The motion and the various amendments today propose improving the scope of dental services from various perspectives, and such services include examination, scaling, extraction, filling, crowning and endodontic treatment, and the direction of the proposals is very good. They also propose extending the scope of services to people in need aged over 60, which is most desirable.

However, as we all know, the actual situation is that dental services are very expensive, especially crowning and endodontic treatment which often cost thousands of dollars and even more than \$10,000. At present, there is an ageing population in Hong Kong and, when we discuss health care financing, we should understand that there will be a big difference between the actual needs of Hong Kong and our projected needs in 2033. What should be done when there is a

severe shortfall in health care expenses? We hope that the Government will formulate a long-term policy on dental services.

On the one hand, as the existing services have a narrow scope, improvements are obviously needed. On the other hand, what long-term dental service policy does the Government have in order to cope with the realistic the situation of an ageing population? Apart from gradual enhancement of services, the Government should consider public-private partnership. Just as Dr LEUNG Ka-lau said earlier, if the Government really has to provide comprehensive services, it may not be able to solve the problems even if it engages the service of all private dentists, and the training up of dentists will take many years. Hence, I hope that the Government will formulate a long-term policy and take complementary actions in talent training. I also hope that the Government will use the services of the insurance sector and engage in public-private collaboration so that the public can have better dental services early.

I so submit.

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

**MR ALBERT CHAN** (in Cantonese): President, regarding the problems with the teeth of Hong Kong people, there was a special report by BBC international because I had arranged for a BBC reporter to interview an old person in Tin Shui Wai. The reporter was astonished when he saw the old person aged over 70 because he had a mouthful of steel teeth, just like the character in a "007" movie. The reporter asked the old man why he had a mouthful of silver steel teeth, and he told the reporter that it was because all his teeth had decayed. He had to pay a lot for a full denture in Hong Kong, so he went back to his hometown Fujian and had all his teeth replaced with silver steel teeth at RMB60 each. The reporter found it very strange why an elderly recipient of CSSA in Hong Kong could not get basic and humanitarian services and was forced to replace all his teeth with a mouthful of strange coloured teeth.

The conditions of the teeth of the nationals actually show the standard of living of a country. I recall that when I was about 20, some uncles told me that whenever we visited a place, we needed only observe the conditions of its

nationals' teeth and we could tell whether the country was rich or not. If the nationals had white and beautiful teeth, they were certainly rich and had a high standard of living. In my opinion, we can visit various parts of the world and have a look, the poorer the place and the lower the nationals' level of education, the more dental problems they have. The same applies to Hong Kong, right? The elderly living in impoverished areas, especially those living in cubicles have teeth that are very different from those of the elderly living in luxury residences or those found in places where rich people dine out.

Our teeth are part of our body and, throughout the years, I have not quite understood why the health care policy of the Hospital Authority or the Government has excluded dental services from the general health care policy. This is actually a very absurd, utterly preposterous and absolutely weird policy. Our teeth are part of our body and when something is wrong with our teeth, there is something wrong with our body. But when something is wrong with the teeth of the recipients of CSSA, as certain services are excluded, they will have a very hard time. In April 2007 when the Legislative Council Subcommittee on Review of the Comprehensive Social Security Assistance Scheme convened meetings, many organizations reflected that the relevant dental policy had serious deficiencies. For instance, the publicity on the provision of dental grant was inadequate, the application formalities for the grant were complicated, the public dental clinics were highly insufficient, the system was inflexible, the staff handled the applications in bureaucratic and ossified manners, and the scope of dental grant did not cover tooth extraction, as a result, the elderly were not benefitted.

How can the scope of a dental grant not cover tooth extraction? I am not sure if the officials responsible for formulating this health care policy are idiots, unreceptive or not sensible for they have totally neglected the basic needs of living of the elderly. Secretary, why don't you try to hold back from an extraction when you have a toothache and disallow all civil servants to have tooth extraction when they have toothache to feel for yourself how serious the pain is?

That is why I have stated right from the outset that the Government's attitude towards and principle for dealing with the dental problems of the public are very absurd, totally illogical and utterly unreasonable, and that it is very preposterous for this Council to debate the matter. How can government officials be so muddled as to rigidly exclude dental problems from other health problems and needs of the body?

Perhaps Hong Kong is a poor and backward place, right? We cannot be considered as equal to the United States, Canada, Australia, New Zealand, and so on. The dental conditions of poor families in the United States, Canada, Australia, New Zealand, and so on, are absolutely better than those of the poor families in Hong Kong. Dental health cannot be determined on the basis of money and class, but that is the case in Hong Kong where the teeth of the poor are not looked after. Perhaps senior government officials in Hong Kong consider dental health as special treatment for a particular class, but this policy must be rectified.

I really hope that the Secretary ..... but the Secretary very often does not accept our views. When we discussed the problems of chickens, he did not accept our views; when we discussed the problems of day-old chickens, he also did not accept our views; and when we discuss the dental problems, he does not quite accept our views. The same also happened when specialist out-patient services were discussed, right? Some people have waited six years for specialist out-patient services, but it is not yet their turn, right? On this point, if Honourable Members unanimously support ..... President, I believe this motion will be unanimously supported by Honourable Members today. If, in respect of a proposal unanimously supported by Honourable Members, the Government remains impenetrably thickheaded and still does not make improvements, it is almost hopeless and government officials will make people even more discontented and force them into rebellion. If the Government can inject resources, we actually do not need too many resources, right? The Government adopted tax and rates rebates in the past, thus, it only needs to utilize a small amount of resources to handle the dental problems of the public and make improvements.

Even though I have just said that I do not hold much expectation, I still hope that there will be a miracle. I hope that the Government, the Chief Executive or the Secretary would do something good for the dental care of the grassroots in Hong Kong. Thank you, President.

**DR PAN PEY-CHYOU** (in Cantonese): The elderly persons in Hong Kong are toothless. This is a serious problem indeed. Many elderly persons and even members of the public have such a misunderstanding that teeth will fall as a person becomes old and that it is a very common thing. Also, apart from the small number of dentists working in the voluntary agencies who charge less

expensive fees, most dentists are private practitioners and they charge very exorbitant fees. The elderly persons do not have any income and even if they do not have to receive CSSA, they are unwilling to spend money to treat a dental disease; and even if they are willing to do so, they do not have the means. As we all know, the cost of a dental implant is tens of thousand dollars and if people have to undergo dental implants for a number of teeth or the whole set of teeth, the cost may be good enough for the downpayment of a flat. Even a simple dental check-up will cost a few hundred dollars. It is even more expensive to have a dental implant. Sometimes the elderly persons are unwilling to spend money and they may not be able to pay for a simple dental check-up.

Just how common are dental problems among the elderly? I have got some statistics here. The Department of Health conducted a survey on oral health in 2001. The survey report was most remarkable. It was found that among the non-institutionalized elderly persons aged 65 to 74, the edentulous percentage, that is, the "toothless", was 8.6%. As for institutionalized elderly persons aged 65 and above, the edentulous percentage was as high as 27.2%. That is to say, almost one person out of every four was toothless. This is a pretty shocking figure and it shows that the problem is very serious. The figure also shows that elderly persons living in the institutions do not care so much about their teeth for various reasons and this explains the deterioration in dental health.

Many people take it for granted that teeth will fall as people get old. Many elderly persons do not care about their teeth even if they fall off one by one. If this situation of teeth falling off can be arrested, it would benefit the elderly persons greatly. Let me first talk about what problems we will get if our teeth fall off. The Faculty of Dentistry in the University of Hong Kong has undertaken a study and it was found that malnutrition exists among a very high proportion of elderly persons who have lost all their teeth and who do not wear any dentures. This shows that when elderly persons do not have any teeth, they cannot take in food from a balanced diet. This accounts for malnutrition. When people do not have any teeth, they will have difficulties chewing and swallowing. If they just swallow the food, this may affect their digestive ability because the food is not chewed.

To solve this problem of enabling toothless elderly persons to eat, often the food has to be turned into fluid or be broken down and mashed, like porridge. I do not know if Members have ever taken this kind of porridge meal. I often see

old folks taking this kind of porridge meal. I can tell Members that even if the food used to be a delicacy, once it is turned into porridge, its very appearance will take away one's appetite. Moreover, there is no texture in this kind food. If people have to eat that kind of porridge once or twice, such as patients who have to eat food in fluid after undergoing a gastroenterological operation, they will be able to bear with a few such meats. But just imagine, if we have to eat such kind of food every meal all the year round, what would be the quality of our life?

The World Health Organization has a set of standards for dental health among the elderly. But I am afraid most of the elderly persons in Hong Kong are unable to reach such standards. According to the standards, elderly persons aged 80 should at least have 20 teeth which are not loose and can function normally and with which they can use to chew food. How many elderly persons in Hong Kong can reach such a standard? I do not have any answer to that, but I believe the number would be very small indeed.

Apart from the elderly ..... there are indeed many problems concerning the teeth of the elderly and these have been mentioned earlier, such as the loosening and falling off of teeth as a result of tooth decay, abscess and periodontosis. And also pain in the gum as a result of friction, and so on. On the surface, these problems look as if they can only cause some inconvenience, but as I have just said, they may lead to malnutrition. Some dental problems will actually affect the health of a person and many people of a younger age also have some tooth diseases. We often hear people say that when they bite something, there is bleeding in the gum. This kind of bleeding is very common and if someone has bleeding in the gum for no particular reason, this is definitely not something to be happy about, for this is likely to be a symptom of on-set periodontosis.

Now the government dental clinics only provide service to civil servants, their dependants and retired civil servants. As for ordinary members of the public, they can only get very limited emergency service at certain designated clinics. This is not enough actually. The Government says in its publicity materials that people should care about the health of their teeth and it also tells us that the Government will offer sufficient health protection to the people so that we will not be deprived of the opportunity to see an doctor and get medical attention for lack of financial means. May I ask the Government, why there is no protection for our teeth and gum which are at the front line of the human



digestive system? So I hope the Government can pay more attention to this problem, so that the people of Hong Kong can enjoy the most basic dental protection and service.

I so submit to support the motion.

**MR ALAN LEONG** (in Cantonese): President, the findings of a survey on oral health conducted by the Department of Health in 2001 showed that 51% of the school children aged above five and 97.5% of the adults aged 35 to 44 had a tooth decay problem, and 59.5% of the school children above the age of 12 were exposed to the risk of periodontosis. Besides, 8.6% of the non-institutionalized elderly aged above 65 and 27.2% of the institutionalized elderly of the same age bracket had lost all their teeth. As the saying goes, "a toothache is much worse than a serious illness". It can be seen from the statistics collected seven years ago that many people in Hong Kong suffer from tooth diseases.

According to a reply from the Government last year, for the past five financial years, there was no additional funding from the Department of Health (DH) to expand the School Dental Care Service and the public dental service. The findings of the survey by the DH have shown beyond doubt that the state of dental health among the people of Hong Kong is undesirable. But to our dismay, the Government has not increased funding to address the problems in a focused manner. This is most baffling.

President, it is true that elderly recipients of CSSA can apply for a dental grant from the Social Welfare Department (SWD) for the actual expenses incurred, but as required by the SWD, they have to go to the Social Security Branch of the SWD for an appointment to get a form and select from one of the some 30 designated dental clinics for a quotation. Then the applicant has to pay the fees quoted first and make an appointment with the SWD for approval before they can be reimbursed the money of an amount not exceeding the quotation and see the dentist. Since the clinic they go to is on the list of the some 30 dental clinics designated by the Government, why are these elderly persons still required to get a quotation?

President, to require an elderly person with a toothache problem to undergo so many complicated procedures before he or she can receive suitable treatment only shows the frigid and insensitive bureaucratic mentality of the Government

and it is a total defeat of the real meaning of a dental grant. Moreover, the dental grant under the CSSA Scheme does not include tooth extraction and this is already mentioned by some Honourable colleagues. However, public dental clinics only provide tooth extraction service but not other kinds of dental services. If a patient has to get a tooth extraction and filling at the same time, he or she has to shuttle between two kinds of clinics. And they will have to suffer the torments of administrative procedures once again. The Secretary should put himself in the shoes of these people in implementing welfare policies and streamline unnecessary procedures before the needs of the public can be met.

President, although the Government now issues health care vouchers to the elderly, these vouchers do not mean so much help to the poor elderly as a matter of fact. The elderly used to be able to get medical consultation and treatment free of charge at the public clinics, but if they go to a private dental clinic for a tooth extraction or filling, they are likely to use several hundred dollars or a thousand dollars, and even a few thousand dollars. Even if they use all the health care vouchers for the elderly which worth a total of \$250 at one time, they will have to meet the shortfall from their own pockets. It is not worth it because if they use all the value of \$250 in their health care vouchers at one time, they will lose the subsidy for other medical consultations. Hence the opportunity cost is very high. I suggest that when the Government considers introducing a dental care scheme for the elderly, it can consider issuing health care vouchers at a higher value in order that the elderly can be subsidized in seeking dental treatment at private clinics

President, we all know and agree that prevention is better than cure. So I agree that the Government should put in more resources to set up a dental care scheme for secondary school students. But I have been given to understand that the dental care scheme for students in primary schools is only in the charge of dental therapists and not dentists. The greatest difference between the two is while dental therapists can undertake a basic dental examination for the primary school students to ensure that their teeth can grow in a healthy manner, the dentists are primarily involved in more complicated dental treatment. As there are differences between the dental composition of primary and secondary school children, to promote the dental care scheme for secondary school students effectively, the Government must put in more resources and hire dentists. Now, there are about 244 dentists in the Government and they will have to cope with more than 650 000 patients. This means each dentist will have to serve more

than 2 500 patients on average. There will be a severe shortage of manpower. Last year, the Government said that it would have to hear the views of the dental sector before it could consider the introduction of a dental care scheme for secondary school students. The Government should inform this Council now what it thinks on the issue.

President, I definitely agree with the idea that the Government should promote a comprehensive dental care scheme to protect the oral health of the public. I also think that as the public dental out-patient clinics are at the front line of primary health care, their service targets should be all those in need and efforts should be made to ensure that resources are not abused.

Lastly, I would like to point out that public dental out-patient services and private dental clinics are playing different roles in the market now. When the Government promotes dental out-patient services, it should also ensure that dental clinics in the private sector will have room for sustainable operation. It is only by doing so that the sustainable development of dental services can be ensured.

President, I so submit.

**MR LEUNG YIU-CHUNG** (in Cantonese): President, many Honourable colleagues have repeated the saying that "a toothache is much worse than a serious illness". What is the meaning behind this remark? I believe many Honourable colleagues sitting here must have had the experience of having a toothache. We know how excruciating a toothache can be. This accounts for the above saying. A toothache makes people feel uneasy and it really does. The best way is, of course, to prevent a toothache from occurring, but unfortunately, there is no such thing as preventive measure in our whole health care system. For the elderly persons, their situation really makes people feel worried and heartbreaking. We all know that the elderly had very little knowledge of dental care when they were young. Society at that time was very poor and even if people had paid attention to issues like the teeth, oral health, and so on, they did not have any means to take any precaution. This is why teeth and oral cavity problems prevail among the elderly. However, there is one thing we need to understand and Dr PAN Pey-chyou put it very aptly just now when he said that if our teeth become decayed, the effect on health is very great indeed. When people have difficulty chewing and eating, this will cause health problems. As people do not eat and chew well, they do not want to eat anything and so they

are unable maintain themselves as healthy as they should be. This is a cycle and we cannot afford to disregard it.

As a matter of fact, since the Secretary is a medical doctor, he should know better. If someone does not eat so well, his health will be affected and other diseases will develop, hence leading to other expenses. So if someone does not spend the money that he should spend on dental health, it appears that money is saved. But at the end of the day, he would have to spend the money in any case. Since this is the case, why did the Government not face up to this question and do something about the root or the source of a problem? Why did it take a detour before doing something and in so doing tormented the public?

Why do I have to use the word "tormented"? President, if you ask the elderly what is the health care service that they hope the most to get, the first answer is the dentist. In other words, it is dental care. Seeing a dentist these days is very expensive and these old folks cannot afford it. Precisely because of this reason, they have to bear with it. They do not fill any tooth or get a denture. They will just bear with the pain and toothlessness. They would just have to stand it no matter what. President, if this is not torment, then what else can it be? If this situation goes on, this would not be a good thing. As I have just said, this is bad for health. So I think the elderly must be respected and cared for. They had worked hard and made contribution to society and at that time the social conditions were not so good and they got little care in this aspect. Then should we not pay them back now and set aside more resources to take care of them? This is the first point I wish to say.

Second, Mr CHEUNG Kwok-che said earlier that at the beginning of this year, some Members had suggested to the Secretary how dental services should be improved. But the Secretary said that the government policy objective was mainly on publicity and education. President, I do not know how the Secretary could be so simple and naive when he made those remarks. If publicity and education can solve the problems, then there would not be any need for so many hospitals. The health care personnel may as well be asked to engage in education and publicity efforts and there would not be any need for providing so many health care services.

We know that education and publicity are important, but they are only part of the health care system, they just constitute part of physical health, not all of it.

If, just as the Secretary said, the government policy objective is to engage in education and publicity, would he not think that this policy is wrong? I am not saying that education and publicity are not important. I have never said so. The question is why this bias in his policy and attention is only paid to publicity and education and not in other kinds of work. Is this wrong? I think at the same time when attention is paid to publicity and education, there are also other kinds of work that warrant attention.

Members have mentioned that the out-patient services currently do not include dental services. There are many old people who need to have their teeth filled or dentures made. These are important kinds of work that should be done. And there is something which is more important and, that is, scaling. Scaling helps make the teeth and the mouth healthy. This is because parts of the teeth with tartar or dirt can be cleaned and a dental check-up can be undertaken at the same time. So scaling is very important. Mr WONG Kwok-hing said earlier that the public's need for scaling should be met. I agree with him very much. Because this is the best and most effective way to help people pay attention to the health of their teeth on a long-term basis.

If the Government says that resources are not enough and there is a need to prioritize, I think it does not matter, for this is often the case when the Government is to use the resources it has. However, with respect to scaling, I think the Government will really have to think about it, especially for the elderly persons. If they can be given scalings regularly, then chances of them developing teeth diseases will be reduced. I think this is crucial.

As for secondary schools, as I have just said, publicity and education on the part of the Government are all the more vital to the secondary schools. This is because the students can be made to understand how they can take good care of their teeth, how to clean them and care for them. I think the Government should spend more efforts on it and do more in the hope that when the students grow up, they can have less need for dental services. This would be all the more better.

President, lastly, like Mr Albert CHAN, I also think that often times the Secretary would just listen to what we have said and that is it. There is nothing done to follow up. I hope that he would also see the significance of this problem and take concrete steps to follow up and improve the situation.

President, I so submit.

**MR WONG SING-CHI** (in Cantonese): President, the importance of teeth to health and the quality of life is something we cannot afford to neglect. But in reality it is often most neglected. The World Health Organization (WHO) held a conference on world health last year and discussed how policies in countries and places all over the world could be made better. Attention was paid especially to improving the oral health of the people.

In the WHO conference, Prof SHEIHAM from the University College of London published a report which, based on scientific study, highlighted the correlation between oral health and physical health and quality of life. Prof SHEIHAM pointed out that dental diseases are the most common form of chronic diseases and an important issue in public health. The Professor pointed out that dental diseases change the patient's eating habits and when a patient experiences pain in chewing food, he would reduce his intake of nutrition like fibres. The carotene, vitamin C and folic acid levels in his body would be clearly lower than that of other people. Inflammation in the oral cavity, long-term infections, swelling and pain, and so on, would prevent the patients from enjoying life. They will have articulation problems and difficulties in chewing and tasting food, so as a result their social life will be affected and they cannot even sleep well. They are affected in these many ways. Teeth problems affect the physical and mental health of people and they cause other chronic diseases like those in the digestive system.

This difficult academic report by the Professor is, however, most plain and easily understandable to the old people, for this is the reality that they have to live with in their everyday life. In 2002, the Department of Health published the one and only one report on oral health in Hong Kong. The truth depicted in that report is pathetic to the extreme. In terms of teeth, those old folks who live in the institutions were the most miserable. About 30% of them did not have a single tooth and more than half of them did not have any false teeth. While only 70% of them did have some teeth, more than half of them had tooth decay but no treatment was given. For all the old folks, all of them had only 10 teeth on average, and at least 2.6 of these teeth were decayed teeth beyond treatment. Most of them had decayed to the pulp and no fillings could be undertaken. This kind of dental problems is a cause of endless torment to the elderly and we can see that 3.4% of them did not sleep well because of the acute pain, 10.6% would have tooth ache even without touching any, 16.7% would experience pain upon being touched, 19.2% experienced discomfort when eating, 19.2% had difficulty in chewing, and 12% had difficulty in speaking. Currently, about 10% of the

elderly people in Hong Kong live in institutions. When they live in these institutions, they are cut off from their children and grandchildren and other members of the family. They have little chance of going out for leisure. And so eating and sleeping have become their main sources of enjoyment. But they do not sleep well because of the toothache and they have difficulty in eating. They cannot articulate words clearly because of their missing teeth. So they cannot make themselves understood. This is a deplorable quality of life for them. So it is not right to let these old people endure the pain and eat not properly.

In fact, many of the old folks who live in the homes for the aged are on CSSA and there is some kind of subsidy given to these old folks to meet their dental expenses. But the question is, the application procedures are very complicated. First, the old person has to go to a dental clinic approved by the Social Welfare Department (SWD) to get a quotation. After he has got the quotation, he has to go to the SWD to apply for grant for dental treatment. Then he can make a visit to the dentist. In these residential care homes for the elderly (RCHEs), especially those in the private sector, manpower is often in short supply. How can there be people helping the elderly make their applications by going through all of these complicated formalities? Mr Andrew CHENG from the Democratic Party has suggested earlier on to provide some outreaching services. This is a practical approach that can help the elderly handle some simple teeth problems on the spot. If more complicated services are required, the dentist in the outreaching team can issue a quotation and then arrangement can be made for the elderly to go and see a dentist.

The case of elderly people living in the communities is quite similar. Most except a few of their teeth are missing and some have even lost all their teeth. The problem of toothache due to tooth decay is very serious. Some social workers engaged in elderly services have told me that many of the elderly persons are suffering from malnutrition. At first they thought that the elderly persons were poor and they were frugal in spending money on food. Although poverty among the elderly is true, the problem of having no tooth is even more serious. They are unable to eat many kinds of food. This accounts for malnutrition in the elderly. In the communities, we know that many elderly persons are not on CSSA and they just live on the Old Age Allowance, a tiny amount of personal saving and other sources of income such as scavenging waste paper. The costs of dental services in the private sector are very high. Some social service agencies do offer some concessionary dental services. A dental

check-up and scaling cost about \$200. The charge for denture is as high as a few thousand dollars. Mr Andrew CHENG's amendment proposes the setting up of a fund, and the effect of that fund is at least the elderly persons can get a subsidy to install a few dentures at once. This would enable them to restore their chewing function. And this is only a very simple request indeed.

In addition, families on CSSA also face serious problems. The dental grant is only confined to the elderly, the disabled and the frail on CSSA. This grant is not applicable to the unemployed, the low-income and the single-parent family recipients of CSSA. Primary school students fare somewhat better because they have access to the School Dental Care Service. But the young children and secondary school students do not have access to any public dental services at all. A survey by the Department of Health also finds out that half of the young children aged below five have a tooth decay problem. And when the children from these families have decayed teeth, as the present level of CSSA payments can only cope with the most basic living expenses, it is not possible for these families to spare any money to see a dentist. The original motion suggests setting up public dental clinics in the community and introducing a dental care scheme for secondary school students. I believe these can hopefully serve to ease the hardship faced by these families.

With these remarks, I support the original motion and the amendment proposed by Mr Andrew CHENG.

**MR ALBERT HO** (in Cantonese): President, whenever mention is made of oral health or dental problems, the Government will say something like this: With respect to oral care and health, our goal is to raise public awareness of oral hygiene and health and help the public use oral care services properly, thereby improving oral health in the public. This is pure officialese. To be more direct, the Government only wants to be responsible for health education matters. It would only teach the people to prevent dental diseases. Should problems or decay appear in the teeth, then the public is on their own. No public dental services are provided by the Government.

Let us see how the World Health Organization (WHO) defines oral health. It says, "Oral health is a state of being free from chronic mouth and facial pain ..... gum disease, tooth decay and tooth loss, and other diseases and disorders



that affect the oral cavity." So oral health is about the public being free from chronic mouth problems, tooth decay and other diseases. Under the existing government policies, there is no way the public can get any suitable oral care services.

Dental treatment services are a gap in the Hong Kong health care policy. Public dental treatment provided by the Government only comes in the form of School Dental Care Service (SDCS) for students in primary schools, and only basic health care services are offered. Of the 11 public dental clinics, many of them are only open to the public in one morning or afternoon during the week. The rest of the office hours are meant to serve civil servants only. So we can see that the setting up of these dental clinics is only meant to be a kind of fringe benefits which the Government as an employer provides to civil servants, their families and retired civil servants. Simple services like pain relief and tooth extraction are offered to the public only as a sideline. As for some services for the maintenance of long-term oral health, like tooth filling, making dentures, endodontic treatment, and so on, the public will have to find their own means and turn to the private clinics.

The kinds of services offered by the public health care system to the public have a direct and obvious bearing on their oral health. We can look at the SDCS which the Government offers to primary school students. The result is that the state of oral health among 12-year-olds is quite good because such services are available. This explains why the extent of tooth decay of our children is among the lowest in the world. But there is no dental care scheme for secondary school students. The percentage of secondary school students who receive dental examinations drops to only 21%. As for other groups of the population not covered by dental care schemes, oral health problems are very serious indeed. Of the children under the age of five, 50% of them have tooth decay and 90% are not getting any treatment. Among the elderly, 27% of the elderly persons living in RCHEs have lost all their teeth, half of them have untreated decayed teeth and more than half have periodontal pockets.

Therefore, we think what the Government should do is not just expanding the out-patient services and dental care schemes, but it has to examine its oral care policy. The current policy of only emphasizing publicity and education is obviously inadequate. Dental treatment services are indispensable. In fact, in a publication by the WHO, the view of Prof SHEIHAM of the University College

London is mentioned. Prof SHEIHAM says, "The compartmentalization involved in viewing the mouth separately from the rest of the body must cease." This is to say, we should not treat the health of the mouth separately from the health of other parts of the body. We must adopt a holistic approach to provide primary health care services and the objective should be placed on improving the overall health condition of the people.

The WHO has set a global oral health target for the year 2010. Among the elderly persons, not more than 5% of them should be toothless. However, the case in Hong Kong is, as I have just said, 8.6% of the elderly persons in the community are toothless and 27% of the institutionalized elderly persons are toothless. In 1998, Report No. 31 of the Director of Audit proposed to draw up oral health targets for the elderly persons. Now that 10 years have passed, no targets have yet to be drawn up, nor are there any measures taken to improve the oral health of the elderly.

The situation in certain remote areas in Taiwan is even better than that in Hong Kong. Some time ago I came across a report which said that in Taiwan, the government of Yilan County in a bid to take care of the disadvantaged elderly above the age of 65 had commissioned certain dental clinics to install false teeth for the low and middle income elderly persons, with the maximum amount of false teeth limited to 10 per person. This helps ease the inconvenience experienced by old folks with loss of teeth. This enables them to regain the joy of eating. So I hope that the Hong Kong Government will not let itself be outshone by a remote place like the Yilan County in Taiwan and it should feel obliged to offer denture service to the poor elderly.

I implore Members to support the original motion and the amendment moved by Mr Andrew CHENG.

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

(No other Member indicated a wish to speak)

**PRESIDENT** (in Cantonese): Mr WONG Kwok-hing, you may now speak on the two amendments. You may speak up to five minutes.

**MR WONG KWOK-HING** (in Cantonese): President, I welcome Mr Andrew CHENG's speech and amendment, because he has enriched and supplemented my original motion. As for Dr Priscilla LEUNG's amendment, I must say that I oppose it because she has narrowed the scope of my motion as well as that of Mr Andrew CHENG's amendment and this, I think, is tantamount to turning a blind eye to the needs of the grassroots, especially the needs of people who fall into the "10 have-nots" category. Moreover, she proposed to increase the eligible age for the elderly dental care scheme from 60 to 65.

About the impact on the profession during the transition period, I think co-operation between the public and private sectors is an option. The provision of comprehensive public dental services by the Government will not affect private practice in the profession. As for people with financial difficulties, the Government can in fact provide assistance to people in need by upgrading the health care voucher scheme to enable them to obtain dental services, such as filling and scaling, in the private sector. There is entirely no conflict at all.

Lastly, I would like to talk about the responsibility of the Government. When he spoke on oral health after listening to the speeches of movers of the motion and amendments, the Secretary remained confining his work to publicity and education and this, I think, is most regrettable. This motion proposed by us today seeks to point out one most important point, that is, insofar as dental health is concerned, which is the first gate guarding public health and the digestive system, there has been no universal dental services provided by the Government.

Furthermore, there is also a gap in the provision of health care services. We all know that one should seek medical treatment before one's condition becomes too serious, and the foundation of health most basically starts from eating. Such being the case, if we do not start dealing with dental diseases and dental problems at the primary stage, the problem of a gap in service delivery could never be solved. The Government did not answer this question in its response earlier on, but I very much hope that the Secretary, who is also a doctor by profession, can give us a good, detailed answer in his response to Members in this debate later, so as to show us the timetable and roadmap for solving the problem of a gap in dental health and oral care.

Moreover, the Government must provide comprehensive dental treatment and care services to all members of the public. While the Government may say that this would require a huge input of money and resources, as also pointed out

by a number of Members in their speeches earlier on, dental health or oral health is inseparable from the overall health of a person as a whole and cannot be neglected. It is precisely because this is the very first gate that if we cannot secure it, our digestive system, excretory system and various other parts of our body would be immensely affected. Therefore, this is an unshirkable duty of the Government.

It has long been the practice of the Government to provide these services only to civil servants. This is, in fact, very unjust and very unfair. Members of the public should be the boss but we, being the boss, cannot enjoy these services. Is this not weird? I believe this is due to historical reasons inherited from the past colonial rule, but now that Hong Kong is already reunited with the Motherland, this problem must, therefore, be solved.

Thank you, President.

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): President, I thank Members for the valuable opinions they have expressed on the motion and the amendments earlier. I now wish to give a concise response to the key points raised by Members.

As I said at the outset of this motion debate, prevention is the first and foremost way to effectively improve oral health. This is also a key point emphasized by the World Health Organization. In this connection, "prevention" has been the prime objective of the Government's policy on oral health and dental care over the years, and we seek to raise public awareness of oral health and facilitate the development of proper oral health habits through publicity and education.

Apart from proper promotion of education on dental health, the Government also provides emergency dental treatment services to the public and people in need. On the other hand, the public can enjoy services in the private market, and some non-governmental organizations (NGOs) also provide reasonably priced dental services for the public. As to how further improvement can be made to the overall dental services in both the public and private sectors, it is necessary for us to consider views from all sectors. We are currently focusing on issues such as primary health care and the imbalance between the public and private sectors. With regard to service delivery in individual areas (including

dental services), we need to consider a diversity of factors in the long term, including how resources can be provided to meet the demand, and it is all the more necessary to set priorities for our efforts.

Mr WONG Kwok-hing proposed setting up a dental care scheme for secondary school students, while Dr Priscilla LEUNG proposed in her amendment setting up a dental care scheme for students of universities. As I pointed out in my earlier speech, the School Dental Care Service now being implemented in primary schools has produced very satisfactory results, as over 90% of the Primary Six students participating in the scheme are in good oral health conditions. They already have good knowledge of dental care and developed proper dental care habits at a young age. So long as they can persistently maintain the good habits, they will absolutely be able to protect their teeth after leaving primary schools.

We hold an open attitude towards the question of whether a government-subsidised dental care scheme should be set up for all secondary school students. However, we do require more information and statistics to assess the actual needs in society. We also need to make reference to the experience of other countries in implementing similar schemes, including the results of the scheme, the problems encountered in implementation, and so on. If a dental care scheme is introduced for secondary school students in Hong Kong, what should be the objectives and the mode of operation? The role to be taken up by the Government in the scheme, the scope of dental care services provided under the scheme, the financial commitments to be made, as well as the views of the dental profession and parents are issues that warrant careful consideration. We are prepared to continuously listen to the views of the dental profession and the public before giving overall consideration to the proposal.

Secondary school students aside, Members also mentioned dental services for the elderly. Mr Andrew CHENG's amendment mentioned the provision of out-reaching dental services for the elderly living in residential care homes and proposed to study the provision of small dental clinics in elderly health centres. Currently, the elderly are provided with free emergency dental services through the general public sessions in 11 government dental clinics. According to a survey conducted by the Department of Health (DH) in 2007, elderly people aged over 60 accounted for about 60% of the users of the general public sessions in government dental clinics. On the other hand, the elderly can also use the dental services provided by dental clinics set up in various districts all over the territory

by a number of voluntary agencies under the Hong Kong Council of Social Services.

As for elderly people with financial difficulties, through the Comprehensive Social Security Assistance (CSSA) Scheme, CSSA recipients aged 60 or above are given a dental grant to meet the expenses on dental treatment, such that they can receive dental treatment in the private sector. Information showed that 2 700 elderly CSSA recipients were given a dental grant in the year 2006-2007.

Mr Andrew CHENG mentioned the provision of dental services for elderly living in residential care homes. At present, the DH's Visiting Health Teams pay visits to RCHEs and day activity centres for the elderly where they organize promotional activities on oral health and give carers and the elderly important tips on dental care. On the other hand, some non-government charitable organizations also provide reasonably priced outreaching oral health services for the elderly living in residential care homes.

Dr Priscilla LEUNG and Mr Andrew CHENG both proposed in their amendments that people in need be subsidized in using the dental services of private or non-profit-making organizations. In fact, a three-year pilot project will be launched in January next year to provide five health care vouchers, each with a value of \$50, to the elderly aged 70 or above every year to meet part of their expenses on private primary care services, so as to enable them to choose private care services that suit their needs in addition to the public health care services. The health care vouchers can be used for consultation with Western medical practitioners and Chinese medicine practitioners, and also for professional health care services and dental services. So far, over 1 000 service providers, including more than 100 dentists, have registered under the scheme.

President, the manner of dental service provision varies from place to place in the world. While some of the places have a high tax regime, they have put in place national health care service or social health care protection schemes, whereas in some other places, dental services are provided using a "user pays" approach or in the form of private medical insurance. In determining the delivery mode of dental services, these countries certainly have different policy considerations but they all have to consider the cost-effectiveness of different options, and to put it simply, they must consider how far public health will benefit from the injection of resources. In the meantime, it is also necessary to consider

how the problems of possible overuse of services or overspending can be addressed effectively, and particularly when dental fees are fully paid by a third party (that is, the Government or insurance company) or heavily subsidized, there may be cases of misuse or abuse.

We have also studied overseas experience. In Australia, dental expenses covered by the government currently account for about 18% of the total expenses on dental services. The Medicare scheme, which is the principal national health care scheme in Australia, does not cover dental treatment, but limited dental services are provided to groups of people whose health conditions will be jeopardized by dental diseases. These groups of people include the chronically ill or people in need of special care. On the other hand, Australia launched the Medicare Teen Dental Plan just in July this year to subsidize means-tested youngsters aged 12 to 17 to receive preventive oral check-ups annually. In Canada, dental expenses covered by the government account for only about 5% of the total expenses on dental services. The Medicare scheme in Canada covers only those surgical oral services performed in hospitals. From overseas practices we can see that while dental services are provided by the governments in some countries, these services are normally provided for individual groups exclusively and often to a limited extent.

We are open-minded to the proposals made by Members today on the improvement of dental services. When studying each of these proposals, we must carefully assess the factors involved in the proposals, including those in respect of resources, such as the supply of professionals, financial resources, the overall support facilities, and the health benefits. We will also make reference to the successful experiences of other countries.

As the Chief Executive mentioned in the policy address, we will allocate more resources in the coming few years to develop a prevention-based model for primary care services. The Working Group on Primary Care chaired by me, which comprises professional representatives of the dental profession as well as representatives of service users and relevant sectors, has commenced work. The Working Group will focus its study on how to promote comprehensive primary care services and how to provide subsidies to the public for preventive care services. One of the topics to be discussed is dental services and the work that we have discussed in this debate today. Once the Working Group has completed the preliminary assessment, we will consult Members, the profession and the public and further listen to their views.

Lastly, I hope that this debate today will give Members and the public a better understanding of the key points and objectives of the dental services in Hong Kong. I must reiterate that it is one of our most important tasks to promote education on oral hygiene and health, thereby improving the oral health of the public in line with the direction of the development of primary care services.

Thank you, President.

**PRESIDENT** (in Cantonese): I now call upon Mr Andrew CHENG to move his amendment to the motion.

**MR ANDREW CHENG** (in Cantonese): President, I move that Mr WONG Kwok-hing's motion be amended.

**Mr Andrew CHENG moved the following amendment: (Translation)**

"To delete ", as" after "That" and substitute with "oral health is an important factor affecting people's health and quality of life, yet many people are not able to receive proper treatment when they have oral health problems;"; to add ", and providing out-reaching dental services for the elderly living in residential care homes" after "crowning, etc"; to delete "and" after "60;"; to add "studying the provision of small dental clinics in elderly health centres; and (f) reviewing the policy and goals in respect of oral health, and" after "(e)"; and to add "; as it takes time to improve public dental out-patient services, the Government should first set up a fund to subsidize the people in need to use the dental services of private or non-profit-making organizations" immediately before the full stop."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Andrew CHENG to Mr WONG Kwok-hing's motion, be passed.

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

(Members raised their hands)



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

(No hands raised)

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

**PRESIDENT** (in Cantonese): Members have been informed that Dr Priscilla LEUNG will withdraw her amendment if Mr Andrew CHENG's amendment is passed. As this is the case now, Dr Priscilla LEUNG has therefore withdrawn her amendment.

**PRESIDENT** (in Cantonese): Mr WONG Kwok-hing, as you have used up your speaking time in your speeches earlier, you have no speaking time left for a reply now.

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the motion moved by Mr WONG Kwok-hing, as amended by Mr Andrew CHENG, be passed.

**PRESIDENT** (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

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

**PRESIDENT** (in Cantonese): Second motion: Concern about the cross harbour tunnels failing to divert traffic flows effectively and their high tolls.

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 CHAN Hak-kan to speak and move his motion.

### **CONCERN ABOUT THE CROSS HARBOUR TUNNELS FAILING TO DIVERT TRAFFIC FLOWS EFFECTIVELY AND THEIR HIGH TOLLS**

**MR CHAN HAK-KAN** (in Cantonese): President, I move that the motion as printed on the Agenda be passed.

President, Central, Wan Chai and Tsim Sha Tsui have been the heart areas of Hong Kong. Every day, many people travel to and from these areas either for work or for entertainment. There are currently three cross-harbour tunnels in Hong Kong, namely, the Cross Harbour Tunnel (CHT), the Eastern Harbour Crossing (EHC) and the Western Harbour Crossing (WHC), but it seems that people have a particular liking for the CHT. Day and night, we can see queues of vehicles at this tunnel.

In order to understand the current traffic congestion at the CHT in preparation for the debate today, President, I visited the website of the Transport Department sometime ago. There, I found this photograph of the Kowloon portal of the CHT, taken two days ago at 4.54 pm, before the end of office hours. Traffic congestion already began, with endless queues of vehicles. But this picture of the Kowloon portal of the EHC shows very few vehicles. And, except a vehicle heading for Kowloon from Hong Kong, we cannot see any vehicle in the photograph of the Kowloon portal of the WHC, even under a microscope. All these photographs can show that the distribution of traffic among these tunnels is very uneven.

If we look at some statistics, we will find that in the past five years, the CHT accounted for some 120 000 vehicle trips out of the total number of cross-harbour vehicle trips every day. This is 50% more than its design capacity. On the other hand, the usage of the EHC was just 80% of its design capacity, and that of the WHC was only 40%. There was thus a serious imbalance. The root cause of all this is that the CHT is most conveniently located, and its tolls are the lowest among all. In the case of private cars, the CHT charges a toll of \$20. A private car using the EHC must pay a toll of \$25. As for the WHC, the concessionary toll is \$45. In the case of heavy goods vehicles, the toll variations are even greater. The CHT charges \$30 and the EHC \$75. As for the WHC, the concessionary toll is \$110, as much as three times that of the CHT.

President, this is precisely the reason for the worsening traffic congestion at the CHT. There is congestion at the approach to the Tunnel, congestion inside the Tunnel and yet more congestion after driving through it. The major reason is that road facilities around the Tunnel are far from being adequate.

If we also examine the speed surveys conducted by the Transport Department, we will notice that the speeds of vehicles passing Gloucester Road, Harcourt Road and Hennessey Road in 2006 were lower than those in 2002 by 4% to 10%. In the case of Queen's Road Central, the situation is even more alarming. There was a speed reduction of almost 40% within these four years, with the average speed per hour standing at 14.6 km only. I do not think we need any LIU Xiang here, because any Member can go faster than the vehicles there simply by running or cycling.

President, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) surveyed some 800 people last week. Of all the respondents, 70% thought that traffic congestion at the CHT was serious and very serious; 75% of the respondents also pointed out that the traffic congestion around Central and Wan Chai was acute and unacceptable. As for solutions, 68% of the respondents agreed that the Government should buy back the EHC and the WHC.

President, traffic congestion will not only waste the time and money of motorists but also lead to huge wastage of social resources, including fuel consumption and increased vehicle emissions. And, in case of traffic accidents

or any emergencies, the three tunnels will fail to divert traffic flows. Worse still, one single accident in these areas may affect the whole of Hong Kong, leading to territory-wide traffic congestion.

Over the past few months, many opinions have been advanced in society, including the view that the Government should put forward a buyback proposal to CITIC Pacific, which holds the shares of the EHC and the WHC. But Secretary Eva CHENG and her colleagues have turned down the request on various grounds. For example, they claim that the matter is technically complicated. And, they also maintain that even buying back the tunnels may not achieve the effect of toll reductions expected by the public. Lastly, the Secretary even asserts that the Government may need one year to complete a study on whether any buyback proposal should be put forward.

President, we all agree with the Secretary that we must not underestimate the complexity of the legal, financial and valuation issues connected with a buyback proposal. But so far, the public have only heard the Secretary talk about how difficult it will be. But has the Government ever held any negotiations with CITIC Pacific or the two tunnel companies? Or, if there is any such negotiation, how far has it gone? The public do not know anything about all this. It is hoped that the Secretary can take the opportunity today to clarify the situation with us.

It is in fact not at all difficult to buy back tunnels and roads. Having done some research recently, I notice that the governments of many other places have also bought back the franchises of roads and bridges. President, this is actually a very common practice, nothing novel at all. In 2000, for example, the Shanghai Municipal Government succeeded in buying back the Xu Pu Bridge and the Yanan East Road tunnel after several rounds of negotiations with the bridge company owned by CITIC Pacific and other entities. There is also a similar example in the United States.

In California of the United States, in a bid to ease the traffic congestion around the riverside areas, the State Government took the initiative of abolishing the "Build, Operate and Transfer" (BOT) agreement relating to a tolled highway. The highway was bought back 28 years in advance of the maturity of the BOT agreement. New tolls were set as a means of solving the congestion problem in the area. We in Hong Kong can actually learn from these two examples.

CITIC Pacific now owns respectively 70% and 35% of the shares of the EHC and the WHC. The Government fears that other shareholders may still refuse to reduce the tolls even after it has bought back the shares concerned. We can naturally appreciate its worry. But we also think that if the Government can take the first step and actively explore the possibility, then after it has become one of the shareholders of the EHC and the WHC, we can at least play a part in formulating the operation strategies and exert some influence and pressure on the management of the tunnel companies.

What is more, the Government may also seek to acquire more shares step by step, with a view to further increasing its influence in the boards of directors. Earlier on, the Secretary disclosed that rather than purely buying back some of the shares, the Government was exploring the possibility of buying up the two tunnels. We support such a general direction. However, many Members here and the public cannot accept the Government's intention of spending one more year on exploring ways of evenly distributing traffic flows among the three tunnels. The franchise for the EHC will expire in less than eight years. Simple computations can show that if one more year is spent on conducting studies and several more years on implementation, then when everything is ready, there will just be three or four years left in the tenure of the franchise of the EHC. This means that it will be pointless to buy back the EHC.

Actually, our society has long since been asking the Government to tackle the problem of traffic flow distribution among the three tunnels. After studying the relevant information, I notice that as early as 2005, a motion on this issue was already moved in the Legislative Council. President, the Panel on Transport has also discussed this matter many times before. Years ago, the Government put forward an all-embracing package on this issue, but there were only all thunder but no rain. In the end, the matter was simply left unattended. May I ask the Government whether this package of measures was only meant to appease Members? The Government now employs the same tactic, saying that it must spend one more year on the relevant studies. Is this once again some sort of stalling tactic meant only to appease us?

President, the financial tsunami has swept across Hong Kong, affecting various trades and industries. Many people earning a living by driving must try to cut costs by all means. As a result, they will never choose the EHC and the WHC. It is believed that their preference will probably remain unchanged for

quite some time to come. The DAB holds that in order to tackle this problem, the Government should request the tunnel companies to introduce some toll concessions. For example, toll concessions may be offered during the non-peak hours from 6 am to 7.30 am. Or, concessionary measures can be introduced to induce unloaded lorries and taxis to switch to the WHC. All such measures can, on the one hand, increase the patronage of the EHC and the WHC and reduce the traffic pressure on the CHT. And, on the other hand, they can also reduce the operating costs of the transportation sector. They can kill two birds with one stone, in other words.

The Government has been emphasizing lately that it will launch all the major infrastructure projects as early as possible, so as to promote employment. The expeditious construction of the Central-Wan Chai Bypass should be one of the infrastructure projects that can be considered by the Government. The reason is that this strategic bypass can link up the road networks of Hong Kong East and Hong Kong West. It can be said that it will clear the main artery of Hong Kong, thus making it possible for vehicles using both the EHC and the WHC to reach their destinations without any obstruction.

President, in the wake of the recession caused by the outbreak of SARS, the Government still managed to formulate a sound mechanism that allows upward or downward adjustments of bus fares. And, an issue as complex as the rail merger could also be tackled. Then, why does it still fail to tackle the unreasonable toll structures of the three tunnels after such a long time? I sincerely hope that the Administration can refrain from employing any stalling tactic and make determined efforts to address the problem of uneven traffic distribution among the three tunnels. President, I so submit.

**Mr CHAN Hak-kan moved the following motion: (Translation)**

"That, as presently the Eastern Harbour Crossing (EHC) and Western Harbour Crossing (WHC) have failed to achieve the function of diverting cross-harbour traffic flows effectively, and their tolls are on the high side, imposing a heavy burden on vehicle owners and the general public, this Council urges the Government to:

- (a) discuss with the management of EHC and WHC for the provision of more toll concessions, such as offering lower tolls during

non-peak hours and half tolls for commercial vehicles which do not carry passengers or goods;

- (b) actively discuss with the two tunnel companies and various bus companies to make more room for reduction in cross-harbour bus fares through the offer of toll concessions by the two tunnel companies to the bus companies, thereby bringing down cross-harbour bus fares;
- (c) actively study the buying out of EHC and WHC or the extension of their franchises, so as to lower the tolls of these two tunnels to reasonable levels; and
- (d) improve the connecting road networks for EHC and WHC, including expeditiously constructing the Central-Wan Chai Bypass,

so as to attract more vehicle owners and members of the public to use EHC and WHC, and improve the current traffic congestion at the Cross Harbour Tunnel in Hung Hom, with a view to achieving the objectives of reasonable distribution of traffic among the three tunnels and alleviating the burden of travelling expenses on vehicle owners and the general public."

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

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

I now call upon Mr Ronny TONG to speak first, to be followed by Mr Andrew CHENG, but no amendments are to be moved at this stage.

**MR RONNY TONG** (in Cantonese): President, Mr CHAN Hak-kan's motion proposes to tackle the problems connected with the three harbour crossings by

means of a buyback or franchise extension. My amendment, however, proposes the joint operation of the three tunnels as a more specific and effective means of tackling the uneven traffic distribution among them and also the problem of exorbitant tolls.

President, my disagreement with Mr CHAN Hak-kan stems from my fear that under the existing tunnel market structure, any extension of the franchises of the two tunnels may eventually enable private companies to continue to put their interest before the public interest. In that case, the Government may well lose the upper hand in the negotiations on franchise extension. And, worse still, traffic congestion and exorbitant tolls may well persist after franchise extension.

President, people all find the existing situations of the three tunnels extremely ironic and totally unacceptable. To put it simply, one can say that there are vehicles but no roads, there are roads but no vehicles and the interest of private companies supersedes the public interest, thus resulting in the squandering of public resources. President, one of the performance pledges of the Western Harbour Tunnel Company Limited is to "maintain the highest serviceable level and availability of tunnel facilities". But if we look at the distribution of traffic among the three tunnels, we will certainly be outraged. The combined daily capacity of the three tunnels should be close to 360 000 vehicle trips, but at present, the combined daily throughput of the three tunnels is merely about 230 000 vehicle trips, or just about two thirds of their combined daily capacity. In theory, there should not be any traffic congestion, or serious traffic congestion. But every day, there is acute traffic congestion at the CHT, which is largely the result of the uneven distribution of traffic among the three tunnels. The daily throughput of the EHC is just about 60% of its total capacity (that is, 61 000 vehicle trips). The throughput of the WHC is even lower, just about 20% of its daily capacity (that is, about 41 000 vehicle trips). In contrast, the daily throughput of the CHT currently stands at more than 120 000 vehicle trips, which far exceeds its design capacity of 80 000 vehicle trips. This is the reason for the perennial congestion at the CHT. President, cross-harbour traffic congestion is not the only thing. There is also an uneven distribution of traffic among the transport networks connecting to the three tunnels. For example, at present, Route 3 and the new Route 8 are both seriously underutilized. In contrast, the usage of Tolo Highway on the other side of the New Territories is already close to capacity. This means that the transport networks in Hong Kong as a whole are severely affected by the uneven distribution of traffic among the three tunnels.



President, the main reason for this is connected with the problem with the operation and objectives of the three tunnels. Put simply, the two newer tunnels are operated by private consortia on a BOT (Build, Operate, Transfer) basis. This means that the primary objective is to recover costs and make profits as early as possible. In contrast, the CHT is operated by the Government, with priority accorded to the public interest. This explains why the tolls charged by the two newer tunnels are always higher than those charged by the government-operated CHT which accords priority to the public interest. Another point is that the two newer tunnels are both protected by their respective profit guarantee mechanisms and agreements. As a result, there are no incentives for them to reduce tolls, and this in turn adds to the load of the CHT. Some are of the view that privatization of the CHT will immediately bring forth an even distribution of traffic among the three tunnels. I do not agree to this proposal. The most probable consequence of privatizing the CHT will be a situation similar to that in the Hong Kong fuel market. The three tunnel companies may form a cartel, and the public interest may be further compromised.

Honestly speaking, from the perspectives of public participation and supervision, the present BOT approach can be described as an utter failure. The arbitration outcome in 2005 concerning EHC tolls has virtually given the tunnel a "Sword of Imperial Sanction", with which it can increase tolls whenever it likes, and the Government and the public can only swallow their discontent. The situation with the WHC is even more disappointing. In this case, a profit guarantee agreement is part of the franchise agreement. Under this agreement, the Western Harbour Tunnel Company Limited can increase its tolls once every four years. In addition, if the profit in any of the ensuing years does not reach the lowest estimated level of net revenue, further toll increases are possible. But the problem is that we do not have any sufficient financial information for determining the computations of net revenue. Nor do we have any sufficient information on the criteria adopted by the Chief Executive in Council for approving its toll increase applications. Under the existing mode of operation, the public are "entirely at the mercy" of the tunnel company. The tunnel company can increase its tolls whenever it likes, and there is no room for any negotiations whatsoever.

President, we maintain that an overhaul of this mode of tunnel operation must be carried out immediately, so as to ensure that the operation of the tunnels can be put under effective supervision. Such an overhaul is particularly

important amidst the current recession caused by the financial crisis. There are mainly three proposals in this connection. First, the Government may buy back the EHC and the WHC directly. Second, the Government may extend the franchises for the two tunnels in return for toll reductions by the tunnel operators. Third, the Government may introduce joint tunnel ownership with the tunnel franchisees, with a view to implementing joint operation of the three tunnels.

Let me first discuss the first proposal, the buyback option. Basically, a buyback of the two tunnels by the Government and the extension of the costs recovery period should be the easiest way of restoring tolls to reasonable levels. But this option will necessitate huge public spending to the tune of several billion dollars. And, more importantly, the two tunnel operators may thus be led to think that they are in possession of something unusually valuable. Knowing that the Government wants to buy back the tunnels, they may ask for unreasonable prices. The Government may thus be forced to pay an unreasonably high price. The losses may then outweigh the gains.

As for an extension of franchise periods, I have already mentioned that we do not support the idea. This option actually merits our consideration. However, it must be noted that any negotiations on franchise extension will necessarily entail the formulation of a new agreement. This will mean the dissolution of the original agreement and the signing of a new one with the operators concerned. Our greatest worry is that compensation may have to be paid for dissolving the original agreement. What is more, such a practice is not in line with the rule of law. In addition, during the formulation of a new agreement, the Government may not have sufficient bargaining power to force the operators to accept terms and conditions conducive to the public interest. Owing to all these uncertainties and unknown factors, we have great reservations about this proposal. Therefore, with great regret, I must declare here that we will abstain from voting on Mr Andrew CHENG's amendment.

The Civic Party maintains that the option of joint operation is the most desirable of all these proposals. The most notable feature of joint operation is that while adequate attention can be paid to commercial profits, we can at the same time ensure that the Government can have a greater say in toll setting and tunnel management policies. Joint operation will see the formation of a holding company by the Government and the three tunnel companies. In this way, the franchisees will no longer focus only on their respective tunnels in the course of

toll setting. While setting tolls, they must also bear in mind the need for balancing the traffic flows through the three tunnels. Or, they may need to consider the needs in different local transport networks and regulate the traffic flows through the three tunnels by means of toll adjustments. That way, the effectiveness of all the tunnels can be maximized.

Moreover, President, with joint operation, the Government and the joint operation company will not be the two sides at the negotiation table. Rather it will be one of the major shareholders. In this way, public concerns can be reflected by the Government as a shareholder. To say the least, we can thus ensure that the Government can play a more positive and effective role in making the operators discharge their social responsibility. In contrast to the buyback proposal, this will not necessitate any huge public spending on a full buyback of the tunnels. Shares can be used to acquire tunnel rights.

As pointed out by some academics, it is now the best time for implementing the joint operation of the three tunnels. The year before last, the Government failed to make any progress in extending the franchises of the two tunnels. The tolls for the EHC were increased in 2005. And, since its toll increases early this year, the WHC has seen a drop in throughput rather than any marked revenue increase. What is more, the franchise for the EHC will soon expire in 2016. As a result of all these factors, it is now the best time for the Government to implement joint tunnel operation without violating the BOT agreements concerned. We must not miss the current opportunity of reforming the mode of tunnel management.

President, nine years ago, the Transport Department commissioned a consultancy study on the economic losses resulting from traffic congestion. The study showed that Hong Kong people must suffer a loss of \$2.7 billion because of traffic congestion. Some may well argue that the joint operation of the three tunnels may necessitate drastic changes to tunnel management, including the introduction of a new methodology for setting tunnel tolls and legislative amendments. The Government must thus invest substantial resources. But considering the annual economic loss of \$2.7 billion, I would say that all such changes are worth our support.

With these remarks, President, I support our amendment. Thank you, President.

**MR ANDREW CHENG** (in Cantonese): President, the question of uneven throughput of the three cross-harbour tunnels have been discussed for more than 10 times in Legislative Council meetings and various meetings of the relevant panel over the years. This Council, I believe, has long since reached a consensus on many major aspects of the issue. The only thing is that the Government has yet to show the determination, courage and commitment required for easing the traffic congestion resulting from the uneven throughputs of the cross-harbour tunnels.

President, as I mentioned in the Motion of Thanks debate sometime ago, traffic congestion has incurred huge social costs. All losses of productivity (based on a per capita production value of \$1.8 per minute), or the \$2 billion or \$3 billion of economic losses estimated by economists and mentioned by Mr Ronny TONG just now, or even the losses resulting from the pollution caused by traffic congestion, must be borne by the general public. Many users of the CHT can observe that during the morning and evening peak hours every day, it will take them more than an hour to cross the harbour. In case of a vehicle breakdown inside the CHT, or if there are any vehicle breakdowns or traffic accidents in the vicinity, the paralysis of the CHT will be the usual result.

In the following part of my speech, I wish to cite some examples for the Secretary's information. Once every 10 years, the Transport Department will conduct a transport pattern survey on the "Value of Time" relating to the public. In simple terms, the "Value of Time" can show the extra money which every person is prepared to pay for reducing the journey time by one minute. A newspaper has recently carried out an on-site survey using the same criterion or methodology. It was found that even though the journey time through the CHT is 50% longer than the journey time through the WHC, the financial cost of using the former is still lower than that of using the latter, even when tunnel tolls (\$20 for private cars at the CHT and \$45 for private cars at the WHC, for example) are disregarded. This can explain why motorists are still reluctant to use the WHC despite the perennial congestion at the CHT. Very simply, it is all about high tolls.

More importantly, it must be noted that the very exorbitant tolls currently charged by the WHC are just concessionary tolls rather than the statutory tolls. In the case of private cars, the statutory toll can be as high as \$90. I of course do not think that the WHC will charge this statutory toll any time in the immediate future because it will not be possible for it to do so. The charging of this

statutory toll will not only turn the WHC into a "Rolls Royce" tunnel but also make it a "deserted" tunnel. Therefore, it will not drive itself to the dead end of having to bear the adverse consequences of charging the statutory toll of \$90. We have always failed to understand why the WHC should increase its tolls year after year on the ground of insufficient revenue. The main problem is that if the financial costs (such as tolls and the Value of Time) are high, companies or drivers will surely switch to other alternatives, thus drastically reducing the tunnel company's revenue.

The only explanation is that the two tunnel companies still want to attain their respective internal rates of return — 17% for the EHC and 16.5% for the WHC. This will of course involve the problems of internal rates of return set under the BOT mode adopted for constructing the two tunnels and whether the projected levels of revenue were set too high. Today, we do not intend to raise all these problems for discussions again. But the Democratic Party must at least emphasize that its forerunner, that is, the United Democrats, was opposed to the internal rate of return and toll adjust mechanism for the WHC years back.

The policy address and the original motion both propose that the Government should commission a consultant to conduct a study on resolving the problem of uneven traffic distribution among the three tunnels. We in the Democratic Party are strongly against this idea. We do not think that there is any need whatsoever for any such study, any such "active" study. This is precisely what makes my amendment today different from Mr Ronny TONG's amendment and Mr CHAN Hak-kan's original motion. We hold that it is alright for the Government to commission a consultancy study on the prices of buying out the EHC and the WHC, and Members in that case can always make recommendations on the considerations. But we do not think that it is necessary to conduct any study that focuses only on alternative solutions, such as buying out, the extension of franchises, offering shares in exchange for management rights and the establishment of any joint-operation company. President, there is already the case of electronic road pricing. Over the past 10 years, the Government has spent nearly \$100 million on studying the effectiveness of Electronic Road Pricing, but there has not been any outcome so far.

At a meeting of the Panel on Transport back in 2005, the Government already submitted a paper to Members, outlining various solutions to the tunnel problems. And, speaking of the motion and amendments today, I must say that

although the proposals put forward by the three of us may be different, they do constitute a comprehensive range of solutions, and all these solutions are now tabled before this Council. The Government should be well aware of these solutions, but it still says that a study must be conducted. Therefore, the Democratic Party does not think that there is any need whatsoever to spend any more money and time on studying all those options that are already there. The study advocated by the Government is nothing but a stalling tactic, indicative of its lack of commitment, its lack of determination to tackle the traffic congestion at the CHT.

Another argument advanced by the Government is that in the absence of connecting road networks, toll adjustments alone may not necessarily be an effective solution to traffic congestion. The Government has all the time clung to this argument, passing the "ball" back to the Legislative Council, urging it to support the construction of the Wan Chai Bypass as early as possible, and requesting us not to further delay the reclamation works. Speaking of the reclamation works for the Wan Chai Bypass, I must clarify that the Democratic Party does not have any intention whatsoever of blocking the Government. Our only hope is that in regard to the reclamation works for the Wan Chai Bypass, tunnel congestion and the government press release on seeking further funding from the Legislative Council, the Government can let the legislature conduct more discussions, rather than continuing to delay the tackling of tunnel congestion in the name of conducting a study.

President, if, for example, the same tolls are charged by all the three tunnels starting today, the situation may be very different. Some may of course argue that the geographical location of the CHT is better. For this reason, in case the Government can really acquire the management right of the tunnels, we will not oppose any moves to make the tolls of the EHC and the WHC lower than those of the CHT as a means of inducing more motorists to use these two tunnels to achieve an even distribution of traffic.

No matter which option is adopted — buying back, franchise extension or joint operation and profit sharing after handover of tunnels by tunnel companies, the most pressing issue now, as I have already mentioned, is that the Government must first acquire the toll-setting right. Without this right, I cannot imagine how we can tackle the problem of uneven traffic distribution. The Democratic Party of course thinks that the best solution should be a full buyback of all the tunnels by the Government, followed by the establishment of a tunnels and bridges

authority to take charge of their operation. The purview of this authority should include policy formulation, the setting of toll determination principles and the management and development of the facilities concerned. We in the Democratic Party have been advocating this for years. Therefore, even if the Government is to conduct a study, it should focus on the establishment of a bridges and tunnels authority rather than simply floating a proposal, right? Even Mr LAU Kong-wah, concurrently an Executive Council Member, appears not to accept the Government's proposal. The Government talks about conducting a study on traffic congestion at the CHT, but when I debated with Mr LAU Kong-wah, he expressed the view that there should be a comprehensive study on all aspects of our tunnels. President, there are many tunnels in Hong Kong. Therefore, I hope that the Government can show its determination and conduct a comprehensive study.

If the Government thinks that buying back the tunnels will involve too much public spending, we think it can "offer shares in exchange for the tunnel ownership". Besides, franchise extension is not really an entirely bad option. What are most important should be the terms and conditions of the franchises, such as internal rates of return and a mechanism for adjusting tolls in the future. We are of the view that as long as such terms are in public interest, franchise extension is also an option that can be considered.

Therefore, President, what differentiates my amendment from the other amendment and the original motion is the expression "actively study". "Active study" is often used by the Government as an excuse. We do not want to give the Government any more excuses. Thank you, President.

**SECRETARY FOR TRANSPORT AND HOUSING** (in Cantonese): President, the distribution of traffic among the cross-harbour tunnels has been the subject of extensive discussions in society these days. The motion moved by Mr CHAN Hak-kan today gives us an opportunity to listen to Members' views in greater detail, and I shall give a reply on behalf of the Government later on at this meeting. I believe that through the debate today, Members will also be able to gain a deeper understanding of our policy objectives and measures.

First, I wish to point out that the Government has been adopting a very positive and pragmatic attitude towards the distribution of traffic among the three cross-harbour tunnels. Many comments have been expressed in society recently,

and some Members have also advanced a number of suggestions, such as the buying out of the Eastern Harbour Crossing (EHC) and the Western Harbour Crossing (WHC) by the Government and the buying back of the shares of these two tunnels. These are actually some of the possibilities we are currently exploring.

A clear objective must first be set before we can judge which proposals can best achieve the objective concerned.

When dealing with this issue, the Government aims to achieve a rationalized distribution of traffic among the three tunnels and to ensure that their levels of usage and tolls can all meet the aspirations and serve the interest of users and society as a whole. We also hope that by regulating the throughputs of the three tunnels and expeditiously constructing the Central-Wan Chai Bypass as well as other road links, we can ease the traffic congestion in Central and Wan Chai.

To achieve these objectives, we must first clearly define "reasonable levels of usage". What should be the ideal distribution of traffic among the three tunnels? To achieve reasonable diversion of traffic, it is necessary to rely mainly on the demand management measure of charging different tolls at the various tunnels. In other words, we must ascertain the toll levels that can achieve reasonable levels of usage. If we want to lower the tolls at some tunnels, we must ask whether this can induce more motorists to use these tunnels. Conversely, if we want to increase the tolls at a certain tunnel, we must first consider the factor of public acceptability. And, we must also ask whether the capacity of the road links concerned will affect the effectiveness of this demand management measure. As a matter of fact, the public may have different demands for the three tunnels, and, as mentioned by Members, the geographical locations of the three tunnels will also affect motorists' preferences. We think that the best solution can only be worked out on the basis of in-depth studies, comparisons and analyses. And, it is only when appropriate assumptions on throughputs and tolls are available that we can compute the future residual values of the tunnels and the considerations. Besides, whether or not the Government must or should recoup the costs of investment or operating costs is also a concern of taxpayers and a topic that must be studied.

After setting a definite objective, we still need active responses from the tunnel companies, so as to ascertain whether they are willing to sell their shares



or accept compensations, or whether they are prepared to make toll adjustments in exchange for franchise extension, and so on, as proposed by Members just now. It is only with their responses that the relevant measures can be implemented. If we eventually decide to adopt the buy-out or partial buyback options, we must even reach an agreement with the tunnel companies on a reasonable and fair valuation. It is only in this way that we can buy out the tunnels at reasonable prices. Some Members said just now that a buyback should not be difficult. I must point out that the franchises of the two tunnels are governed by law, so we must be very careful with the legal consequences. As for negotiations with the tunnel companies, we have actually been holding such negotiations. But owing to the commercial nature of these negotiations, the Government cannot and should not disclose any related information before their conclusion. The Government notes that it has recently been reported that CITIC Pacific may not want to sell any of its assets at this point of time. But whether such reports are correct, we will continue to engage the company in proactive discussions. This can also show that any buyback cannot be possible only with the Government's unilateral intention.

Most of the possible options will involve huge public expenditure. For this reason, we must conduct more studies on the valuations of the tunnels and carefully assess what positive effects on traffic can be achieved after spending huge sums of public money. The consultant is required to study all these issues, including the valuations of the tunnels, and make recommendations. We will also explore other possible measures that can help achieve diversion of traffic. For example, it may be possible to charge different tolls during different periods, so as to encourage motorists to make good use of the tunnels during off-peak hours.

Actually, we do note that some academics and others in society oppose the buyback proposal. They question that the Government may not necessarily be able to buy out the stakes of the tunnels at low prices. They are also afraid that even if the Government succeeds in doing so and can thus lower tunnel tolls, traffic congestion may still worsen due to an increase in the overall usage of the tunnels. I think we must seriously consider such opinions.

I must emphasize that while the consultancy study is underway, we will still closely monitor the situation and maintain close contact with the tunnel companies. We will continue to actively explore various relief measures in the

meantime. In brief, we will "walk on two legs", in the hope of making progress as soon as possible. I have never said that we want to wait one more year before we start our discussions with the tunnel companies. Maybe, Mr CHAN Hak-kan has misinterpreted my previous remarks. As a matter of fact, the information and analyses relating to the study will form a basis of our negotiations with the tunnel companies. At the end of the day, if we want the Legislative Council to approve our funding request, we must provide sufficient justifications. As I have mentioned, the Government's attitude is active and pragmatic.

President, I now wish to explain the Government's position on Mr CHAN Hak-kan's motion and the respective amendments of Mr Ronny TONG and Mr Andrew CHENG. Regardless of which option is to be adopted in the end — the options of buying out, franchise extension, joint operation or offering shares in exchange for tunnel ownership as proposed in the motion and the amendments — the Government and the tunnel companies must face up to and tackle a number of fundamental issues, such as the projections of throughputs and revenue, valuations of tunnel assets and estimated returns for the tunnel companies. We adopt an open attitude to all options, including the options proposed by Members today. At the same time, we have also requested the consultancy to explore all possible options and make valuations, so as to form a solid basis for the negotiations with the shareholders of the EHC and the WHC. We have not rejected any options. All options are under our consideration.

However, I must point out that simply by lowering the tolls at the EHC and the WHC, we cannot possibly tackle the problems of congestion and traffic diversion. The distribution of traffic is to a very large extent affected by the geographical locations of the tunnels and their connecting road networks. We therefore agree with Mr CHAN Hak-kan, who proposes in the motion that the Central-Wan Chai Bypass must be constructed as soon as possible.

In order to ease the traffic congestion in the road networks of the northern coast of Hong Kong Island and to cope with future traffic growth, the Government has been stressing the urgent need of expeditiously constructing the Central-Wan Chai Bypass. The Highways Department and other relevant departments are now making full efforts to prepare for the project, especially in respect of the legal challenges arising from the proposed temporary reclamation. We will strive to complete the work in this regard before the end of this year, so as to form a lawful and reasonable basis for the early construction of the Bypass.

We hope that Members can support the future direction of our work in relation to the Central-Wan Chai Bypass.

In regard to the other proposals in the motion, I must say that various forms of substantial toll concessions for lorries and taxis carrying no passengers are already provided by the EHC and the WHC. We will make continued efforts to encourage the tunnel companies to provide more toll concessions and actively consider the proposals of bus companies.

I look forward to hearing the valuable advice of Members and will give a consolidated reply after the debate. Thank you, President.

**MR LEE WING-TAT** (in Cantonese): President, regarding the current situation and information of various tunnels, Mr Andrew CHENG has stated the views of the Democratic Party, so I am not going to repeat them.

I would only like to raise two points. First, on the issue of traffic diversion, is the current solution considered by us a relatively permanent one? Recently, I read about Mr Ken LIVINGSTONE, a former mayor of London, in the news — he was the mayor of London from 2000 to 2008. When he was in office, electronic road pricing was adopted in London. He made a simple yet well-known remark that "any new road will fill up in about two to three years". Except for remote trunk roads such as the North Lantau Highway, this is actually true of roads in urban areas. Therefore, I personally have reservations about the Government's idea that the Central-Wan Chai Bypass must be constructed before consideration can be given to adopting electronic road pricing or a certain mode of charging.

I remember discussing an issue with the Secretary for the Environment in the last term — I personally am to blame enormously in this regard. In the past, I drove to Central five times a week, which was really a great sin. As I was alone every time I drove to work, I had contributed greatly to traffic congestion and air pollution. Starting with this term, I have confined myself to driving to Central for not more than three to four times a week, that is, for half of the time, my car should not be parked here.

Actually, is it impossible for society to achieve this? It is not unachievable. I remember on one occasion, I was not sure what happened at the

Eastern Harbour Crossing (EHC), the Transport Department warned people in advance that there would soon be traffic congestion there. Unexpectedly, there was no traffic congestion after the incident. I think the Secretary knows what I am talking about. That incident was probably related to the EHC and the Cross Harbour Tunnel (CHT). It shows that to a certain extent, the traffic can be adjusted by human behaviour. In fact, our current situation is somewhat similar to that of the great majority of the so-called metropolitan cities in the world, in which people have an unquenchable desire to drive.

If we only adopt the so-called road construction approach to adjust the tolls of the three tunnels, I wonder how effective it will really be. Therefore, the Democratic Party has all along been maintaining that the managing organizations of tunnels and bridges should rationalize their tolls and adopt a certain approach to put the situation of vehicular traffic flows under control. Of course, many middle-class people may be dissatisfied with this remark of mine. However, everyone knows that motorists will more or less take up the space of other people and cause inconvenience. The road space taken up by a private car is about one-fifth or one-sixth that of a bus, but the number of users is only 1% that of a bus.

Therefore, sometimes I find it strange to hear people complaining about the long lines of buses in Central. Why is there not any complaint about the long lines of private cars? Why are people complaining that there are too many buses lining up? Is it not our policy to encourage people to take the MTR and buses more often? Should we not provide more forms of concession as incentives to encourage people to do so? I remember the Legislative Council once discussed the issue of encouraging private motorists living in remote areas to park their vehicles at the fringe of urban areas. I know there was once a place for park-and-ride in Choi Hung. People living in Sai Kung were encouraged to park their vehicles there instead of driving to the city centre. However, it was discontinued after running for a couple of times. Of course, there are limitations in this method itself because the number of private vehicles which could be reduced was very small. However, I think what the Government is doing now is not a permanent way to address the problem. This is the first point.

Secondly, I am pessimistic about the Government's ability to solve the problem now. It is because the Secretary has said just now that the company has adopted two attitudes: First, the parent company of CITIC Pacific, that is, the company which currently owns the EHC, has made a certain kind of capital

injection. It seems that as its parent company has given it a lot of support, and it is not under any financial constraint for the time being. Second, one will not conduct negotiations and acquisition openly. If they are conducted openly, the Government will always be at a disadvantageous position. Therefore, I do not know whether I should push the Government to expedite this course of action, but I will not talk too much about it.

Nevertheless, why do I still criticize the Government? I also pointed out at the last meeting of the Panel on Transport that the Government had, as Mr Andrew CHENG of the Democratic Party has put it, studied these proposals, and there are sufficient options. However, it has been keeping quiet about it, and will not engage in negotiations with the other party until the time is ripe. Yet, an agreement, which it thinks will generally be regarded as suitable and supported by the public and the Legislative Council, may be reached all of a sudden. Open negotiation is always difficult, but as the matter has developed to the present stage and traffic congestion at the tunnels has created so much trouble and the public has made so many requests, if the Government is compelled to expedite negotiations, the other party may adopt an arrogant approach without showing any keen response. It is because we in this Council and the public will be more eager than the relevant company to pursue the matter. Besides, the Secretary still has to conduct a study, and a funding approval has to be sought from the Legislative Council in the end. In view of the entire process, I am relatively pessimistic.

Therefore, may I boldly ask the Secretary if consideration has actually been given to constructing a fourth tunnel? I do not know whether or not such consideration has been made but can this be a tactic in negotiating with the company? With tactic, I mean that when we do not have anything new, it is often very difficult for us to discuss with them. It is because among the existing three tunnels, all of them except the Western Harbour Crossing (WHC) are very congested. Although the EHC is not so congested, the CHT is very much so. Therefore, I could only wish the Secretary good luck with the speech she will deliver later.

The Secretary mentioned the issue of the Central-Wan Chai Bypass in her speech just now. However, I hope that she will not expect too much of it because it is not something that can be done within a short period of time. Even if the Legislative Council can approve the funding next year, the tunnel may not be completed in five or six years. Does it mean that nothing will be done about

Central and Wan Chai in these five to six years? As the Democratic Party has said, in considering the adoption of a certain approach to put the situation of vehicular traffic flows under control, why is consideration not given to various pricing approaches expeditiously? I think motorists have to know that to a certain extent prices have to be paid. We should not enjoy the comfort on the one hand, while blaming the others for traffic congestion on the other.

Thank you, President.

**MR IP WAI-MING** (in Cantonese): President, the harbour crossings are the major transport networks in Hong Kong at present. Besides using the rail, most members of the public will use the harbour crossings to travel between Hong Kong Island and various districts in Kowloon, making the harbour crossings extremely busy. At Hong Kong's CHT in Hung Hom, there are always striking scenes which are rarely seen all over the world, that is, during the rush hours from eight o'clock in the morning to 10 o'clock in the evening, we can always see long lines of vehicles, and hardly ever is the traffic there not congested. As a result, not only are many members of the public battered by traffic congestion, professional drivers often have to waste a lot of time there, which in turn affects their income. On the other hand, there are inadequate traffic flows at the other two tunnels in Hong Kong, namely, the Eastern Harbour Crossing (EHC) and the Western Harbour Crossing (WHC). Mr CHAN Hak-kan also cited some examples just now. As at October 2007, the daily vehicular traffic throughput of the CHT was 123 000 vehicle trips, while that of the EHC was 65 000, and that of the WHC was 51 000. The traffic throughputs of the EHC and the WHC added together was still lower than that of the CHT. Everyone knows that as far as design is concerned, the design capacity of the WHC is far higher than that of the CHT, while the design capacity of the EHC is similar to that of the CHT. However, the uneven utilization among the three harbour crossings has persisted for years, which has incurred on us enormous social costs.

In 2005, the franchisee of the EHC, aggrieved by the Government's refusal of its toll increase application, requested arbitration. Finally, the EHC was allowed to increase its tolls by more than 60%, which led to a public outcry. At that time the Motor Transport Workers General Union also mobilized its staff to stage a protest by forming human chains to block the EHC. Besides adding to the burden of professional drivers, the significant toll increase of the EHC also

caused an increase in traffic flow at the CHT, adding further pressure to the CHT whose capacity had already reached capacity. The CHT was completed as early as in 1972. Its design capacity at that time was only about 80 000 vehicle trips daily. However, its utilization has now greatly exceeded its capacity, with a utilization rate of as many as 120 000 vehicle trips daily. The traffic congestion at the CHT also affects the traffic of the districts in the proximity of its entrances. Take Hong Kong Island as an example, the traffic congestion at the CHT every day during the rush hours when people get off from work not only affects the traffic of the area around Central to Wan Chai, very often vehicles even line up almost to the Aberdeen Tunnel. On the other side of the harbour in Kowloon, Mong Kok, Yau Ma Tei as well as Hung Hom are all hot spots for congestion every day during the rush hours when people go to work. I believe everyone who has ever used the CHT during those periods must have suffered from it.

At present, residents in New Territories East rely heavily on Hung Hom to travel to and from Hong Kong Island. It is because before the completion of the Shatin to Central Link and the East Tsim Sha Tsui station of the MTR, the terminus of the East Rail was in Hung Hom. We can see that many members of the public will choose to use the CHT and switch to the East Rail to go to New Territories North or cross the harbour to go to work on Hong Kong Island. Even though the East Tsim Sha Tsui Station has been completed, it is still not very convenient for members of the public to interchange at the Kowloon Tong Station. Therefore, quite a number of members of the public still choose to change to another mode of transport by using the CHT, which has imposed a great burden on the traffic around the CHT.

The tunnel management companies increase their tolls significantly very often because after financing the construction of the tunnels, they have to recover the construction costs and make profits with their operational income, that is, the Build-Operate-Transfer (BOT) mode. Actually, it is not excessive for businessmen to recover their costs or even gain profits, and we are not against it. However, being companies operating public utilities which have impact on society, they have to consider the affordability of society as a whole and their corporate social responsibilities. We think the Government should also bear more responsibilities when entering into construction contracts. Take the WHC as an example, the authorities allowed the management company of the WHC to make a return rate of as much as 15%, and according to the relevant operation agreement, as long as there is a gap between the tunnel company's income and the

estimated profit, the tunnel company will have a cause for toll increase. This is tantamount to giving an excuse to the tunnel company to increase its tolls. What is more, the franchise period of a tunnel is normally as long as 30 years, and during these 30 years, the economy will experience great fluctuations and go through many cycles. In any case, the tunnel company should not make great profits in times of economic prosperity and make even more profits in times of economic recession. We think that under such an operation agreement, the tunnel company does not have to bear any risk at all. This is a business without any risk. We could not help but ask whether the Government had considered this clearly before entering into the relevant operation agreement.

Finally, the Government indicated that a consultant would be engaged to study the traffic flows of the three tunnels and whether there is a need to buy them out. Actually, other colleagues and I find it very strange. Why do we have to spend another year or six months on a commissioned consultancy study? We really have to ask the Secretary whether it is necessary to do so. We already have a lot of studies and options, has the Transport Department (TD) never studied the traffic flows of these tunnels? Has it never kept the relevant statistics? If such statistics are available, why can they not be used? Is it because such statistics are not reliable? However, if the TD has not done so, we have to ask what duties the TD performs day in and day out. Is this dereliction of duty on the part of the TD and the relevant transport authorities? Therefore, we do not want this issue to drag on. We think that this problem will only worsen if it is allowed to drag on. We hope that buying out the tunnels is the decision that the Government will make presently. We hope that the Government will not engage in discussion without decisions, and make decisions without implementation. The authorities had better stop procrastinating any further.

President, I so submit.

**MR PAUL TSE** (in Cantonese): President, I believe that in relation to the congestion problem and the unreasonable traffic distribution of the three tunnels, Honourable Members have spoken on issues such as the losses so incurred to the livelihood of Hong Kong people and the economy. I would like to add that actually the unreasonable distribution will also cause a serious impact on Hong Kong in relation to tourism.



Under ordinary circumstances, tourists will only stay in Hong Kong for a very short time. All of them hope that they can visit all the major tourist spots within the shortest time. The major tourist spots on Hong Kong Island include the Repulse Bay, the Golden Bauhinia Square, the Peak, Ocean Park in the Southern District, and so on. These are the places of choice for tourists in general. Unfortunately, however, the CHT at Hung Hom is very often the most direct route leading to these places. Traffic congestion at these tunnels, especially at the CHT, will easily create a negative impression of Hong Kong on tourists visiting Hong Kong.

As in the case of Hong Kong people, I believe many people have been to Bangkok, Thailand. A lot of people will be scared off just at the mention of Bangkok. Some people even jokingly advise that one should bring along a plastic bag when taking a car ride. In case an incident happens, the plastic bag may come in handy because traffic congestion may last for two to three hours. Even though two places are just a short distance apart, traffic congestion may happen at any time. The situation in Hong Kong is not so bad for the time being. However, I am afraid that traffic congestion will definitely create a negative impression on tourists. We spend almost \$2 million every day to promote tourism in Hong Kong. Even the spendthrift approach adopted by the Hong Kong Tourism Board in dealing with this situation cannot offset tourists' negative impression and memories of their time in Hong Kong. In this regard, I hope the authorities can deal with the problem expeditiously instead of procrastinating any further and spending too much time on consultation.

Besides, traffic congestion will significantly increase the operating costs, particularly the cost of passenger transfer, of the tourist industry. That is also why the industry hopes that the authorities can face this problem and actively deal with it expeditiously.

The third equally-important point, which is not about quantity but quality, is the degree of pollution in Hong Kong. If the problem of unreasonable congestion at the CHT or the problem of the unreasonable utilization rate of other tunnels can be solved, the degree of air pollution will definitely be lowered, which can also change tourist's impression of stay in Hong Kong.

I hope that in considering the measures, the relevant authorities will not only consider the situation of members of the public in Hong Kong. Actually, tourism is a very important consideration, and the major issue of costs is also involved. I hope the relevant authorities can actively face this problem in an expeditious manner. Thank you, President.

**DR RAYMOND HO** (in Cantonese): President, as the existing three road harbour crossings in Hong Kong: the Cross Harbour Tunnel (CHT), the Eastern Harbour Crossing (EHC) and the Western Harbour Crossing (WHC), are located at different places, different tolls are charged. The traffic flow distribution of the three tunnels has all along been uneven. Take 2006 as an example, the respective average daily throughputs of the three tunnels were: 124 000 vehicle trips for the CHT, 61 000 vehicle trips for the EHC and 44 000 vehicle trips for the WHC. Over the past five years, the throughput of the CHT has all along stayed at more than 50% of the total daily cross-harbour traffic.

The reason is that the location of the CHT has already put it in an advantageous position, and a lower toll is charged. Take the toll for private cars as an example, \$20 per trip is charged, while the tolls of the EHC and the WHC are 25% and 125% higher. The CHT has always been a more popular tunnel among motorists, while the EHC and the WHC can only achieve a limited function of diverting cross-harbour traffic. Besides, the fact that the Central-Wan Chai Bypass has still not been implemented after more than a decade of discussion has led to the continual deterioration of the traffic congestion problem of both the east-bound and west-bound traffic at the north shore of Hong Kong Island, thus further limiting the diversion function of the EHC and the WHC.

The problem of traffic congestion at the north shore of Hong Kong Island has existed for a long time. The Electronic Road Pricing (ERP) scheme is one of the options considered by the Government. After conducting a study in the early 1980s, the Government spent almost \$100 million again in 1997 to commission a consultancy study on the feasibility of implementing ERP, and the relevant report was published in April 2001. According to the conclusion of the study, the relevant authorities considered that there were no adequate justifications to prove that an immediate implementation of the ERP scheme can solve this problem because we are only shifting the location of traffic congestion without providing adequate alternative roads. Mr Nicholas NG, the then Secretary for Transport, also openly stated this position of the Government. Subsequently, Secretary Dr Sarah LIAO revisited the issue and came to no avail either, while more than \$100 million had already been spent on the study.

The Central-Wan Chai Bypass and its connecting road networks have, as a result, become the keys to solving the traffic problem at the north shore of Hong Kong Island. However, repeated delays of the scheme have caused the continual deterioration of the traffic congestion problem at the north shore of Hong Kong Island and undermined the function of the EHC and the WHC in diverting the traffic of harbour crossings. Therefore, it is really necessary for the relevant authorities to expedite the implementation of the Central-Wan Chai Bypass project to facilitate traffic diversion at the north shore of Hong Kong Island, so as to provide greater flexibility to motorists in choosing among the three road harbour crossings. Of course, it could not be ruled out that those people who habitually oppose infrastructure development will continue to do so, or even initiate another judicial process to obstruct the implementation.

At the same time, the Government should also actively study the possibility of buying out the EHC and the WHC. Actually, I also raised a relevant written question to the Government at the meeting on the 12th of this month. In its reply, the Government advised that comprehensive consideration had to be made, and a consultancy study, which would take 12 months to complete, would be conducted on the relevant issues. The time needed is really too long. I hope the relevant study will give us some concrete insights into solving the problem, instead of studying simply for the sake of it, while leaving the problem as it is.

In parallel with the conduct of the study, the Government should also actively negotiate with the management of the EHC and the WHC to explore the feasibility of formulating measures, such as providing concessions during non-peak hours, and so on, to facilitate the reasonable diversion of traffic among the three tunnels. Actually, to increase the traffic flow of individual tunnels by way of concession is not necessarily detrimental to the tunnel companies. The relevant parties should examine this seriously so as to arrive at an option which is beneficial to all parties concerned.

President, the issues of uneven traffic flows of the harbour crossings and the high tolls of the WHC have been bothering us for years, yet the Government has failed to propose concrete solutions so far. As there is a limit to the public's patience, the relevant authorities must address this issue squarely and propose feasible measures and solutions.

President, I so submit. Thank you.

**MR IP KWOK-HIM** (in Cantonese): President, a study conducted nine years ago by a consultancy engaged by the Transport Department (TD) found that the total number of hours per day spent by Hong Kong people on traffic congestion amounted to 531 000 hours. Calculating on the basis of the then minimum hourly wage of \$14, the accumulated daily loss caused by traffic congestion amounted to \$2.7 billion in a whole year. Of course, among the people affected by traffic congestion, many of them were senior executives and professionals. Therefore, the actual financial loss caused by traffic congestion must be far more than \$2.7 billion. Although no similar study has been conducted by the TD recently, it is evident to all that traffic congestion in Hong Kong is worsening by the day, and it is believed that the financial loss so incurred has increased exponentially.

Mr Ronny TONG — he is not present at the moment — proposed in his amendment that as the tolls of the EHC and the WHC are on the high side, and they have failed to achieve the function of diverting cross-harbour traffic flows effectively, heavy economic and social costs have been incurred. The DAB and I concurred with this point. However, the DAB has reservation about Mr Ronny TONG's deletion of "to lower the tolls ..... to reasonable levels" from Mr CHAN Hak-kan's original motion, and substituting it with "adjust the tolls and traffic flows of the three tunnels to reasonable levels" in his amendment. As "adjust" can be upward or downward, the DAB is worried that the Government will adjust the toll of the CHT upward, thereby forcing motorists to use the EHC and the WHC. This is definitely not in compliance with the expectation of the general public.

Therefore, we support Mr CHAN Hak-kan's original motion and Mr Andrew CHENG's amendment of lowering the tolls of the EHC and the WHC to reasonable levels to achieve the function of traffic diversion.

As very complicated issues are involved in solving the traffic diversion problem of the three tunnels, experts have to study thoroughly the feasibility of various options, such as what purchase price will be considered reasonable and acceptable by both the seller and the purchaser; and by how many years should the franchise be extended in order to appeal to the tunnel companies and cause them to lower the tolls while at the same time not incurring heavy costs to be paid by the Government from the public purse? Therefore, the DAB maintains an open attitude towards the options of solving the traffic flow diversion problem of

the three tunnels, including the option of "joint operation of the three tunnels" proposed by Mr Ronny TONG. However, there should be no more reason for the Government to procrastinate further, and a decision must be made as soon as possible.

The traffic problem in Hong Kong is a matter of urgency, and the earlier it is solved the better. If measures will only be implemented after studies have been conducted in a sluggish manner, the cost to be paid by society may probably be higher than that of building a new harbour crossing. Therefore, the study conducted by expert consultants should be completed as soon as possible.

Actually, in order for the EHC and the WHC to really achieve the function of diverting traffic, the road networks of the areas around the tunnels have to be improved at the same time. At present, the destinations of most vehicles crossing the harbour are the major commercial districts on Hong Kong Island, namely Causeway Bay, Wan Chai, Central and Sheung Wan. However, owing to the constraints of urban road designs in past years, the traffic flows in the commercial districts on Hong Kong Island have reached the capacity of roads, thus making the sections from Exchange Square to Admiralty and from Wan Chai to Causeway Bay bottlenecks of traffic on Hong Kong Island and the main districts, resulting in constant traffic congestion at the heart of Hong Kong.

President, the Government should now prepare for the construction of the Central-Wan Chai Bypass, which is situated exactly in the reclaimed area of Central and Wan Chai, parallel with Connaught Road, Harcourt Road and Gloucester Road, where serious traffic congestion takes place both in the day time and at night. Therefore, only by building the Central-Wan Chai Bypass expeditiously can the Rumsey Street flyover in the west and the Island Eastern Corridor in the east be linked up to divert vehicles from the bottlenecks and enable motorists to reasonably use the EHC and the WHC, thereby adequately diverting the traffic flows of the three harbour crossings and effectively solving the perennial traffic congestion problem on Hong Kong Island.

With these remarks, President, I support Mr CHAN Hak-kan's motion and Mr Andrew CHENG's amendment.

**MR LEUNG YIU-CHUNG** (in Cantonese): President, there is an obvious consensus premise in the debate today, that is, the current tolls of the EHC and the WHC are on the high side, or even extremely high, causing the failure of the three tunnels to achieve the expected function of diverting traffic. Regarding the questions of what approaches should be adopted to solve the present deadlock of the three tunnels failing to effectively divert traffic, and what approaches are available, it can be said that it is a case of all flowers in boom and every option merits examination and discussion.

However, regarding the issue of the EHC and the WHC, I think the more fundamental issue is a comprehensive review of the BOT policy adopted by the Government in the past 30 years, which is the cause of the current problem of uneven traffic distribution. The so-called BOT policy refers to the Build-Operate-Transfer mode for the development of infrastructure projects of roads, tunnels or flyovers, under which a consortium is designated by the Government through tendering to be responsible for the financing, construction and operation of the project for a specified tenure. The relevant consortium can charge a passage charge under its franchise to offset the construction expenses, financing costs, and operation and maintenance expenses, as well as earn return for shareholders. Upon the expiry of the franchise, the relevant consortium has to return the ownership and the right of operation of the infrastructure to the Government.

The road infrastructure projects under the BOT mode are not constructed with public money. The only advantage is that no equity injection by the Government is required. This is exactly why it is most convenient to develop and construct such infrastructure items when the Government is really in lack of financial resources or in financial difficulties.

When the construction of the CHT commenced in the late 1960s, the BOT policy was helpful to a certain extent just because the financial position at that time was unsatisfactory. Now, however, should the BOT policy be maintained? This question warrants more frequent reviews and queries.

Over the past three decades, we can see that the CHT is the only successful case adopting the BOT policy. There are no other successful cases apart from this. As far as I know, tunnels which are operated or constructed under the BOT

policy include the Tate's Cairn Tunnel, the Tai Lam Tunnel, the EHC and the WHC. With regard to these tunnels, President, what phenomenon is presented to us? The phenomenon is that they always increase their tolls despite the economic downturn. What is the main reason for this? As I have pointed out just now, the BOT policy has provided them with the power to charge tolls and transfer the ownership of infrastructural facilities from the Government to consortia, which can often increase the tolls despite the economic downturn on the premise of their own operation and the interests of shareholders, without considering the basic interests of the public. Examples of toll increase despite an economic downturn are plentiful, and they have become the subjects targeted by members of the general public.

Therefore, we consider that the BOT policy must be re-examined, or a deadlock in which there are only losers with no winners will arise, as in the present case. This is because besides incurring high costs on the part of the general public, the traffic congestion problem cannot be solved at all, and the situation will just worsen with time. When there is no winner, and when continuous public censure is aroused, what good will it do to the consortia even if they can make profits?

We know that specific social factors were at work in the success of the CHT in the past. For example, the economic conditions were unsatisfactory at that time and the Government did not have adequate financial capability. Therefore, the Government's leveraging on a consortium to build the tunnel was understandable. Its satisfactory development was also attributed to the economic takeoff in the 1970s, 1980s and 1990s, which made full cost recovery possible within a very short time, while the toll charged, being not too high, was acceptable to the public.

The situation has changed now. From the situation of the EHC, the WHC, the Tate's Cairn Tunnel and the Tai Lam Tunnel, we can see that consortia do not consider the affordability of the public anymore, while only acting on the premise of shareholders' interests. An imbalance has thus emerged. If the Government does not review afresh the fundamental issue of the BOT policy, these problems will continue to arise.

Therefore, I think that in order to solve the problem, it is imperative to cease adopting the BOT mode in the operation of infrastructure. At least, we have to possess the power to charge tolls, and the decisions should rest with the

Government. Take the existing CHT as an example, when its franchise expired, the Government could recall the power of toll charging and set the toll level itself. When the Government possesses this power, it can act in the interest of the public instead of adopting the practice of those consortia.

President, if the Government does not admit publicly that the BOT system is a complete failure, while allowing the continuous development of this mode, I think people will feel concerned. Fortunately, the BOT mode was not adopted in a few recent projects, including the Lantau Link and the Hong Kong-Zhuhai-Macao Bridge. Of course, there were also social and political factors for not adopting the BOT mode of development in these two projects.

I hope that the Government will in no circumstances adopt the BOT mode for project development anymore, so as to protect public interest and effectively solve the problems in the existing operation transport infrastructure. As I said, the current problem of uneven traffic distribution is exactly the consequence of our lack of this power. Therefore, we hope that the Government can expeditiously review this mode again.

President, I so submit.

**MR WONG KWOK-HING** (in Cantonese): President, I remember that shortly after I had joined the Legislative Council four years ago, the Eastern Harbour Crossing (EHC) increased its toll substantially with no regard for people's livelihood. This incident left a strong impression on me because there was unanimous opposition to the toll increase of the EHC throughout the territory, as it was considered to be a move with no regard for social responsibility. In connection with this incident of toll increase at that time, I participated in processions and protests at the tunnel company and arranged for meetings with government officials. I even moved a motion debate in the Legislative Council to condemn the toll increase. However, we were unable to stop the toll increase of the EHC in the end because the BOT (that is, Build-Operate-Transfer) mode was adopted in granting the franchise and construction of major tunnels in Hong Kong. Initially, in order to attract private organizations to participate in the tender exercise, an internal rate of return setting out the return rate of the franchise was proposed by the Government. Therefore, before the franchise of the tunnel company expired, there was no room for toll negotiation, be it with the Government, the Legislative Council or the public. The public was at the mercy



of the tunnel company, which increased its tolls again and again. From this incident, we can see that the attitude adopted by the tunnel company is one of irresponsibility and profiteering, while the root of the problem with tunnels in Hong Kong lies in the Government's policy blunder.

President, ever since the toll increase of the EHC, I have been requesting the Government to actively consider buying out the several major tunnels, in the hope that, after the tunnels are bought out, the burden of transport expenses on the public may be eased, the traffic flow of various tunnels may be improved, and the traffic congestion problem alleviated.

In recent years, it is an indisputable fact that the traffic flows of harbour crossings are unevenly distributed, creating a heavy burden of transport expenses on the public. This is actually a bad consequence caused by the BOT. Take the Western Harbour Crossing (WHC) as an example, as the traffic flow is below target, and in order to achieve the internal rate of return permitted by the Government, it has been increasing its tolls continuously ever since its commissioning in 1997, and there have been six toll increases so far. Fewer motorists will choose to use the WHC as a result of the frequent toll increases, and the tunnel company will then increase its tolls again in pursuit of profits. This recurrent vicious circle is most unreasonable.

President, the current tolls of the WHC are \$40 per trip for taxis and \$55 for light goods vehicles. This is already the cost of a meal or even two lunch boxes for wage earners. How many drivers will be willing to spend \$40 to \$50 to cross the harbour? Therefore, regarding the WHC, we may well say that it is non-existent. Let us look at the Cross Harbour Tunnel (CHT), which is the busiest tunnel of all. It only charges a toll of \$10 for taxis and \$15 for light goods vehicles, which are only 25% those of the WHC. Therefore, most professional drivers will, for the reason of cost reduction, cross the harbour using the CHT, no matter how congested it is. Ultimately, the daily traffic flow of the CHT amounts to 120 000 vehicle trips. At times of traffic congestion during the rush hours, driving across the harbour may be slower than cycling or even walking.

President, the present uneven traffic flow distribution, in which some tunnels have low patronage while others' patronage is too high, all started with the Government's BOT blunder back then. Therefore, the Government must resolve the problems in connection with the relevant policy blunder at root.

President, for wage earners who take public transport, tunnel tolls are also part of their burden of transport expenses. It is because many modes of public transport increase their fares on the excuse of high tunnel tolls, and this has added to the burden of wage earners. Take residents in New Territories West as an example, if they go to work on the other side of the harbour, the transport expense is more than \$1,000 monthly. On the other hand, residents in New Territories West have been using the WHC with higher tolls. This has made their expenses on crossing the harbour remain at a high level. For example, they have to pay \$19 for every minibus ride to cross the harbour from Tsuen Wan, and \$21.4 from Tin Shui Wai and Yuen Long. Therefore, if the Government can solve the problems of the traffic flows and tolls in relation to harbour crossings, it will help to alleviate the burden of transport expenses on low-income residents living in the remote areas.

President, on the question of how best the problem of diverting traffic flows at harbour crossings can be solved, my attitude is that "all are good cats that catch mice irrespective of their colour". Therefore, whether be it buying out, offering shares in exchange for the tunnel ownership or the joint operation of the three tunnels, I will render my support. As for extending the franchises, I think that as long as the prerequisite of the new franchises is to abolish the existing so-called internal rate of return in order to solve the incurable case of BOT and return the initiative to the Government and the Legislative Council, I will also consider it acceptable.

President, given the prevailing economic downturn, consortia which own the EHC and the WHC are also experiencing problems. It is indeed a good opportunity to address the problem and discuss the issue of buying out the tunnels. Therefore, I hope the Government can deal with this as a matter of urgency because the sooner the problems with the tunnels are solved, the faster members of the public will be benefited. Although the Government stated that a consultancy had been engaged to conduct a study, I do not want to see the Government conducting studies after studies on this and that, and eventually studying the case over and over again without making any decisions, leaving the problem unsolved. With further procrastination, time will run out very soon.

I hope the Government can show that it is practising strong governance in dealing with the issue of the tunnels to enhance public confidence in the Government. If the Government does not come up with early solutions to this traffic problem of the tunnels, which are the major transport trunks, it will only

result in a continual increase of the public's burden. In that event, the Government will suffer a severe blow in its prestige in governance and it will be unable to develop a higher degree of credibility. I hope the Government can cease adopting a stalling tactic. Instead, it should exercise stronger governance and propose solutions to the problems at an early date, so as to bring a ray of hope to the public.

Thank you, President.

**MR WONG YUK-MAN** (in Cantonese): President, the stance of us in the League of Social Democrats (LSD) is very clear, that is, we oppose privatization. We hope that all infrastructural facilities such as transportation facilities will not be privatized. Therefore, regarding the buying out proposal in respect of the two tunnels, our stance is very clear.

Talking about the toll increase of the EHC, Mr WONG Kwok-hing said that he had participated in processions and protests. Our people from the LSD chose to lie inside the tunnel, and so Andrew TO, TSANG Kin-shing, "Long Hair", and so on, had to engage in a lawsuit in court, and I was sentenced to imprisonment and only found not guilty until in the Court of Final Appeal. We were rebuked and then sentenced to imprisonment for taking this radical action of lying inside the tunnel, and were only fortunate enough to be found not guilty by the Court of Final Appeal. Despite our radical action, the WHC increased its tolls all the same. So what could possibly be achieved only with his processions and protests? I told the Hong Kong Federation of Trade Unions that they had better join us and lie inside the tunnel the next time, as there may be a greater chance for the tunnel company to lower its tolls when more people are lying there together. If there are only us lying inside the tunnel, while the others just watch us being victimized and arrested, what can be achieved? The power of public opinions can only be brought into play with concerted efforts. This is something we must fight for, "buddy".

This is basically monopolization ..... Honourable Members have talked about the BOT many times, and we are of course against it. Therefore, in our opinion it is just very simple, early ..... now it is high time we "killed it while it is sick" and bought out the two tunnels, to be followed by the buying out of the Tate's Cairn Tunnel and the Tai Lam Tunnel. The BOT mode of financing should not be used for constructing transport infrastructure in the future, or else

we will definitely vote against it and fight against it, especially when the people of Hong Kong have come to this pass. Frankly speaking, now that the economic conditions are so poor, it is a very good opportunity for a buy-out.

Secretary, I would like to give you a piece of advice from an old saying. You can write it down because if I just read it out, you may get the characters wrong: "坐失先機之兆，必貽後至之誅" (To sit and miss the signs of the initiatives will surely subject oneself to the grave consequence of being killed). "坐" means sit down, "失" means lose, and "先機" are the opportunities that everyone is talking about. This is where the idiom "sit and miss the initiatives" comes from. "兆" means signs and indications. There are now signs and indications of initiatives to buy out the two tunnels and tell CITIC Pacific to fold. We should never just sit there and watch these opportunities slip away. This is the first phrase. If the authorities just sit and miss the opportunities, hard luck will befall them and there will be retributions, that is, "必貽後至之誅". The word "貽" is made up of the character "台" with the lateral radical "貝", "後至" means something which will come later. "誅" is made up of the lateral radical "言" and "朱" as in the surname of CHU, which means being killed. You can see how serious the consequence is! If you "sit and miss the signs of the initiatives", you will "surely subject yourself to the grave consequence of being killed".

Therefore, I hope the Government will take it more seriously and think clearly about it instead of repeating ..... I have a friend called Joe CHUNG, who is now in Norway. A few years ago, he wrote a book entitled *An Anthology of the Empty Talks of Senior Officials — A Study of the Super Stable Linguistic Fundamentals of the Hong Kong Society*, which sets out senior officials' empty talks and their interpretations. The empty talks of these senior officials are really deadly. This book was published and is available in the market. Everyone may buy one and read it, and every senior official should read it as well. The title of the book is *An Anthology of the Empty Talks of Senior Officials*. We Members should also read it. After reading it, we will then be aware that a certain person is engaging in empty talks again. The most common empty words listed in the book are "studies" and "consultants". Therefore, in her reply to the question of buying out the two tunnels, the Secretary said that it was a very complicated issue and "consultants" would have to be engaged — Mr WONG Kwok-hing has mentioned this just now — a "study" will have to be conducted again. This sentence is in fact included in *An Anthology of the Empty*

*Talks of Senior Officials.* Therefore, if the Secretary does not want to engage in empty talks, she should refrain from talking about studies or consultants.

There is another empty word, that is, "committees". The SAR Government is very keen on forming committees, all of which are "useless rubbish". Recently, there is this "useless rubbish" committee known as the Task Force on Economic Challenges, among whose members is a "useless rubbish" member who is very keen on laying off employees. We talked about this last Wednesday. The authorities always talk about "forming committees to conduct studies". This is an empty phrase listed in *An Anthology of the Empty Talks of Senior Officials*, and another empty phrase is "engaging consultancies to conduct studies". President, these two phrases are included in *An Anthology of the Empty Talks of Senior Officials*. The authorities should do some soul-searching and ask themselves why they always use these empty phrases. Actually, using these empty phrases means that nothing has to be done, and the authorities are just doing this and that until the cows come home or even until the next Legislative Council election.

Members can just take a look at these two tunnels. Talking about the next Legislative Council election, WONG Kwok-hing, I do not know whether you believe it or not, when it comes to the time of the next Legislative Council election, the relevant Secretary may remain in office or may even be promoted and get rich — she shook her head, that means she will not remain in office. *(Laughter)* When another Secretary assumes office, he/she will talk about engaging a consultancy firm again, and the study on how to buy out the two tunnels will continue.

"Buddy", the next time we really ..... we should avoid talking about throwing "manure-coated grasshoppers". Just after I had briefly mentioned "manure-coated grasshoppers", people immediately started to discuss how to prepare "manure-coated grasshoppers" on the Internet. Honourable Members, there is a limit to our patience. During our motion debates in this Chamber — there are some students up there listening — I would like to tell all of you that we are also engaging in empty talks. *(Laughter)* Not only senior officials are engaging in empty talks. It is abominable for senior officials to engage in empty talks, while it is pathetic for us to do so. It is because they are influential and powerful and they are responsible for policymaking, yet they just engage in empty talks. Do Honourable Members think that it is abominable? We are neither influential nor powerful so we can only engage in empty talks here.

Even if Honourable Members support this motion, it will not have any binding effect on the Government at all, and the authorities will go on with their empty talks. Therefore, it is pathetic for us to engage in empty talks — pathetic as well as abominable — therefore, students up there who are listening, listen to me, never ever be a Member. The most important thing is to find a way to become a government official and get promoted and be rich, right? It is because as a government official, you will receive very high pay by engaging in empty talks, while it is really pathetic for us to engage in empty talks because we will be jeered at outside. Senior officials will give their speeches eloquently as if their arguments are fully justified, and they can keep on doing so for a few years. I find that some Members are also saying the same thing every year, yet the reality has not been changed so far.

Therefore, I would just like to give senior officials a piece of advice, to put it bluntly, I could only curse them: "To sit and miss the signs of the initiatives will surely subject oneself to the grave consequence of being killed". Being killed means being put to death. Honourable Members can see this as a curse. I am helpless and could do nothing about them except direct my criticisms and denunciation at them — I could only direct my criticisms and denunciation at them. Therefore, I hope the Secretary can give it some serious thoughts. This is really the public opinion, which I hope will be given serious consideration. Thank you.

**MS MIRIAM LAU** (in Cantonese): President, the Cross Harbour Tunnel (CHT), commissioned in 1972, was the first transport infrastructure project to have involved private participation. It was the most successful BOT tunnel. However, in less than a decade, this tunnel reached its capacity. Subsequently, the Government again adopted the BOT mode in building the Eastern Harbour Crossing (EHC) and Western Harbour Crossing (WHC), in the hope of diverting the traffic effectively. Unfortunately, these plans to divert the traffic did not work out as expected and the traffic congestion at the CHT only deteriorated.

According to the information of the Transport Department, at present, of the 230 000 vehicles crossing the harbour each day, over half of them use the CHT, and as a result, its actual throughput has exceeded its design capacity by a wide margin of 50%. In contrast, the utilization rates of the EHC and WHC are only 83.4% and 27.7% respectively. Apart from geographical factors, the most

crucial reason for this situation is the different construction costs of these three tunnels, which lead to the differences in tolls. In fact, the tolls of the CHT have been frozen for many years. Moreover, they have remained at a low level, whereas the tolls of the EHC and WHC have seen a series of increases, thus leading to increasing polarization of the tolls of these three tunnels.

In fact, some seven or eight years ago, the Liberal Party was already concerned about the imbalance in the traffic flow of these three tunnels and it has ever since urged the Government to find ways to solve this problem. We made the specific proposal of extending the franchises granted to the tunnel operators in exchange for standardized and lower tolls, so as to achieve the effect of traffic diversion. In the end, the Government put forward a package of proposals three years ago, that is, at the end of 2005, and it was inclined to extending the franchises in exchange for reductions in tunnel tolls. However, so far, the discussions between the Government and the tunnel operators have remained at the theoretical level and no headway has been made. Last month, the Chief Executive started all over again by saying that a year would be spent on conducting a new consultancy study. The Liberal Party is very discontented with this move. This means that all previous studies will be nullified and one consultancy report after another will be prepared. For some time in the future, the public will still have to endure traffic congestions when crossing the harbour.

The Liberal Party believes that active discussions should first be carried out with the operators of the EHC and WHC on offering more concessions during non-peak hours. For example, the existing "midnight toll promotion" offered by the operator of the WHC can be further extended to other non-peak hours and the scope of eligible vehicle types should be extended to minibuses and residents' coaches. In this way, motorists and members of the transport sector will not have to put up with traffic congestion and the traffic congestion at the CHT can also be eased. The revenue from the WHC will also increase slightly, so this is definitely an all-win solution.

However, if we want to solve the problem of imbalanced traffic flow among the three tunnels, it is necessary to solve the problem of differences in tolls. In this regard, in fact, the Government and the tunnel operators have been communicating with each other and they have also held discussions in the past few years. However, the Government is perhaps too optimistic when estimating the traffic flow after toll reductions, believing that the traffic flow will increase substantially, whereas tunnel operators are too pessimistic or cautious, believing

that the traffic flow will not increase much. The two parties are poles apart and it is practically impossible for them to see eye to eye. The Liberal Party believes that the Government should hold discussions with the operators of the EHC and WHC on the introduction of a pilot scheme in which the tolls of these two tunnels will be reduced or brought on a par with those of the CHT for a specific period of time. During this period, the authorities can collect actual data, for example, on the relationship between traffic flow and changes in toll, in particular, on how many vehicles are diverted to the EHC and WHC due to the reduced tolls, how the result in traffic diversion is like and even on whether the revenue generated by the additional traffic through these two harbour crossings can make up for the revenue foregone as a result of the toll reduction.

Of course, we understand that this idea may involve the use of public funds and it also needs the consent of the tunnel operators. However, if the pilot scheme shows that a toll reduction has a marked effect on traffic diversion, the Government will have strong data at its disposal in its formal discussions with the operators of the EHC and the WHC. Be it the extension of franchises or other solutions, there will be solid evidence and all parties will not be bogged down by the problem of the accuracy of hypothetical figures or of the projections made by the consultants.

President, many of the proposals made in the motion, such as offering concessions to cross-harbour buses, so that fares can be reduced, expediting the construction of the Central-Wan Chai Bypass, the buying out the tunnels and even the idea of "offering shares in exchange for the tunnel ownership" proposed in the amendment, are constructive and inspiring. The Liberal Party agrees that the Government should study each of them in detail and should not preclude any proposal. For this reason, we do not agree with the deletion of the proposal to extend the franchises in Mr Ronny TONG's amendment.

However, I wish to elaborate our views on the proposals to buy out the tunnels and to offer shares in exchange for tunnel ownership. The Liberal Party holds that at this stage, we cannot be over-optimistic about these two proposals. Concerning a buy-out, earlier on, CITIC Pacific, which is cash-strapped, made it clear that it was not in a hurry to sell the tunnels. In other words, CITIC Pacific has no intention of calling a "warehouse sale". Furthermore, CITIC Pacific has only 35% of the control on the WHC. Even if the Government buys all of its shares, it does not mean that it can have the say over the WHC. Moreover,



given the financial tsunami, if a large amount of resources is used to buy out the tunnels, I believe the Government will have to exercise extreme caution and it will consider doing so only when there are no alternatives.

As regards the idea of offering shares in exchange for the tunnel ownership, the Government must also consider the details very carefully because if the CHT, the EHC and WHC are all put under the management of a new operator, this may have implications on the "Five Links" bonds, which include the CHT. The Government's assessment back then also pointed out that if the CHT was excluded from the securitization exercise of the five links, it may be necessary to compensate bond holders or to redeem all the bonds. The entire procedure would be very complicated. Nevertheless, if any proposal offers a glimmer of hope of solving the problems relating to these tunnels, the Liberal Party will support studying it.

President, I so submit.

**DR PRISCILLA LEUNG** (in Cantonese): President, in fact, the problem of uneven traffic flow through the CHT, the EHC and the WHC has troubled Hong Kong for many years. I am also a frequent user of these tunnels. Every day, I have to travel through at least two tunnels, so every day, I can compare the traffic conditions of the CHT and the WHC and feel the difference in their utilization.

According to a survey conducted by the Transport Department, at present, about 120 000 vehicles use the CHT daily and this number has already exceeded its design capacity, whereas 63 000 vehicles use the EHC daily. However, the WHC, which has a design capacity of 180 000 daily, are being used by only 47 000 vehicles daily. I think the WHC is like fine timber put to petty use. I often use the WHC. When we are in a hurry, the WHC is really convenient to us. However, in terms of geographical location or the alignment of the tunnels, the CHT leads more directly to various districts in Kowloon and on Hong Kong Island. However, often, we cannot use it because the traffic congestion is really too serious.

Now, people in society have proposed three ways to effectively divert the traffic of these three tunnels and generally speaking, Members have also raised

them a number of times. They include extending the franchises of the EHC and WHC, standardizing or reducing the tolls, and buying out the EHC and WHC, so that the Government can operate all of them or establish a new company to operate all three tunnels.

Concerning these three proposals, frankly speaking, all of them certainly have their pros and cons. Although in theory, extending the franchises can reduce the pressure on increasing the tolls frequently, as a Member pointed out just now, whether or not the tolls can be kept at a low level will depend on whether or not the operators concerned want to adopt a delaying tactic. In that case, we will not be able to solve the problems for a long time to come.

What about a buy-out of the EHC and WHC? On the face of it, this proposal seems to be better and represents a permanent solution to the problem. However, I can foresee that there will be a host of difficulties in implementation. First, the majority shareholder of the EHC is CITIC Pacific, holding 70% of the shares. If CITIC Pacific wants to sell the tunnel, of course, the buy-out can be accomplished. However, the stake make-up of the WHC is more complicated. CITIC Pacific and Kerry Properties own 35% and 15% of the shares respectively, whereas the biggest shareholder is the Cross-Harbour (Holdings) Limited, which holds 50% of the shares. It is said that the Cross-Harbour (Holdings) Limited is not very keen on selling the WHC. Even if we proceed with a buy-out of the WHC regardless of the situation, this may make these companies ask for an exorbitant price. In that case, I believe the public will very soon be talking about the imagined notion of "collusion between business and the Government". For this reason, I can understand why these three proposals will get us nowhere. However, despite their pros and cons, we still have to make a choice.

Concerning the proposal to offer shares in exchange for tunnel ownership, so as to bring about the joint operation of the three tunnels, I believe that although this proposal is feasible on the surface, if we extend the franchises of the EHC and WHC for an indefinite period of time, this may enable the consortia concerned to control these assets permanently without having to return them to the Government. In that case, in the future, we may have to face the prospect of steep increases at crucial moments.

President, I think that the existing proposals for solving the problem of uneven traffic distribution among the three tunnels all involve the use of public

funds and there is no knowing if their use will be appropriate. I believe that the proposals put forward by Mr CHAN Hak-kan in his original proposal, such as providing more toll concessions, offering lower tolls during non-peak hours and half tolls for commercial vehicles which do not carry passengers or goods and offering toll concessions to bus companies, thereby bringing down cross-harbour bus fares, are all worthy of consideration and speedy implementation. All these measures can be regarded as immediate measures and it will be easier for us to bargain with the tunnel operators, so that they can put in place a better toll reduction policy immediately, thereby improving the distribution of traffic among the three tunnels.

I hope that the operators of the EHC and WHC can really fulfil their corporate responsibilities. They must not turn a deaf ear to public opinion because, insofar as the plan for diverting the traffic of these three tunnels is concerned, if we rely solely on the discussions between the Legislative Council and the Government without securing the co-operation of the companies concerned, it will not work. For this reason, I hope the several big corporations concerned can work together with the public to improve the present situation.

Finally, I wish very much to say to the students in the public gallery that you are very welcome to seriously consider joining the ranks of the Legislative Council because on many issues, if this generation cannot handle them properly, in future, you will have to continue to handle them. I believe that we have to keep moving forward in a proactive manner, so that the new generation can be better than and even outshine the previous one. Thank you.

**MR KAM NAI-WAI** (in Cantonese): President, as a resident of Hong Kong Island, the situation I can see regarding the three tunnels is that no one uses the WHC, whereas the traffic at the Cross Harbour Tunnel (CHT) is very congested and the traffic at the EHC is occasionally congested but in fact, not many people use it either. I find this to be a great shame. Members can see that traffic congestion is very serious now and during the rush hours, even if one comes out from Aberdeen, intermittent closures of the Aberdeen Tunnel are frequent because the CHT was jam-packed with vehicles.

We once conducted a study and found that the original traffic flow of the Aberdeen Tunnel can in fact reach 2 800 vehicle trips per hour, but we can see

that in reality ..... it is said that in future Ocean Park will be expanded. Although the railway network may be extended to the Southern District, the time frame is 2015, so this long-term solution cannot solve a pressing problem. Members can all see, and I believe that if a development plan of Ocean Park is really implemented, the traffic congestion at the Aberdeen Tunnel will become even more serious.

The design capacity of the CHT is 78 500 vehicle trips daily, but how many vehicles actually use the CHT now? Earlier, some Honourable colleagues also pointed out that the current traffic flow was on average close to 130 000 vehicle trips daily. As regards the EHC and the WHC, as I said just now, not too many people use them. Their original design capacity is 190 000 vehicle trips but at present, the total utilization of these two tunnels combined is only 110 000 vehicle trips daily. Due to such an imbalance, the traffic congestion is often very serious. If we do not address the issue of traffic diversion properly, of course, it will not be possible to achieve the economic efficiency mentioned just now. Moreover, there is also an actual impact on public health.

Often, in such places as Central, Wan Chai and Causeway Bay, we can see columns of buses lining up together in the traffic congestion and this situation can be compared to the canyon effect. Earlier on, we proposed to the Government the establishment of a low-emission zone, in the hope that these buses need not enter these congested areas frequently. However, perhaps due to the fact that the traffic in the peripheral areas is already quite congested and the several tunnels are also congested, the effect of traffic diversion cannot be achieved. Consequently, vehicles are crowded together. This leads to traffic congestion as well as the air pollution problem. I wonder if the Secretary has ever been to the vicinity of Gloucester Road and the entrance of the Revenue Tower to act as an "air purifier", and I wonder what her feeling is. In fact, the traffic congestion in this area is very serious. If the Government can make use of the EHC and WHC to divert traffic on the one hand and establish a low-emission zone on the other, this will definitely be conducive to improving air quality in Hong Kong.

Just now, I heard some Honourable colleagues mention the Central-Wan Chai Bypass issue and I also wish to talk about it here. I support the early construction of the Central-Wan Chai Bypass very much. An Honourable colleague said just now that unfortunately, a group had applied for a judicial review, thus causing delays to the project. In fact, this claim has reversed the

cause and effect. If the Government had complied with the law when going about its business instead of thinking that it could get away with a temporary reclamation — today, I learnt from the newspaper that the Government intended to take one more protective measure when implementing the Central Reclamation Phase III Project, so the construction cost of the Central Reclamation Phase III Project would increase by \$1.6 billion to \$5.7 billion — if the Government again intends to build the Central-Wan Chai Bypass secretly, it is possible that the result will be "more haste, less speed", and I think this will not be conducive to ameliorating traffic congestion on Hong Kong Island. I also want to advise the Government not to "jump the gun" in implementing this project. Rather, it should be open and transparent and if it wants to build the Central-Wan Chai Bypass, it should do so as soon as possible. When it intends to carry out any project, it should carry out a public consultation as soon as possible. If the project is delayed any further, even if we do a good job in diverting the traffic, it is still impossible to build the Central-Wan Chai Bypass, the effectiveness of such so-called traffic diversion would also be dubious.

I think that in discussing the issues relating to the tunnels here today, the most important thing is to be able to build railways. We hope that in this regard, the Government can bring forward the completion date of the Island West and Island South lines. I believe this will help ease the traffic flow through these several tunnels and enable more members of the public to use railways as the means of mass transit. I believe this will be more beneficial to the future environment and to our overall economic well-being.

I so submit. Thank you, President.

**MR CHIM PUI-CHUNG** (in Cantonese): President, originally, I was not prepared to speak. However, concerning the policy address of the Chief Executive this time around, I have commented that if the Chief Executive can pay attention to the distribution of traffic among the three tunnels, one can consider him as doing a better job because this is a concern to the public. For this reason, it is incumbent on me to voice some personal views on this issue.

President, in fact, transport in Hong Kong is generally far superior to that in many Southeast Asian countries and some cities on the Mainland because we have the Mass Transit Railway (MTR), which serves to reasonably channel the

flow of people. The merit of the MTR is that one can have better control over the time spent on transport. Therefore, the MTR has actually put transport in Hong Kong on a par with that of other cities. The major problem at present is that the three tunnels cannot divert the traffic properly, as pointed out in the debate today.

As pointed out by various Honourable colleagues, the traffic flow of the CHT is 120 000 vehicle trips daily. Granting an average of three persons in each vehicle, the number of passenger trips stand at 360 000 daily. If we take into account the passengers in buses and other large vehicles, the number of passenger trips is definitely higher than this number. However, I will try to do my calculation on the basis of each of these 360 000 passengers losing half an hour in crossing the harbour every day. In other words, 180 000 hours daily are lost in crossing the harbour. We will soon discuss the hourly rate for the minimum wage. Based on an hourly rate of \$50 per person, the loss daily is close to an average of \$9 million. On the basis of 365 days in a year, the loss amounts to about \$3.285 billion.

Therefore, according to this estimate, we lose about \$3 billion each year on account of the traffic congestion every day. The discrepancy is not very great, so this shows that the assumption as represented by this figure is correct. We have accountants here and I believe they will also agree that this assumption is near the mark. In view of this, if the Government asks how we can quantify the loss or how this figure of over \$3 billion is derived, this is the way in which this figure is derived. President, apart from this calculation on the time and money lost, strictly speaking, the mental losses and the losses in other areas (that is, in terms of mood and the unsightliness to tourists) are basically higher than this figure. However, I will make a calculation on this basis.

All right, the Legislative Council once asked the Government a question. An Honourable colleague asked the Government if it would consider discussing the buy-out terms with the operators of the WHC and the EHC. In reply to a supplementary, the Secretary said that we had to uphold the spirit of contract. We know that the other party is a business operator, so it is following economic principles, that is, how much income there is each year. The tunnel was not given to the operator of the WHC as a gift, rather, a limited operation period was granted to it. At present, it still has more than 12 years to go. I firmly believe that if a certain sum of money is proposed for discussion by all parties, there is nothing on which an agreement cannot be reached.

I once asked the Secretary if she wanted to wait for 12 or 13 years before considering this issue. By then, of course, the Secretary will have retired from office, but she will still be qualified to serve as a Secretary of Department. However, we should not deal with this problem in this way, so we have to discuss it now. The point is that it is really necessary to show sincerity. I understand that some Honourable colleagues in the Legislative Council may wrangle over constitutional issues due to their political stances. It is even possible that they cannot see eye to eye with one another and if they cannot, further discussions are unnecessary. However, on this issue, basically, Members' views are generally unanimous, only that the Government is unwilling to try its best to discuss with the relevant parties. So how can it face taxpayers, the public, visitors to Hong Kong and all the other people concerned? I can understand that if the issue under discussion is universal suffrage or the constitution, the SAR Government really cannot do anything because the power rests with the Central Authorities. If we foist the responsibility onto the Bureau Director concerned or the Secretaries of Departments, Members of the Legislative Council are at fault. Of course, some Members have their own approaches.

However, this issue is purely an economic one. We are not asking the Government not to honour contracts. We only hope that discussions can be held under reasonable and sensible circumstances and that proposals on the amount of money to be paid can be put forward. If the authorities think that a deal cannot be reached, I can act as the representative in the discussions — of course, I may charge a fee for this. However, the point is that in this world, if we want to discuss any issue, it is necessary to show one's sincerity, just as in an election. It is also the same in business negotiations. All parties must have sincerity, particularly when discussion will yield economic benefits.

For this reason, I hope the Secretary will no longer cite the lame excuse that many issues are involved. Certainly, if this is an easy task, there is no need for the Secretary to deal with it. She has many subordinates and they can also do it right away. However, no matter what, I personally believe that as a responsible Government, the authorities should understand that Hong Kong will not come to an end 11 years or 12 years after the handover. In fact, Hong Kong is permanent. As Hong Kong is the home of the public, the Government has to create history and this kind of environment for them. Basically, in the past, it was the practice of the Government to grant the operation of transport services to other parties.

Well, I have said that the actions taken by the operator of the WHC are not reasonable or justified because it thinks that by repeatedly effecting increases, its profit will increase. In fact, the toll increases have the effect of reducing the traffic flow, so after repeated increases, it will only make less return. In these circumstances, why does it not negotiate a period of time face to face with the Government properly? I have also said that the SAR Government has never made any undertaking of not to build a fourth harbour crossing. It is possible to build a fourth tunnel in the Western District or Aberdeen. Can we not build it two years later? To the operators, there are still 10 unprofitable years ahead. I believe they will not refuse to discuss with the Government. I may not understand the operation of the Government very well and other people also suspect that the Government is a little bit involved in collusion with businesses because if the Government is too thoughtful about other parties, so much so that this leads to some unreasonable situations, there is little wonder that other people will be suspicious of the Government's motives.

Therefore, as a responsible Government, on the constitution ..... President, I understand that Hong Kong is in a special position, that its situation under the "one country, two systems" arrangement is very special and it is subject to constraints in constitutional issues. Nevertheless, on economic issues, it is definitely possible for the Government to do something. For this reason, such a responsibility cannot be shirked. Thank you.

**MR JEFFREY LAM** (in Cantonese): President, I remember that in April 1997, the WHC was commissioned and everyone had high hopes for this additional option in crossing the harbour, for thereafter it would no longer be necessary to join the long queues in crossing the CHT. Nor would the announcements on the radio about traffic congestion at the CHT, such as "Serious traffic congestion at the CHT and the traffic has tailed back to the filling station", or "the line of traffic has tailed back past the Red Cross Building", be ever heard again. However, 11 years down the line, it seems the present situation is still disappointing to many people. Today, we still have to discuss how the problem of traffic congestion at the CHT can be solved and how solutions can be found to the problem of traffic distribution among these three harbour crossings.

Earlier on, CITIC Pacific, which owns 70.8% and 35% of the HEC and WHC respectively, suffered investment losses. Some people said that we should



"kill it when it is sick" or go bargain hunting, that it was time the Government opened negotiations with it, with a view to buying out the EHC and WHC. I think that since CITIC Pacific has expressed its willingness to discuss with the Government the buy-out of the two tunnels, the prices should be reasonable and most importantly, the authorities have to find solutions in earnest to resolve this issue of the traffic distribution among these three harbour crossings because it has been discussed for years. What I mean is not just three years after three years, rather, the fourth three-year is coming because since its commissioning 11 years ago, the WHC is totally incapable of easing the traffic congestion at the CHT.

President, I wish to talk about some figures relating to the three harbour crossings. From 2003 to the present, regardless of whether the overall cross-harbour traffic has increased or not, the traffic flow through the CHT has always accounted for 52% to 54% of the total cross-harbour traffic, that is, about 120 000 vehicle trips daily, and this is a very stable figure. In contrast, the traffic flow through the WHC has increased at a small but steady rate. However, the increased traffic flow was probably diverted from the EHC instead of the CHT.

On 31 July this year, the concessionary tolls of the WHC were adjusted and the average daily throughput in August saw a small drop. However, in September, it rebounded to the original figure, that is, the toll increase in fact had neither major nor long-term impact on its traffic flow.

In citing the foregoing figures, my point is that the market share of the CHT can really stand its ground. Moreover, the traffic congestion at the CHT has persisted for decades, but the traffic flow through the WHC is still very sparse. More importantly, the tolls levied by the WHC are concessionary tolls and the statutory tolls have yet to be applied. To take private cars as an example, the concessionary toll charged by the WHC is \$45 and the statutory toll is \$100, which is two times and five times the toll charged by the CHT respectively, which stands at \$20. An even greater and more staggering difference lies in the toll for heavy goods vehicles. The concessionary toll charged by the WHC is \$110, whereas the statutory toll is \$305, which is three times and 10 times more than the toll of \$30 charged by the CHT respectively.

Look at the three tunnels, the CHT is the most centrally located, its tolls are the cheapest and its connecting road network is also the best, so naturally, it is the

first choice of motorists. Therefore, the crux of the problem of uneven traffic flow through the three harbour crossings lies in the great differences in their tolls. In the policy address, the Chief Executive mentioned that a consultancy study would be conducted to identify the optimal distribution pattern of traffic flow, the toll regime, the financial and asset control arrangements and management structure conducive to such a pattern and the consultancy study would last 12 months.

I agree that the Government should launch a consultancy study as soon as possible. Moreover, it may as well consider introducing some actual pilot schemes to narrow the toll differences of the three harbour crossings to identify the utilization pattern of motorists and gauge their degree of acceptance, so as to obtain actual data, instead of carrying out computer simulations and staying at a theoretical level.

I believe that while a consultancy study is being conducted, the Government should not rule out the possibility of co-operation with the EHC and WHC. Any proposals on buy-out and offering shares in exchange for tunnel ownership can be studied. Since CITIC Pacific has expressed the willingness to discuss any proposal with the Government, I think that the Government need not display any hint of arrogance.

Of course, President, I do not mean that all problems can be solved simply by using public funds to buy out the EHC and WHC because buying out these two tunnels is a long-term commitment that must be discussed in detail. For example, after buying out the two tunnels, will it be necessary for the Government to use public funds to subsidize the tunnel tolls? How much will repairs and maintenance cost each year? The authorities also have to ensure that the road networks connecting the EHC and WHC are capable of coping with the increased traffic flow and that bottlenecks or overload would not arise in other places. This will also ensure that motorists would not shun the EHC or the WHC due to the need to make a detour. As regards the Central-Wan Chai Bypass, I also agree that it should be constructed as soon as possible because at present, the traffic in Central, in particular, in the area around Phases I and II of the International Finance Centre, is already very congested and an alternative road link is essential.

President, I so submit.

**PROF PATRICK LAU** (in Cantonese): President, the constant traffic congestion at the CHT has become a major feature of Hong Kong. I remember that there was once a billboard on which an advertisement used the long traffic queues before the toll booths of the CHT as the background. In it, there were as many as nine traffic queues, just like nine Chinese dragons. On this billboard, there were two big characters that read, "Kowloon (nine dragons)". This is both ironic and a depiction of the reality. Although I agree that the current tunnel tolls are quite high and impose a burden on car owners, and that adjusting the tolls and offering non-peak hour concessions may encourage some car owners to avoid using the harbour crossings during rush hours, I think ultimately, this cannot solve the problem of traffic congestion thoroughly.

This is because the major cause of congestion at the tunnels lies in the problems with the deficient road network, in particular, with the inadequate complementary network at the peripheral, thus leading to the problem of bottlenecks. To give a simple example, during the morning rush hours, if one drives from Kowloon East to Central on Hong Kong Island, no matter how free-flowing the traffic is in the EHC, there will always be traffic congestion on the Island Eastern Corridor and it is only a question of whether the congestion is serious or not. One is often stuck in the traffic for 45 minutes if one travels from the Island Eastern Corridor through Gloucester Road to Queen's Road Central. The time needed is more than that of travelling by the MTR, which is half an hour. The crux of the problem does not lie in how many people use the harbour crossings because the traffic is free-flowing in the tunnels. The problem is that there is traffic congestion after exiting the tunnels and all vehicles are stuck in a single trunk road.

For this reason, I agree that it is necessary to build the Central-Wan Chai Bypass as soon as possible to address the flaws in the road network in the long term. The existing situation can be compared to someone with arms and legs but no fingers and toes, so the vehicles on the trunk roads cannot be quickly diverted to secondary link roads. As a result, the traffic converges in Central and Wanchai, thus leading to serious congestion. I support the proposal on temporary reclamation to enable the early construction of the Central-Wan Chai Bypass and the Island Eastern Corridor Link, so as to ease the almost round-the-clock traffic congestion in that area.

In fact, I think that not only is it necessary to perfect the transport network, it is also necessary to do a proper job in establishing a network for pedestrians to

give the public the option of getting off their vehicles and walking to their destinations, so as to reduce the need to take short-haul transport. This is also important. In particular, one of the focuses of this year's policy address is to improve the footbridge and pedestrian subway network. In view of this, I think these pedestrian walkway networks should be constructed as soon as possible to bring about the segregation of pedestrians and traffic and encourage more members of the public to utilize the pedestrian walkway network, which is environmentally-friendly as well as highly efficient.

In fact, some years ago, our sector already conveyed to the authorities the view that the interchange arrangement in respect of cross-habour buses should be strengthened, so as to reduce the traffic congestion caused by buses lining up to pick up and set down passengers at the tunnel. However, the authorities have never taken action to solve this serious problem.

President, I agree very much that the Government should seize this opportunity to buy out the EHC and WHC at a time when their market prices are reasonable, so as to adjust the tolls of these two tunnels to a reasonable level. I think it is all the more necessary to launch various infrastructure projects and expedite the construction of pedestrian walkway networks and pedestrian zones at a time when construction cost is falling, so as to encourage the public to walk more and reduce the burden on roads. This will even be conducive to improving the air quality. I so submit. Thank you, President.

**MR LEUNG KWOK-HUNG** (in Cantonese): President, in fact, when the tolls of the EHC were increased in 2005, I staged a protest at the entrance of the EHC and blockaded the tunnel. Of course, I was charged of causing obstruction. Four years have passed quickly, and why do I think it is different nowadays? Because CITIC Pacific has lost a lot of money as a result of its speculation on foreign exchange. Members, I have said many times that the Government dares not do anything about it, so it is above the law. As regards the conduct of Larry YUNG and Henry FAN, basically, they can be arrested and charged at any time. Prosecution can be instituted against them in accordance with the Securities and Futures Ordinance or other laws. They can even be charged of making a false declaration, but they have now escaped the arm of the law.

Since this consortium manages two transport arteries highly relevant to us, is this an appropriate state of affairs? I already raised this point four years ago,

but it was deemed inappropriate. I believe that the operators should be managed as public organizations and a Bridges and Tunnels Authority should be established. That is to say, all tunnels and bridges in Hong Kong should be operated by the Government and in future, when building tunnels or bridges, the Government should be responsible for financing or securing loans and there is no need to adopt the so-called BOT, that is, the "Build, Operate and Transfer" arrangement. Right?

Members, a complaint was lodged against me and when I said that it was a molestation of public opinion, some people thought that this was disgusting. This TAM Yiu-chung agreed with other people's claims, so he simply cannot tell right from wrong. Today, I will be more gentlemanly and I have composed a couplet for the Government and the authorities and it has very good antithesis. It reads, "The tunnels have become deplorable milch cows; exacting higher tolls regardless of vehicle numbers, so what are they really?" and "The consortium has become a highway robber, grabbing sums big and small, so this is downright outrageous". The horizontal scroll reads, "Official Licence for Business". Does this sound right?

Why do I say all this? There is a reason for the harbour crossings becoming miserable milch cows. The EHC and the WHC were completed in 1986 and 1993 respectively and the former was constructed at a cost of \$2.2 billion and the WHC, at \$7 billion, for a tenure of operation of 30 years. Since the British-Hong Kong Government was unwilling to bear the construction cost, it adopted the so-called BOT arrangement, that is, "Build, Operate and Transfer", so the consortia are behaving just like loan sharks and whenever they have time, they harass the public. When a lot of vehicles use these tunnels, they want to increase the tolls. If more people use the EHC, it will be announced that this will not do because too many people are using it, thus leading to traffic congestion, so the traffic flow has to be reduced. In fact, the present utilization rate stands at only 80%. President, Chairmen, these tunnels, having been in operation thus far, have not yet reached full capacity, so it was announced that the tolls would be increased again. However, when few vehicles use them, the tolls are increased. As nobody uses the WHC, so the tolls have to be increased. May I ask if these tunnels are entirely controlled by those consortia? Since CITIC Pacific belongs to the "princelings party", it could buy those tunnels successfully and continue to do mischief. For this reason, may I ask what sort of thing it is?

What have Members got to do with the EHC and WHC? What sort of things are those tunnels? It turns out that the consortia are highway robbers. This is very simple. The consortia are exacting tolls for passage. All people who travel through them has to pay up and whoever does not will be dealt with as causing obstruction, as in my case, and can be arrested. If a lot of money is at stake, one grabs it, as in the speculation on Australian dollar. When there are advantages, what is righteous is forgotten and so are one's social responsibilities. It will just grab them. Even though only a small sum is involved, it will still be grabbed. The operation of the EHC and the WHC is most insignificant to CITIC Pacific, but it still wants to rip people off. This is downright outrageous.

How is Hong Kong society like? Whatever can give people a means of living is always owned by various consortia. I have said that the Government dares not touch a hair of these consortia. Now, I believe all people in society have to consider this: This consortium called CITIC Pacific, which speculated on foreign exchange, can deceive the public and small shareholders, and it can escape the arm of law. In future, if we let it operate the EHC and the WHC, how possibly can we have confidence in it? Will it sell these assets to another consortium? If it does not hand the tunnels back to Hong Kong people but sells them to another consortium, and if it turns out that the other consortium is also unscrupulous, what should we do? Right?

Therefore, today, we must consider one question clearly. Should the people of Hong Kong continue to be so dumb as to let it go on monopolizing a public utility, that is, no one other than it can operate the tunnels? This is natural monopolization. Even building another tunnel next to them will not be allowed. The Government will not have this. The Government is responsible for roads and bridges connecting these tunnels and we have not yet taken these projects into account, have we?

In this regard, the position of us in the League of Social Democrats (LSD) is very simple. We believe that all public utilities, including electricity, and so on, should in fact be gradually taken over by the Government for operation. Now, the operation tenures of the EHC and WHC will expire in 2016 and 2023 respectively, so there are still many years to go and we can perhaps have discussions. I think it is incumbent upon the Government to "kill it when it is sick" by requesting the consortium concerned to hand over the operation rights of the EHC and WHC to prevent it from selling them to other consortia because if it

does, the implications are very great to us. We in the LSD have all along advocated that since the Government is responsible for public administration — no matter if it is elected by the people or not — it is duty-bound to effect a public take-over and operate utilities essential to the public but are being used by consortia to juice the public. Concerning capital, the Government can carry out financing through the levy of progressive profits tax or inordinate profits tax, or by borrowing from banks.

Therefore, we believe that the public should exert pressure on the Government and request it to take over the EHC and WHC, so as to solve the problem of persistent traffic congestion and perennial high tolls. Thank you, President.

**MR FREDERICK FUNG** (in Cantonese): President, the problem of traffic congestion at the harbour crossings has troubled Hong Kong for many years and the social and economic losses incurred are so huge as to be inestimable. Every day, countless workers can only waste their precious time helplessly on traffic congestion for nothing. According to the information provided by the Transport Department to the Legislative Council, generally speaking, the speed of traffic in the urban area in Hong Kong is on the drop. Generally speaking, it dropped from 24.9 kph in 2002 to 24 kph and on a number of trunk roads connected to the CHT, and the speed of traffic during the morning rush hours has been dropping. Comparing the figures from 2002 to 2006, it can be seen that the speeds of traffic on Gloucester Road, Harcourt Road, Hennessey Road and Queen's Road Central, and so on, have dropped by 10%, 4%, 8% and 37% respectively, whereas that on Princess Margaret Road in the direction of Tsim Sha Tsui and the HCT is even more marked, dropping from 20.7 kph to 8.9 kph. This represents a decrease of 57%. I believe the Secretary is also aware of these figures.

President, while traffic congestion affects productivity, the way that hard-working wage earners in Hong Kong cope with traffic congestion is none other than going to work earlier and heading home later. However, if they encounter traffic congestion every day after work and if they can get home only late in the evening, not only will this affect the economy, the family time of wage earners will also be affected and there will also be less time for them to get together with their family members. From time to time, there are surveys showing that the time that parents spend with their children is also on the

decrease. I believe that apart from long working hours, the traffic congestion caused by the imbalance of traffic flow through the three tunnels is also one of the culprits affecting communication in the family.

President, I think the main reason leading to the imbalance of traffic flow through the three tunnels is the differences in the tolls of these tunnels. In view of the experience in the operation of various tunnels throughout the years, the levels of tolls have a direct bearing on the traffic flow through the tunnels. Motorists are used to deciding which tunnel to use by thinking about the toll first of all, rather than the time saved and the distance to be covered. To take my own case as an example, when concessions were offered upon the commissioning of the WHC, even though the toll was \$30 or \$40, the actual toll paid was \$20, so during that period of time, I would cross the harbour via the WHC every day. The toll is now \$45 and I use the WHC less than 10 times each month because the toll is more than double that of the CHT. For private car owners, the toll difference between the \$20 charged by the CHT and the \$45 charged by the WHC is too great. As a result, all of us would not use the WHC unless absolutely necessary or in a great hurry.

President, the traffic in the WHC is always free-flowing and there are few customers. This contrasts with the CHT, which is overflowing with customers, and shows that the BOT mode, that is, the "Build, Operate and Transfer" mode, adopted in the construction of tunnels back then was not well thought out and it was also a miscalculation. It has led to a great waste of resources in the form of tunnels nowadays and huge social cost is incurred.

President, whenever the operators of the harbour crossings applied for a toll increase, it would trigger off a heated debate in society on how the issue of traffic distribution among the tunnels can be resolved. I remember that in early 2005, the Government lost in an arbitration concerning the EHC. As a result, it was possible for the operator of the EHC to increase the tolls drastically and this led to a strong reaction in society. The then Secretary, Dr Sarah LIAO, also put forward a series of proposals on diverting the traffic of the harbour crossings in earnest, and they included raising the tolls of the CHT and reducing the tolls of the EHC and WHC, buying back or extending the franchises, joint ownership of the three tunnels, and so on. However, as was the case in the past, the proposals just remained what they were and no real action was taken by the Government. I still remember that in mid-2006, I asked the Government a question and



requested it to give an account on the progress in diverting the traffic of these tunnels. However, up to now, no answer is forthcoming. The authorities only reiterated and stressed that it would continue to have discussions on the franchises of the EHC and WHC with their operators. In other words, the Government has remained at the stage of discussion and adhered to the policy of procrastination.

President, what is even more inconceivable is that in the policy address delivered recently, the Chief Executive harped on the old tune again, suggesting that another consultancy study be conducted on the issue of traffic diversion. With one delay after another, and one study after another, the Government is brazening out the criticisms by maintaining that toll adjustment will not resolve the issues relating to traffic distribution, that the most important thing is to build the Central-Wan Chai Bypass. President, as I said just now, we all know that the toll is the important factor to motorists in choosing which path to take and the time saved and a shorter route are only secondary considerations. If this were not the case, the phenomenon of all motorists using the CHT would not have occurred. This is a reality that is happening now, so how possibly can the Government deny this, how can it not see this and how can it ignore this?

As regards the Central-Wan Chai Bypass, of course, it is desirable to complete it as soon as possible. However, as long as such staggering differences in the tolls of the CHT and the WHC exist, I believe most motorists would opt for the CHT. Moreover, when will the Central-Wan Chai Bypass be completed? What is the plan? Is there a timetable? How can the authorities convince us that this problem can be solved within a year or two? Maybe the authorities have a secret design in that it thinks that as long as it continues to adopt the policy of procrastination by continuing to conduct one study after another until the franchises of the EHC and WHC expire, this problem can be solved without making any effort. However, we have to suffer for another eight to 10 years.

President, the Hong Kong Association for Democracy and People's Livelihood (HKADPL) and I definitely do not approve of such an attitude and the policy of procrastination adopted by the authorities, as the huge social and economic losses incurred as a result of the imbalance in the traffic flow through these three tunnels are disregarded. We demand that the Government consider such proposals as buying out the EHC and the WHC or the joint operation of the three tunnels. In particular, at a time when the economy has turned for the worse, this goal can be achieved at a lower cost, such that the control over the

EHC and WHC can be secured and the effect of traffic diversion can be achieved by adjusting the tolls of the three tunnels, thus solving the problem of traffic congestion at the harbour crossings thoroughly.

With these remarks, I support the motion and the amendments.

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

**MR ALBERT CHAN** (in Cantonese): The issues relating to the harbour crossings have been discussed for more than a decade. Concerning the legislation on the WHC back then, at that time, I opposed it in the legislature. Back then, I had the most heated debate ever in the Legislative Council with the former Secretary for Transport, the late Mr YEUNG Kai-yin and I think we had a spirited and brilliant war of words. At that time, the debate with the Government was heated and basically, there were differences in the fundamental positions adopted by both sides. Judging from subsequent developments and the facts now, the comments made by us then have proven to be correct. We pointed out then that the high profits and tolls would definitely lead to the problem of imbalance in the future, but the Government was incaltrant at that time.

Concerning the handling of issues relating to tunnels, many years ago, we already proposed to the Government that a Tunnels and Bridges Authority be established at an early date. When the Tsing Ma Bridge was commissioned, in fact, we already proposed to the Government that the Tsing Ma Control Area should not be operated by one company. As regards the operation of other tunnels by government departments, in fact, the Government should establish a Tunnels and Bridges Authority to take over all the tunnels and bridges owned by the Government and gradually buy out the other tunnels and bridges, as well as gradually taking over tunnels and bridges the franchises of which have expired. If this is a statutory organization, the funds received can be used to finance the development of future tunnels and bridges. This is a concept of long-term development. Back then, we also put forward the idea of cross-generation benefits, that is, the people now should not foot the entire bill for the construction of tunnels and bridges whereas future generations would enjoy the benefits. Since the development of each tunnel or bridge will at least take several decades, or three to four decades at the shortest and five to six decades at the longest, if

such a system is put in place, this will make the users really pay for the expenses on bridges and tunnels.

However, the Government said time and again that it had to conduct studies and even now, it still maintains that it has to continue to conduct studies. Furthermore, it wants to find a consultancy to conduct a study for another year. In this regard, back in those years, the leaders of the central leadership criticized TUNG Chee-hwa for his shortcoming of having discussions without making decisions. TUNG Chee-hwa subsequently stepped down, but it seems the incumbent Government has taken a step backwards. It does not learn from other people's merits, instead, it copies all the shortcomings of the former regime. Retired officials work for big corporations and whenever there are politically sensitive issues, consultancies are commissioned to conduct one study after another. This is also the case with regard to redevelopment. The Government also said that it had to conduct a study lasting two years and on this issue relating to the tunnels, which has been discussed for over a decade, a consultancy will again be commissioned to conduct a study for one more year. At present, have we not got a political accountability system and are government officials not accountable? Since Deputy Secretaries and Political Assistants have been recruited, are they useless? Does it mean that they are just responsible for overseeing the work of consultants whereas they will just remain silent, that they will let consultants express their opinions and after the consultants have completed their studies, a draft will be prepared for the officials to tell them what they should write and say?

President, if the Government does not improve its style of administration, the problems that arose when TUNG Chee-hwa was in office will only keep recurring within the present Administration, thus compromising administrative efficiency and there will be constant and completely futile wrangling and discussions that will not yield any result. The traffic congestion will just continue.

President, I have conducted a simple survey. In fact, the Transport Department conducted a survey in 1999 and it was pointed out then that the traffic congestion at that time had led to losses amounting to some \$2 billion to \$3 billion each year. That was the situation in 1999. Concerning these three tunnels, I have conducted a simple survey of the average vehicle ..... on the basis of 100 000 vehicle trips caught up in the traffic congestion and each vehicle being held up for 10 minutes, the loss daily is as much as \$800,000 and the loss sustained by the public due to traffic congestion, that is, the so-called loss in

productivity, is some \$100 million to \$200 million. This is an intangible loss. The governments of various cities throughout the world are all very concerned about the economic or productivity losses caused by traffic congestion. If we find a consultant to conduct a study for one more year, this will lead to increased and greater losses. In view of this, President, I really hope that the Government can drum up its political courage and take resolute action.

In fact, I have great respect for Secretary Eva CHENG. Of the many Secretaries, she is more down to earth and she is different from the other Secretaries, who love to engage in empty talk, is she not? I really hope the Secretary can show some sincerity and courage by making a decision on the issue as soon as possible.

In addition, since CITIC Pacific is so short of money recently, this is a very opportune moment that must be exploited. Since its image has been so poor of late, why do we not give it an opportunity to do a good deed to benefit the public? It has wronged so many shareholders and affected the image of listed companies in Hong Kong in such a way, so should it not do something good to build a better image, so that the Hong Kong public will have a better impression of it? Since it could lose tens of billions of dollars, why does it not do a good deed to project a better image? This is a very opportune moment, is this not? It is fine if I have to stage a rally or petition or throw eggs on its behalf. In view of this, if the Government still refuses to persuade CITIC Pacific to sell its tunnels even at such a time, I think we will let slip a golden opportunity. Therefore, sometimes, it is necessary to seize opportunities. If the Government continues to adopt the approach of squandering our resources and TUNG Chee-hwa's approach in governing Hong Kong, this will only make Hong Kong continue to degenerate and in this financial tsunami, it will gradually become a city of sadness. I hope the Secretary will not lead Hong Kong into such a pass. Thank you, President.

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

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese): Mr CHAN Hak-kan, you may now speak on the two amendments. You may speak up to five minutes.

**MR CHAN HAK-KAN** (in Cantonese): President, I wish to say a few words in response to the respective amendments of Mr Andrew CHENG and Mr Ronny TONG.

Mr Andrew CHENG's amendment proposes the concept of offering shares in exchange for tunnel ownership. The rationale is to induce shareholders of the two tunnels to hand over their shares to the Government through a profit-sharing mechanism. Mr Ronny TONG's amendment, on the other hand, advances the concept of joint operation. He hopes that after the Government has acquired the stakes in the two tunnels, a joint-operation company can be formed. These two amendments are identical to the original motion in terms of the general direction.

But I must draw Members' attention to one point. The proposal on offering shares in exchange for tunnel ownership is in fact very similar to franchise extension. But a profit guarantee must be added as an incentive. This may lead to profit guarantees in present BOT agreements. Therefore, we must be very careful when computing the distribution of profits.

Mr Ronny TONG's amendment proposes to adjust the tolls of the three tunnels and their throughputs to a reasonable level. As mentioned by some Members earlier in the debate, the word "adjust" can mean both toll rises and toll reductions. The DAB is afraid that the tolls for the CHT may rise after the introduction of joint operation, opposite to our request for toll reductions for the EHC and the WHC. And, this is also not in line with public expectations.

President, the DAB will support Mr Andrew CHENG's amendment. But it has very great reservations about Mr Ronny TONG's amendment.

Thank you, President.

**SECRETARY FOR TRANSPORT AND HOUSING** (in Cantonese): President, I wish to thank those Members who have spoken.

The Government is fully aware of and extremely concerned about the traffic congestion caused by the uneven distribution of traffic among the three cross-harbour tunnels. Toll differences are admittedly one major cause of the problem, but there are also a number of equally important factors, such as locations, connecting road networks and the capacity of such road links. We

must first sort out all the causes before we can identify any solutions. The Government's attitude, as I said at the beginning of the debate, is both positive and pragmatic.

Let me now respond to the advice and suggestions put forward by some Members. Mr LEE Wing-tat, who is not present now, asked a very good question. He asked whether the Government would construct a fourth harbour crossing. The answer is yes. But it will not be a road tunnel. It will be the cross-harbour section of the Shatin to Central Link. I think in the debate today, we must also take a fresh look at the overall transport policy. Under the overall transport policy, people are encouraged to use public means of transport as much as possible. Therefore, regarding the transport infrastructure, our target at the next stage is to increase the capacity of cross-harbour transport by constructing the cross-harbour section of the Shatin to Central Link. Mr KAM Nai-wai urges the Government to construct the West Island Line and the South Island Line as early as possible. This is precisely the goal of our work.

Next, I wish to say a few words in response to some Members' views on buying back the shares of the two tunnels. In this connection, I must make it a point to say that the issues of price estimation, price offer and valuation must be handled very cautiously. I note that an academic has put forward a very wise viewpoint in the press. According to him, we must be very cautious because if we offer very high prices, we will be accused of transferring benefits. But if we offer very low prices, there will be too little incentive for the tunnel companies to sell their shares to the Government and turn down other investors. Besides, they will also find it very difficult to give their shareholders any explanation. Therefore, we should not try to "kill it when it is sick" in handling this matter. The important point is that a buy-out will involve public expenditure, so we must take account of costs. But at the same time, we must not completely ignore the principles of commercial operation.

Another obvious reason for buying out the tunnels is to lower the tolls of the two tunnels and achieve traffic diversion. Disregarding the question of whether any public money should be spent on subsidizing tunnel users, we must still conduct a very rational analysis and price estimation regarding the proposal, because huge amounts of public money will be involved. The point here is that even if the SAR Government really buys out the Eastern Harbour Crossing (EHC) and the Western Harbour Crossing (WHC) and lower their tolls substantially to the toll levels of the Cross Harbour Tunnel (CHT), traffic congestion may still occur at the CHT due to its unrivalled geographical location. What is more,

while the throughputs of the EHC and the WHC may increase after toll reductions, their connecting road networks may not necessarily be able to cope with the increased traffic load. In that case, motorists may not be able to enjoy any benefits in terms of travelling time and costs. Therefore, we are convinced that in order to tackle the problem of cross-harbour traffic congestion, we must take account of all relevant factors.

We must also carefully study — I am sorry, Mr WONG Yuk-man, because I must use the word "study" again — how the Government can influence the toll structures of the three tunnels and achieve the aim of effective traffic management by controlling the stakes of the tunnels concerned. As mentioned by Ms Miriam LAU, CITIC Pacific only owns 35% of the shares of the WHC. For this reason, even if the Government buys out the shares held by CITIC Pacific, its influence on tolls and operation of the WHC will still be very limited. In the case of the EHC, even if the Government also buys out the stake held by CITIC Pacific, it must still consider the interest of the remaining shareholders. A Member remarked that CITIC Pacific had to protect its own image. But precisely for this reason, I must say, it is bound to protect the interest of other shareholders. Our offer must thus be reasonable.

As I have mentioned, the geographical locations and connecting road networks of the tunnels do affect traffic distribution to a very great extent. This explains why I have repeatedly stressed the urgency of constructing the Central-Wan Chai Bypass. With the Bypass, the strategic road network along the northern shore of Hong Kong Island will be complete, thus easing the traffic congestion in the vicinity of Connaught Road Central, Harcourt Road and Gloucester Road, and helping us rationalize the throughputs of the three cross-harbour tunnels. I am very glad that many Members have expressed support for this.

In July last year, the proposed road schemes of the Central-Wan Chai Bypass and Wan Chai Development Phase II were gazetted under the Roads (Works, Use and Compensation) Ordinance. Since the Court ruled in March this year that the Protection of the Harbour Ordinance (PHO) applies to the proposed temporary reclamation of the Central-Wan Chai Bypass, we are now conducting an extensive public consultation exercise on the methods of constructing the Trunk Road Tunnel and the proposed temporary reclamation. The public generally support the early construction of the Bypass. As for the proposed temporary reclamation necessitated by the construction of a temporary breakwater at the Causeway Bay Typhoon Shelter, we have listened to the views of the

public and the boat dwellers there. We now propose to move some of the affected vessels to other typhoon shelters on a temporary basis, so as to do away with the proposed breakwater and reduce the area of reclamation.

We will brief the Panel on Development on the latest progress of the Central-Wan Chai Bypass next week. We will also strive to complete the required consultation work before the end of this year. The statutory procedure for vetting and approval will then be activated, so that there can be a lawful and reasonable basis for the early construction of the Bypass in circumstances permitting.

Mr KAM Nai-wai — he is not present now — raised a query just now. My answer is that we have never "jumped the gun". He questioned whether we had done so for the reclamation project. I must point out that the funding approval being sought by us is about the protection works under Central Reclamation Phase III, which is not part of the Central-Wan Chai Bypass project.

To improve the distribution of traffic among the three cross-harbour tunnels and ease the congestion around Wan Chai, we will commission a consultant to assist us in conducting the required studies. All relevant factors will be studied and feasible options put forward. The consultancy study will not be restricted to the two options of buying out and franchise extension. We require the consultant to study all feasible options (including those put forward by Members today). The study will cover the valuations of the three tunnels (especially the EHC and the WHC) and the basis of negotiations with the shareholders of the EHC and the WHC.

Apart from the options of buying out, franchise extension, joint operation and offering shares in exchange for tunnel ownership mentioned by Members today, various sectors of the community have also made many sound recommendations on achieving a more satisfactory distribution of traffic among the three tunnels. We adopt an open attitude towards all options and will conduct in-depth studies on their feasibility, cost-effectiveness and limitations. Any option adopted at the end of the day must be beneficial to the public and fair to taxpayers, in addition to being able to help ease the congestion around the tunnels and their nearby key roads.

The conduct of the consultancy study should not be taken to mean that the Government will slow down its pace before the completion of the study. Mr Albert CHAN, you might not be in the Chamber when I explained this point just now. Quite the contrary, the consultancy study can provide us with a basis of



negotiating with the tunnel companies. It is therefore necessary to conduct such a study. We will not slow down our pace and will continue to communicate with the tunnel companies in the light of the actual situation and the study progress, so as to explore various options of improving the distribution of traffic. We will also encourage the tunnel companies to provide more toll concessions to motorists and the transport sector.

President, the debate today can highlight the concerns of Members and society about the topic. Once again, let me thank Members for their speeches and recommendations. I also hope that all social strata can hold further discussions on all aspects of the issue and put forward feasible options.

Thank you, President.

**PRESIDENT** (in Cantonese): I now call upon Mr Ronny TONG to move his amendment.

**MR RONNY TONG** (in Cantonese): President, I move that Mr CHAN Hak-kan's motion be amended.

**Mr Ronny TONG moved the following amendment: (Translation)**

"To add "the tolls of" after "That, as presently"; to add "are on the high side, they" after "Western Harbour Crossing (WHC)"; to delete "and their tolls are on the high side," after "traffic flows effectively,"; to add "while at the same time incurring heavy economic and social costs; as such" after "a heavy burden on vehicle owners and the general public"; and to delete "the extension of their franchises, so as to lower the tolls of these two tunnels" after "WHC or" and substitute with "the option of 'joint operation of the three tunnels', so as to adjust the tolls and traffic flows of the three tunnels"."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Ronny TONG to Mr CHAN Hak-kan's motion, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr IP Kwok-him rose to claim a division.

**PRESIDENT** (in Cantonese): Mr IP Kwok-him has claimed a division. The division bell will be rung for three minutes.

**PRESIDENT** (in Cantonese): Will Members please proceed to vote.

**PRESIDENT** (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Dr Joseph LEE, Mr CHIM Pui-chung, Mr Paul CHAN, Mr CHAN Kin-por, Mr CHEUNG Kwok-che, Mr IP Wai-ming, Dr PAN Pey-chyou, Mr Paul TSE and Dr Samson TAM voted for the amendment.

Mr WONG Yung-kan, Mr Abraham SHEK, Mr WONG Ting-kwong and Mr IP Kwok-him voted against the amendment.

Dr Raymond HO, Mr CHEUNG Man-kwong, Mrs Sophie LEUNG, Ms Miriam LAU, Mr Vincent FANG, Mr Jeffrey LAM, Mr Andrew LEUNG and Prof Patrick LAU abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr Albert CHAN, Mr Frederick FUNG, Ms Audrey EU, Mr WONG Kwok-hing, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Ronny TONG, Ms Cyd HO, Miss Tanya CHAN, Mr WONG Kwok-kin and Mr WONG Yuk-man voted for the amendment.

Mr CHAN Kam-lam, Mr LAU Kong-wah, Mr TAM Yiu-chung, Ms Starry LEE and Mr CHAN Hak-kan voted against the amendment.

Mr Albert HO, Mr James TO, Mr Andrew CHENG, Mr KAM Nai-wai, Dr Priscilla LEUNG 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, 21 were present, nine were in favour of the amendment, four against it and eight abstained; while among the Members returned by geographical constituencies through direct elections, 26 were present, 14 were in favour of the amendment, five against it and six abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

**PRESIDENT** (in Cantonese): Mr Andrew CHENG, you may now move your amendment.

**MR ANDREW CHENG** (in Cantonese): President, I move that Mr CHAN Hak-kan's motion be amended.

**Mr Andrew CHENG moved the following amendment: (Translation)**

"To delete "actively study the buying out of EHC and WHC or the extension of their franchises, so as to" after "(c)"; to delete "these two

tunnels" after "lower the tolls of" and substitute with "EHC and WHC"; to add "by way of buying out, 'offering shares in exchange for the tunnel ownership' or extending the franchises of these two tunnels" after "reasonable levels"; and to add ", improving air pollution" after "the three tunnels".

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Andrew CHENG to Mr CHAN Hak-kan's motion, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr Albert CHAN rose to claim a division.

**PRESIDENT** (in Cantonese): Mr Albert CHAN has claimed a division. The division bell will be rung for three minutes.

**PRESIDENT** (in Cantonese): Will Members please proceed to vote.

**PRESIDENT** (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr CHEUNG Man-kwong, Mrs Sophie LEUNG, Mr WONG Yung-kan, Ms Miriam LAU, Mr Abraham SHEK, Mr Vincent FANG, Dr Joseph LEE, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Mr Paul CHAN, Mr CHAN Kin-por, Mr IP Wai-ming, Mr IP Kwok-him, Dr PAN Pey-chyou, Mr Paul TSE and Dr Samson TAM voted for the amendment.

Dr Raymond HO, Prof Patrick LAU and Mr CHEUNG Kwok-che abstained.

Geographical Constituencies:

Mr Albert HO, Mr James TO, Mr CHAN Kam-lam, Mr LAU Kong-wah, Ms Emily LAU, Mr Andrew CHENG, Mr TAM Yiu-chung, Mr Frederick FUNG, Mr WONG Kwok-hing, Mr KAM Nai-wai, Ms Cyd HO, Ms Starry LEE, Mr CHAN Hak-kan, Mr WONG Sing-chi and Mr WONG Kwok-kin voted for the amendment.

Mr LEUNG Yiu-chung, Mr Albert CHAN, Mr LEUNG Kwok-hung and Mr WONG Yuk-man voted against the amendment.

Mr LEE Cheuk-yan, Ms Audrey EU, Mr Alan LEONG, Mr Ronny TONG, Miss Tanya CHAN and Dr Priscilla LEUNG abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 21 were present, 18 were in favour of the amendment and three abstained; while among the Members returned by geographical constituencies through direct elections, 26 were present, 15 were in favour of the amendment, four against it and six 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 Hak-kan, you may now reply and you have three minutes and 42 seconds. This debate will come to a close after Mr CHAN Hak-kan has replied.

**MR CHAN HAK-KAN** (in Cantonese): President, first of all, I must thank all those Members who have spoken and rendered their support to the amendments, because they all contain many valuable options on tackling the problem of congestion at the three tunnels

Members have put forward the options of offering shares in exchange for tunnel ownership, joint operation and franchise extension. These options are marked by their respective merits and weaknesses. They are supported by different people, and there are different justifications. Much to my regret, I have not heard any concrete options from the Government. I know that the authorities have been studying this issue for three years since 2005. After listening to the Government's reply today, I must say, somewhat pessimistically, that three more years may be required. This reminds me of a line in a movie, "Three years, three years and another three years". Very soon, it will be 10 years. If Hong Kong must wait 10 years before there can be a solution to the problem of traffic diversion among the three tunnels, people will certainly be very discontented. And, they will certainly start questioning the competence of the Government.

President, Members have stated their positions very clearly today and they have also suggested various options. I think it is now the time for the Government to put forward its proposals immediately to the public, so as to solve the problem of tunnel congestion.

Thank you, President.

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the motion moved by Mr CHAN Hak-kan, as amended by Mr Andrew CHENG, be passed.

**PRESIDENT** (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr LEUNG Kwok-hung rose to claim a division.

**PRESIDENT** (in Cantonese): Mr LEUNG Kwok-hung has claimed a division. The division bell will be rung for three minutes.

**PRESIDENT** (in Cantonese): Will Members please proceed to vote.

**PRESIDENT** (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Dr Raymond HO, Mr CHEUNG Man-kwong, Mrs Sophie LEUNG, Mr WONG Yung-kan, Ms Miriam LAU, Mr Abraham SHEK, Mr Vincent FANG, Dr Joseph LEE, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Prof Patrick LAU, Mr Paul CHAN, Mr CHAN Kin-por, Mr IP Wai-ming, Mr IP Kwok-him, Dr PAN Pey-chyou, Mr Paul TSE and Dr Samson TAM voted for the motion as amended.

Mr CHEUNG Kwok-che abstained.

Geographical Constituencies:

Mr Albert HO, Mr James TO, Mr CHAN Kam-lam, Mr LAU Kong-wah, Ms Emily LAU, Mr Andrew CHENG, Mr TAM Yiu-chung, Mr Frederick FUNG, Mr WONG Kwok-hing, Mr KAM Nai-wai, Ms Cyd HO, Ms Starry LEE, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mr WONG Sing-chi and Mr WONG Kwok-kin voted for the motion as amended.

Mr LEUNG Yiu-chung, Mr Albert CHAN, Mr LEUNG Kwok-hung and Mr WONG Yuk-man voted against the motion as amended.

Mr LEE Cheuk-yan, Ms Audrey EU, Mr Alan LEONG, Mr Ronny TONG 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, 21 were present, 20 were in favour of the motion as amended and one abstained; while among the Members returned by geographical constituencies through direct elections, 26 were present, 16 were in favour of the motion as amended, four against it and five abstained. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the motion as amended was carried.

#### **NEXT MEETING**

**PRESIDENT** (in Cantonese): I now adjourn the Council until 11.00 am on Wednesday, 26 November 2008.

*Adjourned accordingly at twenty minutes past Six o'clock.*



**Appendix I****WRITTEN ANSWER****Written answer by the Secretary for Financial Services and the Treasury to Mr Paul CHAN's supplementary question to Question 1**

As regards the question of what measures are in place under the mechanism of the Mandatory Provident Fund Schemes Authority (MPFA) to ensure that the amount of gain deducted would not be unreasonably high to the disbenefit of employees, the existing law provides for special arrangement on the charging of administrative fees by the Mandatory Provident Fund (MPF) approved trustees to meet the expenses for operating capital preservation fund (CPF). Under the existing law, if the amount of the income and profits derived from the investment of the CPF for a particular month exceeds the amount of interest that would be earned if those funds had been placed on deposit in a Hong Kong dollar savings account at the prescribed savings rate as published by the MPFA each month, a trustee may deduct an amount not exceeding the excess as scheme administrative expenses for that month by the trustees. If, due to this restriction, a trustee is not able to recoup the administrative expenses in full, the deficiency may be deducted from the amount of any excess that may remain in respect of any of the following 12 months after deducting the administrative expenses applicable to that following month.