

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 3 December 2008

The Council met at Eleven o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

THE HONOURABLE ALBERT HO CHUN-YAN

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

THE HONOURABLE LEE CHEUK-YAN

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

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

DR THE HONOURABLE MARGARET NG

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

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

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

THE HONOURABLE LEUNG YIU-CHUNG

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

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

THE HONOURABLE LAU KONG-WAH, J.P.

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

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

THE HONOURABLE ANDREW CHENG KAR-FOO

THE HONOURABLE 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.

MEMBER ABSENT:

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

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE HENRY TANG YING-YEN, G.B.S., J.P.

THE CHIEF SECRETARY FOR ADMINISTRATION

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

THE FINANCIAL SECRETARY

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

THE SECRETARY FOR JUSTICE

THE HONOURABLE STEPHEN LAM SUI-LUNG, J.P.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS

DR THE HONOURABLE YORK CHOW YAT-NGOK, S.B.S., J.P.

SECRETARY FOR FOOD AND HEALTH

THE HONOURABLE MATTHEW CHEUNG KIN-CHUNG, G.B.S., J.P.

SECRETARY FOR LABOUR AND WELFARE

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

THE HONOURABLE MRS RITA LAU NG WAI-LAN, J.P.
SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT

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

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
Electronic Transactions Ordinance (Amendment of Schedule 3) Order 2008	249/2008
Tax Reserve Certificates (Rate of Interest) (No. 4) Notice 2008	250/2008
Dangerous Goods (Consignment by Air) (Safety) (Amendment) Regulation 2006 (Commencement) Notice 2008	251/2008
Dangerous Goods (Consignment by Air) (Safety) Regulations (Amendment of Schedule) Order 2006 (Amendment) Order 2007 (Commencement) Notice	252/2008

Other Papers

- No. 32 — Audited Financial Statements of the Customs and Excise Service Welfare Fund for the year ended 31 March 2008 and its Summary, together with the Director of Audit's Report
- No. 33 — Ocean Park Corporation Annual Report 2007-2008

ADDRESSES

PRESIDENT (in Cantonese): Address. Prof Patrick LAU will address the Council on the 2007-2008 annual report of the Ocean Park Corporation.

Ocean Park Corporation Annual Report 2007-2008

PROF PATRICK LAU (in Cantonese): President, I table with pleasure before the Legislative Council today the 2007-2008 annual report of the Ocean Park Corporation.

Ocean Park had a year filled with extraordinary achievements in the current financial year. The Park broke its own attendance record for the fifth consecutive year by welcoming 5.03 million guests, surpassing the previous year's total of 4.92 million guests.

Ocean Park also achieved record in-park revenue of HK\$242.6 million, and record admission revenue of HK\$681.9 million, marking year-on-year increases of 7% and 10% respectively. Along with prudent spending, we achieved a record final surplus of HK\$204.7 million, signifying a 19% increase from the HK\$171.3 million final surplus from the same period in the year before.

Behind these stunning accomplishments is the sound leadership and vision from the senior management in formulating the long-term development strategy, supported by the dedication and teamwork of all the staff. Together, they executed the Park's solid growth strategies — from in-park operations, local marketing initiatives and external partnerships — to consolidating existing presence and enlarging sales network in the mainland consumer market. Another main reason for our success today is our active grasping of opportunity to develop rapidly growing new markets, including Indonesia, the Philippines, Singapore, Malaysia, India, South Korea, Japan and Taiwan. Here, on behalf of our Chairman and Board of Directors, I would like to thank all the staff, the Hong Kong community, the Government of the Hong Kong Special Administrative Region (HKSAR), as well as the Hong Kong Tourism Board, our business partners and our guests, for their unwavering support and affection all these years.

Our 31st year of operation was regarded as the "Year of the Panda" as Ocean Park and the Hong Kong Community welcomed Ying Ying and Le Le, gifts presented to the people of Hong Kong from the Central Government, to celebrate the 10th anniversary of the establishment of the SAR. There were numerous memorable panda-related events throughout the year and these young

pandas experienced many "firsts" in Hong Kong, including their first birthday party, the first time to welcome Christmas in real snow, and being the theme of our Summer programme activities.

We also welcomed the new aquatic conservation animal ambassadors, the Chinese sturgeons, gifts of the National Aquatic Wildlife Conservation Association, which help to further propel the development of wildlife animal conservation.

Ocean Park's uniqueness lies in its unique experience to provide visiting guests with entertainment blended with education and conservation initiatives. The various animal-led programme designs have continued to win the hearts of Hong Kong people and overseas guests. The Park has continuously come up with programmes that are innovative and market-oriented, as exemplified through the launching of the widely welcomed "Big Five" annual events, which included Summer's Wet 'n Wild Panda Mania, October's Halloween Bash, Christmas Sensation, Lunar Lucky Fiesta and Easter's Animal Month — In High Definition. Ocean Park is also pleased to report the debut of Café Ocean with Hong Kong style as the main theme in May this year, as an offer of the local catering culture to complement our guests' experience during their visits to the Park.

The work of Ocean Park in animal care and husbandry has won acknowledgement among members in the same field. Our effort is recognized through the accreditation from the Alliance of Marine Mammal Parks and Aquariums and the Association of Zoos and Aquariums (AZA) for a second successive five-year term. In fact, Ocean Park is the only theme park outside America to be AZA-accredited.

Service comes with keen smiles at Ocean Park for providing high quality service to our visitors. The Park strives to be an Employer of Choice with a remarkable staff retention rate reaching 90%, and over 10% of the Park's staff has been with the Park for 20 years or more.

With its legacy in edutainment, Ocean Park has been successful in blending various quality entertainment with educational conservation initiatives while gaining its status as a world-leading theme park. Ocean Park has been involved in nature education for 16 years and has provided unique courses on conversation

to over 450 000 people. For this year, the Ocean Park Academy, which shoulders our education mission, has offered 1 200 classes in total, covering 30 different topics and inspiring over 32 000 youngsters.

Amidst a year of great success and accomplishment, Ocean Park upheld its commitment to society through a series of community outreach and environmental advocacy programmes. In this financial year, the Park donated HK\$9.21 million to Ocean Park Conservation Foundation, Hong Kong to fund over 50 research projects as well as conservation initiatives. In addition, we have donated a total of HK\$3 million to support Mainland China's recovery from the severe snowing and disastrous earthquake. As a caring company, Ocean Park also continues to support various local societal bodies, some of which were tied to our large-scale events during the year mentioned above. Furthermore, Ocean Park supports the fund-raising activities of a number of philanthropic organizations, and providing free admission to holders of the Registration Card for People with Disabilities, along with half-price admission for the accompanying carer.

Talking about the future, going full steam ahead is the Master Redevelopment Plan. In May 2008, Ocean Park witnessed the breakthrough of the "Ocean Express" funicular tunnel, through which the new funicular system, Ocean Express, will run. "Ocean Express" system will come into service by the middle of next year, and will carry 10 000 guests per hour travelling to and from the Park's Waterfront and Summit areas. Close to completion will be Asia's finest state of the art Veterinary Medical Centre under the Master Redevelopment Plan, which will be commissioned by the end of 2008. Spring 2009 will bring the opening of "Amazing World of Asian Animals", a new attraction area which will offer unrivalled close encounter experiences with Asian animals. Meanwhile, construction of other major attraction areas, including "Aqua City", "Polar Adventure", the "Rainforest" and "Thrill Mountain", is also in full gear.

To enhance guests' experiences at Ocean Park, we are going ahead in full strength in our hotel development scheme. Since receiving in-principle support from the HKSAR Government and having introduced the concepts and visions of our hotel development scheme to colleagues at the Legislative Council, and members of the Southern District Council and the Town Planning Board, we will

continue the necessary processes to carry forward the development plan for the three theme hotels, namely the "Spa Holiday Resort", "Ocean Hotel", "Fisherman's Wharf Hotel".

Looking ahead, we are in full confidence of our future development and will continue to enforce our mission in edutainment and conservation, and strive to continue with our effort in sustainable development with the new Ocean Park. As a pioneer in promoting green movement, we have initiated numerous initiatives for waste reduction and recycling, such as the "No Straw Day" campaign and "HK International Coastal Cleanup", which we have been participating for the fourth consecutive year.

Finally, on behalf of Ocean Park, I would like to thank all the individuals and organizations that have supported us all along, enabling us to break our records one by one. In light of the current financial situation worldwide, we will remain financially prudent without compromising our efforts in becoming a world-class theme park attraction, and will continue to advocate our mission in getting visitors to get connected with nature during their visits. Thank you, President.

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. Question Time normally does not exceed one and a half hours. 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.

Maintenance of Lifts in Public Housing Estates

1. **MR CHAN KAM-LAM** (in Cantonese): *President, as accidents which involved the plunging of lifts and snapping of lift suspension ropes recently occurred one after another in public housing estates (PHEs) — Fu Shin Estate, Wan Tau Tong Estate and Tsui Ping South Estate, public housing residents are very concerned about the safety of lifts in their PHEs. In this connection, will the Government inform this Council:*

- (a) *of the criteria adopted by the Housing Department (HD) for selecting contractors for the installation and maintenance of lifts in PHEs; whether the HD will revise such criteria in the wake of the above accidents; whether the housing estates under the Tenants Purchase Scheme (TPS estates) which have not yet formed their owners' corporations (OCs) are still using the same lift maintenance contractors originally engaged by the HD;*
- (b) *given that the HD would have handed over the estate management to the OCs of TPS estates upon their establishment, whether the HD has monitored the lift maintenance standards of such PHEs to safeguard the safety of tenants; if so, whether it has assessed the effectiveness of the monitoring work; and*
- (c) *whether the HD has any measure to ensure that the quality of lift maintenance service will not be affected by adopting the tendering practice of "the lowest bidder wins" when the TPS estates which have not yet formed OCs are selecting lift maintenance contractors?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese):
President, my reply to the three-part question is as follows:

- (a) Apart from the procurement and installation of lifts, the tender contracts on lift works of the Housing Authority (HA) requires the provision of future maintenance and repair services so as to ensure that the lifts are maintained by the original contractors. Lift contractors bidding for the HA's tenders (contracts) must be a lift contractor on the approved list maintained by the HA. These listed contractors of the HA must be a lift contractor registered with the

Electrical and Mechanical Services Department (EMSD) and meet other requirements such as experience and financial condition prescribed by the HA. Contractors failing to meet the performance standards specified by the HA or having dereliction of duty (for example, serious industrial accident) will be disqualified from submitting tenders temporarily or, to a more serious extent, be removed from the approved list.

When vetting tenders, apart from considering the bidding price, the HA will also make a full assessment and analysis on all factors including past performance, professional capability, financial condition and safety records of the contractors. As such, the lowest bidder may not necessarily win the contract.

With respect to lifts in PHEs under the HA, even though the lifts in the same estates are of different brands due to different completion dates or phases of development, the HD will follow the principle of maintaining the lifts by original contractors: the contractors that are the selling agent of the brand of the lifts will be engaged in providing maintenance works for that brand of lifts. The HA will not ask the contractors to carry out maintenance works for lifts of brands other than those for which the contractors are the selling agents. In other words, the HA will not adopt the "bunching approach" for lift maintenance. The HA will continue with its existing arrangement of engaging original contractors to provide lift maintenance to ensure that the lifts are maintained in the best operation condition when providing safe and reliable service for the tenants.

With all 39 TPS estates having formed their OCs under the Building Management Ordinance, the duty of appointing lift contractors for maintenance service has been handed over to these OCs.

- (b) As with other private housing estates, the management and maintenance of the TPS estates are undertaken by their OCs, and the day-to-day business of the OCs is run by their management committees (MCs). Hence, the OC is the body that bears ultimate responsibility for monitoring matters such as day-to-day management and maintenance of the estates. Being the owner of the unsold flats of the TPS estates, the HA participates in the

management of the estates by appointing an officer of the HD as a member of the MCs. The HA representative will assist the OCs in the proper and effective management of the estates as far as possible, and encourage the owners to make decisions in the overall interests of the estates, so as to safeguard the interests of all owners and the HA.

Like other private buildings, lifts in TPS estates are regulated by the Lifts and Escalators (Safety) Ordinance (Cap. 327). Therefore, as stipulated in the law, only registered lift engineers and registered lift contractors are qualified to carry out maintenance works for the lifts in TPS estates. Such works shall be conducted in compliance with the safety standards according to the Code of Practice promulgated by the regulatory authority, that is, the EMSD.

- (c) As I have mentioned before, OCs have been established in all TPS estates. The management of these estates, including the handling of maintenance matters, has also been handed over to these OCs. In owners' meetings, the HA's representative will only vote for the appointment of the original contractor to undertake the maintenance service so as to ensure that the best lift maintenance arrangement is adopted.

MR CHAN KAM-LAM (in Cantonese): *President, from the main reply, it can be seen that there are currently two practices: one of them is maintenance by the original contractors; the other one is maintenance by the contractors registered with the EMSD. For many years, the HD has adhered to the principle of maintenance by original contractors in appointing contractors to provide lift maintenance. I would like to know whether the HD or the Government has recommended or made this proposal to TPS estates, asking them to adopt the HD's principle of maintaining the lifts by original contractors so as to ensure the quality of maintenance.*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, yes, it has. As I have just explained, we would strongly recommend the relevant merits to the MCs. However, from another angle, since it is a TPS estate, according to the relevant ordinance, it is no different from an ordinary

private housing estate; in other words, the existing regulations of the EMSD should prevail. That being the case, apart from making recommendations to the MCs, we have also revised the current guidelines so that at future OC meetings, we would only vote for the appointment of the original contractors. On the basis of the previous regulatory structure, the EMSD currently allows services to be provided by contractors other than the original contractors. Though we have all along respected the views of the OCs, in view of the occurrence of these incidents, we will make strong recommendations to the MCs, and we will also only vote for the appointment of the original contractors.

MR WONG KWOK-HING (in Cantonese): *President, the main reply has referred to the tender document in the tendering process. May I ask the Secretary whether it has been specified in the tender document that the maintenance works for a lift must be carried out by two maintenance workers? President, I have to explain why I have asked this question. Currently, some contractors of maintenance works provide inferior services for lower fees. After winning a bid, the contractors will only deploy one or one and a half workers to carry out such dangerous work in enclosed areas which should originally be carried out by two lift workers; in other words, two maintenance workers are responsible for the maintenance works of three lifts. That is why there is very often nobody to offer help when accidents happen or when a power cut must be made. Last year, a lift worker who carried out maintenance work alone had his arm cut off, and he had to ask the caretaker for assistance with his broken arm in his hand. Therefore, may I ask the Secretary through the President whether, for housing estates under the HA or OCs, it is specified in the tender contracts that the maintenance work of a lift must be carried out by two maintenance workers?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, we have stipulated in the contracts that the relevant maintenance, inspections and tests must comply with the Lifts and Escalators (Safety) Ordinance which requires maintenance work to be performed by registered engineers and qualified workers. The contracts have specified that the lift contractors must deploy skilled technicians who have been trained to carry out weekly routine inspections and maintenance. Besides, statutory safety inspections must be carried out by registered engineers every year and every five

years. I noticed that Mr WONG Kwok-hing asked whether we have specified a specific number of workers. In this connection, be it the number of workers or the number of man-time for the inspections and tests, we would certainly work in accordance with the requirements of the EMSD.

MR WONG KWOK-HING (in Cantonese): *President, the Secretary has not dealt with the thrust of my supplementary question, that is, has it been specified in the tender document*

PRESIDENT (in Cantonese): Mr WONG, your supplementary question

MR WONG KWOK-HING (in Cantonese): *The Secretary has evaded answering this part of my supplementary question.*

PRESIDENT (in Cantonese): Mr WONG, please take your seat. Your supplementary question was actually very clear, and I think that the Secretary has already given a reply. Secretary, do you have anything more to add?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, I do not have anything to add.

MR JAMES TO (in Cantonese): *President, I am puzzled by part (c) of the main reply for the Government has stated that it would only vote for the appointment of the original contractor for the housing estates owned by the HA. I thought that the original answer of the Government should be, it would only vote for the contractor it considered the best. Does it mean that, under whatever circumstances and no matter when, the original contractor is always the best? President, my supplementary question is: Actually, would the HA have the EMSD* as it has the largest number of records of the inspections conducted or "black pigs" or "white pigs" awarded for making judgment. Does the HD actually have the information to enable it to vote for the best contractors instead

of always voting for the original contractors? Or, is the Government telling us that the original contractors are always the best? Is this what is meant by the Government? The main reply given by the Secretary seems rather sweeping.

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President that is not the case. Certainly, the HA has very rich experience. We are currently managing more than 5 000 lifts. The HA has all along adhered to the practice of appointing original contractors for maintenance works. Experience tells us that this is a good practice. One of the merits of maintenance by original contractors is that a lot of work has been done to monitor the conditions of lift parts in the form of preventive maintenance. That is to say, before the lifts go out of order, the conditions are monitored and any problems are handled in advance. According to our experience, we think that if this practice is consistently adopted in all TPS estates, there will be advantages. Mr James TO asked if maintenance by the original contractors is the best. Currently, we have maintained a list of contractors, and 10 of these contractors can bid for HA contracts. We have adopted the mode of life cycle tendering, that is, we require them to provide lift manufacturing services and a two-year warranty, as well as an ensuing eight-year maintenance period. We think that this mode is competitive and can guarantee lift quality, but it does not mean that this practice has to be adopted throughout Hong Kong. The maintenance of all lifts in Hong Kong must certainly comply with the requirements of the EMSD; but as the owner, the Government finds that the practice adopted all along is good enough, so it would recommend that to the TPS estates and it would follow through with the practice.

MR JAMES TO (in Cantonese): *President, the Secretary has not answered the part about whether the HD has the relevant inspection records of the EMSD (that is, the "black pigs" or "white pigs" awarded) for reference?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, there is such information and there is good mutual communication.

PRESIDENT (in Cantonese): Second question.

Impact of Financial Tsunami on Recycling Activities

2. **MS AUDREY EU** (in Cantonese): *President, some members of the recycling industry have said that since the onset of the financial tsunami, the recyclable material market has shrunk rapidly, with orders for the export of recyclable materials such as waste metals and waste plastics decreasing significantly, and large quantities of recyclable materials may eventually be dumped at landfills. In this connection, will the Government inform this Council:*

- (a) of the quantity of local recyclable materials exported in each of the past three months;*
- (b) whether it has assessed the impact of the recent situation of the recyclable material market on the territory-wide Programme on Source Separation of Domestic Waste implemented by the Environmental Protection Department (EPD); if it has, of the outcome; if not, the reasons for that; and*
- (c) given that the recyclable material market was affected for several times in the past by external market conditions and fluctuated significantly, whether the Government has taken any new measure to improve the business environment of the recycling industry?*

SECRETARY FOR THE ENVIRONMENT (in Cantonese): *President, I wish to thank Ms Audrey EU for raising the question. With regard to the question, my reply is as follows:*

- (a) Waste paper, scrap iron and waste plastic are the major recyclables exported by Hong Kong and they account for 90% of total export. Detailed statistics of these recyclables exported from January to October this year are shown in the Annex. As the latest data available are only up to the end of October this year, we do not have the data of November for the time being.*

Although October saw less were exported than September, the future export trend is yet to be ascertained as the statistics for the whole year indicate the export figures fluctuated considerably from month to month. Based on information obtained from different recycling trades, the EPD found that the overall export activities for waste paper, scrap iron and waste plastic have remained normal.

- (b) The EPD has been closely monitoring the recent recovery under the Programme on Source Separation of Domestic Waste (SSDW Programme). Over the past few weeks, the Department checked with all the over 980 participating estates and learned that for the majority of them the source separation of waste has been operating as usual. Some estates reported difficulties in waste recovery (actually the number of reports is scarce) but with the assistance of the EPD, the recovery services are largely back to normal. The EPD will continue to help those estates which have difficulties to ensure that source separation of waste will not suffer any setback.
- (c) The Government has been proactively pushing ahead with various initiatives on managing municipal solid waste, which aim at promoting the local recycling industry in addition to reducing waste.

On source separation of waste, the present participation of more than 980 estates in the SSDW Programme means a coverage of 51% of the population. As for the commercial and industrial sectors, a programme on source separation of commercial and industrial waste has currently over 400 participants, including different types of commercial and industrial buildings, government composite office buildings, tertiary institutions, the Hospital Authority and the Airport Authority.

To prepare for the development on source separation of waste, we have just completed amending the Building (Refuse Storage and Material Recovery Chambers and Refuse Chutes) Regulation in the last Legislative Session, thanks to the Legislative Council for the endorsement. Under the amended Regulation, which has just come into effect on 1 December 2008, that is, the day before yesterday, all new domestic buildings and the domestic part of new composite buildings are required to provide a refuse storage and material

recovery room on every floor to ensure sufficient space for the installation of recycling facilities to facilitate residents' participation in recycling activities.

In addition to placing three-coloured waste separation bins in public areas, we also provide them free of charge to estates as well as commercial and industrial buildings upon request through the Environmental Campaign Committee. Such applications have started since early December. Any buildings that need to provide additional separation facilities on different floors can apply to the Environment and Conservation Fund for funding support.

After the passage of the Product Eco-responsibility Bill on 10 July 2008 by this Council, the imposition of environmental levy on plastic shopping bags will be the first producer responsibility scheme introduced under the related ordinance. We will submit the relevant subsidiary legislation to this Council shortly, we hope Members will pass it as soon as possible. With the assistance of the trades concerned, we have implemented a number of voluntary producer responsibility schemes including the Rechargeable Battery Recycling Programme, Computer Recycling Programme, Fluorescent Lamp Recycling Programme and Glass Container Recycling Programme targetting the hotel industry. In fact, the respective programmes will help the further implementation of a more comprehensive producer responsibility scheme. The Government will actively consider enacting legislation to implement mandatory producer responsibility schemes for other electrical products. In this regard, we hope that public consultation can be conducted within one year.

We will also continue our efforts in developing the EcoPark. There are a total of six lots in Phase I of the EcoPark. As of to-date, four lots have been awarded for recycling of waste wood, used cooking oil, computers and waste plastic. Of the remaining two lots, tender evaluation in respect of the one designated for recycling scrap iron is at the final stage, while we hope that the invitation for tender for the one designated for recycling various materials can be issued by the end of this year.

In response to the financial tsunami, the Government has amended the SME Loan Guarantee Scheme to help small and medium enterprises with cash-flow problem tide over the difficult times. To cater for the special needs of the recycling industry, the Government is considering other measures as well, for example, identifying more short-term tenancy sites and other support measures. The EPD has met representatives from the recycling trade associations, non-governmental organizations and individuals on several occasions to listen to their further needs and suggestions. We will continue to examine various short-term relief measures so as to mitigate the effect of the fluctuating market situation on the trade.

Annex

Monthly statistics of recyclables exported in 2008

	<i>Waste paper (Tonne)</i>	<i>Scrap iron (Tonne)</i>	<i>Waste plastic (Tonne)</i>
January	91 797	72 897	98 593
February	85 542	62 525	57 267
March	93 636	116 415	99 560
April	91 780	112 748	95 379
May	95 439	109 804	95 170
June	68 031	85 158	80 861
July	121 360	96 213	109 371
August	84 590	116 596	100 692
September	113 767	78 244	90 117
October	87 842	54 777	76 739

MS AUDREY EU (in Cantonese): *President, in the face of the financial tsunami, whether the Government has considered the fact that the recycling industry is actually a way out, because it is a labour-intensive industry which may help improve the employment situation and the environmental industry, and it is also in line with the green and low carbon economy proposed in the policy address, and it can also reduce the burden of landfills.*

President, part (c) of my question is primarily aimed at the lack of any new measures by the Government, in the light of the current situation, to help the

recycling industry. President, after reading through the main reply, I found that nothing was mentioned. The main reply only mentioned all the existing measures, and then played the same old tune by saying that the Government would continue to meet with the recycling industry to listen to their views and consider various predicaments faced by the industry. President, under these circumstances, considering this win-win, multi-win situation in the recycling industry and after so many views have been presented to the Government, may I ask the Secretary if he will give a definitive answer on whether or not the Government will implement new initiatives to assist the recycling industry?

SECRETARY FOR THE ENVIRONMENT (in Cantonese): President, just now I was trying to give a more comprehensive account of our existing measures or new initiatives introduced recently. Under the current financial crisis, every trade (including the recycling industry) has to face great difficulties. With regard to the local recycling industry, the most important thing is that recovered waste can be exported, recycled and reused, and we can see that the export figures are by and large rather normal. On the other hand, with regard to waste recovery, if individual housing estates or commercial and industrial buildings encounter difficulties, we would provide assistance.

Nevertheless, land accounts a major part of the cost of the industry. In this connection, we have granted short-term tenancy sites on the one hand, and we are actively planning for the establishment of the EcoPark on the other, and both of these are ongoing initiatives. I must admit that sometimes, such initiatives may encounter difficulties. For example, the transition from waste recovery to recycling requires the investment of enormous resources. One may see from many past discussions that the EcoPark project is not an easy task. In the short term, as I have mentioned in the main reply earlier, if the industry has a genuine need for land, we will try our best to provide some short-term tenancy sites from the existing land supply. Moreover, we will continue to provide assistance to tenants who participate in the investment of the EcoPark, and we hope that they can start their businesses in the EcoPark in due course.

MR CHAN HAK-KAN (in Cantonese): *President, in fact, there are mismatches in Hong Kong's environmental industries, for 90% of the waste paper and scrap iron is exported. It so happens that there are recovery activities, but nobody is engaging in the recycling industry. Another observation is that there are fuel and waste wood recycling activities, but nobody is engaged in the recovery activities. Insofar as facilitating the entire recycling industry and maintaining continued recovery and recycling activities is concerned, may I ask what policy the Government has to improve this situation?*

SECRETARY FOR THE ENVIRONMENT (in Cantonese): I wish to thank Mr CHAN Hak-kan for his views. Indeed, waste paper, waste plastic and scrap iron account for the vast majority of recyclables in Hong Kong. As to the recycling industry engaging in these areas, let us take waste paper as an example. The recycling industry which turns waste paper into new paper is in fact a sizable industry in terms of investment and scale. For this reason, and as far as Hong Kong's recycling industry is concerned, although Hong Kong has no recycling industry for this, there are such industries on the Mainland. This involves generally the question of whether there is any room for such industries to operate in Hong Kong under the present economic condition. If the materials recovered in Hong Kong are to be recycled locally, I believe that may not be feasible under the current operating environment. Therefore, a lot of recycling industries have to engage in such work on the Mainland.

In addition, just now Mr CHAN Hak-kan also mentioned materials such as waste fuel and waste wood for which only a smaller site or smaller operating space is needed, so we may look at the possibility of catering for this in the EcoPark as a first step. Frankly speaking, in the past two years, from our experience in dealing with the EcoPark, the work is in fact not easy at all. Investors have to make longer-term investments, for example, compared with short-term tenancy, the term of land grant in the EcoPark is longer at 10 years. Regarding the tenancy, the rents of the EcoPark are cheaper than short-term tenancy sites, and the rents of some sites are even as cheap as less than \$1 per sq ft. We hope to attract operators to try to set up recycling businesses in Hong Kong by offering a cheaper land rent and we will closely follow up that. Under the current economic condition, we also understand that the recycling industry is a difficult undertaking. I also agree with what Ms Audrey EU said

just now. At this point in time, we may see if there is any new business opportunity, and we are more than happy to listen to proposals made by the industry.

MR LEUNG YIU-CHUNG (in Cantonese): *President, the development of environmental industries can help to resolve the unemployment problem, especially for lower-skilled employees, they are very helpful. However, the fact that many environmental industries have failed to achieve further development, such as the plastics recovery business, is because the recovery of plastic bottles needs a lot of space for operation. May I ask the Secretary if there are ways to help recyclers to recycle waste plastics and plastic bottles? Very often, recyclers wish to seek help from housing estates in the storage of such materials, so will the Secretary ask his colleagues to provide assistance in solving the storage site problem? Just now the Secretary has also mentioned the major problem, that is, the issue of sites under temporary leases. Since sites under temporary leases are subject to many restrictions, very often they cannot get their operation started. Will the Secretary locate new sites for them? This approach is better than granting sites under temporary leases which are invariably subject to limitations. As to the provision of land, what can be done to help?*

SECRETARY FOR THE ENVIRONMENT (in Cantonese): I wish to thank Mr LEUNG Yiu-chung for his supplementary question. The figures on recovered waste plastics have been rising in the past two years. Early last year, the monthly figure was perhaps 30 000 to 40 000 tonnes, as far as I can recall. Recently, even though this year's figure has dropped, the overall figure is still rising. When we conduct recovery activities in housing estates, besides waste paper and scrap iron, we also hope that recyclers can also recover waste plastics. If we are to recycle locally recovered waste plastics in Hong Kong, as I said earlier, it will be rather difficult for the recycling industry. Nevertheless, there is a site in the EcoPark reserved for recycling of plastics.

Mr LEUNG is right, very often, we have to store certain waste materials after recovery. When compared with waste paper, the wear and tear of paper prevents them from being stored for too long, thus the storage period of paper is shorter, but waste plastics and scrap iron can be stored for a longer time before

they are treated and exported for recycling purposes. At present, when waste separation at source is conducted at housing estates, we also assist housing estates in finding short-term storage sites.

I have also mentioned earlier that in the medium and longer term, we will keep in contact with the Lands Department and see if it can provide some short-term tenancy storage sites to the recycling business. Recently, we have even looked into the possibility of whether the EPD can provide sites for this purpose, such as sites vacated as a result of the restoration of landfills. However, the majority of these sites may not be entirely suitable insofar as the geographic location is concerned, but where possible, we would be pleased to identify some short-term tenancy sites for them to use for temporary storage purposes. In the long run, actually, it also depends on the export condition as well as whether such a business has room for development in the EcoPark.

MR LEUNG YIU-CHUNG (in Cantonese): *The Secretary has not answered my supplementary on the restrictions relating to short-term tenancies, as short-term tenancies are subject to numerous restrictions which will impose constraints on the industry. In this regard, will the Secretary consider ways to relax these restrictions for smoother operation of these businesses?*

SECRETARY FOR THE ENVIRONMENT (in Cantonese): With regard to short-term tenancy, very often, a lot of restrictions are imposed due to environmental reasons, such as the impact on the surrounding environment and traffic, which I consider necessary. In vetting and approving any short-term tenancy, the Government will take into account views of residents in the surrounding area. As to sites solely for storage purposes, in fact, restrictions on short-term storage sites are mainly out of environmental, health and traffic considerations, and so on. However, some restrictions are necessary for on-site recycling of plastic materials. Let us take the EcoPark as an example. We do not only do the planning work, very often, we will help the industry to operate their businesses, including bidding for tenders and designing work. Various

government departments will provide assistance as far as possible, so as to create more room for the industry with a view to improving their operation.

MR LEE CHEUK-YAN (in Cantonese): *President, under the financial tsunami, employment opportunities are of the utmost importance. I feel that the present government policy is a "landfill policy", for no matter what the wastes are, they will be sent to the landfills. The Government would rather pay for the treatment of waste at landfills than to support the recovery and recycling industry. Will the Government be more innovative and bolder to think about the immediate creation of more job opportunities in this area? Currently, the Secretary said that 980 housing estates have participated in the scheme on a voluntary basis, but they do not provide any employment opportunities. Will the Government recruit some people to promote territory-wide waste recycling in all housing estates, and to provide incentives such as offering gift coupons to those who are willing to carry out waste separation? Can we do that? After that, it may provide support to the recycling industry, that is, to provide assistance to the entire recovery and recycling chain. This is better than the Government meeting the costs. Can it be done in that way?*

SECRETARY FOR THE ENVIRONMENT (in Cantonese): I wish to thank Mr LEE Cheuk-yan for his views. Overall, the current policy has covered these aspects. We also hope that useful materials will not be sent to the landfills. The overall figures show that in the past few years, the recycling rate of solid waste has reached 45%. In other words, nearly half of the domestic waste or industrial and commercial waste has in fact been recovered. With regard to the issue of recovery mentioned by Mr LEE Cheuk-yan just now, at present, the industrial and commercial sector is in fact doing better, because the recovery value of industrial and commercial waste is higher, thus the recovery rate could reach a little more than 60%. In the past, we have been promoting waste recovery mainly in housing estates, and a coverage rate of 51% has been attained. But we also admit that, in the deepening process, we have to ask this question of whether residents can achieve recycling after the said facilities are put in place. We hope that in future, we can strengthen the work in this regard. In the coming year, we will target on more than 900 housing estates, because we have provided facilities and funding for separation on different floors, yet the recovery situation

is not satisfactory. We hope to strengthen the resources and improve the facilities. In addition, given that 49% of the housing estates do not have such facilities, we have started working on that. So, we hope that legislation previously passed and the forthcoming promotional activities can strengthen these recovery initiatives. If these recovery initiatives achieve good results, the application of recyclables can be widened and I believe this will also be helpful to recyclers.

Moreover, in the recycling industry, lands and operating expenses are of course the contributory factors. At present, rents of short-term tenancy sites and even sites in the EcoPark are actually rather cheap, so this is indirect support. Of course, the price of the recyclables is also market size dependent, hence we will pay attention to this as far as possible. I accept the view of Mr LEE Cheuk-yan, that in the coming year, we will strengthen the recovery education and recycling campaign in different housing estates, in the hope that we can help the industry in an indirect way.

MR LEE CHEUK-YAN (in Cantonese): *President, he did not answer my supplementary question.*

PRESIDENT (in Cantonese): Mr LEE, this Council has already spent more than 21 minutes on this question. Do you wish to ask the question relating to employment?

MR LEE CHEUK-YAN (in Cantonese): *Yes, I just wish to ask whether more manpower would be recruited?*

PRESIDENT (in Cantonese): Fine. Secretary, please add briefly to the issue of increasing employment opportunities.

SECRETARY FOR THE ENVIRONMENT (in Cantonese): In the measures mentioned by me just now, whenever new campaigns are introduced, additional

resources will be injected and we also hope that we can provide indirect assistance to the industry.

PRESIDENT (in Cantonese): We have spent almost 22 minutes on this question. The third question.

Assistance to Owners of HOS Flats and Sandwich Class Housing Scheme Flats

3. **MR LEE WING-TAT** (in Cantonese): *It has been reported that recently, under the impact of the financial tsunami, quite a number of middle-class people are facing economic difficulties, and the aspiration of the general public for home ownership has declined. Cases of premium payments made by owners of Home Ownership Scheme (HOS) flats have also decreased significantly, with the number of such cases in October plunging by 38% as compared to the same period last year. In this connection, will the Government inform this Council whether it will:*

- (a) *introduce measures to assist owners of Sandwich Class Housing Scheme (SCHS) flats in solving their cash flow problems or alleviating their mortgage burden, such as allowing them to refinance, remortgage or change the mortgage of their flats or let out their flats without paying the premium; if it will, of the details;*
- (b) *relax the existing procedure for vetting and approving the applications by HOS flat owners for refinancing without paying the premium, so as to help them to borrow cash to meet their needs; and*
- (c) *explore the relaxation of existing premium arrangements (such as providing concessions to owners of SCHS and HOS flats), so as to encourage them to pay the premium and hence boost the number of those flats put up for sale?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, both the HOS and the SCHS are home ownership schemes funded by

public money. The HOS is managed by the Hong Kong Housing Authority (HA), and the SCHS is managed by the Hong Kong Housing Society (HKHS).

The objective of the two schemes is to provide affordable housing for self-occupancy to meet the housing needs of the low to middle income families that cannot afford private housing and are not eligible for other types of subsidized housing. HOS and SCHS flats are sold to eligible persons at reduced market price.

According to the terms of the Government Lease for SCHS flats, owners have to pay the premium to the Government if they wish to sell, let or refinance their flats.

HOS flat owners do not have to pay the premium to the Government if they sell the flats to eligible buyers under the Secondary Market Scheme (that is, existing public housing tenants). However, if they sell the flats in the open market or let them out, they have to pay the premium to the Government first. For the refinancing of HOS flats, owners are normally required to first pay the premium to the Government. That said, HOS owners in financial hardship may apply to the Housing Department (HD) for approval to obtain refinancing loan from eligible lending institutions without paying the premium to the Government. The HD will consider the applications on a case-by-case basis.

The above requirements on premium payment are to ensure that publicly-funded HOS and SCHS flats are properly deployed to address the housing needs of eligible persons.

My reply to the three questions raised by the Mr LEE Wing-tat is as follows:

- (a) The HKHS has all along been processing applications for change of mortgage which do not involve a larger mortgage amount, for example, transferring the mortgage loan to another lending institution which offers a lower mortgage rate, and has granted approval to them on a case by case basis.

SCHS flat owners and various Members of the Legislative Council have been requesting this Bureau to allow owners in financial

hardship to apply for refinancing from lending institutions without having to pay the premium to the Government. We are considering the request. We are thinking along the direction of setting up a mechanism for SCHS flat owners with financial needs to apply to the HKHS to obtain refinancing from eligible lending institutions without having to pay the premium to the Government. The HKHS will consider and approve the applications on a case-by-case basis.

The letting of SCHS flats will deviate from the original objective of the Government in providing subsidy to the SCHS, which is to provide affordable housing at reduced market price for self-occupancy to meet the housing needs of middle income families which cannot afford private housing and are not eligible for other types of subsidized housing. As such, SCHS flat owners who wish to let out their flats should pay back the subsidy to the Government by paying the premium.

- (b) The HD has established a mechanism for HOS flat owners in financial hardship to seek approval to obtain refinancing loan from lending institutions without having to pay the premium to the Government. The HD will consider the applications on a case-by-case basis. Also, HOS flat owners may sell their flats under the Secondary Market Scheme without having to pay the premium to the Government. The above mechanism has been working effectively, and we do not see the need to further relax the mechanism for the time being.
- (c) As I have mentioned earlier, the objective of the Government in subsidizing the HOS and the SCHS is to help owners of first-hand HOS and SCHS flats to purchase the flats concerned at reduced market price to meet their housing needs. Therefore, when HOS or SCHS owners sell their flats in the open market, they should no longer be entitled to enjoying such subsidy and should pay back the subsidy to the Government in full by paying the premium. The premium payment arrangements are premised on the aforementioned principle. Increasing the turnover of HOS and SCHS is not one of our considerations.

MR LEE WING-TAT (in Cantonese): *President, it is good that the Financial Secretary is present, listening to us. In fact, we in the Democratic Party already made a suggestion when Mr Dominic WONG was in office. We had compiled statistics on SCHS and HOS flats of which the Government owns 50% of the title. After calculation, we found that the Government had an asset of some \$50 billion to \$100 billion in the title of SCHS and HOS flats. If the Government does not put them on sale, the asset will be locked forever in the title of the SCHS flats in which their owners sleep every night. If the calculation is done in a certain way or is based on a period of time, for example, two to three years, and factoring in a discount of 10% or 20%, our loss may only be some \$1 billion to \$2 billion or some \$2 billion to 3 billion. However, doing so can release an asset amounting to some \$10 billion which can then be channelled to the coffers of the Government. Now that the Government has great financial difficulties, it will be great if it can get several billion dollars or tens of billion dollars.*

Therefore, I hope that the Secretary can give a further reply. This kind of so-called government asset is intended to give SCHS and HOS flat owners a home in which to sleep every night instead of encouraging them to transfer the ownership of these flats — this is not just about the turnover but also about putting the Government's asset there forever. Will this be beneficial to the financial situation of the Government and the so-called property market, because transactions in the property market will drive other economic activities. For this reason, should the Secretary have a new way of thinking and consider this opinion within a short period of time, so that the Hong Kong Government can have a new source of income?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, Mr LEE Wing-tat's question is about whether we should further relax the premium requirement, so as to encourage owners to pay premium, thereby increasing the turnover of flats. I said clearly in part (c) of the main reply just now that this is not the objective of our current policy, and this also not conforms with our original intent in providing HOS flats or SCHS flats. Our original intent was that if a member of the public could not afford a flat in the private market, this meant that he was perhaps a member of the middle-income bracket. We then provided subsidies to the flats in question and perhaps Mr LEE Wing-tat is also well aware of this. At that time, the prices of our SCHS flats were equivalent to 55% to 88% of their market prices. In other words, subsidies

ranging from 12% to 45% were provided. For this reason, if a discount was given at that time and it is now hoped that the turnover can be increased by offering another discount on top of the previous one, this is not our objective. We consider that this is not a fair way of using public funds because the original intent is to help members of the public in home ownership. Of course, if a member of the public runs into financial difficulties, as I said just now, we are prepared to consider providing assistance insofar as SCHS flats are concerned. If someone has actual financial difficulties and submits an application, we can consider arranging for a relaxation. No premium payment is required and arrangements for refinancing or a change of mortgage can be made.

MR LEE WING-TAT (in Cantonese): *The thrust of my question is: Is the Government not going to consider any new approach in relation to this \$50 billion to \$100 billion in view of the financial difficulties? It seems that the Government remains unconvinced and still maintains that it does not want to do this at present. Even though there is money, it just does not want it. Or perhaps this is not how the Government is like, rather, it has adopted a new way of thinking. The Financial Secretary is now present*

PRESIDENT (in Cantonese): Mr LEE, I think

MR LEE WING-TAT (in Cantonese): *Is this a new situation that calls for further consideration?*

PRESIDENT (in Cantonese): I think the Secretary has answered your supplementary, only that you do not agree with the policy of the Administration.

DR MARGARET NG (in Cantonese): *President, the Civic Party, in particular Mr Ronny TONG, has been following up closely the issues relating to SCHS flats. While the Government has applied flexibility in certain areas, it is puzzling that its attitude towards sub-letting is still stern and harsh. Therefore, President, regarding the second paragraph in part (a) of the Government's main reply, may I ask the Secretary to explain whether or not the Government has imposed unreasonable restriction on the title? This is because sub-letting will neither*

change the title nor affect the Government's ultimate title. Title should include the right to sub-let a flat. Some elderly people want to make changes to their living by moving to bigger SCHS flats, so that they can sub-let their flats while they move to a smaller one.

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, the original intent of providing SCHS flats was self-occupancy. However, I understand that, for example, in the past, there were some owners who had financial difficulties. This explains why I said just now that we are prepared to consider a relaxation. Nevertheless, in our view, letting a flat deviates from the original intent of providing SCHS flats, particularly because we have provided enormous subsidies with public funds. I said just now that the prices of these flats were about 55% to 88% of their market prices at that time.

MR RONNY TONG (in Cantonese): *President, first, I would like to thank the Secretary for having listened carefully to the many requests I made on behalf of the owners in the past. Now, we have almost arrived at a solution. However, I still want to ask the Secretary a question, in the hope that she can add something. In part (b) of the main reply, the Secretary apparently said that the existing mechanism does not have any major problem. I wish to ask the Secretary whether she has any information on hand that she can provide to us. Concerning the existing refinancing mechanism, which is mentioned in part (b), how many owners can actually benefit from it? Subsequently, it is also mentioned that the flats can be put on sale. In that case, how many owners can benefit from the existing mechanism? What is the number of people who have benefited?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, perhaps let me provide some information on SCHS flats. We had 552 applications for refinancing, a change of mortgage and in particular, for a better interest rate over the past five years because banks have probably made changes to the terms. All of these applications were approved, and it took the HKHS about 10 days to process them. All of them were approved.

In fact, Mr Ronny TONG has maintained continuous communication with us, in particular, he has actively reflected various views to the HA on behalf of

the flat owners, and the issues are not just confined to refinancing or a change of mortgage. I think the situation highlighted by him is that some owners have genuine financial needs. We have come across some owners who incurred special financial expenses relating to their own businesses or families. We have also heard of such instances, for example, of various needs, such as medical or marriage needs. We think the most important consideration is that they have actual financial needs. In this regard, we have a mechanism for them to submit applications to seek approval, so that these cases can be handled with greater flexibility. Of course, they must be founded on genuine financial needs. We will continue to give active consideration to this. I know that Mr Ronny TONG also cares about this very much. In fact, we also hope that a new mechanism can be put in place early next year.

MR RONNY TONG (in Cantonese): *President, I would like to ask the Secretary to clarify because I have previously heard about the figures she cited just now. However, as far as I know, these 500 or so applications were related to a change of mortgage. In other words, the amount of loan did not change and this is different from refinancing. Can the Secretary clarify whether my understanding is wrong?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, I am not quite clear whether Mr Ronny TONG is actually talking about SCHS flats or HOS flats. Which one is he referring to?

MR RONNY TONG (in Cantonese): *SCHS flats.*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): These cases all involved SCHS flats. Insofar as SCHS flats are concerned, these 552 applications that I talked about just now did not involve increasing the mortgage amount. What he said in this regard is right. They are all about a change of mortgage based on more favourable terms. However, if a case involves refinancing, the mechanism under our consideration now will be more suitable for

the situation he mentioned just now, that is, an owner submits an application on the ground of actual financial needs. We will handle such applications on a case-by-case basis.

PRESIDENT (in Cantonese): Fourth question.

Population of District Council Constituencies

4. **MS EMILY LAU** (in Cantonese): *President, at present, all of the 405 elected members of the 18 District Councils (DCs) in Hong Kong were returned by a "single-seat, single-vote" system, and the population of each constituency was just over 17 000 on average. There have been comments that due to the small population sizes of constituencies, certain DC members often discuss public policies and community issues from a narrow perspective and fail to balance the interests of different sectors, and some DC members only care about the views of their several thousand electors to the extent that they even object to the provision within their constituencies of some unpopular facilities which are necessary for the community. In this connection, will the executive authorities inform this Council whether:*

- (a) *they have assessed if the population of existing DC constituencies is so small that DC members lack representativeness, and that their perspective and experience in handling district administration affairs cannot be enhanced effectively; and*
- (b) *they will consider raising the population quota (PQ) of DC constituencies and adopting the proportional representation system for returning DC members of the next term, so as to make DC members answerable to electors of larger constituencies and hence better balance the interests of various parties in the district, and to allow the political party or alliance holding a majority of seats to be responsible for promoting the district administration of the entire DC district?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President,

- (a) The major functions of the DCs include advising the Government on matters affecting the well-being of local residents and those relating to the administration of the relevant districts. The DCs also use funds available to promote recreational, cultural and community activities and undertake district minor works to improve the environment within the district.

When the DCs (then called District Boards) were established in 1982, each district was divided into a number of constituencies with one or two seats each. Elected Members were returned through the first-past-the-post system. Since 1994, each constituency has one seat.

As regards the demarcation of constituencies, according to the existing legislation, the Electoral Affairs Commission shall ensure that the population in each DC constituency is as near as is practicable to the PQ.

The PQ means the total population of Hong Kong divided by the total number of elected members to be returned in the DC ordinary election. In the 2007 DC Election, the PQ amounted to about 17 300 persons. The 18 DCs comprised 405 constituencies in which all elected Members were returned through the first-past-the-post system.

Under the present arrangement of having a single seat for each constituency, members of the public can have a clear idea as to which DC Member they may approach for assistance in respect of the local affairs of the constituency they live in. It also enables individual DC Members to maintain a close relationship with local residents so that they can have a firm grasp of the latest developments and needs of the relevant constituency. The arrangement is widely accepted and has been operating smoothly and effectively over the years.

Since the commencement of the new term in January 2008, the DCs have been actively involved in the management of some district facilities, and have made use of available resources to work on partnership projects in collaboration with various district organizations to achieve a wide range of social objectives.

The Government has taken action since this term of the DC to enhance communication between DC Members and government departments to help strengthen district administration work and enhance the functions of the DCs. In addition to regular attendance of heads of departments at individual DC meetings to exchange views with DC Members, the Government has also organized sessions for heads of departments to brief the DC Members on the areas of work under their policy purview starting this year. These arrangements will help DC Members understand better the overall strategic planning and direction for future development in different policy areas, and facilitate their work in enhancing district administration.

- (b) If the PQ in the DC election is raised, the number of constituencies will be reduced accordingly. If the proportional representation system is adopted at the same time, individual candidates will need to devote more resources to competing for seats with other candidates in the larger constituencies. This will raise the barrier for individual candidates to take part in elections, especially those who are independent and have no political affiliation.

As the existing mechanism has been running effectively and there is no widespread demand in the community for changes, we have no current plans to introduce new arrangements.

MS EMILY LAU (in Cantonese): *President, the Secretary said that if proportional representation system is adopted, candidates standing in elections will need to use more resources, which will render competition more difficult for independent candidates in the election. If this is the case, why does the Legislative Council adopt this electoral system? Why is competition considered not difficult for the Legislative Council?*

Moreover, President, the Secretary said at the end that there is no widespread demand in the community for changes, but a "double-seat, double-vote" system was adopted in 1991, a "single-seat, single-vote" system was adopted for the Legislative Council Election in 1995 and the so-called proportional representation system was adopted in 1998, all of which are devised by the authorities. President, whenever the electoral system is advantageous to the democratic camp, the authorities will change it. The existing proportional representation system is a relatively fair one. Should the constitutional development of Hong Kong not be developed in the direction of party politics? Thus, may I ask the Secretary why the proportional representation system can be adopted for the Legislative Council but not the DCs? Should the Government not at least initiate a public consultation?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, I thank Ms Emily LAU for her supplementary question.

The electoral system of the Legislative Council of Hong Kong is different from that of the DCs. The Legislative Council is responsible for territory-wide affairs. The constituencies of the Legislative Council are larger, and the electorates represented by its Members are thus larger, and their social perspective and representativeness wider. On the other hand, the DCs are responsible for district affairs, which allow DC members to better grasp the development of their respective districts and their local residents and to reflect their views. This is appropriate to the functions of the DCs.

The issues deliberated in the Legislative Council often concern the whole of Hong Kong. For example, we need to table bills, endorse budgets and handle territory-wide policies, such as the "3-3-4" academic structure and the issue of the small and medium enterprises tiding over the financial tsunami which has aroused much concern recently; but the DCs are responsible for district affairs, such as what facilities should be made available for children to play in the sitting-out areas and parks, what bus routes should be designated by the Transport Department, and so on. These are affairs at the district level. It is more appropriate to let DC members returned by a "single-seat, single-vote" system to represent the residents.

Regarding Ms LAU's question about whether we encourage the development of political parties, this is our general direction. Thus, we have

introduced, since the 2004 Legislative Council Election, the "\$10 dollar per vote" financial subsidy scheme. Although we encourage such development, we have to reserve room for individual candidates to take part in politics.

MR CHEUNG HOK-MING (in Cantonese): *President, the Secretary pointed out in the main reply just now that the "single-seat, single-vote" system has been adopted since 1994 and the PQ amounted to about 17 300 persons. In my experience with the DCs, I hold that this is feasible and effective.*

Since 1 January 2008, the functions of DCs have evolved from having neither power nor policy to having some power and responsibility, which mainly lies in community facilities and minor works projects. It has been a year since then. May I ask the Secretary, who represents the Government, how he will comment on the actual performance of the DCs in the past year? Has their performance met the Government's expectations? When will a review be conducted?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, I thank Mr CHEUNG Hok-Ming for raising a question about this.

In fact, as far as district administration is concerned, 2008 was an important year. Beginning with this year, arrangements have been made to let the DCs to take part in the management of district facilities, which include community halls, libraries, sitting-out areas, sports stadiums, public swimming pools and beaches, and so on. Additional resources (a top-up of \$300 million to the original \$300 million) have been allocated to the 18 DCs for taking forward district minor works and providing services in collaboration with district organizations for the residents.

On the whole, the 18 DCs have launched work in these regards. I have learnt from friends in the DCs that they are beginning to grasp the experience and each DC has appointed engineering consultancies to help take forward these minor works projects. We believe that, with more experience accumulated, there can be room for improvement in respect of the new management arrangement and the use of the resources concerned. Moreover, I believe

colleagues of the Home Affairs Department and Home Affairs Bureau will closely liaise with members, Chairmen and Vice Chairmen of the 18 DCs to constantly review whether there is room to strive for better performance.

DR PRISCILLA LEUNG (in Cantonese): *Although I agree that the proportional representation system is not a very good system, I think that it is very dangerous that Ms Emily LAU has asked this question today.*

I need to declare that I am an elected DC member. Since I joined the DC, I have observed that politically-affiliated members and independent members in the DC need to reach a consensus in order to take forward district facilities and development at a healthier and faster pace. I belong to the Kowloon City

PRESIDENT (in Cantonese): Dr LEUNG, please ask your supplementary question.

DR PRISCILLA LEUNG (in Cantonese): *I will put the supplementary question, but I need to finish this part first because it is related to my supplementary. It is precisely because of the addition of independent members with no political affiliation to the Kowloon City DC that a consensus can be reached on many issues, such that the projects concerned have been taken forward expeditiously.*

In this connection, I have this question for the Government. We now say that we need to promote political reform, but what policies do the authorities have to encourage more professionals with no political affiliation to take part in politics, particularly at the DC level as a start, so that the Hong Kong political arena can enlist more people of different backgrounds and thereby help the social development of Hong Kong?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, I basically agree that we can nurture more political talents at the DC level to participate in and discuss politics and to serve the people of Hong Kong. This is a very good platform. In the DC elections of the several terms in the past few years, we have increased the number of seats in the light of the increased population in the new towns. In 2004, the number of

directly-elected seats of DCs was increased from 390 to 400; and from 400 to 405 in 2008. These additional seats have provided more room for politically-affiliated as well as independent candidates to stand for elections.

Insofar as resources are concerned, apart from allocating an additional \$300 million on top of the original \$300 million for the 18 DCs, with effect from this term, the monthly remunerations of DC members will be increased to \$19,000-odd, together with a monthly allowance of \$4,000 for developing district work. Moreover, at the start of the four-year term, a DC member is granted a subsidy for starting the office; and at the end of the four-year term, if they cease to operate the office, they can have another subsidy. I believe these new resources and flexibility can assist independent as well as politically-affiliated candidates in taking part in politics and stand for elections.

MR WONG YUK-MAN (in Cantonese): *President, 20% of the DC members are appointed, which already enabled many so-called independent candidates to become DC members. Am I correct, buddy? All he said is nonsense. The crux of the question now is whether proportional representation system is appropriate to the DCs. This is something we can discuss. If the case is like that put by Priscilla LEUNG, then she, as an independent candidate, cannot be elected. In other words, if the proportional representation system only benefits candidates with political affiliation, there is no way for her to be elected. Am I correct?*

PRESIDENT (in Cantonese): Mr WONG Yuk-man, please ask your supplementary question.

MR WONG YUK-MAN (in Cantonese): *However, as she has secured the support of the largest political party, so it does not matter. He is now belittling and humiliating the DC members. President, would you please tell him that he is humiliating and belittling the DC members? He needs the DC members to support him and thus the 20% appointed seats are put in place. If it is for the sake of the future functional constituencies*

PRESIDENT (in Cantonese): Mr WONG Yuk-man, please ask your supplementary.

MR WONG YUK-MAN (in Cantonese): *when the seats are increased, he will then make use of the so-called appointed seats of the DC*

PRESIDENT (in Cantonese): Would you please do not make arguments and ask your supplementary question.

MR WONG YUK-MAN (in Cantonese): *My supplementary question is that he is nonsensical. He has not directly answered the question. This is basically a lame question and so is the answer because it is definitely impossible to do so. Am I correct? I can tell you that I am taking this opportunity to make a scene here. I lose my head whenever I see him. He has no room for discussion. All he said is nonsense. He has been mumbling nonsense here just now, just like a "human tape-recorder"*

PRESIDENT (in Cantonese): Mr WONG Yuk-man, please stop

MR WONG YUK-MAN (in Cantonese): *he always says the same thing, be it on the Internet, or in writing. Over the years, whenever he gave a reply, he always said the same thing*

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

MR WONG YUK-MAN (in Cantonese): *The Secretary has been giving replies in such a manner in the past few years.*

(Mr WONG Yuk-man sat down)

PRESIDENT (in Cantonese): Mr WONG Yuk-man, you did not ask any supplementary question in your argument just now.

MR WONG YUK-MAN (in Cantonese): *My supplementary question is: Why does Secretary Stephen LAM often give such lame answers and act like a failure?*

PRESIDENT (in Cantonese): I do not think what Mr WONG Yuk-man has said is a supplementary question.

MR IP KWOK-HIM (in Cantonese): *In quoting some comments Ms Emily LAU claimed that DC members often discuss public policies and community issues from a narrow perspective because they only care about the views of their several thousand electors. I have great reservations about this point. I tend to agree with Secretary Stephen LAM who said in the main reply that the present arrangement can let DC members have a better grasp of the sentiments and views of the people in their respective districts and give the electors a clearer idea of how to approach their DC members.*

At present, due to the limited resources, it is difficult for a DC member to get in touch with all of the 17 300-odd electors in his district. Thus, my supplementary question is that I wish to know whether the Government has considered how it can step up support for DC members, particularly those without the support of political parties, so that they can better perform their present functions.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, we have taken the overall development of the 18 districts into consideration when we provide resources for DCs and DC members. Thus, in the 2006 review, we made a relatively large increment in the monthly remunerations and allowances, and subsidies of DC members. We hope that the additional \$300 million on top of the original \$300 million provided to the 18 DCs can provide more room and resources for DC members (politically-affiliated or independent) to take part in promoting district activities.

As regards the annual provision, every year when we examine the budget here, we have an opportunity to discuss it. Every Bureau and department will strive for more resources, such that we can take our district services to the next level, but this hinges on our continued efforts.

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

MR FREDERICK FUNG (in Cantonese): *President, Ms Emily LAU asked at the end of part (b) of the main question whether the executive authorities have "(allowed) the political party or alliance holding a majority of seats to be responsible for promoting the district administration of the entire DC district"; and the Secretary answered the question in the last paragraph of part (a) of the main reply. May I ask the Secretary whether he is aware that there are two situations which are different from his reply?*

The first situation is that the minor works projects taken forward with the \$300 million allocated to the DCs have encountered great difficulties. First of all, these projects often cannot be taken forward despite having waited for a long time; secondly, even if these projects get the permission, they are put under the Leisure and Cultural Services Department (LCSD), and not the DCs, for management. Even if District Offices take charge of the administration of these projects, they are not very familiar with gardening and horticultural work of the LCSD because they are not experts in this area.

The second situation is, take Sham Shui Po as an example, the DC cannot even preserve the library in Pak Tin Estate, how can it get actively involved in the management of district facilities as mentioned by the Secretary? In the year when the "scrapping" of the two Municipal Councils was proposed, the authorities stated that they would gradually delegate the work of district administration (especially municipal services) to the DCs. Has the Bureau considered why it now seems to be running in the opposite direction?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, we had done much preparatory work before we could make room for the DCs to participate in district affairs and in managing these

facilities in 2008. Our departments in the districts, be they the LCSD or the District Offices, have to respect the views of the members of the 18 DCs and the committees under them in managing these facilities.

We know that these minor works projects have encountered difficulties in their actual implementation, such as whether the engineering consultancy has sufficient resources and time to expedite the implementation of these projects. Meanwhile, we are also aware of the problem that some administrative departments, after putting a new facility or a park in place, may not have sufficient resources to shoulder their maintenance cost in future. The relevant Policy Bureau and responsible financial departments will continue to take note of and examine these issues.

As to the question asked by Mr Frederick FUNG, that is, whether we would consider following the case of the former Urban Council and Regional Council to further devolve their functions to the DCs, our viewpoint is that, following the expansion of functions of the DCs of this term in 2008, we will continue to sum up our experience and conduct reviews, in a bid to bring our district work to the next level.

In the context of the main question and main reply today, and in response to some views expressed by Mr WONG Yuk-man, I wish also to emphasize that no matter the election is conducted through a proportional representation system or a "single-seat, single-vote" system, it is a democratic electoral system recognized worldwide.

PRESIDENT (in Cantonese): There are six Members in the line who cannot ask their supplementary questions.

Measures to Deal with Layoffs and Unemployment

5. **MR LEE CHEUK-YAN** (in Cantonese): *President, the financial tsunami has struck the catering, retail, financial, real estate and commercial service sectors, resulting in waves of business closures and layoffs in these sectors occurring one after the other. In this connection, will the Government inform this Council:*

- (a) *whether it will make reference to the provisions of the Termination of Employment Convention, 1982 (that is, International Labour Convention No. 158) and introduce legislation to require enterprises to consult relevant trade unions or staff representatives before laying off staff; and*
- (b) *what specific measures are in place to create job opportunities in order to address the employment problems of the unemployed workers in the above sectors?*

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

- (a) The Termination of Employment Convention, 1982 (Convention No. 158) is an international labour Convention on termination of employment, massive dismissal and termination of employees for reasons of an economic, technological, structural or similar nature. Disregarding a member State that denounced the Convention in 1996, out of the 182 member States of the International Labour Organisation, only 34 have ratified this Convention. Major economies such as China, the United States and the United Kingdom, as well as our neighbouring countries including Japan, Korea and Singapore have not ratified this Convention. This Convention is also not applicable to the Hong Kong Special Administrative Region.

The Administration considers that it is not appropriate to introduce legislation obliging establishments in Hong Kong to consult trade unions or employee representatives before laying off employees because of the following main reasons:

- (i) Being an externally-oriented economy in an economically globalized environment, Hong Kong enterprises are constantly facing competition from countries all over the world. In order to preserve Hong Kong's competitive advantages and capacity to create jobs, we have to strike a reasonable balance between protecting employees' rights and benefits on the one hand and maintaining the flexibility and competitiveness of enterprises on the other. In particular, many enterprises are

caught in an austere operating environment brought about by the global economic downturn. It is most important for employers and employees to jointly face the challenge. Regulating retrenchment activities through legislation may affect investor confidence, erode Hong Kong's competitiveness and reduce employment opportunities; and

- (ii) We note that many employers, mindful of the effect that retrenchment may have on staff morale and labour relations, have been very cautious in conducting retrenchment exercises and would often do their best to minimize the impact. In fact, introducing legislation obliging establishments to consult trade unions or employee representatives before deciding to lay off employees may not be able to avert the said decision or reduce the scale of retrenchment. We believe that consultation through voluntary participation is more conducive to resolving the problems in a rational, candid and mutually understanding manner.
- (b) The Government has been closely monitoring the impact of the financial tsunami on various fronts of the local economy with a view to formulating specific alleviating measures. Job creation is the Government's top priority at present. Our strategy is to create jobs and minimize job losses on the one hand, and to upgrade the skills of unemployed people and assist them in job search on the other.

In the area of creating jobs, the Government will keep abreast with the needs of the market and strive to provide a stable, transparent and conducive business environment in order to help the establishments explore business opportunities. In particular, we will continue to promote tourism development which would drive economic sectors such as retail, catering and hotels, thereby providing more job opportunities. We will further open up new sources of markets, including other regions of the Mainland outside Guangdong Province and overseas emerging markets such as India, the Middle East and Russia. We will also develop more new tourism products

such as green tourism, MICE (Meetings, Incentives, Conventions and Exhibitions) tourism and cruise tourism so as to cater for the needs of travellers.

The Government will endeavour to commission all types of construction projects, including both large-scale infrastructure projects and minor works projects. In the 2008-2009 legislative year, provided that the Legislative Council and the community support the Central-Wan Chai Bypass and Wan Chai Development Phase II to proceed, the total project sum to be approved by the Legislative Council would exceed \$100 billion, which is an encouraging figure. It is expected that over 40 000 jobs will thereby be created. The Government today received the endorsement of the Public Works Subcommittee to further raise the 2009-2010 funding for minor works to \$7.6 billion, which will help create some 12 000 jobs in the construction industry.

In the area of minimizing job losses, the Government will provide support to establishments of different trades through a series of measures. Early last month, the Government launched the enhanced Export Marketing Fund and Loan Guarantee Scheme for Small and Medium Enterprises (SMEs). This month, we expect to launch the Special Loan Guarantee Scheme for SMEs which could encourage the commercial lending markets to provide \$10 billion in liquidity to SMEs. The maximum amount of loan that each SME may obtain will be \$1 million.

The Export Credit Insurance Corporation has also launched new enhanced measures, including the flexibility to provide higher cover for exports, as well as expedition and facilitation of small credit limit applications. The Government has also appealed to the banks to play their role as lenders to the private sector and to be flexible and accommodating in lending to SMEs within the bounds of prudent risk management.

In the area of enhancing the skills of the unemployed, the Employees Retraining Board plans to provide some 120 000 training places in 2008-2009, covering a range of industries and job types, such as

tourism, hotel, retail, logistics and catering, and so on, to meet the training needs of its service targets as well as the job market. Such training can also assist trainees in acquiring the necessary vocational skills and recognized qualifications under the Qualifications Framework so that their employability and competitiveness could be enhanced.

In the area of assisting the unemployed to seek jobs, the Labour Department (LD) adopts a variety of proactive measures to promote labour market efficiency and disseminate vacancy information with a view to facilitating job seekers to enter or re-enter the labour market. For employees made redundant in closure/retrenchment exercises, the LD renders them with priority referral and job matching services.

In providing support to job seekers of different background who encounter difficulties in their job search, the LD has put in place various employment programmes to enhance their employability and help them find suitable jobs.

The Government will continue to closely monitor the situations in job creation and employment and will proactively adopt a multi-pronged approach comprising measures on all fronts to promote economic activities in order to enable the creation of job opportunities.

MR LEE CHEUK-YAN (in Cantonese): *President, the Secretary's reply is perfect, but it is a perfect blank as it has not answered what concrete measures have been taken to increase employment opportunities. In fact, as we all know, the financial tsunami this time around is much more serious than the SARS outbreak because the re-export trade still fared well during the outbreak of SARS. But this time around, it is a global economic recession. This financial turmoil is much more serious than the SARS outbreak. However, the Secretary may recall that during the SARS outbreak, the Government also co-ordinated all government departments to explore ways to create job opportunities direct.*

However, the reply of the Government seems telling us that nothing has been done and job opportunities will be created simply by stimulating the

economy. This will not work. Certainly, we have to stimulate the economy, but during such extraordinary times, President, the Government should take the lead to inject resources directly for job creation and this is the best way of stimulating the economy. Regrettably, nothing has been done this time around. May I ask the Secretary whether he is really so incompetent, so strict with the rule of non-interference and really so complacent with a perfect blank? Apart from infrastructure projects, does the Government have any other means to create employment opportunities? Particularly in the light of the serious white-collar unemployment problem this time around, will the Government co-ordinate various departments as it did before in the creation of job opportunities?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, we share Mr LEE's concern, and we are even more concerned about the issue than him. Particularly, I, as Secretary for Labour and Welfare, will regard this as my priority task.

In the main reply, I have explained how job creation is explored on all fronts and a multi-pronged approach has been adopted. Certainly, Members would like to be provided with some data and concrete information which will be announced when the Government has completed its work in due course. We have made efforts indeed.

I would like to emphasize that job creation is our top priority and a multi-dimensional approach will be adopted in our overall strategy. First, we must preserve employment. As Members can see, a series of measures in relation to credit guarantee have been implemented to ease the liquidity of SMEs. This is very important as our top priority is to preserve employment. Second, if there are layoffs, we have to help the employees concerned and re-equip them through retraining so that they may find suitable jobs. In this regard, information on vacancies is most important. The LD, therefore, has played a vital role in disseminating information to job seekers. Third, new projects have been planned. In respect of tourism, for instance, we will continue to promote new markets and launch new products.

So you can see that our focus is not simply jobs. Rather, we have to tackle the problem at source and to stop the bleeding and making new blood at the same time. We are now making efforts on all fronts. Let me reiterate that

the top priority of the SAR Government is to create jobs, and we are tackling this problem with an all-out effort in the face of the impact of the financial tsunami on our employment situation.

MR LEE CHEUK-YAN (in Cantonese): *The Secretary has not answered whether or not he will co-ordinate various departments to create jobs in a concrete manner.*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, as I said just now, heads of various departments also attach importance to this matter and, as we all know, the Chief Executive is also very concerned about it. The Task Force on Economic Challenges under his leadership is also exploring various channels from all perspectives to create jobs and continue to promote economic development.

DR LAM TAI-FAI (in Cantonese): *President, just now I really did not hear the Secretary give a comprehensive and positive response to part (b) of Mr LEE Cheuk-yan's question concerning job creation. The Secretary repeatedly mentioned that one of the important strategies is to reduce job loss. But recently there has been a spate of massive layoffs by large-scale corporations such as airlines and banks even though they are making profits. I did not hear the Secretary mention any special measures which can avert such waves of layoffs. In fact, these are job loss in real-life situation. The Government has called on SMEs publicly not to resort to retrenchment, but it has not proposed any novel and effective options which can enable SMEs to continue to survive, thus preventing closures and retrenchment*

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

DR LAM TAI-FAI (in Cantonese): *So, may I ask the Secretary whether he can propose any measures which can prevent layoffs by large corporations and*

whether a 100% loan guarantee scheme for SMEs can be considered for the creation of more employment opportunities?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, regarding the Member's supplementary question, first of all, I would like to emphasize that we are also very concerned about the recent spate of news about layoffs by enterprises. We hope that enterprises will take this as the last resort. For the employees, to have a job is very important and there is a family behind each job. Thus, it is also very important to social harmony. However, we should also understand that retrenchment in some enterprises is inevitable under the current macro climate. So, we always call on enterprises that, if layoff is inevitable, they should, first of all, minimize the impact and the number of employees affected. Secondly, they have to ensure sufficient internal communication; and thirdly, they should tackle the problem with the staff in a compassionate manner. For instance, redundant staff should be given a better *ex gratia* payment or helped to find jobs. In this regard, the LD is most happy to keep in contact with all enterprises. Guidelines have been posed on its website and enterprises, as good employers, should abide by the code of practice which may protect their staff if retrenchment is unavoidable. We do not wish to see any retrenchment, which is, however, the last resort of some corporations and out of our control because decisions should be made by individual enterprises in a free economy.

I know that Dr LAM is very concerned about SMEs and the Government has also made a lot of efforts for them, in addition to rolling out a series of measures. In respect of the Loan Guarantee Scheme and Export Marketing Fund, we will try our best to provide assistance at source so as to preserve employment. I share the same view in this regard. Given that there are 270 000 SMEs and 98% of the corporations are SMEs, the Government is very concerned about this.

MR TOMMY CHEUNG (in Cantonese): *President, after hearing the Secretary's main reply, no wonder both the employees and employers of SMEs, the catering and retail industries are panicking because it is "devoid of substance", and the more we have heard, the more disappointed we are.*

President, the Secretary in his main reply mentioned time and again the creation of job opportunities. However, what he meant is the manufacturing industry which can offer more than 10 000 jobs only.

In the main reply, the Secretary mentioned minimizing the loss of jobs. Can he hit the nail on the head by pointing out specifically whether or not he supports consumer coupons? For this measure can really reduce the loss of jobs by stimulating local consumption. Do you support the introduction of consumer coupons?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I am grateful to Mr Tommy CHEUNG's supplementary question and the Financial Secretary responded to this sometime ago. In fact, the Government is now gathering views and the Financial Secretary is also conducting a consultation on his budget. In this process, we have also listened to your valuable views. But we do not have any specific position and will continue to listen to views. Certainly, however, all suggestions are feasible but only those which are effective will be put into practice. So, we still have to listen to views and analyse them.

MR TOMMY CHEUNG (in Cantonese): *President, the Secretary has not responded whether or not he personally supports consumer coupons, a measure which can prevent loss of jobs.*

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

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Thank you, Mr CHEUNG. If it is really effective with tangible effects, and if it is also feasible without any problems on implementation, I think it is worthy of consideration. However, this does not mean that we have already formed a position at this stage. We have to consider many factors, for instance, whether the measure is practicable, whether the administrative expenses are justified, and

so on. And most importantly, we have to consider whether it is as effective as expected.

MR TAM YIU-CHUNG (in Cantonese): *President, in respect of job creation, the Government can certainly inject more resources for the creation of temporary jobs or recruitment of staff in a direct way. On the other hand, will the Government consider giving incentives to private enterprises? For instance, when some private enterprises no longer resort to retrenchment and are willing to create new jobs, can the Government give them such incentives as \$5,000 a month or half of the monthly salary for each job created for a period of one year, in order to encourage the private sector to create more jobs?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): I thank Mr TAM for his proposal. As I said just now, we are open-minded towards different views of all political parties and the public. Mr TAM's proposal is constructive and creative, and we are willing to further examine it if feasible. However, we really do not have any position as to which proposal will be adopted or not at this stage because the Government will explain its overall strategy when it is appropriate to do so. Members should understand that we have to make holistic consideration instead of undertaking piecemeal jobs in dealing with an issue. The Government will give a full account on it in due course.

MR ALBERT HO (in Cantonese): *President, it is most disappointing to Hong Kong people that some large corporations, meaning those icon corporations in Hong Kong which have taken root here for years, made money out of Hong Kong people and grown drinking Hong Kong water including the HSBC, TVB, and so on, have taken the lead to lay off staff when they are possibly making handsome profits, thus creating a negative image and damaging the confidence of Hong Kong people.*

All along I have wished to ask the Government what can be done. The Government said that the relevant Convention is not applicable to Hong Kong. The Government launched the Wage Protection Movement two years ago and, be it a success or not, has tried its best. Now it is time for legislation. Here is my proposal to the Government so that we can tide over the difficulties together by

launching an employment protection movement which will include the principles mentioned just now, such as no retrenchment by all means, minimizing the impact and consulting the staff. These will be written in a charter and the enterprises, including the Task Force on Economic Challenges, will be invited to sign up and urged not to take the lead to lay off staff. Will the Secretary consider such an approach?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Mr HO, we will consider whether or not the proposal is feasible. Thank you.

MS LI FUNG-YING (in Cantonese): *President, I think the Secretary, when talking about job creation, was leading us to do something like "cooking congee without rice". When mentioning the Central-Wan Chai Bypass and reclamation project for Wan Chai Development Phase II, he said that it would need the support of the community and the approval of the Legislative Council. But I do not know how long it will take. Nevertheless, I think Honourable colleagues' questions are very clear. According to our simple calculation, the financial tsunami has led to the loss of jobs of more than 10 000 employees who have either been laid off by their companies or are facing unemployment after their companies have closed down. In the light of such a special situation, what new measures does the Government have to help the employees find jobs?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): I thank Ms LI for her supplementary question. The proposal concerning the Central-Wan Chai Bypass and reclamation project for Wan Chai Development Phase II mentioned just now will be submitted to the Legislative Council in the 2008-2009 legislative year. If the projects are launched with the approval of the Legislative Council and support of the community, the total project value will reach \$100 billion and 40 000 jobs will be provided. These are exciting and encouraging figures. So, I hope Members will support the proposal expeditiously by that time.

Ms LI mentioned that 10 000 employees had been laid off. According to their background, some are in fact senior executives, some belong to the middle management, some are employees of the financial sector while some are front-line grass-roots workers. Concerning the grass-roots employees of the

catering, retail and other industries, although some shops have cut their manpower, particularly those in the catering industry, and some have simply closed down, there are some new food establishments which are expanding despite the adversities. Such situations do exist. So, the LD is now performing job matching in the hope that no vacancies will be left unattended so as to help the job seekers at all levels as far as possible. Besides, we will do our best to ensure the free flow of information. Thus, we will exert our best to ensure that the website of the LD will absorb more information in order to help the job seekers.

PRESIDENT (in Cantonese): This Council has spent more than 20 minutes on this question. We now proceed to the last oral question.

Tourism Facilities in Repulse Bay

6. **MR PAUL TSE** (in Cantonese): *President, some members of the tourism trade have related to me that Repulse Bay, being a major tourist attraction, should be provided with comprehensive supporting facilities. However, after the demolition and redevelopment of the Repulse Bay Shopping Arcade, the owner of the premises has yet to arrange for leasing the shopping arcade to tenants, and the tourism business in the locality is thus adversely affected. In this connection, will the Government inform this Council whether:*

- (a) *it has assessed if the building being left vacant for a prolonged period of time has caused inconvenience to tourists and adversely affected the other tourist attractions in Repulse Bay and its vicinity; if it has, of the assessment results;*
- (b) *it has found out the reasons for the building being left vacant for a prolonged period of time; if it has, of the details; and whether the Government will provide assistance to the owner concerned so that the building can be leased by shops and eateries expeditiously, with a view to improving the supporting tourist facilities in the locality and catering for the needs of the tourists; if it will, of the details; and*

- (c) *any short-term and long-term plans are in place to enhance the supporting tourism facilities in Repulse Bay and its vicinity; if so, of the details of such plans?*

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

- (a) and (b)

The Repulse Bay is one of the tourism attractions in the Southern District. With its natural beach environment, it is popular among both locals and visitors. According to information provided by the Hong Kong Tourism Board (HKTB), the Repulse Bay has all along been one of the top 10 popular tourist spots in Hong Kong.

The redevelopment referred to in the main question raised by the Honourable Member should be the redevelopment now taking place on the Remaining Portion of Rural Building Lot No. 368. The issue of compliance of the redevelopment with the Government Lease for the Lot is the subject of a court action and as such, it would not be appropriate for us to disclose nor discuss any suggestions related to the case publicly.

- (c) As regards part (c) which concerns plans for tourism-related facilities, the Leisure and Cultural Services Department (LCSD) has all along provided comprehensive management and maintenance support for the beach, and has worked continuously for its improvement. To further enhance the area's appeal to locals and visitors, the LCSD will embark on beautification works for the beach and its vicinity, and renovate the recreational facilities for children next year. In addition, the Tourism Commission (TC) has also installed a network of visitor signage in the area, and has been liaising closely with relevant departments to ensure adequate and convenient loading and unloading facilities for our visitors. The

TC also works closely with the HKTB and the tourism sector and implements suitable arrangements to improve tourism supporting facilities in the light of their views and suggestions.

Separately, as the Repulse Bay is already a developed area with private residential development being the dominant use, the amount of space for further development will be limited. At present, a tourism-related development for the shopping arcade at No. 109 Repulse Bay Road has already obtained planning permission for extension works. In the longer term, the Government intends to re-zone the Seaview Building and its adjacent site, in the northwest of the beach, into a comprehensive development area for provision of hotel and other commercial facilities. Development of the area, however, can only commence after completion of the statutory planning procedures.

MR PAUL TSE (in Cantonese): *President, I am afraid the Secretary has failed completely in answering the thrust of my question concerning what improvements can be made to the tourism facilities of the Repulse Bay as it is one of the major tourism attractions in Hong Kong, or almost a must-see. However, it is regrettable that the Secretary has, using legal proceedings as a pretext, mentioned not a word about whether the Government has assessed what improvements can be made to the Repulse Bay, insofar as tourism is concerned. I believe the Secretary is a frequent traveller to various parts of the world. I am not merely talking about the beauty of the natural environment of the beach. There are no facilities at all for tourists to have coffee, sit down for a meal, buy souvenirs, and so on. Under such circumstances, how can we expect the Repulse Bay, being one of the most popular tourist attractions in Hong Kong, to continue attracting tourists or bringing its potential as one of the territory's major tourist spots into full play? In this regard, I hope the Secretary can brief us on what practicable measures will be put in place, whether in the short or medium term or, what interim measures will be put in place to improve the supporting tourism facilities if the proceedings might drag on for five to eight years.*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, I have pointed out in the main reply that, in the short term, the shopping arcade in Repulse Bay has already obtained planning permission for extension works. Furthermore, a wide range of shops, eateries, fast-food restaurants, supermarkets, and so on, can now be found in the Repulse Bay and its vicinity for the convenience of tourists as well as locals. In the long run, as pointed out by me in the main reply, the Government has proposed the establishment of a comprehensive development area, including new development projects relating to the supporting tourism facilities. Generally speaking, in addition to the Repulse Bay itself, we also hope to develop more tourist facilities in its vicinity and group the facilities together to give tourists a richer experience.

MRS REGINA IP (in Cantonese): *The Secretary has mentioned repeatedly that the Seaview Building and its adjacent site may be re-zoned into a comprehensive development area for provision of hotel and other commercial facilities. However, is the Secretary aware that residents in the Southern District have reacted strongly to this probable change of use. In particular, residents at Beach Road and its neighbouring areas have already voiced strong opposition and sought assistance from many District Council members and Members of the Legislative Council in an attempt to petition the Secretary to voice their opposition?*

Furthermore, given that three hotels will be built in Ocean Park, and a boutique hotel will probably be built in Wong Chuk Hang, has the Government given full consideration to whether it is appropriate for hotels to be built in this picturesque beach zone?

SECRETARY FOR DEVELOPMENT (in Cantonese): We are fully aware of the points mentioned in supplementary question raised by Mrs Regina IP. Actually, the rezoning of the Seaview Building site from government/community area into a comprehensive development area has been published by the Town Planning Board (TPB) for public consultation, and a total of 1 000 submissions from members of the public have been received. In accordance with the

established procedures, the TPB will raise the issue for discussion in around March next year. Hence, the TPB will definitely give full consideration to the views of the public before deciding whether the use of the lot should be changed.

I would also like to share with Honourable Members some background information. Actually, the Seaview Building site is re-planned in response to the aspirations of the people in the district, including the aspiration of the Southern District Council, because it is felt that the vacant Seaview Building is no longer compatible with the Repulse Bay as a tourist attraction. Over the past one or two years, the Southern District Council has also requested the Government to change the use of the Seaview Building for better utilization of our land resources and promotion of the tourism development of the Repulse Bay. Now, the proposal is going through the town planning procedure. I can assure Honourable Members that the Repulse Bay beach belongs to all the 7 million people in Hong Kong. Therefore, its development should be based on the popular view of the people.

MR ALBERT CHAN (in Cantonese): *President, it is mentioned in part (a) of the main reply that, owing to disputes over its lease, this property might not be put to use. Insofar as disputes over leases are concerned, I recall that the leaseholder of a river trade terminal was once sued by the Government for breaching the lease, but still the operation of the river trade terminal was maintained. The major consortium could continue the operation even though it was sued by the Government for breaching their leases, until the proceedings are over. I have no idea of the identity of the leaseholder of this property and whether the consortium is not powerful enough so that it is not allowed to use this property during the proceedings. Does it mean that the exercise of rights by the Government over land and leases depends on the size of a consortium? If this place is so significant to public interests, will the Secretary for Development deal with the matter personally? As you have successfully resolved the problems relating to the Hopewell Centre, will you expeditiously seek a solution to this problem so that a three-win situation can be achieved — that is, the Government does not have to be involved in disputes, the leaseholder of the site will not experience delay because of this problem, and public interests will be taken care of?*

PRESIDENT (in Cantonese): Which Secretary will reply? Secretary for Development.

SECRETARY FOR DEVELOPMENT (in Cantonese): Let me reply briefly to Mr CHAN. I am personally handling this case. However, as pointed out by the Secretary for Commerce and Economic Development earlier in the main reply, as this case is a subject of a court action, I am not in a position to disclose anything about it.

MR ALBERT CHAN (in Cantonese): *President, my supplementary question concerns the fact that the consortium leasing the river trade terminal, once sued by the Government for breaching its lease, was allowed to continue to use the river trade terminal until the court action was over. So, why could a major consortium, like the one mentioned above, continue to use the river trade terminal while the consortium in question is not allowed to act in a similar manner?*

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

SECRETARY FOR DEVELOPMENT (in Cantonese): President, I have nothing to add.

MR KAM NAI-WAI (in Cantonese): *President, concerning the Seaview Building mentioned earlier by the Secretary, the Government has all along maintained the thinking that if a site is no longer under its control, it should consider altering the use of the site by putting it up for auction for the construction of hotels. Has the Government learnt a lesson from the case involving the Marine Police Headquarters in Tsim Sha Tsui, which has been changed from a six-star hotel into a high spending venue? As mentioned by the Secretary in the main reply, the Repulse Bay is very popular. Therefore, what matters most is how the public at large can enjoy the facilities in this place. Will the Government reconsider its continuous possession of the Seaview Building and, on the premise that the Government continues to be the owner,*

invite relevant groups or enterprises anew to submit proposals to improve the environment of the place rather than putting the site up direct for auction to allow private developers to develop the site for profiteering?

PRESIDENT (in Cantonese): Which Secretary will reply? Secretary for Development.

SECRETARY FOR DEVELOPMENT (in Cantonese): President, the Development Bureau and the departments under our charge merely handle the work relating to change of land use. The Seaview Building, as part of the Repulse Bay beach, has all along been under the LCSD. I can convey the views of Honourable Members to the LCSD. Actually, over the past couple of years, we have invited non-governmental organizations (NGOs) to think up ideas of operating businesses, in the form of social enterprises, in the Building. However, the plan was eventually shelved as the Building was too dilapidated and cost exorbitant maintenance fees.

MR ABRAHAM SHEK (in Cantonese): *President, I wish to follow up the supplementary question raised by Mr Albert CHAN. Insofar as Lot No. 368 is concerned, in addition to taking a court action against the developer, will the Government consider negotiating with the developer in public interest instead of resolving the matter in Court?*

PRESIDENT (in Cantonese): Which Secretary will reply? Secretary for Development.

SECRETARY FOR DEVELOPMENT (in Cantonese): President, I am very sorry that I cannot respond to this supplementary question because the case is the subject of a court action.

MISS TANYA CHAN (in Cantonese): *Regarding the earlier remark made by the Secretary concerning the exorbitant fees required for maintaining the Seaview Building, has the Government considered that the lack of repairs is attributed to*

the failure of government departments to properly carry out maintenance? According to a newspaper, it would cost up to \$100 million to maintain the Building. Has the Government considered carrying out maintenance by itself to enable the 60-year-old Seaview Building to be put to better use and the public to truly enjoy the beach?

SECRETARY FOR DEVELOPMENT (in Cantonese): President, as I said earlier, I will convey the view of Miss CHAN to the LCSD.

MR WONG KWOK-HING (in Cantonese): *President, as a representative of the labour sector, I am very much concerned about the employment problem. Tourism can create a lot of employment opportunities. In the last paragraph of the main reply, the Government mentioned its intention of developing the Seaview Building and its adjacent site, but there is no timetable. From the replies given by the two Secretaries just now, it appears there are a lot of disputes. May I ask whether the site or building can be developed for tourism purpose before a conclusion can be drawn of these disputes? Furthermore, can the Government come up with a timetable for long-term planning?*

SECRETARY FOR DEVELOPMENT (in Cantonese): President, as pointed out by me just now, our long-term plan, which seeks to change the use of the lot, is now going through the town planning procedure. The two-month exhibition period is now over, and a lot of opinions have been received. Therefore, the TPB needs to spend some time to examine if the use of the lot should really be changed. Should it be decided that no change is to be made, the lot will remain a lot for government/community purposes.

As regards the question of whether the Building can be used more effectively while its change of use is being considered, as I responded earlier, according to our experience, I think no NGOs will be interested in operating businesses in the form of social enterprises there because the Building, which is in such a dilapidated state, costs exorbitant fees for repairs.

MR PAUL TSE (in Cantonese): *President, the Government has again and again used legal proceedings as a "shield" and refused to comment on the questions*

raised by Honourable Members, including me. I do not entirely understand if this means there is nothing the Legislative Council can do to raise any questions in connection with the Lehman Brothers incident because, actually, many legal proceedings are in progress.

We are not focusing on the provisions of the so-called government lease in relation to the proceedings in question or any relevant conflicts and disputes. Instead, we are now focusing on whether the Administration has, when the proceedings are being forced to proceed, assessed the Building which has been left vacant since its clearance three years ago and kept in the dark in the evening, as the proceedings might take five to eight years to reach the stage of appealing to the Court of Final Appeal, thereby leaving the entire Repulse Bay in darkness in the next decade. In the face of the current financial hardship, the Government is committed to spending billions of dollars to create job opportunities. Should these measures be adopted in the Repulse Bay as a major tourist spot? Alternatively, should the Government pinpoint the problem in a concrete manner by striving to vitalize this tourist attraction with a feasible solution within a short period of time for the purpose of creating more job opportunities or adopt some middle-of-the-road solutions, like those proposed by Mr Albert CHAN, to carry on with the proceedings on the one hand and, continue with the business on the other? The Government has always said that it has to spend money on some sorts of new tourism products. Is it doing this truly for the sake of the tourism industry in Hong Kong or is it merely paying lip-service?

PRESIDENT (in Cantonese): Which Secretary will reply? Secretary for Commerce and Economic Development.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, as explained by the Secretary for Development earlier, since the legal proceedings are in progress, we are not in a position to comment on the use of the lot here. The Government is still maintaining this position. As regards the appeal of the Repulse Bay to tourists, I have already pointed out in the main reply that the Repulse Bay is still very popular among tourists and locals because it is still one of the top 10 popular tourist spots in Hong Kong.

PRESIDENT (in Cantonese): We have spent 18 minutes on this question. Oral questions end here.

WRITTEN ANSWERS TO QUESTIONS

Law Enforcement Against Sale of Tobacco Products to Underage Persons

7. **MR LEUNG YIU-CHUNG** (in Chinese): *President, will the Government inform this Council of:*

- (a) *the number of inspections conducted and the number of prosecutions instituted since January this year by the authorities to enforce the provision against the sale of tobacco products to persons under the age of 18; and*
- (b) *the current number of government personnel responsible for enforcing the above provisions?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, the Administration has been taking a multi-pronged approach to minimize the harmful effects of tobacco on youths. Measures adopted include publicity and education; provision of smoking cessation services; the imposition of tobacco duty; and the enactment of legislation to expand the statutory no smoking areas. The enforcement of the legislative provisions that prohibit the sale of cigarettes to persons under the age of 18 is part of the Government's tobacco control efforts aimed at young people.

With regard to youth education and publicity, the Tobacco Control Office (TCO) under the Department of Health has produced tailor-made guidelines and display boards for the implementation of tobacco control measures at schools as well as promotional leaflets targeting at youths. The Government also provides annual funding to non-government organizations such as the Hong Kong Council on Smoking and Health (COSH) to organize anti-smoking activities for children and adolescents.

The COSH has been conducting "Health Talk" and "Education Theatre" as its main activities of tobacco control education programme for adolescents.

Students are taught the hazards of smoking and how to resist the temptation of smoking, as well as how to support a smoke-free environment. The COSH organized, from time to time, large scale territory-wide education promotional programmes to spread the message of a smoke-free environment, and to educate children on how to protect themselves from the harmful effects of passive smoking. To name but a few, such programmes include the "Smoke Free Hong Kong Starts with Teens" from 2005 to 2006, the "Smoke-free Environments — Create and Enjoy!" Photo Collection Campaign in 2007 and the "Smoke-free Family" Campaign in 2008. Children and adolescents are the major targets of all these programmes aim at encouraging them to support a smoke-free environment and living style.

Regarding the prevention of young people from buying tobacco products, Tobacco Control Inspectors (TCI) of the TCO have, since 27 October 2006, been conferred the power to take law-enforcement action for offences under the Smoking (Public Health) Ordinance (except Part III), including section 15A(1), that is, no person shall sell any cigarette, cigarette tobacco, cigar or pipe tobacco to any person under the age of 18 years. Any person who contravenes this provision commits an offence and is liable on summary conviction to a fine at level four (that is, \$25,000).

Between January and October 2008, TCIs conducted a total of 1 200 inspections on retail outlets. In addition, the TCO received a total of 33 complaints about illegal sale of tobacco products to persons aged under 18, and conducted 63 investigations, prosecuting six tobacco retailers by way of summons for sale of tobacco products to persons aged under 18. All cases were convicted and the fine ranged from \$500 to \$1,500.

The TCO has an establishment of 85 TCIs in 2008-2009. Apart from enforcing the statutory prohibition against the sale of tobacco products to persons aged under 18, they also carry out law-enforcement duties under other provisions of the Smoking (Public Health) Ordinance.

What is worth mentioning is that the Thematic Household Survey, conducted by the Census and Statistics Department between December 2007 and March 2008, revealed that the percentage of smokers in the 15 to 19 age group in Hong Kong has dropped from 3.5% in 2005 to 2.4% recently. This shows that

the multi-pronged approach on tobacco control adopted has been largely effective.

But we will not relax our efforts. We strongly believe that parallel and continuous efforts in education and law enforcement are essential to preventing our young people from smoking. The Administration will continue to devote resources to promoting a smoke-free culture and enhance relevant measures, with a view to raising awareness among the young of the harmful effects of smoking and preventing them from picking up the habit of smoking.

Assistance Provided to Garment Bleaching and Dyeing Factories

8. **MRS SOPHIE LEUNG** (in Chinese): *President, the Air Pollution Control (Fuel Restriction) (Amendment) Regulation 2008 (Cap. 311 sub. leg. 1) provides that only ultra low sulphur diesel (ULSD) with a sulphur content of not more than 0.005% by weight may be used in industrial and commercial processes. Quite a number of owners of garment bleaching and dyeing factories have relayed to me that since the commencement of the Regulation on 1 October this year, their monthly expenditure on fuels has increased by 50%. In this connection, will the Government inform this Council:*

- (a) *given that only ULSD with a sulphur content of 0.001% is on sale in the market at present, whether the Government will require oil companies to introduce ULSD which has a higher sulphur content but still meets the above provision for the above factory owners to choose to buy; and*
- (b) *whether it will consider providing subsidies for a period of at least one year for the above factory owners to purchase ULSD with a sulphur content of 0.001%; if it will not, whether it will implement other measures to alleviate the plight of such factory owners?*

SECRETARY FOR THE ENVIRONMENT (in Chinese): President,

- (a) The Hong Kong oil market has all along been operating on the principle of free economy. The oil companies would consider the

needs of the market, regulatory requirements and other related economic factors, and then decide on the type of fuel to be imported, the product combination and the sale strategy. The Government, on the other hand, endeavours to warrant reliable supply of fuel oil, maintain a free market and eliminate any hurdles to newcomers to the market in order to facilitate competition. Regarding the situation mentioned by the Honourable Mrs Sophie LEUNG, we have approached the oil companies for more detail. According to the information thus collected, there are already oil companies supplying to their clients industrial diesel with a maximum sulphur content of 0.005%. We would recommend factory operators should approach more oil companies and through the existing market mechanism, to source the type of diesel that suits their operational need.

- (b) The economy of Hong Kong has all along adopted the principle of free market and fair competition. Using diesel for industrial operation is currently duty free. In accordance with the principle of free economy and fairness, the Government will not offer subsidy on the use of industrial fuels.

Recruitment of Workman II

9. **MR LEUNG KWOK-HUNG** (in Chinese): *President, the Food and Environmental Hygiene Department (FEHD) told me that, owing to an insufficient number of Workman II (WMII) in the FEHD, the cleansing services for Clear Water Bay Peninsula, Tseng Lan Shue and Kowloon Peak in Sai Kung District had been outsourced to cleansing contractors starting from September this year. There have been comments that the freeze on recruitment of WMII by FEHD will make the department unable to cope with an epidemic outbreak (such as the outbreak of Severe Acute Respiratory Syndrome in 2003), or a sudden surge in service demand upon termination of outsourced cleansing contracts. In this connection, will the Government inform this Council:*

- (a) *why the FEHD has not employed sufficient WMII to provide cleansing services in the above areas;*

- (b) *given that despite the Government's recruitment freeze on the Civil Service in recent years, a department may apply for exemption if there are operational needs, whether the FEHD has made such an application; if not, of the reasons for that;*
- (c) *of the total current number of WMII employed by all government departments, together with a breakdown by department;*
- (d) *of the current number of WMII working in the FEHD, together with a breakdown by reason (such as retirement and transfer of job) of the change in such numbers over the past three years; and*
- (e) *of the current ratio between WMII working in the FEHD and cleansing workers employed by outsourced service contractors, and whether it will set the relevant target ratio?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, it is the Government's established policy that the private sector should participate in the delivery of public services as far as practicable. To fully utilize the expertise, innovation and agility of the private sector in providing more and better service, bureaux and departments (B/D) will keep under regular review the mode of delivery of services. When it is established that the service could not be contracted out to a private service provider or must be handled by civil servants, civil servants are engaged to meet such needs.

Our reply to the five-part question raised by Mr LEUNG Kwok-hung is as follows:

- (a) Pursuant to the above government policy, the FEHD reviews the provision of its services, including cleansing services, from time to time, and where appropriate, outsource the relevant services to private contractors. Provision of street cleansing services for villages and roads along Clear Water Bay in Sai Kung by private contractors is considered feasible after a review of service nature and demand by the Department.

- (b) During the period of overall open recruitment freeze and when the five-year open recruitment freeze imposed on grades covered by the Second Voluntary Retirement Scheme, the FEHD has, after reviewing its operational needs, made applications to the Panel co-chaired by the Chief Secretary for Administration and the Financial Secretary with Secretary for the Civil Service as a member. With the approval, the Department carried out open recruitment to fill a total of 245 civil service posts, including Hygiene Inspector II, Scientific Officer (Medical), Pest Control Officer/Assistant Pest Control Officer, Pest Control Assistant II/Student Pest Control Assistant and Veterinary Officer during the period of recruitment freeze.
- (c) According to information provided by the Civil Service Bureau, as at 30 September 2008, a total of 6 956 WMII were employed by various government B/D. Details are at Annex 1.
- (d) As at 30 September 2008, a total of 3 233 WMII were employed by the FEHD. Over the past three years, 545 WMII have left the Department due to various reasons including retirement and appointment to another grade. For details, please see Annex 2.
- (e) Of all the front-line staff providing cleansing services in public areas, 35% are WMII of the FEHD, while 65% are staff of its outsourced service contractors. The FEHD considers the existing mode of service delivery by engaging both departmental staff and employees of its service contractors has been working effectively. The Department considers that there is no need to lay down any rigid target ratio for contracting out. The deployment of and need for WMII in the Department is being actively reviewed. Requirement, if any, will first be met through in-service recruitment. Where necessary, approval from the Civil Service Bureau for open recruitment will be sought in accordance with existing procedure to meet service needs.

Strength of WMII by Department (as at 30.9.2008)
(excluding Independent Commission Against Corruption)

<i>Strength</i>	<i>Department</i>
29	Immigration Department
23	Civil Engineering and Development Department
1	University Grants Committee
4	Trade and Industry Department
2	GS: Civil Service Bureau
331	Water Supplies Department
14	Judiciary
4	GS: Home Affairs Bureau
63	Home Affairs Department
3	Civil Aviation Department
11	Civil Aid Service
23	Lands Department
1	Invest Hong Kong
162	Housing Department
8	Legal Aid Department
186	Social Welfare Department
6	GS: Security Bureau
15	Buildings Department
11	Architectural Services Department
2	Architectural Services Department
8	Department of Justice
7	Government Laboratory
36	Government Logistics Department
7	Government Flying Service
3	Government Property Agency
8	Census and Statistics Department
13	Information Services Department
3	Office of the Government Chief Information Officer
32	GS: Offices of the Chief Secretary for Administration and the Financial Secretary
3 233	Food and Environmental Hygiene Department
7	Hong Kong Observatory
53	Customs and Excise Department
1	Radio Television Hong Kong
593	Hong Kong Police Force

<i>Strength</i>	<i>Department</i>
8	Rating and Valuation Department
4	Treasury
50	Fire Services Department
29	Marine Department
3	Official Receiver's Office
1	GS: Financial Services and the Treasury Bureau (Treasury Branch)
4	GS: Financial Services and the Treasury Bureau (Financial Services Branch)
1	GS: Commerce and Economic Development Bureau (CI&TB)
1	GS: Commerce and Economic Development Bureau (C&TB)
193	Leisure and Cultural Services Department
325	GS: Education Bureau
13	Planning Department
4	Innovation and Technology Commission
2	GS: Labour and Welfare Bureau
14	Labour Department
148	Drainage Services Department
5	GS: Development Bureau (Works Branch)
3	GS: Development Bureau (Planning & Lands Branch)
19	Inland Revenue Department
8	Post Office
36	Highways Department
2	GS: Transport and Housing Bureau (TB)
11	Transport Department
1	Office of the Telecommunications Authority
104	Agriculture, Fisheries and Conservation Department
1	Audit Commission
2	Student Financial Assistance Agency
46	Electrical and Mechanical Services Department
3	Registration and Electoral Office
32	Environmental Protection Department
3	Environmental Protection Department
1	GS: Education Bureau (Vocational Training Council)
399	Hospital Authority
19	Auxiliary Medical Service
68	Correctional Services Department
490	Department of Health
6 956	Total

The number of FEHD WMII who had left their job
(1.10.2005 - 30.9.2008)

<i>Date</i>	<i>1.10.2005 - 30.9.2006</i>	<i>1.10.2006 - 30.9.2007</i>	<i>1.10.2007 - 30.9.2008</i>	
Retirement	113	158	181	452
Resignation	3	4	3	10
Transfer to other departments/grades	1	31	35	67
Death	3	3	7	13
Dismissal	2	1	-	3
Total	122	197	226	545

Government Records with Historical Value

10. **MS CYD HO** (in Chinese): *President, the functions of the Public Records Office (PRO) of Hong Kong include examining government records and materials with due care and transferring those with historical value to its special repositories for proper preservation. However, it has been reported that some government departments have not only refused to transfer records and materials of enduring value as requested by the PRO, but have also destroyed the records concerned. In this connection, will the Government inform this Council:*

- (a) *in the past five years, which government departments and bureaux had refused request(s) for transferring records and materials; of the records and materials involved; the justifications for their refusals; the records and materials having been destroyed and those not yet destroyed; the reasons for destroying them; the ranks of the government officials who were authorized to decide on the*

destruction of such records and materials, whether any politically appointed officials were included; and whether the government departments and bureaux concerned will transfer to the PRO those records and materials not yet destroyed after the files concerned have been closed;

- (b) whether it allows other departments and bureaux to hinder PRO from acquiring and appraising records and materials of enduring value for the people of Hong Kong; if so, of the reasons; if not, how it facilitates the PRO to obtain such records and materials from those departments and bureaux;*
- (c) whether at present it has any plan to introduce legislation for preserving government records and materials with historical value for public perusal; if not, of the reasons for that; and*
- (d) whether it has any guideline instructing government departments and bureaux on how to co-operate with the PRO to ensure proper preservation of records and materials with historical value; if so, of the details; if not, whether it will formulate such guidelines?*

CHIEF SECRETARY FOR ADMINISTRATION (in Chinese): President,

- (a) The Government fully recognizes the value and the heritage importance of records and has put in place administrative arrangements to facilitate the identification, transfer and preservation of and public access to government records having archival value. The Government Records Service (GRS) is tasked to oversee the overall management of government records and ensure that government records are properly managed and those of historical value are selected for preservation and public access. The Hong Kong Public Records Building is a purpose-built archive providing a secure and controlled environment for the protection of archival materials for permanent preservation. It has been constructed and equipped in accordance with international standards for the preservation of records having historical value.

Bureaux and departments are required to seek the prior consent of the GRS Director, ranked at D1 of the Directorate Pay Scale, for any destruction of their records. In the process, if the records are considered as having historical value, such records will be transferred and kept at the Hong Kong Public Records Building. Disciplinary action will be taken against civil servants for maliciously destroying or tampering with government records.

In the past five years since January 2004, the GRS appraised around 2.4 million files in around 2 050 cases. According to records of the GRS, during this period, there have been no cases where records and materials appraised to have historical value had not been transferred to the GRS from bureaux and departments. However, there were four cases wherein some records had been inadvertently destroyed and four cases with records reported missing by bureaux and departments before appraisal of archival value by the GRS. The concerned bureaux and departments had looked into all these cases and found no evidence of malicious destruction of records. They have reminded their staff to adhere to the records management procedures and put in place measures to prevent recurrences in future. They will also transfer to the GRS for appraisal any records which were reported missing but are found subsequently. Arising from these cases, the GRS has reminded all bureaux and departments of the records management procedures and guidelines and the importance of proper management of government records, and has highlighted measures that should be adopted to prevent loss or inadvertent destruction of government records.

(b) and (d)

It is the Government's established policy to identify and preserve records and materials of historical value for the people of Hong Kong. Bureaux and departments are required to co-operate with the GRS to ensure proper preservation of records and materials with historical value. As explained above, bureaux and departments are required to seek the prior consent of the GRS Director for any destruction of records so that records having historical value are identified and transferred to the GRS in the process. We have also issued guidelines to bureaux and departments on proper management

and preservation of records which include establishing records retention and disposal schedules to facilitate systematic transfer of historical records to the GRS; and adopting appropriate procedures to safeguard records and arranging proper storage for records under their custody. Bureaux and departments are also advised to follow specific procedures to transfer historical records to the GRS, including liaising with the GRS on the timing of transfer; designating an officer to co-ordinate the transfer; compiling a list of records with prescribed information; packing the records in containers requested by the GRS; and arranging transportation.

- (c) The Government has put in place administrative arrangements to facilitate the identification, transfer and preservation of and public access to government records and materials with historical value. The GRS has promulgated relevant records management procedures and guidelines. It also provides records management training and advice to help bureaux and departments improve their records management as well as providing public access to historical records kept by the GRS through the Public Records (Access) Rules 1996. In addition, bureaux and departments have appointed Departmental Records Managers to ensure that government records are properly managed and maintained. Whilst there is no legislation on preservation of government records and materials with historical value, the present system is serving its purpose and we will continue to improve on it. We do not consider legislation in this regard a priority item for the Government.

Caring of Trees

11. **MR VINCENT FANG** (in Chinese): *President, I have received complaints from members of the public alleging that a number of old trees were unnecessarily removed by the authorities immediately after a fatal accident caused by the collapse of an old tree in Stanley on 27 August this year. Regarding the Government's efforts in caring of trees, will the Government inform this Council:*

- (a) *of the total number of trees removed, which were aged 20 years or above, by various departments since the above tree-collapsing*

accident; whether the number has increased when compared to that of the same period last year; and among the trees removed, the number of those which had been inspected upon receipt of complaints from members of the public that the trees had problems;

- (b) whether the Leisure and Cultural Services Department (LCSD) has conducted any internal investigation into the above tree-collapsing accident; if it has, whether the investigation result indicates any dereliction of duty on the part of its staff or procedural problems; and whether it has, in view of this incident, reviewed the procedure and the time required for handling complaints of the public regarding potential hazards posed by trees;*
- (c) given that the LCSD has a Tree Team comprising 110 staff specially charged with tree management work, of the reasons why tree experts from the United States have been employed to assist in the inspection work, and what professional services have been provided by them; and*
- (d) whether it will set up a dedicated team or assign one single department to be responsible for co-ordinating such work as tree inspection, examination and caring?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President,

- (a) The departments responsible for managing trees in Hong Kong include the Agriculture, Fisheries and Conservation Department (AFCD), the Architectural Services Department, the Drainage Services Department, the Housing Department (HD), the Highways Department, the LCSD, the Water Supplies Department, and so on. Although the Government has kept statistics on the removal of trees with a trunk diameter of over 95 mm, detailed information on the age of the removed trees is not available.

Between 1 September and 30 November 2008, about 2 200 trees were removed by various government departments, showing an increase of around 1 000 when compared with the same period last year. It was partly because of the need to accommodate certain

government projects carried out between 1 September and 30 November 2008 that more trees were removed during that period of time. Also, Hong Kong was hit by three typhoons or severe tropical storms (when tropical cyclone warning signals No. 8 or above were hoisted) in August and September this year. The number of trees damaged and thus requiring removal was consequently greater than that during the same period last year. Among the trees removed between 1 September and 30 November 2008, about 200 had been inspected upon receipt of complaints from members of the public, which was a decrease of around 30 when compared with the same period last year.

- (b) The incident in question is currently *sub judice*. The LCSD is therefore unable to disclose information relating to the incident. The LCSD is providing full assistance to the police to facilitate their investigation into the incident.
- (c) Apart from seeking assistance and advice from local tree experts after the incident involving the collapse of the tree, the LCSD has further enlisted the assistance of overseas tree experts to inspect about 470 trees under its management on the Register of Old and Valuable Trees, with a view to enhancing and speeding up the inspection work. The Tree Team of the LCSD benefits from the experience of the overseas experts, who are from a company based in the United States, which has had a branch office in Hong Kong for five years. The experts were tasked to assist in the assessment of the conditions of the trees and advise on the necessary care. In engaging the assistance of the overseas experts, the LCSD took into account various considerations, including their professional qualifications and experience, and whether they could provide the service in a timely manner.
- (d) The Government adopts an integrated approach in assigning the responsibility for the maintenance of vegetation (including plants and trees) on Government land. Under this approach, the department responsible for the maintenance of a facility (such as a park, open space, government building or slope) is also responsible for the maintenance of vegetation there. For example, the HD is responsible for managing trees in public housing estates, the LCSD

is responsible for managing trees at their venues and in landscaped areas along public roads other than expressways outside the boundaries of country parks, and the AFCDC is responsible for managing trees inside country parks. In order to clearly define the responsibilities of various departments, the Government has issued a set of technical guidelines, stipulating that vegetation in different areas should be managed and protected by the relevant departments. Over the years, the integrated approach has been successful and cost-effective in protecting vegetation and the Government has no plan to assign a single department to be solely responsible for the management of vegetation.

The Government has established a high-level Steering Committee on Greening to steer our greening policy and co-ordinate the efforts of the relevant departments in tree protection and greening. The Steering Committee on Greening is chaired by the Permanent Secretary for Development (Works) with directorate level members drawn from 15 bureaux and departments.

Hospice Care Services

12. **DR JOSEPH LEE** (in Chinese): *President, regarding the hospice centres under the Hospital Authority (HA), will the Government inform this Council whether it knows:*

- (a) the types of hospice care services currently provided by various hospice centres;*
- (b) in respect of each type of hospice care service, the service quota and the respective numbers of patients currently using and waiting for such service;*
- (c) the respective numbers of allied health professionals and nurses who are providing hospice care services; whether HA has any plan to increase the manpower concerned; if so, of the details of the plan; if not, the reasons for that;*

- (d) *if appropriate training had been provided to such health care professionals in the past three years to ensure that they have sufficient knowledge and skills to provide care for terminally-ill patients; if so, of the training details; if not, the reasons for that; and*
- (e) *if any review had been conducted in the past three years on the way forward for the provision of hospice care services at patients' homes to enable them to enjoy a peaceful home life; if so, of the details of the review; if not, the reasons for that?*

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

- (a) The HA has been providing comprehensive palliative care for terminally-ill patients (including cancer patients) through an integrated mutli-specialties/disciplinary service approach, with the aim of rendering holistic care to patients. The HA also provides psychological counselling and support to patients and their families. At present, there are 10 palliative care centres and six oncology centres under the HA to provide palliative/hospice care, which includes in-patient service, out-patient service, hospice/palliative day care service, home care service and bereavement counselling.
- (b) Statistical data on the utilization of the HA's hospice service in 2007-2008 are set out in Annex. As mentioned above, the HA is currently providing diversified palliative/hospice care. Doctors of various specialties make referral for patients to receive the most suitable service after assessment of their clinical conditions.

In general, in-patients will be arranged to receive detailed assessment and treatment by doctors of palliative/hospice care department within three days. As for discharged patients, home care nurses will contact the patients and their families to arrange home visits, to assist the patients to effectively manage their pain and other discomforts during their stay at home, and to provide psychological support to patients and their families. Generally, home care nurses will make home visits to patients within three to seven days upon receipt of referral.

- (c) Under the existing mode of service provision, palliative/hospice care services are mainly provided by health care personnel of the palliative care and oncology department. According to the statistics as at 31 March 2008, in terms of full-time equivalent staff, there were a total of 172.53 nurses and 31.76 allied health professionals serving in the HA's palliative care centres. As regards oncology centres, their manpower is subsumed under the overall establishment of the oncology departments, and hence the HA does not have the breakdown of manpower of these centres.

Following the established mechanism for overall service planning, the HA reviews from time to time the provision of various services and the establishments of various grades in the light of the service demand and manpower turnover and makes adjustments where appropriate.

- (d) The HA has all along attached great importance to the training of nursing staff and allied health professionals. In order to cope with service demand and facilitate professional development, structured long-term courses on specialist and multi-disciplinary training and on personal development are provided for health care professionals through the Institute of Advanced Nursing Studies and the Institute of Advanced Allied Health Studies of the HA. Every year, the HA invites local and overseas experts to organize training and workshops on hospice care. It also holds seminars, annual conferences and talks on palliative care in conjunction with the Society for the Promotion of Hospice Care, Hong Kong Society of Palliative Medicine and Hong Kong Hospice Nurses' Association, with the aim of enhancing the expertise and professional skills of health care and allied health professionals.
- (e) At present, the concept of home death is not popular in Hong Kong. The HA understands that some terminally-ill patients may wish to stay with their families in a familiar environment until their passing away. The HA will respect patients' will and provide support as appropriate to such patients in the light of individual circumstances.

Annex

Utilization of Palliative Care/Hospice Service of HA

<i>Palliative Care/Hospice Service</i>	<i>No. of attendance (2007-2008)</i>
Palliative care in-patient service (Total number of in-patient discharge and death)	6 311
Number of attendances for palliative care specialist out-patient service	5 676
Number of palliative home visits/home care attendances	24 938
Number of palliative day care attendances	8 491
Number of attendances for bereavement service	3 121

Ratings of Emerging Markets by Hong Kong Export Credit Insurance Corporation

13. **DR LAM TAI-FAI** (in Chinese): *President, to enhance support and services for exporters, in particular, small and medium enterprises (SMEs), the Hong Kong Export Credit Insurance Corporation (ECIC) has recently reviewed the situation of 15 emerging markets and lifted the ratings for six of them. In this connection, will the Government inform this Council whether it knows:*

- (a) the current ratings and contents of the ratings of all markets, including the 15 emerging markets mentioned above;*
- (b) the total value of goods exported, the total value of the policies approved by the ECIC and the gross claims concerned in respect of each emerging market in each of the past three years;*
- (c) the respective reasons for the ECIC not lifting the ratings of nine emerging markets after the review;*
- (d) the ECIC's current factors for consideration in determining the ratings of emerging markets and the weightings of such factors;*

- (e) *the respective services provided by the ECIC to markets with different ratings; and*
- (f) *if the ECIC has conducted regular reviews on the ratings of emerging markets; if so, of the review timetable; if not, the reasons for that?*

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

- (a) The credit risk ratings assigned to different countries/markets by the ECIC are classified into four grades from A to D (A being the highest rating). The list of ratings is an internal document that the ECIC uses in its credit risk assessment for insurance policies. Releasing such information to the public will have an impact on the ECIC's competitiveness in the market and may cause some countries to feel unhappy. Moreover, as a general practice, other insurance companies also will not make public their lists.
- (b) The value of Hong Kong goods exported to the 15 emerging markets in the past three years, the ECIC's insured business and claims paid related to these markets are set out at Annex.
- (c) and (d)

Following industry practice, the ECIC adopts a rating mechanism with objective criteria to assess credit risks of different markets. The mechanism is mainly based on economic factors, including domestic economic situation (for example, economic growth and inflation rate) and external economic situation (for example, international balance of payment and debt ratios). Under the rating mechanism, domestic political situation will also be taken into account. In addition, the ECIC will benchmark these ratings against its underwriting experience in respect of the relevant country/market and the ratings given by other international rating agencies.

On the basis of the above criteria, the ECIC reviewed in November the ratings of the 15 emerging markets referred to in Annex and upgraded six of them (including those of the United Arab Emirates,

Kuwait, Chile, Brazil, the Czech Republic and Malaysia). The ratings of the other nine emerging markets remain unchanged. The ECIC will continue to monitor developments in these countries/markets closely and conduct regular reviews. Their ratings will be adjusted whenever appropriate.

- (e) While there are no overall underwriting limits on grade A countries/markets, the ECIC has introduced different overall underwriting limits for grade B, C and D countries/markets (the limit for B grade being the highest; and that for D grade being the lowest). As regards the premium rates, exporters will pay lower rates for markets with higher ratings. Moreover, for grade A, B and C countries/markets, the ECIC will underwrite general credit risks (including risks in relation to bankruptcy, repudiation and payment default). For certain relatively high-risk grade C countries/markets, the ECIC will extend the claim periods from the normal four months to a period ranging from six to 12 months, or will only underwrite the country/market risks (for example, risks in relation to wars, natural disasters and blockages or delays in foreign exchange remittance) or risks in relation to certain payment methods. As regards grade D countries/markets, the ECIC will only consider underwriting the country/market risks depending on individual merits of the case, and the claim period will also be extended from the normal four months to a period ranging from six to 12 months.

Nevertheless, as we announced earlier, to offer better protection for exporters and to help them acquire bank financing during the current credit crisis, the ECIC has agreed to be as accommodating and flexible as possible to SMEs' requests for export credit insurance and increase the covers within the bounds of prudent credit assessment and risk management. The ECIC has also introduced a mechanism under which deductibles for claims and lower-than-usual indemnity ratios for the insurable exports (the usual indemnity ratio being 90%) will apply, if necessary, for sharing out the risks.

- (f) The ECIC conducts regular assessments for all countries/markets on an annual basis. If there are unforeseen events, or when the ECIC

considers necessary, reassessment of a particular country/market, and corresponding adjustments to its rating if appropriate, could be made at anytime.

Annex

Hong Kong Exports to the relevant 15 Emerging Markets

(HK\$ million)

<i>Country</i>	<i>January to September 2008</i>	<i>January to December 2007</i>	<i>January to December 2006</i>
India	40,632	34,810	23,019
Thailand	23,666	28,806	24,863
Malaysia	21,128	25,255	21,956
Vietnam	15,733	18,019	11,724
United Arab Emirates	15,034	20,212	16,047
Israel	10,669	11,610	10,277
Brazil	10,071	10,380	9,126
Hungary	7,020	8,985	7,644
Russia	6,404	6,993	4,510
Poland	4,344	4,770	3,603
Czech Republic	4,081	4,541	4,682
Saudi Arabia	3,078	3,183	2,853
Chile	2,216	3,122	3,069
Argentina	2,071	2,736	2,002
Kuwait	715	450	434
Total	166,860	183,875	145,810

Source: Hong Kong Trade Development Council

ECIC's insured business and claims paid
in relation to the 15 Emerging Markets

	<i>January to September 2008 (HK\$ million)</i>	<i>January to December 2007 (HK\$ million)</i>	<i>January to December 2006 (HK\$ million)</i>
Insured Business	1,040	1,221	1,033
Cash Claims	2.5	3.3	0.8

Auction of 2009 Lunar New Year Fair Stalls

14. **MR FRED LI** (in Chinese): *President, the auctions of 2009 Lunar New Year (LNY) Fair stalls at the Victoria Park were held last month. This year, the Food and Environmental Hygiene Department (FEHD) introduced for the first time eight thematic stalls, each of which was double the size of a dry goods stall. However, only one of such stalls was let at the opening price, while the rest could only be successfully let when put up for auction as smaller stalls. It has been learnt that the opening prices of various stalls this year are the same as those of last year and, hence, some people who took part in the auctions criticized the FEHD for not adjusting the opening prices downwards in the light of the financial tsunami. In this connection, will the Government inform this Council:*

- (a) *whether the FEHD had publicized the thematic stalls before the auctions; if so, of the details; if not, the reasons for that;*
- (b) *whether it has looked into the reasons for the poor response in the auction for the thematic stalls; if so; of the details; if not, the reasons for that; and*
- (c) *what mechanism is presently in place to ensure that the opening prices of New Year Fair stalls in the auctions reflect the actual economic conditions, so as to avoid the situation of having no one participating in the auctions because the opening prices have been set too high?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, on the three-part question raised by Member, our response is as follows:

- (a) The FEHD issued a public notice on the open auction of LNY Fair stalls on 29 October 2008. The public notice has set out the time and place of auction as well as details of the new thematic stalls. The notice has been uploaded onto the FEHD's website and posted at district offices of the FEHD and the Home Affairs Department. In addition, an announcement on the open auction of stalls was published in a number of newspapers from 29 October to 11 November and broadcasted on the radio from 3 November to 11 November.

- (b) This year the FEHD proposed to launch, on a trial basis, eight thematic stalls in the Victoria Park LNY Fair with a view to enhancing the characteristics of the Fair and spicing up the festive atmosphere. These thematic stalls, located at the centre of the Fair site, are intended for selling festive goods like New Year food, scrolls, paintings, paper cuttings, lucky string knots and chinaware. The main reason for the unfavourable response to these stalls during the auction is that the present economic condition may have dampened the enthusiasm of potential bidders for thematic stalls with bigger sizes and higher upset prices. In general, the number of stalls let out and the total auction amount this year were lower than that in the past year.
- (c) As an established practice, the FEHD determines upset prices of LNY Fair stalls by making adjustments based on the bid prices of the previous year with reference to the prevailing Consumer Price Indices (CPI) to keep track of the price movements in the past 12 months. From August 2007 to August 2008, there was an increase of 4.5% in local CPI(A). In view of the current economic situation, the FEHD decided that the upset prices of 2009 LNY Fair stalls be maintained at the level of 2008. In fact, about 90% of the stalls in Victoria Park LNY Fair were successfully let out in the auction. All the remaining thematic stalls were also successfully let out after splitting into smaller dry goods stalls.

Measures to Mitigate Road Traffic Noise

15. **MR ALBERT CHAN** (in Chinese): *President, since November 2000, the Government has implemented a new policy whereby engineering solutions (that is, by way of retrofitting of barriers and enclosures, and resurfacing with low noise material) will be implemented where practicable at existing excessively noisy roads in order to address the noise impact of existing roads on residents in the neighbourhood. Yet, some members of the public have pointed out that the progress of such works is so slow that presently many residents are still affected by the nuisance of traffic noise. In this connection, will the Government inform this Council:*

- (a) *of the names of the roads at which such works have been completed, and the completion dates of these works;*
- (b) *of the names of the roads at which such works are in progress, and the expected completion dates of these works; and*
- (c) *whether such works will be implemented at other roads; if so, of the details; if not, the reasons for that?*

SECRETARY FOR THE ENVIRONMENT (in Chinese): President,

- (a) It is the Government's policy to implement engineering solutions, where practicable, at existing excessively noisy roads to retrofit noise barriers and test low noise surfacing materials at local roads to mitigate the nuisance to residents caused by road traffic noise. The names of the roads at which such works have been completed with completion dates are listed at Annex 1.
- (b) The names of the roads at which such works are in progress with expected completion dates are listed at Annex 2.
- (c) The names of the roads for which such works are under preparation for commencement with expected completion dates are listed at Annex 3.

The Environmental Protection Department and the Highways Department will continue to study the need and feasibility of noise barrier retrofitting and low noise resurfacing works at existing roads with high traffic noise. Subject to availability of resources, we will continue to include more road sections into the relevant works programmes.

Measures to Mitigate Road Traffic Noise

List of Noise Barrier Retrofitting Projects (Completed)

<i>Ref. No.</i>	<i>Road Section</i>	<i>Completion Time</i>
1	Fan Ling Highway (near Choi Yuen Estate)	February 2006
2	Fan Ling Highway (near Fan Ling Centre)	February 2006

List of Low Noise Resurfacing Projects (Completed)

<i>Ref. No.</i>	<i>Road Section</i>	<i>Completion Time</i>
1	Pik Wan Road	August 2004
2	Cox's Road	March 2005
3	Fa Yuen Street	March 2004
4	Hing Wah Street	February 2004
5	Kimberly Road	April 2005
6	Mong Kok Road	March 2004
7	Oak Street	July 2004
8	Public Square Street	October 2003
9	Sai Yee Street	May 2004
10-11	Un Chau Street (total two road sections)	Two road sections completed in July 2005 and August 2005 respectively
12	Tonkin Street	July 2004
13	Shanghai Street	November 2005
14	Embankment Road	January 2004
15	Shek Kip Mei Street	July 2005
16	Yim Po Fong Street	February 2004
17	Ma Tau Kok Road	January 2006
18	Lomond Road	January 2005
19	Electric Road	October 2007
20	Kingston Street	November 2004
21	Whitty Street	September 2005
22	Johnston Road	September 2005

<i>Ref. No.</i>	<i>Road Section</i>	<i>Completion Time</i>
23	Queen's Road West	January 2007
24	Hennessy Road	November 2005
25-26	Tai Po Tai Wo Road (total two road sections)	Two road sections completed in September 2005 and January 2006 respectively
27	Chiu Shun Road	January 2006
28	Chui Tin Street	February 2006
29-31	Castle Peak Road (total three road sections)	Three road sections completed in April 2006, September 2007 and December 2007 respectively
32-33	Tuen Mun Heung Sze Wui Road (total two road sections)	Two road sections completed in February 2008 and October 2008 respectively
34	Wu Shan Road	May 2006
35	Long Ping Road	April 2006
36	Ma Miu Road	October 2007
37	Kwai Yik Road	March 2008

Annex 2

Measures to Mitigate Road Traffic Noise

List of Noise Barrier Retrofitting Projects (In Progress)

<i>Ref. No.</i>	<i>Road Section</i>	<i>Expected Completion Time</i>
1	Cheung Pei Shan Road	2009
2	Tseung Kwan O Road (near Hing Tin Estate)	2009
3	Tseung Kwan O Road (near Tsui Ping (South) Estate)	2009
4	Tsing Tsuen Bridge (Tsuen Wan and Tsing Yi)	2010

<i>Ref. No.</i>	<i>Road Section</i>	<i>Expected Completion Time</i>
5	Yuen Shin Road (near Kwong Fuk Estate)	2010
6	Kwun Tong Bypass	2010
7	Tuen Mun Road (Tsuen Wan)	Completion in phases by 2014
8	Tuen Mun Road (Yau Kom Tau)	
9	Tuen Mun Road (Anglers' Beach)	
10	Tuen Mun Road (Sham Tseng)	

List of Low Noise Resurfacing Projects (In Progress)

<i>Ref. No.</i>	<i>Road Section</i>	<i>Expected Completion Time</i>
1	Nam Cheong Street	2009
2	Portland Street	2009
3	Reclamation Street	2010
4	Chi Kiang Street	2009
5	Java Road	2009
6	King's Road	2011
7	Lockhart Road	2009
8	Queen's Road West	2012
9-10	Wong Nai Chung Road (total two road sections)	2009
11	Queen's Road East	2010
12	Jockey Club Road	2009
13	Ma Sik Road	2009
14-15	Sha Tin Wai Road (total two road sections)	2010
16	Tai Chung Kiu Road	2009
17	Yuen Long On Ning Road	2010
18	Yeung Uk Road	2010
19	Kwai Foo Road	2009

Annex 3

Measures to Mitigate Road Traffic Noise

List of Noise Barrier Retrofitting Projects (To be Commenced)

<i>Ref. No.</i>	<i>Road Section</i>	<i>Expected Completion Time</i>
1	Tuen Mun Road (Tsing Lung Tau)	Completion by 2014
2	Tuen Mun Road (Castle Peak Bay)	

List of Low Noise Resurfacing Projects (To be Commenced)

<i>Ref. No.</i>	<i>Road Section</i>	<i>Expected Completion Time</i>
1	Jockey Club Road	Detailed design review required to suit site conditions Tentative completion in phases by 2012
2	Yen Chow Street	
3	Lai Chi Kok Road	
4	Shanghai Street	
5	Waterloo Road	
6	Tai Hang Tung Road	
7-8	To Kwa Wan Road (total two road sections)	
9	Wuhu Street	
10	Nga Tsin Wai Road	
11	Aberdeen Main Road	
12	Connaught Road West	
13	Nam Wan Road	
14	Shatin Rural Committee Road	
15	Yuen Long Main Road	
16	Chung On Street	

Support for Schools Admitting Non-Chinese Speaking Students

16. **MR CHEUNG MAN-KWONG** (in Chinese): *President, the Education Bureau provides a special grant of \$300,000 per annum to each designated school which admits non-Chinese speaking (NCS) students (including ethnic minority students), and the amount of grant will increase according to the number of NCS students. However, some non-designated schools which also admit NCS students have not been provided with the special grant. In this connection, will the Government inform this Council:*

- (a) *of the annual amount of special grant received by each designated school, the annual number of NCS students admitted (with a breakdown by race and grade), and the percentage of such students among all students of the school in each of the past three years;*
- (b) *of the names of non-designated schools which have admitted NCS students, broken down respectively by the intake of such students*

(less than 10, 10 to 19, 20 to 29 and 30 or above) and the percentage of such students among all students of the school;

- (c) whether it has provided additional resources and manpower to non-designated schools, so as to facilitate the counselling of such students and enhance the efficacy of teaching in Chinese;*
- (d) as section 49 of the Race Discrimination Ordinance (Cap. 602) stipulates that if special measures that are reasonably intended to ensure that persons of a particular racial group have equal opportunities with other persons or to meet their special needs, then such measures shall not be rendered unlawful, whether the authorities concerned have assessed if the provision of special grant only to designated schools is against the spirit of that section; and*
- (e) whether it will consider providing reasonable resources to schools according to the number of NCS students enrolled, for example, providing additional teachers to non-designated schools with an intake of 10 or more NCS students, so as to help such students to integrate into mainstream schools and enable them to learn subjects taught in Chinese more effectively?*

SECRETARY FOR EDUCATION (in Chinese): President,

- (a) The number of NCS students admitted in each designated school by grade, the percentage of such students among all students of the school and the amount of special grant received by the school in the past three years are set out at Annex I.
- (b) Under normal practice, we do not disclose the name and situation of individual schools which have reported data via the Student Information Management System. Annex II only sets out the number of other schools (that is, non-designated schools), with the intake of NCS students ranged from less than 10, 10 to 19, 20 to 29 and 30 or above, and the percentage of NCS students among all students of such schools.

- (c) All schools admitting NCS students, irrespective of whether they are "designated schools" or not, are provided with resources for meeting students' diverse needs and can deploy these resources flexibly to help the NCS students overcome various sorts of learning difficulties. These resources include various grants for remedial teaching, Capacity Enhancement Grant, Student Guidance Service Grant, and so on. Besides, all schools with intake of newly arrived NCS students are also provided with the School-based Support Scheme Grant to run school-based programmes for NCS students.
- (d) Our provision of special grant to the designated schools does not go against the spirit of the special measures referred to in section 49 of the Race Discrimination Ordinance (Cap. 602). In recent years, we have been providing focused support to designated schools to assist them in accumulating experience and developing expertise in the teaching and learning of NCS students. This would enable them to serve as anchor points for sharing experience with other schools which have also admitted NCS students with a view to facilitating learning effectiveness of the NCS students. It is in this context that designated schools are provided with a special grant to put in place school-based measures to help their NCS students overcome various learning difficulties, particularly in the learning of the Chinese language, and to facilitate the students' smooth integration into the community. To facilitate experience sharing, we have formed a support network comprising both designated and non-designated schools. Relevant learning and teaching materials developed by the Education Bureau in collaboration with the schools have been uploaded to the Education Bureau website with printed copies available in the Education Bureau Central Resources Centre for teachers' reference. We hope that all NCS students in our local schools can benefit from the above arrangements.

In fact, our support to schools is not limited to special grants for designated schools. We have been putting in place a package of support measures to cater for the learning needs of NCS students studying in different schools, particularly in the learning of the Chinese language, in order to enhance their learning effectiveness and facilitate their integration into the community. These measures include the following:

- (i) We have commissioned the University of Hong Kong to provide different forms of professional support services for 24 secondary schools with NCS students, among which 18 are non-designated schools, for a period of three years starting from the 2008-2009 school year.
- (ii) Other measures that benefit all NCS students studying in different schools include providing training programmes for Chinese Language teachers in primary schools with NCS students starting from the 2006-2007 school year to enhance their skills and knowledge in teaching Chinese to these students; the development of the Supplementary Guide to the Chinese Language Curriculum for NCS Students that has already been uploaded onto the Education Bureau website in late November. The printed copies of the Supplementary Guide and a series of teaching materials will be distributed to schools for reference by the end of 2008. The Supplementary Guide supplements the principles, strategies and recommendations for implementing the Chinese Language curriculum in the learning context of NCS students. We undertake to provide schools and NCS students with a full set of learning and teaching materials for NCS students on the Chinese Language curriculum within one year after the promulgation of the Supplementary Guide. We will also compile a Chinese-English vocabulary list and develop tools for assessing the Chinese language standard of NCS students.
- (iii) NCS students, in particular those who have a late start in learning Chinese, may take the remedial programmes provided by the Chinese Language Learning Support Centre after school or during holidays. The Centre also assists in the development of related teaching resources and organizes experience sharing workshops for secondary school teachers supporting NCS students. Incoming NCS Primary One entrants and NCS students proceeding to Primary Two, Primary Three and Primary Four can choose to take the bridging programmes organized by their schools during the summer holidays to consolidate what they have learnt at Learning Stage 1 and to smoothen their transition to Learning Stage 2.

- (e) As resources are limited, we must be prudent in considering different factors, including priorities on resources deployment and policy implications, before implementing a proposal. In formulating the support measures for NCS students, we have listened to the views of the stakeholders before coming up with a cost-effective approach to helping NCS students enhance their learning effectiveness and integrate into the community. The measures need time to take root and to create a sustainable impact on students. Meanwhile, we will continue to evaluate the implementation of these measures. We do not have any plans to provide additional resources for non-designated schools admitting NCS students at this stage.

Annex I

Numbers of NCS Students Studying in "Designated Schools" and
Amount of Special Grant Received by the Schools in the Past Three Years

Primary Schools

	Name of school	School year	Number of NCS students							Percentage of NCS students among all students of the school	Amount of special grant (\$)
			P1	P2	P3	P4	P5	P6	Total		
1	CNEC Ta Tung School	2006-2007	10	21	13	5	4	2	55	6.7%	300,000
		2007-2008	13	11	20	12	5	3	64	7.9%	300,000
		2008-2009	8	13	10	21	11	4	67	8.2%	500,000
2	Islamic Primary School	2006-2007	57	65	77	36	49	37	321	90.2%	300,000
		2007-2008	49	56	68	88	39	56	356	93.4%	300,000
		2008-2009	50	49	69	75	103	36	382	99.0%	600,000
3	Tsing Yi Trade Association Primary School	2006-2007	-	-	-	-	-	-	-	-	-
		2007-2008	-	-	-	-	-	-	-	-	-
		2008-2009	11	8	7	3	5	1	35	19.4%	400,000
4	Yuen Long Long Ping Estate Tung Koon Primary School	2006-2007	6	1	3	0	0	0	10	4.0%	300,000
		2007-2008	30	17	1	3	0	1	52	8.5%	300,000
		2008-2009	38	31	21	15	2	0	107	17.6%	600,000

	Name of school	School year	Number of NCS students							Percentage of NCS students among all students of the school	Amount of special grant (\$)
			P1	P2	P3	P4	P5	P6	Total		
5	Sir Ellis Kadoorie (Sookunpo) Primary School	2006-2007	77	130	134	137	147	134	759	94.6%	300,000
		2007-2008	59	92	122	154	135	149	711	94.3%	300,000
		2008-2009	65	60	90	124	151	134	624	93.7%	600,000
6	Jordan Road Government Primary School	2006-2007	-	-	-	-	-	-	-	-	-
		2007-2008	4	6	10	5	0	1	26	4.5%	300,000
		2008-2009	15	8	9	17	9	6	64	13.4%	500,000
7	Li Cheng Uk Government Primary School	2006-2007	124	119	129	124	123	130	749	97.3%	300,000
		2007-2008	71	121	121	127	122	126	688	89.9%	300,000
		2008-2009	48	73	120	121	125	124	611	82.2%	600,000
8	Chiu Sheung School, Hong Kong	2006-2007	-	-	-	-	-	-	-	-	-
		2007-2008	6	13	2	3	2	1	27	6.7%	300,000
		2008-2009	38	22	18	2	3	2	85	23.8%	500,000
9	Li Sing Tai Hang School	2006-2007	59	59	36	47	3	4	208	75.1%	300,000
		2007-2008	41	49	59	33	46	3	231	80.2%	300,000
		2008-2009	45	54	54	59	36	49	297	89.7%	600,000
10	Man Kiu Association Primary School	2006-2007	70	66	46	31	39	0	252	42.4%	300,000
		2007-2008	56	60	58	43	47	34	298	56.5%	300,000
		2008-2009	46	60	49	64	52	48	319	67.7%	600,000
11	Pat Heung Central Primary School	2006-2007	24	24	20	22	21	0	111	57.8%	300,000
		2007-2008	15	17	30	24	27	23	136	68.7%	300,000
		2008-2009	13	19	22	29	29	27	139	76.0%	600,000
12	Po Kok Primary School	2006-2007	-	-	-	-	-	-	-	-	-
		2007-2008	26	20	16	0	3	2	67	34.4%	300,000
		2008-2009	28	25	28	19	0	3	103	53.1%	600,000
13	Hong Kong Taoist Association School	2006-2007	42	101	188	77	41	23	372	55.7%	300,000
		2007-2008	71	74	107	92	76	83	503	74.2%	300,000
		2008-2009	76	64	82	99	96	72	489	81.2%	600,000
14	Yaumati Kaifong Association School	2006-2007	73	75	71	64	35	39	357	80.4%	300,000
		2007-2008	77	79	73	78	63	37	407	89.3%	300,000
		2008-2009	63	75	70	73	68	62	411	96.7%	600,000
15	Islamic Dharwood Pau Memorial Primary School	2006-2007	-	-	-	-	-	-	-	-	-
		2007-2008	33	35	22	17	18	14	139	29.3%	300,000
		2008-2009	61	38	36	22	20	18	195	47.8%	600,000

	Name of school	School year	Number of NCS students							Percentage of NCS students among all students of the school	Amount of special grant (\$)	
			P1	P2	P3	P4	P5	P6	Total			
16	Po On Commercial Association Wan Ho	2006-2007	-	-	-	-	-	-	-	-	-	-
		2007-2008	-	-	-	-	-	-	-	-	-	-
	Kan Primary School	2008-2009	7	9	7	2	4	2	31	5.0%	400,000	

Secondary Schools

	Name of school	School year	Number of NCS students								Percentage of NCS students among all students of the school	Amount of special grant (\$)
			S1	S2	S3	S4	S5	S6	S7	Total		
1	Delia Memorial School (Broadway)	2006-2007	162	159	144	120	76	12	7	680	78.0%	300,000
		2007-2008	179	156	151	136	103	17	11	753	83.5%	300,000
		2008-2009	177	170	159	143	105	22	16	792	88.8%	600,000
2	Delia Memorial School (Hip Wo)	2006-2007	118	110	116	70	61	0	6	481	33.8%	300,000
		2007-2008	123	116	116	112	73	4	0	544	39.4%	300,000
		2008-2009	144	132	115	108	97	9	4	609	44.4%	600,000
3	Pak Kau College	2006-2007	38	25	14	0	0	0	0	77	7.9%	300,000
		2007-2008	9	37	23	13	0	0	0	82	7.4%	300,000
		2008-2009	5	2	42	17	11	0	0	77	7.1%	500,000
4	Caritas Tuen Mun Marden Foundation Secondary School	2006-2007	-	-	-	-	-	-	-	-	-	-
		2007-2008	-	-	-	-	-	-	-	-	-	-
		2008-2009	67	23	1	0	0	0	0	91	18.2%	600,000
5	Islamic Kasim Tuet Memorial College	2006-2007	68	70	43	0	0	0	0	181	24.2%	300,000
		2007-2008	61	69	78	50	0	0	0	258	36.1%	300,000
		2008-2009	79	72	64	72	42	0	0	329	48.5%	600,000

	Name of school	School year	Number of NCS students								Percentage of NCS students among all students of the school	Amount of special grant (\$)
			S1	S2	S3	S4	S5	S6	S7	Total		
6	Sir Ellis Kadoorie Secondary School (West Kowloon)	2006-2007	77	65	80	56	34	0	0	312	44.0%	300,000
		2007-2008	97	76	80	86	54	0	0	393	50.4%	300,000
		2008-2009	121	87	73	67	66	0	0	414	50.9%	600,000

Notes:

- (1) Figures refer to the position as at September of the respective school years.
- (2) The above data covers those students whose ethnicity is Chinese but who are NCS based on the spoken language at home.
- (3) Figures for the 2008-2009 school year are provisional figures and may be subject to revision.
- (4) As the school concerned was not a designated school at that time, a " — " is used to denote inapplicability.
- (5) Given that as many as 17 ethnicity codes have been collected in the Student Enrolment Survey and the above figures of NCS students have already included all the students whose spoken language at home is not Chinese, we have not tabulated the numbers of students for each ethnicity for a clearer presentation of the overall situation.

Annex II

Non-designated Schools which have Admitted NCS Students

Primary Schools

School year	Non-designated school	Intake of NCS students			
		Less than 10	10 to 19	20 to 29	30 or above
2006-2007	Number of schools	185	15	3	4
	Percentage of NCS students among all students of the schools	0.1%-5.1%	1.1%-11.7%	3.7%-29.9%	3.2%-70.9%
2007-2008	Number of schools	236	31	5	8
	Percentage of NCS students among all students of the schools	0.1%-6.2%	1.0%-8.3%	2.5%-54.7%	3.1%-80.0%
2008-2009	Number of schools	257	26	7	10
	Percentage of NCS students among all students of the schools	0.1%-5.8%	1.0%-9.5%	2.7%-16.5%	5.0%-83.1%

Secondary Schools

<i>School year</i>	<i>Non-designated school</i>	<i>Intake of NCS students</i>			
		<i>Less than 10</i>	<i>10 to 19</i>	<i>20 to 29</i>	<i>30 or above</i>
2006-2007	Number of schools	90	5	2	6
	Percentage of NCS students among all students of the schools	0.1%-2.5%	0.9%-2.1%	2.1%-7.4%	3.6%-60.9%
2007-2008	Number of schools	167	9	3	7
	Percentage of NCS students among all students of the schools	0.1%-1.3%	0.7%-2.8%	1.8%-4.7%	3.7%-57.0%
2008-2009	Number of schools	191	8	3	9
	Percentage of NCS students among all students of the schools	0.1%-1.4%	0.8%-4.1%	2.1%-4.0%	3.5%-56.6%

Notes:

- (1) Figures refer to the position as at September of the respective school years.
- (2) The data includes NCS students in public sector and Direct Subsidy Scheme schools but excludes students in special schools.
- (3) The above data covers those students whose ethnicity is Chinese but who are NCS based on the spoken language at home.
- (4) Number of primary schools is counted by the school sections operated. For example, the AM section and PM section of a school using the same school premises are counted as two school units.
- (5) Figures for the 2008-2009 school year are provisional figures and may be subject to revision.

Removal of Dangerous and Abandoned Signboards

17. **MS STARRY LEE** (in Chinese): *President, will the Government inform this Council:*

- (a) *of the respective numbers, according to the Buildings Department's (BD) information, of dangerous and abandoned signboards in each District Council (DC) district at present;*
- (b) *in respect of each DC district, of the respective numbers of signboards inspected, removal orders issued, prosecutions instituted and signboards removed by the authorities since January this year; the average and longest time taken between inspection and removal*

of the signboards; the expenditure involved in the removal operations and the total amount recovered by the authorities from the signboard owners or landlords concerned;

- (c) how the figures in part (b) compare with those of last year;*
- (d) for cases in which the signboards are potentially dangerous but the owners or landlords concerned cannot be contacted, whether an approach of "remove first and investigate later" will be adopted for safety's sake; and*
- (e) given that the financial tsunami has led to an increase in unemployment, whether the authorities will allocate more resources to remove dangerous and abandoned signboards, thereby creating employment opportunities and ensuring public safety; if they will, of the details; if not, the reasons for that?*

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

- (a) the BD estimates that there are some 200 000 signboards over the territory but does not have a breakdown on the number of dangerous and abandoned signboards located in each of the 18 DC districts.
- (b) and (c)

The BD issues statutory orders to demand the removal of dangerous, abandoned or unauthorized signboards. For dangerous or abandoned signboards, Dangerous Structure Removal Notices (DSRNs) under section 105(1) of the Public Health and Municipal Services Ordinance (Cap. 132) will be issued. The BD also issues orders under section 24 of the Buildings Ordinance (Cap. 123) (BO) to remove unauthorized signboards that are under construction, newly erected or included in the BD's large-scale operations in accordance with the enforcement policy against unauthorized building works. Detailed breakdown on the numbers of signboards inspected, orders/notices issued, summonses issued and signboards

removed; costs of removal of signboards and the amount of the costs recovered in 2007 and 2008 (up to end of October) is shown in the following table:

	2007	2008 (up to end of October)
(i) No. of signboards inspected	34 042	32 282
(ii) No. of DSRNs issued	1 787 ⁽¹⁾	769
(iii) No. of BO section 24 orders issued	297	304
(iv) No. of summonses issued in default of DSRNs	0 ⁽²⁾	0 ⁽²⁾
(v) No. of summonses issued in default of BO section 24 orders	9	18
(vi) No. of dangerous or abandoned signboards removed	2 428 ⁽¹⁾	1 625
(vii) No. of unauthorized signboards removed	215	286
(viii) Total costs for removal of dangerous, abandoned or unauthorized signboards (figures in brackets represent costs for cases where owners of the signboards can be found)	\$2,299,574.30 (\$70,826.00)	\$1,039,131.10 (\$146,918.90)
(ix) Amount of costs recovered for bracketed figures in (viii) above	\$54,819.50	\$27,861.00

Notes:

- (1) In 2007, the Home Affairs Department and BD conducted a special joint operation to remove some 1 400 abandoned signboards over the territory.
- (2) The BD will proceed to remove dangerous or abandoned signboards promptly in order to safeguard the safety of the public, rather than institute prosecution proceedings. In fact, for most of the cases, the owners cannot be identified.

Dangerous signboards will be removed by the BD immediately. The timeframe for completion of inspection and removal works for other signboards varies in accordance with the circumstances of individual cases. For simple and straightforward cases, the signboards can be removed within a few weeks. For complicated cases, such as those requiring road closure in busy areas of the city

and other arrangements that affect the neighbourhood, it will take a longer time, say, several months. The BD will continue to expedite the removal of signboards.

- (d) As described in part (b), the BD issues DSRNs to require the removal of dangerous signboards. In emergency situations, irrespective of whether the owners of signboards can be identified or found, the Department will arrange to remove the dangerous signboards immediately and recover the cost from the owners afterwards. For non-emergency cases, the BD will allow 14 days for the signboard owners to comply with the DSRNs. In default of DSRNs, BD will arrange to remove the concerned signboards.
- (e) Amid the financial tsunami and economic downturn, the Government is actively considering measures in a multi-pronged manner to create employment opportunities. Building maintenance and signboard related works are two of the areas being explored. We are formulating and will announce them in due course.

Increased Utilization of Services of Public Medical Sector

18. **MR CHAN HAK-KAN** (in Chinese): *President, it has been reported that under the impact of global financial tsunami, quite a number of people who used to go to private medical institutions for treatment have turned to public medical institutions due to deteriorating financial situation, which will aggravate the imbalance in demand between the public and private medical services. In this connection, will the Government inform this Council whether:*

- (a) *it knows the overall monthly occupancy rates of beds in public hospitals since September last year, and whether the occupancy rates of beds for September and October this year have risen when compared to those of the corresponding period last year;*
- (b) *it knows the overall occupancy rate of beds in public hospitals forecast for next year; and*
- (c) *it has any plan to allocate additional resources to cope with the shift in demand for services from the private medical sector to the public medical institutions; if so, of the details of the plan and the relevant amount of additional funds; if not, the reasons for that?*

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

- (a) The overall monthly occupancy rates of beds in public hospitals under the Hospital Authority (HA) since September last year are set out in the Annex. Data shows that the occupancy rates of beds for September and October this year have not risen significantly when compared to those of the corresponding period in the last year.
- (b) With a growing and ageing population, the HA envisages that the demand of health care services at public hospitals will continue to rise next year. In the coming year, the HA will further strengthen the ambulatory and community health care services so to enable more patients to receive day-patient service. Therefore it is estimated that the overall occupancy rates of beds in the next year will be similar to that of this year.
- (c) At present, only less than 10% of the in-patient services in Hong Kong (in terms of the number of bed days) are provided by the private health care sector. Therefore, our public health care services will not be seriously affected if some of the private patients change to use public health care services. The Government has pledged to increase the Government's recurrent expenditure on health care from the current 15% to 17% in 2011-2012. Meanwhile, the Government is working out the funding arrangement for the HA for next year. In the coming year, we will make use of the increased government funding for health care to strengthen existing services and to start implementing various service reforms. These include enhancing primary care, promoting public-private partnership in health care, enhancing support for the management of chronic diseases and strengthening community mental health services, and so on. The implementation of these measures could help to enhance the overall service of the public health care system in Hong Kong and to cope with the increasing service needs of the public.

Overall monthly occupancy rates of beds
in public hospitals under the HA
(From September 2007 to October 2008)

<i>Month</i>	<i>Overall occupancy rates of beds</i>
2007	
September	80%
October	81%
November	82%
December	83%
2008	
January	84%
February	85%
March	86%
April	83%
May	83%
June	82%
July	83%
August	82%
September	81%
October	80%

Development of Hong Kong into an International Arbitration Centre

19. **MR CHEUNG HOK-MING** (in Chinese): *President, the report of a recent study points out that as the number of arbitration cases handled in Hong Kong has been on the rise in recent years, coupled with the availability of professionals in this area, Hong Kong possesses the conditions for developing into an international arbitration centre. In this connection, will the Government inform this Council whether:*

- (a) *it will consider financing the Hong Kong International Arbitration Centre (HKIAC) to set up a database on arbitration cases in Hong Kong, in collaboration with local tertiary institutions, so as to assist new entrants to the profession or those currently enrolled in the*

related programmes in expeditiously familiarizing themselves with the procedures and the actual process of local arbitration; and

- (b) *it will explore adopting appropriate measures for facilitating the trade to open up the Mainland and overseas markets for arbitration business?*

SECRETARY FOR JUSTICE (in Chinese): President,

- (a) Training on arbitration is currently provided by the tertiary institutions and the relevant professional bodies. Such training is comprehensive. The law, the process and the procedures are usually covered as part of the basic course.

One of the important advantages of arbitration over litigation is the ability of the parties to keep their disputes and the arbitral proceedings in strict confidence. Arbitral awards are normally not published and hearings in Court on arbitration are mostly heard otherwise than in open Court (see section 2D of the Arbitration Ordinance, Cap. 341). Hence, only limited arbitral awards and court judgments on arbitration are made public and they are available in the libraries of the tertiary institutions or professional bodies. We do not see a need to provide funding to set up a database on such information at this stage.

- (b) An important policy of the Department of Justice is to promote the use of arbitration and Hong Kong's status as a hub for international arbitration. The Department has taken the following steps to achieve these objectives, including promotion of this policy overseas:
- (i) regularly reviewing existing arbitration law to make it more user-friendly with a view to attracting more international arbitrations to Hong Kong. A new Arbitration Bill will be introduced in 2009 to unify the domestic and international arbitration regimes;

- (ii) working closely with the HKIAC and other related organizations to promote the advantages of Hong Kong as a centre for international arbitration, which includes supporting the activities organized by the HKIAC and other related organizations to develop Hong Kong into a leading hub for international arbitration in the region;
- (iii) encouraging and lobbying international arbitration institutions outside Hong Kong to establish a presence in Hong Kong. In November 2008, the International Court of Arbitration of the International Chamber of Commerce has established a branch of its secretariat in Hong Kong;
- (iv) joining hands with other government departments such as the Trade and Industry Department, Hong Kong Economic and Trade Offices as well as trade promotion organizations to promote the advantages of arbitration in Hong Kong in places outside Hong Kong; and
- (v) liaising with the relevant central organs in the Mainland with a view to resolving any difficulty arising from the operation of the Arrangement on reciprocal enforcement of arbitral awards between Hong Kong and the Mainland and problems relating to the enforcement of Hong Kong arbitral awards in the Mainland.

The Department of Justice will continue to work closely with arbitration stakeholders in Hong Kong to promote arbitration both locally and overseas and to enhance Hong Kong's status as a premier hub for arbitration in Asia.

Review on Administration of Internet Domain Names in Hong Kong

20. **MR JAMES TO** (in Chinese): *President, the Government commissioned a consultancy review on the administration of Internet domain names in Hong Kong in 2006, and conducted a public consultation exercise on the review results and reform proposals in 2007. At its extraordinary general meeting (EGM) held in August 2008, the Hong Kong Internet Registration Corporation Limited*

(HKIRC) adopted the Government's reform proposals, including restructuring the Board of HKIRC by changing its composition of 13 non-executive, part-time directors (including 12 directors elected by members of the company and one government-appointed director) to four Government-appointed directors and four directors elected by members of the company, and introducing a Nominations Committee with participation from the industry to oversee the appointment process for directors. In this connection, will the Government inform this Council:

- (a) why the Government has not reported again to this Council after mentioning the progress of the above work in reply to a question raised by a Member of this Council on 25 June 2008;*
- (b) given that the Government Chief Information Officer wrote a newspaper article on 22 November 2008 saying that "Internet domain names are public resources and the top level domains of various regions are administered or supervised by the governments concerned. Hong Kong is of no exception", but the report of the above consultancy review and government papers have indicated that Internet domain names in most countries in the world are presently administered by non-profit-making organizations composed of members from the industry with limited participation of the governments concerned, how the situation in Hong Kong differs from that in those countries which causes the Government to consider it necessary to introduce more Government-appointed representatives to the Board of HKIRC;*
- (c) given that I have learnt that over 90% of the current members of HKIRC are service users, but the percentage of directors representing such members on its Board has dropped from 46% (six in 13 directors) to 16% (two in eight directors), whether the Government has assessed if this situation will give rise to any problem;*
- (d) of the details of the above Nominations Committee, and whether the Government has assessed if the operation of the mechanism is transparent;*

- (e) *whether the Government attended in the past three years any meeting of the Governmental Advisory Committee (GAC) of the Internet Corporation for Assigned Names and Numbers (ICANN), which is the global organization for the administration of domain names; if not, why it is necessary to increase the number of directors appointed by the Government on the Board of HKIRC so as to increase the Government's participation, and whether the Government will take the initiative to liaise with relevant international organizations to explain the reform; and*
- (f) *given that there have been comments claiming that the restructuring of the Board of HKIRC will have an impact on the freedom of speech (for example, the Government may restrict the registration of politically sensitive domain names through the directors appointed by it), what measures the Government has put in place to dispel the doubts of the public in this regard?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, in 2006, the Government commissioned a consultancy study into the administration of the ".hk" Internet domain names. The consultants made a number of recommendations regarding the structure of the HKIRC. The purpose of these recommendations was to improve corporate governance in HKIRC and to ensure that the ".hk" country code top level domain (ccTLD) is administered in the interests of the community as a whole. During the past few months, the Government has been working closely with HKIRC to take forward the proposed institutional changes. These include amendments to the Memorandum and Articles of Association (M&A) of HKIRC to reflect changes in its membership and board structures, transition of membership classes of existing members, and preparations for the nomination, election and appointment of directors on the new Board of HKIRC. The new Board will comprise four directors elected by the members of HKIRC (two directors by the Demand Class and two directors by the Supply Class) and four directors appointed by the Government. There will no longer be any Government official sitting on the new Board. Upon establishment of the new Board, HKIRC will also set up a Consultative and Advisory Panel (CAP) and finalize a new agreement with the Government to bring greater openness and transparency to the way HKIRC operates.

Regarding the questions raised by the Honourable James TO, my replies are as follows:

- (a) It is our intention to keep Members informed of the major progress of the review on the administration of ".hk" Internet domain names and of the implementation of its recommendations. We briefed the Panel on Information Technology and Broadcasting (ITB Panel) in June 2007 on the recommendations set out in the public consultation paper. On 25 June 2008, we updated Members in the context of an oral question in the Legislative Council after the Board of HKIRC had come to a resolution on the way forward on restructuring the Board and the governance arrangements.

An EGM was held by HKIRC on 23 August 2008, which approved the detailed changes to the M&A. HKIRC then held part of its 2008 Annual General Meeting (AGM) on 25 September, which was adjourned to 15 December. Subject to the conclusion of the business of the AGM later this month, the new membership and board structure of HKIRC will take effect.

Our plan is to brief the ITB Panel again when the new institutional arrangements of HKIRC are wholly in place. We have already tentatively scheduled with the Legislative Council Secretariat to report on this item at the ITB Panel meeting to be held in April 2009.

- (b) The arrangements for delegation and administration of ".hk" ccTLD are based on international practices, including the "Principles and Guidelines for the Delegation and Administration of Country Code Top Level Domains" that set out the framework and tripartite relationships among government, ccTLD registry (in the case of Hong Kong, this means HKIRC) and the ICANN, the international organization that runs the global system of administration of Internet domain names. These principles include that:
- The Internet naming system (including ccTLD) is a public resource;
 - Ultimate public policy authority over a particular ccTLD rests with the relevant government or public authority;

- The relevant government or public authority is strongly encouraged to ensure that the ccTLD is being administered in the public interest, within the framework of its public policy and relevant laws and regulations; and
- The ccTLD registry is a trustee for the delegated ccTLD, and has a duty to serve the local and global Internet communities.

Under the new institutional framework, HKIRC will remain an independent, non-profit-making, membership-based organization governed by a Board of non-executive directors. In respect of the Government-appointed directors, the Government's intention is to appoint independent, non-official directors who will give HKIRC access to professional knowledge and corporate governance expertise.

- (c) Under the new arrangements, the CAP will be the forum for stakeholder representation, instead of the Board. The CAP will engage a broad set of stakeholders to advise the Board on major issues on administration of ".hk" domain names. With the strategic engagement of key stakeholders being undertaken via the CAP, all Board members are expected to act in the best interests of HKIRC and the whole community, rather than to pursue the interests of particular stakeholder groups. The views of all relevant stakeholder groups, including service users, will be canvassed via the CAP and will be duly considered by the Board.
- (d) In the public consultation paper, the Government did not propose to introduce a nomination committee to oversee the appointment process for directors, nor did we receive any comments or suggestions regarding a nomination committee during the consultation process. In appointing independent directors to the Board of HKIRC, the Government will adopt the prevailing principles and mechanisms similar to those used in making appointments to the Government's various advisory and statutory bodies.
- (e) As with all international conferences and forums, the Government considers the need for attendance based on the topics of discussion and their relevance to Hong Kong. The objective of the GAC is to advise on the activities of ICANN as they relate to concerns of

governments. The HKSAR Government has attended a number of the GAC meetings in the past, most recently in March 2006. Apart from attending meetings, the Government has frequent and up-to-date access to all the relevant papers, discussions and outcomes to keep abreast of the latest developments in ICANN activities.

I should like to stress that the proposed changes are in line with the relevant ICANN principles and guidelines.

- (f) In carrying out its duties under the designation by the Government to administer ".hk" domain names, HKIRC has to comply with the relevant international practices in domain name registration, including the requirement to maintain an open and effective domain name dispute resolution mechanism. Furthermore, one of the major recommendations of the review was to enhance HKIRC's public accountability. As such, HKIRC needs to manage domain name registration in an open, transparent and secure manner in accordance with the law, and to uphold the rights of individuals and organizations, including their rights to freedom of speech. These issues will be addressed in the new agreement to be signed between HKIRC and the Government, through the establishment of the CAP, and by the adoption of a more open and rigorous reporting mechanism by HKIRC.

MOTIONS

PRESIDENT (in Cantonese): Motions. Proposed resolution under the Criminal Procedure Ordinance to approve the Criminal Procedure (Witnesses' Allowances) (Amendment) Rules 2008.

I now call upon the Chief Secretary for Administration to speak and move his motion.

PROPOSED RESOLUTION UNDER THE CRIMINAL PROCEDURE ORDINANCE

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, I move that the First Resolution standing in my name on the Agenda be passed.

This motion aims to seek the approval of the Legislative Council for the Criminal Procedure (Witnesses' Allowances) (Amendment) Rules 2008 made by the Criminal Procedure Rules Committee under section 9B of the Criminal Procedure Ordinance.

At present, the maximum allowance payable to ordinary witnesses in criminal proceedings is \$280 for each day or \$140 for not exceeding four hours. The maximum allowance for professional or expert witnesses is higher, at \$1,690 for each day or \$845 for not exceeding four hours.

Under the adjustment mechanism approved by the Finance Committee (FC) of the Legislative Council, changes to the rate of allowance for ordinary witnesses would be made in accordance with the movements in the median monthly earnings of employees in Hong Kong while those for professional or expert witnesses would be made in accordance with the changes in the mid-point salary of a Medical and Health Officer. The FC also delegated the authority to approve relevant adjustments to the Secretary for Financial Services and the Treasury.

The existing rates of allowances have been adopted since early 1996. The Judiciary Administration has reviewed the rates of allowances earlier this year. Taking into account the movements in the median monthly earnings of employees from the first quarter of 1995 to the second quarter of 2008 and the mid-point salary of a Medical and Health Officer from 1 April 1995 to 1 April 2008, the Judiciary Administration proposes, and the Secretary for Financial Services and the Treasury approves, to increase the maximum rate of allowance for an ordinary witness from \$280 to \$360 for each day and from \$140 to \$180 for not exceeding four hours. For professional or expert witnesses, the maximum rate of allowance would be increased from \$1,690 to \$2,170 for each day and from \$845 to \$1,085 for not exceeding four hours. These adjustments aim to maintain the real value of the rates of allowances to minimize any financial loss suffered by members of the public testifying as witnesses.

The Criminal Procedure (Witnesses' Allowances) (Amendment) Rules 2008 seeks to implement the new rates of allowances. I invite Members to approve the Resolution. Thank you.

The Chief Secretary for Administration moved the following motion:

"Resolved that the Criminal Procedure (Witnesses' Allowances) (Amendment) Rules 2008, made by the Criminal Procedure Rules Committee on 27 October 2008, be approved."

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Proposed resolution under the Coroners Ordinance to approve the Coroners (Witnesses' Allowances) (Amendment) Rules 2008.

I now call upon the Chief Secretary for Administration to speak and move his motion.

PROPOSED RESOLUTION UNDER THE CORONERS ORDINANCE

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, I move that the Second Resolution standing in my name on the Agenda be passed. This motion aims to seek the approval of the Legislative Council for the Coroners (Witnesses' Allowances) (Amendment) Rules 2008 made by the Chief Justice under the Coroners Ordinance.

At present, the maximum rates of allowances payable to witnesses in coroners' inquests are the same as those for witnesses in criminal proceedings. The adjustment mechanism approved by the Finance Committee of the Legislative Council is also the same as that for the allowances for witnesses under the Criminal Procedure (Witnesses' Allowances) Rules. Following a review conducted earlier this year, the Judiciary Administration proposes, and the Secretary for Financial Services and the Treasury approves, to increase the maximum rate of allowance for ordinary witnesses from \$280 to \$360 for each day and from \$140 to \$180 for not exceeding four hours. For professional or expert witnesses, the maximum rate of allowance would be increased from \$1,690 to \$2,170 for each day and from \$845 to \$1,085 for not exceeding four hours.

The Coroners (Witnesses' Allowances) (Amendment) Rules 2008 seeks to implement the new rates of allowances. I invite Members to approve the Resolution. Thank you.

The Chief Secretary for Administration moved the following motion:

"Resolved that the Coroners (Witnesses' Allowances) (Amendment) Rules 2008, made by the Chief Justice on 22 October 2008, be approved."

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. Two motions with no legislative effect. I have accepted the recommendations of the House Committee: that is, the movers of these motions each may speak, including reply, up to 15 minutes, and 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: Alleviating the disparity between the rich and the poor and assisting the grassroots in facing up to economic adversities.

Members who wish to speak in the debate on the motion will please press the "Request to speak" button.

I now call upon Mr Frederick FUNG to speak and move his motion.

ALLEVIATING THE DISPARITY BETWEEN THE RICH AND THE POOR AND ASSISTING THE GRASSROOTS IN FACING UP TO ECONOMIC ADVERSITIES

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

President, the expansion of the effects of the credit crises, triggered by the United States subprime mortgages, in depth and coverage has not only put a number of international financial institutions in financial dire straits and resulted in credit crunches, it has also impacted on the stability of the financial markets and banking systems worldwide. Subsequent to the first phase of unconventional bailout measures taken by various governments, their respective financial systems have gradually stabilized. As a result, various countries have started focusing their attention on ways to cushion the impact of the financial tsunami on the real economy to prevent the economy from slipping into recession.

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

The second phase of bailout actions taken by various countries include a series of interest rate reduction initiatives, injection of substantial capital into banks and enterprises, and a number of stimulus initiatives. Earlier, for instance, large-scale stimulus packages were proposed by Japan and China one after another. In particular, a RMB 4,000 billion yuan all-directional investment scheme launched by China was highly praised by various sectors. Moreover, the United Kingdom Government has recently unveiled a £20 billion package underpinned by tax cuts to stimulate spending. The new United States Government, to be headed by the incoming President Barrack OBAMA, is in full swing making preparations for the creation of 2.5 million employment opportunities. All this demonstrates the determination of the governments of various countries in rescuing the economy.

Deputy President, what is the situation in Hong Kong? The HKSAR Government has always given people an impression of "rescuing the markets but not the people". The Government's actions seem to be confined to the first phase of measures to rescue and stabilize the markets. Examples include a wide range of initiatives taken by the Hong Kong Monetary Authority to provide banks with greater liquidity, the 100% deposit protection scheme, and so on. The

Government will probably argue: Have the authorities not adjusted the existing Credit Guarantee Scheme for small and medium enterprises (SMEs) and further launched a \$10 billion Special Loan Guarantee Scheme for SMEs, with the Government providing 70% loan guarantees, to help SMEs, and has the HKMA not further lowered the benchmark interest rate of the discount window to make it easier for banks to approve loans?

However, I trust the Administration must be aware that, at this time when interest rate reductions are employed in all other parts of the world as a tool to relieve the economic hardships, local banks still insist — I believe even the Secretary is aware of this — that there is no room for a cut in interest rate. When initiatives are launched all over the world to prevent the economy from slipping into recession, local banks, on the contrary, seek to play safe by tightening credit and refusing loan applications regardless of whatever loan guarantees provided by the Government. As a result, commercial and industrial operators are complaining incessantly, SMEs find themselves suddenly trapped in financial difficulties, and wage earners may lose their jobs at any time. Insofar as the latest situation is concerned, the HSBC has even taken the lead to substantially raise interest rates for new home mortgages, thereby further aggravating the bad property market. Obviously, the Government's reliance on the markets to rescue the economy does not work at all.

Deputy President, the fact that free market is no longer working has something to do with the HKSAR Government's previous *laissez-faire* policy. As a result, banks and businesses nowadays entirely work against the Government's direction of rescuing the economy. What banks are doing today has actually speeded up the pace of pushing the economy towards recession more than promoting economic development through the provision of loans.

Deputy President, the unprecedented financial tsunami has sounded an alarm for an economic recession. Can the HKSAR continue to rely on its old thinking to maintain social stability? Hong Kong must not be optimistic about its economic prospects. The growth in GDP has slackened for two consecutive quarters, with the third quarter recording a mere 1.7% growth, the worst performance in five years. On the one hand, foreign trade has been hit badly under the influence of the global weak demand and, on the other, internal demand is being curtailed due to the effect of shrinking wealth caused by the financial

tsunami. The newly published total retail sales of October recorded a 4.3% fall over the corresponding period last year. Under the attack by internal as well as external troubles, it seems that the economy is set to slip into recession next year.

Furthermore, the effects of the financial tsunami on the real economy of Hong Kong have gradually surfaced. The emergence of waves after waves of closure of businesses, layoffs and pay cuts has also hit the local employment market. According to the latest figures published by the Government, the latest unemployment rate of the period from August to October stood at 3.5%, and yet the figure has not reflected Hong Kong's latest unemployment situation. The unemployment rate is expected to rise further with the worsening of the economic environment. It is generally forecast among academics that the unemployment rate will break through 5.5%. We can see enterprises such as HSBC, DBS, Li & Fung Limited, Lee Kum Kee, and so on, have one after another laid off staff, even though they are making profits. The other day, the Television Broadcasts Limited even shamelessly announced that it had to lay off 212 employees in order to be accountable to its shareholders, despite a net profit of \$500 million recorded in the first half of this year. At the same time, the Standard Chartered Bank announced yesterday that 200 employees had to be slashed. These companies are totally oblivious of their social responsibility, thus setting an extremely bad precedent for businesses in tackling economic adversaries. I think they warrant condemnation by society.

As regards prices of goods, a 1.8% year-on-year rise in the Composite Consumer Price Index was recorded in October. The basic inflation rate — I believe the Secretary might be aware of it — is now standing at 5.9% after discounting the effects of all the one-off measures taken by the Government to alleviate hardship. Actually, high inflation still prevails, and the prices of basic necessities are still standing high. According to the data published by the Government, the year-on-year prices of food in October recorded a 14.9% increase, with prices of rice recording a rise of more than 55% and prices of beef, freshwater fish, canned meat, poultry, cooking oil and meat rising by over 20%. Is the Secretary aware of all this?

We have even found the prices of these basic foodstuffs quick in raising but slow in dropping, and prices are lagging behind. It has even been reported recently that some supermarkets have raised prices in contrary to the market trend. But regrettably, the Government has maintained an attitude of

indifference by using free market as its "protective shield", allowing prices to be led by the market, ignoring the plight of the grassroots, and continuing to allow the free market to do whatever it wants and exploit the people.

Deputy President, I wish to emphasize that the phenomena cited above, such as uncertain economic prospects, ineffective free market, rising unemployment rate and high food prices, have not only caused significant impacts on society as a whole, they are also hitting the grassroots at the moment. When the economy was thriving, the grassroots could not share the fruits of economic growth. Now the economy is gradually turning for the worse, these people are made to bear the brunt of hardship. The motion debate proposed by me today seeks precisely to remind the community and the Government that during this extraordinary period when all media attention is focused on the financial tsunami, the poverty problem must not be neglected. While short-term economic fluctuations must be addressed, the problem of disparity between the rich and the poor equally warrants our attention of the highest degree.

Hence, both the Hong Kong Association for Democracy and People's Livelihood (ADPL) and I share the view that when the economy is slipping into recession, the Government must, generally speaking, adopt proactive and resolute measures to stabilize Hong Kong's economic development by breaking away from the established thinking of relying solely on the free market and, through the injection of more resources and complementary policies, taking into account the short- and long-term needs of society to expedite infrastructure development to stimulate employment, assist social enterprises and promote diversified economic development.

The ADPL and various political parties have put forward a number of measures targeting the grassroots and proposals on ways to help the poor and alleviate the disparity between the rich and the poor. However, no standing mechanism has been established in the territory. This is why I proposed in October 2007 a motion debate (the motion was unanimously passed by this Council except for four Members' abstentions). According to my proposal, a commission to alleviate poverty led by the Chief Secretary for Administration should be set up to monitor and implement the proposals raised by the former Commission on Poverty and the Subcommittee to Study the Subject of Combating Poverty set up under the Legislative Council. More importantly, the commission should, in times of economic adversities, put forward relevant measures for vigorous enforcement and implementation, such that people

bearing the brunt can be empowered to weather the storm. For instance, the ADPL put forward a proposal on a short-term unemployment allowance to provide grass-roots workers with a short-term unemployment allowance for a limited period to address their most urgent needs. Furthermore, the ADPL advocates vigorously supporting social enterprises to, through the operation of social enterprises, achieve the dual objectives of making profits while meeting social objectives, thereby directly creating job opportunities at the community level.

Deputy President, the development of social enterprises in Hong Kong at present faces a lot of problems, including inadequate start-up funds, low capacity for raising funds, exorbitant operating costs, too small a scale to handle relatively big businesses, and poor experience in operating business and management. As a result, businesses cannot play a bigger role in achieving social benefits because of hamstrung expansion.

Therefore, the ADPL and I propose that \$500 million be allocated to set up a "social enterprises head office" to promote the development of social enterprises on a larger scale through establishing an independent non-profit-making company, with the posts of its directors filled by suitable candidates appointed by the Government, including retired businessmen, representatives of the social welfare sector, professionals, persons well-versed in social enterprises, government representatives, and so on. The major object of the company is to facilitate the development of social enterprises by helping them to explore business opportunities through liaison with various social enterprises as well as setting up new small-scale social enterprises.

Deputy President, a high-level framework with actual powers to enforce orders must be set up to promote the implementation of the abovementioned proposals. The establishment of a Commission on Poverty headed by the Chief Secretary for Administration is therefore the perfect choice.

Furthermore, the Commission on Poverty must explore the problem of disparity between the rich and the poor from an overall perspective. This is what the ADPL and I have been insisting on for years. It is pointed out in the latest report published by the United Nations that Hong Kong ranks first among all Asian cities in the disparity between the rich and the poor. According to the conventional method of calculating the Gini Coefficient, Hong Kong has also seen its Gini Coefficient risen from 0.518 in 1996 to 0.533 in 2006, a record high since 1971 when the Gini Coefficient was first recorded. The rising figure

reflects that the disparity between the rich and the poor has continued to deteriorate in Hong Kong during the past decade, with the wages of grass-roots households remaining at a low level. Whether the economy is good or bad, the income of the grassroots to the overall income ratio has continued to fall. On the contrary, the income of the relatively high-income households has continued to rise. This reflects that the distribution of wealth in society is seriously tilted towards the upper level and the rich.

On second thoughts, despite the Government's insistence that Hong Kong has a welfare and low-tax regime, and its Gini Coefficient based on post-tax post-social transfer household income being adjusted downward from 0.533 in 2006 to 0.475, the figure is still far higher than the alert level of 0.4 widely adopted by the international community. This reflects that the remedial measures taken by the Government have failed to achieve wealth transfer. On the contrary, both Canada and Britain have managed to suppress their Gini Coefficients, which were originally higher than 0.5, to below the alert level of 0.4, through taxation and social transfer. We can thus see from the approaches adopted in these three different places the determination and effectiveness of others.

Deputy President, the Government must address the problem of disparity between the rich and the poor squarely by playing its role in distributing resources with a more proactive attitude and conducting a fresh review of the impact of the previous *laissez-faire* policy on fuelling the disparity — actually, the free economy has made the rich even richer. We merely seek to balance and rationalize the distorted phenomenon; we do not mean to request the Secretary or the Government to favour the poor — we will also approach the problem by improving the seriously tilted economic structure. In view of this, the ADPL and I propose the re-establishment of the Commission on Poverty to formulate clear and specific goals and directions for helping the poor in different policy areas from a macroscopic angle as well as putting in place an evaluation mechanism to assess the possible impact of the policies to be launched on the disparity between the rich and the poor.

Here, I wish to add that the Secretary, in replying to a question raised earlier in connection with SMEs, gave me the feeling that banks are reluctant to provide loans to SMEs. I agree that it is imperative to offer assistance to SMEs to prevent them from dismissing their workers. However, what can be done when banks are reluctant to provide loans? Only 30-odd out of 80-odd loan

applications, or slightly more than 30% of the applications, have so far been approved. For this reason, we propose that a social development bank be established by the Government to, through different topical issues, recommend the loan applications lodged by SMEs and social enterprises, offer low-interest loans and longer repayment periods in order to make up for the inadequacy of the free market.

With these remarks, I hope Honourable Members will support my motion.

Mr Frederick FUNG moved the following motion: (Translation)

"That, as the growth in Gross Domestic Product for the third quarter has slackened to 1.7%, the effects of the financial tsunami have gradually surfaced, the risk of the economy entering into recession has substantially increased, layoffs and pay cuts take place one after another, the unemployment rate has rebounded but there is no notable downward adjustment in the prices of goods, causing people's livelihood to become more difficult; moreover, a latest report of the United Nations points out that Hong Kong ranks first among all Asian cities in the disparity between the rich and the poor, with the Gini Coefficient which reflects the inequality of income distribution rising to a record high of 0.533, indicating that the disparity between the rich and the poor is increasingly serious, this Council therefore urges the Government to re-establish the Commission on Poverty to explore and recommend focused measures to assist the grassroots in facing up to economic adversities and to formulate comprehensive and long-term policies to effectively allocate community resources and narrow the gap between the rich and the poor, thereby protecting the basic livelihood of the grassroots and promoting harmonious social development."

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

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

I will call upon Mr TAM Yiu-chung to speak first, to be followed by Mr WONG Sing-chi, Dr Priscilla LEUNG and Ms LI Fung-ying; but no amendments are to be moved at this stage.

MR TAM YIU-CHUNG (in Cantonese): Deputy President, owing to the continuous ageing of our population and the rapid structural adjustments of our economy in recent years, there is worsening disparity between the rich and the poor in Hong Kong. The General Household Survey conducted by the Census and Statistics Department reveals that the disparity between the rich and the poor is now worse than last year. In the first quarter of the year, among 2 254 000 households in the territory, there are 185 000 households with a monthly income of less than \$4,000, accounting for 8.2% of all households in the territory. The number of poor households has increased by more than 10 000 in a year, and the rate of increase is 5.9%, which is worrying. Since September this year, the financial tsunami has swept the world, and Hong Kong is profoundly affected. Given the economic adversities, the unemployment situation will definitely worsen in the future, and the livelihood of the grassroots will become more difficult. Therefore, proactively assisting the grassroots in facing up to the economic adversities and improving their livelihood is an essential task of the SAR Government in upholding social stability.

The Commission on Poverty established by the Government proposed a range of poverty alleviation measures last year. In prevailing grim economic and social circumstances, the Government must proactively take actions to implement all these proposals. As stated in the Report of the Commission on Poverty, to solve the poverty problem, it is essential to enhance policy co-ordination and adopt more persistent strategies. Based on this criterion, we have however found that the progress of the poverty alleviation work in the past year or so has been rather slow.

For instance, in regard to promoting employment, although the Commission on Poverty proposed the target of "one-stop" provision of employment assistance, at present, the services in this area are still scattered among several organizations or departments such as the Employees Retraining Board, the Labour Department and the Social Welfare Department. It is not at all convenient for the unemployed to get the relevant training and find suitable positions. Furthermore, exorbitant transport expenses are the major reasons why the grassroots have difficulties in finding suitable positions. Since July this

year, the Government has relaxed the eligibility criteria for the Transport Support Scheme and the duration for transport allowance claimed, but the Scheme is restricted to people currently living in Yuen Long, Tuen Mun, North and Islands only, and low-income people living in other districts are not benefited. So, the Government should expeditiously integrate the employment support services provided by several organizations and departments, and extend the Transport Support Scheme to various parts of the territory so that all low-income employers would be benefited.

The Commission on Poverty emphasized a district-based approach to poverty alleviation, and the District Officers thus played stronger roles in co-ordinating inter-departmental work at the district level. However, quite a few districts face difficulties in resource matching, the District Offices have a manpower shortage, and there is a lack of additional project funding for poverty alleviation at the district level. Furthermore, as the District Officers are not given sufficient authority, they get half the result with twice the effort in promoting inter-departmental co-operation. Poverty alleviation is a long-term and arduous task, thus the Government must be perseverant and keep making more vigorous efforts so as to fully implement the recommendations and practically improve the living of the grassroots.

In the face of the current economic crisis, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) thinks that it is a pressing task to create more positions to solve the fundamental employment problem. Yesterday, the DAB put forward, in relation to the budget for the coming year, a \$2.6 billion proposal for creating positions to the Financial Secretary. We asked the Government to utilize \$2.6 billion to create 20 000 positions, including the creation of around 10 000 positions through service expansion and encouraging private enterprises to create 10 000 new positions. This can specifically be accomplished in the areas below:

First, the Government should spend \$600 million to implement a "New Position Salary Subsidy Scheme". Under the scheme, enterprises which have not enforced salary cuts or laid off staff in the past six months will be entitled to a subsidy when creating new positions and recruiting new employees. Taking into account the deteriorating and grim employment situation under which the middle class and the grassroots are threatened by layoffs and wage reductions, we suggest that eligible new positions should not be restricted to certain trades and industries, and positions of certain natures, and each new position can get a

government allowance at \$5,000 monthly or half of the monthly salary (whichever is less) for one year, in order to encourage private enterprises to create 10 000 local new positions. Enterprises participating in the Scheme should comply with all provisions of the Employment Ordinance when appointing new employees, and they should undertake not to reduce wages or lay off employees during the pay allowance period, otherwise, the Government can terminate the grant of the allowance. The Scheme will make up for the deficiencies in the existing Youth Work Experience and Training Scheme, Work Trial Scheme and Employment Programme for the Middle-aged.

Second, creating jobs by enhancing old building maintenance. We suggest that the Government should employ more workers to quickly remove the tens of thousands of discarded signboards throughout Hong Kong to ensure pedestrians' safety. These signboards were not dismantled in the past because there was a lack of manpower and resources, but there should be enough manpower and resources now. Next, though the Urban Renewal Authority and the Hong Kong Housing Society (HKHS) have the Building Management and Maintenance Scheme (BMMS) or the Building Rehabilitation Loan Scheme, quite a few low-income owners cannot benefit from these schemes. Therefore, we suggest that the coverage of these schemes should be expanded. For example, the Building Maintenance Grant Scheme for Elderly Owners should be extended to cover low-income non-elderly households to relieve the burden of the grassroots and increase job opportunities for the construction industry. On the other hand, pinpointing the fact that some dilapidated private buildings have not established Owners' Corporations (OCs), the Government should recruit more building liaison officers to help establish OCs, and provide one-stop services to help the OCs handle issues relating to building maintenance.

Third, the Government should create additional temporary positions. It should employ more people in care for the elderly, youth counselling, public hospital health care assistance, city beautification, park management and maintenance and regional planting, to ameliorate the manpower shortage problem that has long existed. Besides, the Government should provide social welfare organizations with additional resources, so that they can employ more people to provide home help or other forms of home help services to families in need such as the elderly or single-parent families.

Fourth, the Government must accelerate local works projects and upgrade local services. From this year onwards, the Government has provided a special

funding for capital works projects, which amounts to \$300 million a year, to carry out minor works projects proposed by District Councils (DCs). We suggest that the Government should increase the provision to \$1 billion next year so that various DCs can advance the launch of more minor works projects. At present, many such projects cannot commence because of the manpower shortage of engineering consultancies and the Architectural Services Department. For this reason, the Government should consider allowing DCs to engage on their own consultants for various minor works projects initiated by them, and to streamline the procedures and employ more people so as to shorten the time for making preparations for the works and create more job opportunities as soon as possible. Furthermore, the Government should allocate more resources to the Leisure and Cultural Services Department, so that it can employ sufficient people for district facilities management and extend the opening hours and enhance the services of such facilities as libraries, leisure grounds, swimming pools, sports grounds and community halls.

Fifth, vitalizing community economies to create employment. The Government should promote the development of the community economy in a variety of ways, including transforming old factory buildings into young entrepreneur cities, to offer assistance to young entrepreneurs, and making use of the vacant land in new towns to develop commercial projects that can create more jobs such as sale of branded products, flea markets, and the development of cuisine streets, bar streets and dai pai dongs in the communities. Also, cuisine festivals should be held to promote the local economy and create more job opportunities.

In the face of the critical economic situation, the SAR Government should take drastic measures and create more job opportunities to alleviate the unemployment situation and arrest the growing disparity between the rich and the poor, in order to protect the basic livelihood of the grassroots and promote social harmony. I so submit. Thank you, Deputy President.

MR WONG SING-CHI (in Cantonese): Deputy President, the financial tsunami has affected the whole world, and it is forecast that for a certain period of time in the future, the world will go through the toughest economic period since the turn of the century, and Hong Kong cannot remain aloof without thinking of the others. Recently, quite a few companies have announced closures, layoffs and wage cuts, and the whole community is filled with pessimism. Both the Government and the public agree that the financial tsunami is more serious and

will last longer than the three crises that Hong Kong has experienced since the reunification. It is estimated that the financial tsunami will create unemployment at a rate higher than that during the outbreak of SARS.

According to general analysis, with the financial crisis transformed into an economic crisis, labour-intensive industries such as the real estate, construction, wholesale and retail, and hotel sectors will gradually be affected and the unemployment situation will worsen. The coming Lunar New Year will be the hardest days, and even by optimistic estimation, the global economy will revive only a year and a half to two years later, that is, in 2010. How all of us would support one another in enduring a long, cold winter is the major challenge for the Government and the whole community.

In the face of layoffs and wage reductions, the defenceless in our society are the poor households. In the past 20 years, the disparity between the rich and the poor has been growing at a drastic rate, and the Gini Coefficient has risen to 0.533, far higher than the alert level of 0.4. It is stated in a report published by the United Nations that Hong Kong has the highest Gini Coefficient among Asian countries and Hong Kong has the most uneven distribution of wealth in Asia. The Government has always refused to admit that the Gini Coefficient is an effective indicator of the disparity between the rich and the poor, but it has not conducted any in-depth and comprehensive studies to find out how serious the problem of the disparity between the rich and the poor is. The Government has not acquired an understanding of the features of different communities in poverty. Therefore, the research data regularly compiled by civic groups such as the Hong Kong Council of Social Service (HKCSS) have become the key reference.

At the beginning of the year, the HKCSS analysed on the basis of the By-census data in 2006 that there were 1.34 million Hong Kong people whose income was lower than half of the median income. According to the international definition, these people are poor and the number of poor people has increased by 20% compared with several decades ago.

The problem of the disparity between the rich and the poor has existed for a long time and is continuously deteriorating, but the Government has not effectively alleviated poverty. Taking the Child Development Fund as an example — this is the major proposal of the Commission on Poverty chaired by the Chief Secretary for Administration, Mr Henry TANG — this proposal made

in 2006 is implemented only recently. I think this motion proposed by Mr Frederick FUNG is essential. It is because, in the face of a financial crisis, government policies are easily tilted in favour of tycoons and the middle and lower classes will often be forgotten. Even if they are mentioned, the Government is invariably only paying lip-service. Let us take a look at the 10 major infrastructure projects. Even though the Government has talked about these projects for a long time, how many positions have been created? It can be said that there are very few. Conversely, the Government quickly jumped to the rescue of the banks in the wake of the financial tsunami, without making any further consideration. We propose re-establishing the Commission on Poverty, in the hope that policymaking by the Government will at least adopt a more balanced approach. Thus, there are practical needs for the re-establishment of the Commission on Poverty.

Mr TAM Yiu-chung's amendment proposes re-establishing the Commission on Poverty "when necessary", which means that there is not much need now; but I think there is an enormous need at present, so, this point is open to question. As regards Ms LI Fung-ying's amendment, it deletes "re-establish the Commission on Poverty". As regards these two amendments, the Democratic Party will vote in opposition. Moreover, Ms LI Fung-ying proposed in her amendment to "suspend the collection of provisional tax". At a motion debate in this Council on 5 November, Mr Ronny TONG also proposed holding over the payment of provisional tax, and the Democratic Party abstained from voting at that time. Although the Democratic Party supports allowing the small and medium enterprises and the middle class to benefit from suspension of provisional tax, in Ms LI Fung-ying's proposal, enterprises with huge profits and "top-notch employees" will also benefit from such suspension, which is considered inappropriate by the Democratic Party.

In my amendment, I have proposed more important measures to alleviate poverty.

During an economic downturn, life is the hardest for the lower class and in case they became unemployed and had to accept pay cuts, their living would immediately become difficult. A Comprehensive Social Security Assistance (CSSA) net is absolutely not a counter-measure, for only by giving them work and enabling them to continue to be self-reliant would infuse our society with vitality. The objectives of the first three proposals are creating more job opportunities for the grassroots. Low-skilled workers are facing structural

unemployment and the youths are the hardest hit insofar as unemployment is concerned. According to the Government's Third Quarter Economic Report, along with the economic slowdown, unemployment was found to be concentrated among persons aged 15 to 19, and also among those who have received no schooling or only with pre-primary education. It can be envisaged that the youths and the middle-aged low-skilled workers cannot find jobs easily. I hope that the Government would create more job opportunities for these workers who generally entail lower wages, so it would be easier for the Government to bear the costs of their wages.

Besides, establishing social enterprises is also an option for increasing job opportunities for grass-root workers. Last year, the Subcommittee to Study the Subject of Combating Poverty of the Legislative Council visited some social enterprises in the United Kingdom. The United Kingdom Government has taken a lot of measures to develop social enterprises such as supporting the youth and the unemployed in self-employment. One social enterprise with an annual income of £56 million has created training and job opportunities for a large number of unemployed people, which is very worthy reference.

Another proposal in my amendment is assisting unemployed CSSA recipients to engage in employment. In fact, many unemployed people are willing to work, only that jobs are not that easy to find. At present, the Support for Self-reliance (SFS) Scheme implemented by the Social Security Branch of the Social Welfare Department (SWD) cannot help CSSA recipients to engage in employment at all. When many staff members provide job matching services, their prime consideration is to meet a quota and they do not bother about whether the jobs are suitable or not. For example, a CSSA recipient with Secondary Two education has been arranged by the SWD to sell reference books to Secondary Seven students, which has ultimately make this CSSA recipient meet another failure. In 2002, the Democratic Party already made a proposal on workfare. We suggested that recipients should undergo training and look for jobs after receiving CSSA for a certain period of time, but if they could not find employment, the Government should arrange for them to take up certain posts so that they could get used to the regular working environment and disciplined habits of living. Another proposal was made by the Democratic Party. Currently, part of the CSSA recipients' earnings from employment was deducted by the SWD and returned to the public coffers; so we suggested that the deducted

amounts should be put into savings accounts and returned in full to the recipients when they have accumulated to a certain level, so that they would more readily engage in employment.

There is another proposal in my amendment about allocating funds to set up district poverty funds, which mainly involves focused proposals to alleviate poverty having regard to the varied causes of poverty and poverty situation in various districts. Taking Sham Shui Po and Tin Shui Wai as examples. While both districts have high poverty rates, the poverty problem of Sham Shui Po mainly originates from a large number of low-income elderly people in the district and that of Tin Shui Wai mainly originates from a large number of low-skilled workers in the district, its being remote and lack of job opportunities. In respect of these two different districts, if a poverty fund is set up to deal with different problems, I am afraid it is not focused enough. Hence, setting up district poverty funds can enable various districts to suit remedies to the cases in the light of their unique circumstances.

I hope that Honourable colleagues would support these poverty alleviation measures. With these remarks, I propose the amendment.

DR PRISCILLA LEUNG (in Cantonese): Deputy President, I went to the supermarket yesterday and found that the price of a can of luncheon meat was almost double the price last year; as for fried dace with salted black beans, I found yesterday that the selling price was \$18, but I recall that it was only sold for around \$8 last year. In fact, the pace of increase in food prices is far quicker than we could imagine. However, with the blow dealt by the financial tsunami and our economy declining, food prices have not seen any reduction, and it can be imagined that the pace of increase in food prices makes the livelihood of people at the lowest stratum very difficult.

Today, I seek to add to the original motion the amendment about short-term food assistance projects, mainly because food is the daily necessity of the public and its prices must be on a par with the standard of living of the people. However, the existing food prices are like those of petrol, that are quick in rising but slow in dropping, and they have even not been reduced, and the prices of the two kinds of canned food I just mentioned were noted in the supermarket. For some lower-income households, or even the middle class facing unemployment,

this would be a nightmare. Although Hong Kong is not a city in a third world country, at this moment, I think the Government should use unusual methods to deal with unusual matters, and directly provide the people at the lowest stratum and those in need (perhaps many middle class people are included) with food assistance.

The Chief Executive proposed on 16 July a provision of \$11 billion for alleviating people's difficulties, which included earmarking \$100 million for non-profit-making organizations to implement short-term food assistance schemes. That was before the onslaught of the financial tsunami, and the focal point at that time was the poor households in the greatest need. The scheme has now been proposed for five months, but the Government sought funds from the Legislative Council only recently, so the scheme would only be implemented after the Lunar New Year at the soonest. Actually, the food assistance scheme has been delayed for so long, if there are really families in need, all the family members would have already died from hunger.

Recently, there was a media report about a CSSA family not wanting to eat a can of luncheon meat too soon, so they left it frozen in the freezer. In connection with these cases, I believe Honourable colleagues rationally and cognitively will appreciate the urgency of the difficulties they are facing, but, psychologically, we "cannot feel the pain because the needles are not piercing through our skin" after all.

It was originally estimated that the Government only needed to use \$100 million to supply food to all those in need in the territory; but has it conducted a review and considered whether an expansion is essential? At present, the scheme benefits 50 000 people, and each of them can get the food he needs for six weeks. But during the financial turmoil, I trust that many middle-class people earnestly hope that I could say something for them. Actually, there are many middle-class bankrupts now. In other words, many middle-class people have become proletariat and even bankrupts. They definitely do not wish to ask for help or get rationed food because they find this psychologically unacceptable. Yet, this may be the fact before us soon. These people are now living in anxiety, and the Government should provide them with material and monetary assistance. In fact, besides looking after the physical

health of the grassroots, we must look after these people who have just joined the unemployed ranks, or even becoming proletariat after they have become bankrupt, in order to help them go on struggling.

Thus, in the second proposal in my amendment, I strongly urge the Government to address the issue squarely and allocate more resources. Besides promoting the 10 major infrastructure projects, in a violent wave of layoffs as some Members have mentioned, even a large-scale organization like the Television Broadcasts Limited has laid off staff on a large scale. All those laid off have abilities and are aggressive, but they are now unemployed, which is a tremendous trauma for them and their family members both physically and psychologically. Concerning this group of people, if we cannot handle the case well, there will be a significant factor of social instability. As the saying goes, "Crisis presents opportunities", so a financial turmoil has certainly made the younger generation realize that it is no longer feasible for the finance industry to shore up the economy alone. I know many top students pursuing investment banking who are going to graduate this year. They have not found employment yet, which is a problem they have to face at once, notwithstanding that they had distinctions when they entered university.

Among those who have joined the unemployed ranks, many people are very competent; but they cannot find jobs. If they cannot join the industries they most eagerly wish to, what industries can they join? In the end, they would become non-engaged youths, and they may even detest the world and its ways. So, now that the bubble has burst, the Government should bring order out of chaos, and help the unemployed people with abilities take up jobs in other fields as soon as possible. Also, we would like to help the workers at the lowest stratum so that they will have more job opportunities.

About all these issues, Honourable colleagues have made some proposals in the hope of increasing the employment rate. I strongly support the relevant proposals and I think that they merit the Government's consideration. But the Government can focus on subsidizing the further studies of the unemployed, for instance, it can jointly organize with tertiary institutions practical training courses, especially courses on Chinese medicine practitioners and Chinese

medicine because this industry is very popular. And we can also focus on the cultural innovation industry in the course of economic transformation.

Concerning the proposal of distributing consumer coupons recently made by some political parties, I do not agree and I think that government funds should be used for directly solving problems. The Government should directly make proposals to increase job opportunities or promote the transformation of human resources, and even directly focus on small and medium enterprises that need assistance. I have also asked the views of some people from the lower and middle classes on the relevant proposal. Most of them have reservations about and even object to the arbitrary distribution of consumer coupons. On the contrary, they hope that the Government would come up with more practical and feasible proposals that can immediately increase job opportunities.

Therefore, I think the Government should adopt a three-pronged approach. First, Honourable colleagues have just referred to the Commission on Poverty; I also think that the proposal of re-establishing the Commission on Poverty to explore long-term policies is worth consideration. However, we can also make reference to the anti-poverty ministries in foreign countries. These ministries particularly explore how to help people fight poverty; though they are not poor people, they will be living below the poverty line when the circumstances changed. It is our earnest hope that there will be fewer and fewer poor people, so, in terms of long-term policies, besides exploring how best poverty can be alleviated, it is also very important to explore how to fight poverty. Regarding the second prong, I think an assistance scheme brooks no delay. Third, a mechanism for long-term training; apart from tertiary institutions, there are training bodies offering practical training courses. The Government should proactively explore with these bodies how interest-free loans can be provided to enable value adding and transformation by those who take these courses when they become unemployed.

Hong Kong people have constantly strived to become stronger, and are not willing to receive CSSA payments from the Government. In particular, there are some people who are not poor but are unfortunately living below the poverty line. The so-called middle class bankrupts, or those who used to belong to the middle class but have now become proletariat, will definitely not want to rely on government assistance long term. If the Government can provide them with interest-free loans, they will certainly make repayments when they manage to

land jobs in the future. I trust that Hong Kong people will constantly strive to become stronger, thus, I really hope that, when considering various poverty alleviation and anti-poverty policies, the Government can adopt a longer-term perspective and adopt unusual methods for unusual issues. I also hope that the Government will really propose practical measures and directions to us. Thank you.

MS LI FUNG-YING (in Cantonese): Deputy President, other Honourable colleagues and I have proposed amendments to the motion proposed by Mr Frederick FUNG today. After carefully reading the amendments proposed by the other colleagues, I found that all of us have a consensus, that is, we have proposed specific measures to help the grassroots face up to economic adversities. Notwithstanding the differences between the measures proposed, we have the consistent target of helping the grassroots. If the Government has sufficient resources and implements various proposals in the amendments, it would be best, but that is evidently not the case. If the Government really wants to listen to Members' views, it has to make choices among the various proposals. If the Government sticks to the old-fashioned almanac and consistent belief that saving the market means saving the people, the widely divided views of this Council will precisely be taken as an excuse for the Government's rejection. Therefore, I have conflicting emotions about the amendments proposed by Members and myself today.

In helping the grassroots face up to economic adversities, what are the grassroots most concerned about? Not only the grassroots, what are all the employees in society most concerned about? The closer the measures we proposed to their concerns, the more we can help them face up to the economic adversities. Besides taking into account the impacts on the public coffers, this Council and the Government should also consider this principle when it explores how to help the grassroots face up to economic adversities.

After the financial tsunami has set off an alarm, the spectre of layoff has been cast over Hong Kong. In October, the listed company, U-Right International Holdings Limited, went into liquidation, and nearly 20 fashion chain stores of the company were closed down, with 160 employees being made redundant. HSBC laid off 1 100 employees globally, and around 100 employees in Hong Kong were affected. The Fubon Bank (Hong Kong) laid off around 30

employees, which accounted for 3% of its employees. All 13 shops of the Tai Lin Radio Service Limited were closed down, and 260 employees were immediately made redundant. The Hang Fook Lau Seafood Restaurant and the Sun Hei Seafood Restaurant were closed down, and almost 140 employees became unemployed. A United States doughnut chain went into liquidation and closed five branches in Hong Kong, which affected 125 employees. In November, the DBS Bank laid off a total of 900 employees in Singapore and Hong Kong, and nearly 500 employees in Hong Kong were estimated to be affected. HSBC again laid off 450 employees. The Sands Group in Macao terminated two projects and 4 000 Hong Kong workers were made redundant. The Tsui Hei Lau was closed and its 24 employees are owed one to three months' wages in arrears; the South China Athletic Association Golden Restaurant was also closed, and around 20 employees were made redundant. The Ricacorp Properties Limited would lay off 400 employees, which accounted for 30% of the total number of employees. The United States toy manufacturer Mattel planned to lay off nearly 1 000 employees globally, and 10% of the employees in Hong Kong might be laid off. According to the yesterday's news report, the ABN AMRO had laid off 100 employees. All of this is only information I got when I flipped through news pages and it is not any sort of statistics. In the middle of this month, the Hong Kong Institute of Asia-Pacific Studies of The Chinese University of Hong Kong interviewed 1 002 people aged over 18 over the phone, and more than 40% of the interviewees were a bit worried or very worried about becoming unemployed. More than 60% of the interviewees who considered that they belonged to the lower stratum were worried about being unemployed. The recently released unemployment rate is 3.5%, having slightly increased by 1% compared with the period from July to September, but it has totally failed to reflect the above layoff figures. Now, many scholars in economies have estimated that the unemployment rate in the future will be 5% at the least.

Deputy President, this is the overall atmosphere of our society now. In a shrinking economy, some industries will be easily affected. If there are reduced works projects, the job opportunities of construction workers will be affected. When people spend less, the retail and catering industries will cut manpower. Thus, the Government often expedites the launch of public works projects and creates temporary low-skilled positions, in the hope of alleviating the unemployment problem. For example, in the face of the prevailing financial tsunami today, the Government and quite a lot of members of the community have proposed these measures for alleviating unemployment. I support these proposals, similarly, my amendment and most of the amendments are asking the

Government to expeditiously implement the recommendations in the Report of the Commission on Poverty, and create more job opportunities for the grass-roots workers. Nevertheless, we only need to take a look at the unemployment figures above, and we will find that the industries involved are not simply the construction, catering and retail industries which are, conventionally speaking, sectors hardest hit by unemployment. We will find that it also involves different sectors such as finance and real estate. Only relying on the Government to create temporary positions or expediting infrastructure projects cannot solve the problems. A more serious problem is that the positions created will surely be fewer than the number of unemployed people, and the relevant positions cannot fully meet the needs of the jobless. During the financial turmoil in 2001, the wage earners in Hong Kong were helpless and terrified in the face of unemployment; their problems could not be solved by increasing training, creating positions and expediting the launch of government works projects. To help employees who have lost their jobs, unemployment protection is an important issue that cannot be evaded.

In the past few days, some political parties suggested that the Government should adopt measures such as distributing consumer coupons and holding lucky draws to encourage people to spend money in order to revive the slackened retail market and revitalize our economy. Applying the basic economic analysis on factors affecting spending, the amount of consumption expenditure is connected with the current disposable income and the expected disposable income. When the community generally expects a downward adjustment in income and even the loss of income in the future, consumption expenditure will naturally decrease. This is precisely the social atmosphere of Hong Kong at the moment; thus, I think increasing unemployment protection for the employees can more effectively encourage consumption by the people than increasing the current disposable income of the employees by such means as distributing consumer coupons. Also, establishing an unemployment loan fund to increase unemployment protection for the employees would incur far less public money than distributing consumer coupons.

Deputy President, when our economy is going downhill, the most direct method to effectively help the public is to relieve their financial burden. In the middle of last month, the Finance Committee of the Legislative Council endorsed a \$7 billion Special Loan Guarantee Scheme for small and medium enterprises (SMEs) with the objective of relieving their cash flow pressure. Not only SMEs but also ordinary people have cash flow pressure. I suggest establishing an

unemployment loan fund and suspending the collection of provisional salaries tax, as I have written in my letter to all Members, and making efforts to strike a balance between optimizing the use of public money and alleviating people's difficulties. I have outlined in the enclosure to Members some rough ideas about establishing an unemployment loan fund in the hope that others may come up with valuable opinions, and I am not going to repeat those points. In the face of economic adversities, I hope that the Government would accept the relevant proposals in order to meet the pressing needs of the employees who have lost their jobs and relieve their financial pressure and put the community at ease.

With these remarks, Deputy President, I propose the amendment.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Deputy President, first of all, I wish to thank Mr Frederick FUNG for proposing this motion today, as well as Mr TAM Yiu-chung, Mr WONG Sing-chi, Dr Priscilla LEUNG and Ms LI Fung-ying for the amendments they have proposed to the motion.

(THE PRESIDENT resumed the Chair)

I fully appreciate Members' concern about the financial tsunami, especially the negative impact it may produce on the grassroots. Actually, we like Members pay great attention to the effect of the recent economic downturn on ordinary members of the public. We will keep a close watch on the situation and continue to aid the poor and improve their living conditions in a holistic and persevering manner.

The financial tsunami has caused great reverberations in the global economy. As a small and highly externalized economy, Hong Kong cannot stay immune from such influences. We know that as the economy slackens and the future remains uncertain, companies have become very careful in hiring staff. As demand for manpower eases off, the unemployment rate has begun to surge again. The figure for the period from August to October is 3.5%. Since this

global financial crisis is spreading, plus the fact that our labour figures are lagging behind our targets, we are concerned about the possibility that the unemployment rate in Hong Kong will climb further in the near future.

With respect to inflation, although some Members have pointed out that there has been no marked fall in prices, the annualized increase in consumer prices has declined from 4.6% and 3% in August and September respectively to 1.8% in October. The overall increase in consumer prices in October is mild. The main reason for that is the effect of the relief measures introduced by the Government, especially when the Government has paid the rentals of public rental housing units for three months, offered an electricity charge subsidy and remission of government rates. As Mr Frederick FUNG has said earlier, discounting these special factors, the basic inflation rate is 5.9% and it is also lower than the 6.1% inflation rate in September.

More importantly, the prices of commodities, especially those of food and crude oil, have fallen worldwide. When added to this the strengthening of the US dollar since July, the pressure of imported inflation is declining. Also, slackened domestic demand and the government relief measures are also helpful to easing inflation in the short run.

Mr Frederick FUNG has suggested re-establishing the Commission on Poverty (CoP) to assist the grassroots in facing up to economic adversities. As a matter of fact, the former CoP had in its term of more than two years explored and discussed poverty alleviation issues and also made some 50 practicable recommendations to the Government. We are proactively following up and implementing the relevant recommendations.

After the expiry of the term of the former CoP, the Government formed a Task Force on Poverty headed by me with members consisting of representatives from the relevant bureaux and departments. The work of the Task Force is to co-ordinate poverty alleviation efforts within the Government, make all-out efforts to implement all the recommendations of the CoP, and look into new recommendations. When the Policy Bureaux and departments are to implement poverty alleviation measures under their charge, representatives from the top echelons will continue to consult the stakeholders to gauge their views.

As a matter of fact, some of the recommendations made by the former CoP have been put into practice. Let me cite a few examples which Members should be very familiar with. For example, the second phase of the Special Training and Enhancement Programme (My STEP) began in last October to provide more in-depth support to young people on Comprehensive Social Security Assistance (CSSA) and who are not able to benefit from other existing programmes. The Child Development Fund with an injection of \$300 million was set up this year and is presently in full swing. It is a trial scheme with a means test mode to encourage children from disadvantaged groups to draw up long-term plans for personal development. We hope that in the end at least 13 600 children will benefit from the scheme. The Social Welfare Department launched a \$200-million scheme this June to help elderly persons without family support improve their living conditions. In addition, as Members may be aware the review of the Transport Support Pilot Scheme has been completed ahead of schedule and the relevant relaxation measures have been implemented on a full scale since this July. Starting from this year the district centres for the elderly and the neighbourhood centres for the elderly have been given additional resources to enhance outreach work for the hidden and singleton elderly. New training and employment support centres of the Employees Retraining Board (ERB) were fully commissioned in end October this year. These centres operate on a trial basis in offering one-stop training and employment support to those in need. This I think will address the concern expressed by Mr TAM Yiu-chung about the problem of fragmentation. Now we have a number of one-stop test points in full operation and also arrangements in place to relax the requirements on disregarded earnings under the CSSA Scheme. As we know, all these are in operation. As for the remaining recommendations, plans have been devised for their implementation. These include the Comprehensive Child Development Service which will be gradually extended to Tsuen Wan and Kwai Chung and Ching Yi Districts in 2008-2009. The ERB will further increase the retraining places this year to enhance its training work. In this month, the Government will start to build a new building for integrated community services in Tin Ching Estate, Tin Shui Wai. This will enable the Government and more NGOs to provide more suitable services for residents in the district.

What I have just said are all recommendations made by the former CoP which we have put into practice and the results are gradually beginning to be seen.

Moreover, in response to the financial tsunami, the Chief Executive has formed a Task Force on Economic Challenges led by him personally. The aim of the Task Force is to continuously monitor and make roll-on assessments of the major markets in the world and the local market at this most trying moment and to make timely judgment on the impact of the financial tsunami on the Hong Kong economy as well as the major local industries. More importantly, it will study relevant issues and propose concrete measures for consideration by the Government and the industries, thus helping Hong Kong tide over the difficulties and rendering the crisis into an opportunity.

The Government is very concerned about the impact of the financial tsunami on the grassroots, especially in terms of employment. There is a saying which I always allude to and that is, employment is the key to people's livelihood and the foundation of harmony. This is very important. We should know that every job is of vital importance to an employee, for behind every job there is a family. Therefore, I have repeatedly emphasized the importance of employment. We believe that the most effective and fundamental method to address the problem of poverty and improve the lot of the low-income group is to drive economic development and create more job opportunities. Our policy direction and future measures, as I have always emphasized, will rest on according priority to employment.

With respect to job creation, we will speed up the commencement of the 10 major infrastructure projects to boost economic development and to create more jobs for the local workers, especially those from the grassroots. Apart from the 10 major infrastructure projects, the Government will speed up the implementation of all kinds of minor works in the hope that more jobs can be created within a shorter timeframe. This morning the Public Works Subcommittee approved an additional funding of \$7.6 billion which will create an additional 12 000 jobs. This proves that we have a timetable for greater efforts to really boost employment. We hope that these works projects of various scales can create more jobs and spur economic growth in Hong Kong.

Various departments of the Government are studying job-creation measures in other areas in response to the unemployment situation in trades other than the construction industry. We are very concerned about unemployment among the white collars and other trades. We have to work together to devise measures in response.

The small and medium enterprises (SMEs) are a pillar of our economy. Currently 98%, that is, 270 000 companies here are SMEs. The number is indeed enormous. In order to assist the SMEs to tide over this financial tsunami and ease their pressure in resorting to layoffs, the Government has announced a series of measures in support of the SMEs, including some measures which are very familiar to Members, like those which enhance the flexibility in loan amounts under the SME Credit Guarantee Scheme, extend the loan repayment period under the working capital loans, increase the cap for funding under the SME Marketing Fund and remission of 50% of the rentals for SME tenants in the shopping malls and markets managed by the Housing Authority for two months, in the hope of preventing the loss of jobs.

With respect to assisting the employment of the disadvantaged, we understand that the impact of the financial tsunami on them may be greater than other people, for the fact that their bargaining power and competitiveness may actually be lower, so the Government will increase their employability through the provision of educational, training, retraining and job-seeking services.

In the face of the possible impact of the financial tsunami on the job market and economy of Hong Kong, the ERB has begun since this November to relax the enrolment requirements and qualifications for its part-time programmes so that those in employment may enrol in its courses. People with low income may be granted a waiver of the course fees so that they can enrol in courses to enhance and equip themselves. The ERB will keep a close watch on the latest changes in the job market, especially the needs of employers in order that graduates of retraining courses can really gain a firm foothold in the job market and find jobs there.

The Labour Department will continue to help through various employment schemes those who may encounter difficulties in employment. These include the young people, the middle-aged and persons with disabilities. The Labour Department will hold job fairs of various types to help the unemployed and the job seekers. The Social Welfare Department works through its Support for Self-reliance Scheme to provide employment support to able-bodied unemployed CSSA recipients in order that the objective of helping them to help themselves. Mr WONG Sing-chi has mentioned a case earlier about a person with Form Five qualifications who sells books and other publications to Form Seven students.

Would Mr WONG provide the information on this case to me after the meeting so that we can do something to remedy the problem or individual cases?

In order to boost the local community economy and offer more jobs of a diverse nature to the disadvantaged groups, the Government will continue to provide seed funds through the Enhancing Self-Reliance Through District Partnership Programme. The Programme is meant to help NGOs in the initial operation of social enterprises. Since the launch of the Programme in June 2006, a total amount of about \$76 million in funding has been allocated to some 80 new social enterprises and about 1 400 jobs are provided to the disadvantaged. Of course, we have to do more on social enterprises and boost their development, in the hope that more grassroots and locals in the districts can benefit.

Apart from the CSSA safety net, we will provide more free and heavily-subsidized services in areas like welfare, health care, housing and education in order to cater for the needs of the poor.

President, I so submit. I will respond later when I have heard the views from Members. Thank you.

MR LEE CHEUK-YAN (in Cantonese): I have just heard the Secretary say that he is very concerned about the employment and poverty problem in the wake of the financial tsunami (in fact, he often carries these remarks on his lips); he has told us that he gives employment priority and employment is the foundation of people's livelihood and harmony. His remarks sound interesting, but he is only paying lip-service and reciting fine-sounding words.

Having listened to the Secretary recapping all the initiatives, I found that he has only referred to old measures and it appears the Secretary is at his wits' end. Is there nothing good worth mentioning in all the existing measures? It seems the Secretary is short of new proposals. He has only talked about the work done by the Government in the past. He has spoken for 20 to 30 minutes, and he

might as well talk about the work that the Government did 10 years ago, if so, he can even speak for an hour. But I would like to tell the Secretary that the Government should show us innovation, courage and commitment at these unusual times now.

It is a great pity that I have failed to find any concrete measures after listening to the Secretary's remarks. For example, concerning employment, I do not think the Secretary has done anything in two aspects, namely "stopping bleeding" and "blood transfusion". What is meant by "stopping bleeding"? Let us consider this: There are companies laying off employees every day, what can the Secretary do? What will the Secretary do? He has done nothing. If the Secretary wishes to "stop bleeding" and reduce the number of posts lost the Secretary has not done anything in the face of layoffs by enterprises.

Next, let us take a look at the Task Force on Economic Challenges. The Task Force has transformed into a "layoff committee", and its members from such large corporations as LI & FUNG, HSBC, and Standard Chartered have taken the lead to lay off employees. The TVB recently had a layoff, and it seems that all companies making profits have laid off staff. The companies will not give any advance notice when they lay off employees, there is no negotiation, and they act in an overbearing manner.

The question for oral answer asked by me today is about an issue that we have always raised. Why does the Government not enact legislation to specify that the trade union or staff representatives should be consulted before retrenchment so that the parties can consider a third alternative rather than allowing the employers to lay off staff on every occasion? Some companies have evidently taken the opportunities to lay off employees because they can see that the circumstances are unfavourable and all companies are doing this anyhow. These companies are actually financially sound and making profits, why have they laid off employees? Because they want to make their books look better next year. To achieve this target, they have to sacrifice some positions and the income of some families. What has the Secretary done? He has not done anything.

Today, the Democratic Party has asked during the question time whether a Charter can be drawn up. If the Charter clearly specifies that the participants

have to consult the trade unions, and that layoffs should be avoided as far as possible, this is a favourable proposal, but I suspect What is the problem raised the Democratic Party? Nobody dares sign the Charter. If anybody dares, I will certainly welcome the Charter. However, I think that the most thorough solution is legislation. If companies are allowed to voluntarily sign the Charter, I am suspicious about the effectiveness. Nonetheless, we might as well give it a try and observe what would happen. The Secretary might as well play tricks as he did in respect of minimum wage, and enact legislation if the Charter is not signed, is it all right?

Insofar as layoffs are concerned, when the Secretary replied to the oral question today, he advised the parties concerned to conduct consultations and communicate with one another voluntarily for he thinks that this is the best approach. However, are there any companies that would conduct communication and consultations voluntarily? The answer is no. None of the members of the Task Force has answered the Secretary's call for voluntary consultations; not even one of them. If these members have failed to do so, should we ask the Chief Executive to dismiss them or disallow them to be members of the Task Force? The Secretary will not do so. So, the Secretary has done nothing.

The second thing that the Secretary has not done is creating job opportunities. I have stated in my oral question today that, besides infrastructure projects, the Administration does not have other measures. When he later speaks in reply, he may say that the departments are making considerations, but I am not sure what they are thinking about, and I cannot see what they have done. Will he give an account later? Will there be good news for the public on 1 January so that they will have confidence in the future? Is there any good news? We do not know and we do not see the Government doing anything at the moment.

President, another question today is about the Commission on Poverty (CoP). The Secretary has said that he will not consider re-establishing the CoP and the only reason is that there is already a task force to follow up the recommendations previously made by the CoP. In addition, another function of the task force is to explore new — the word "new" again — measures; is there anything new? I would like to challenge the Secretary. Is there anything new?

I ask the Secretary to pick a new measure and give this Council an account so that we know that the Secretary has a new measure. If not, I ask the Secretary to re-establish the CoP and continue to explore new measures together with the people instead of exploring these measures behind closed doors because I cannot see them.

President, one measure is actually going to be abolished; it is the cross-district travelling allowance, and some people will cease to receive the allowance starting from January next year. Why? It is because they have already received the allowance for one year, and the Administration has stated that the scheme would only be implemented for one year. The scheme has been allocated \$300 million; \$100 million has already been used, and there are \$200 million left. Yet, the Government is unwilling to extend the scheme and provide \$600 travelling allowance to people with the greatest difficulties and lowest income in the wake of the financial tsunami. As at today, the Government has not told us that it is willing to extend the scheme. Does the Secretary have an answer? We do not need to talk about new measures since the Government has even not extended the old measure.

If the Administration wishes to introduce new measures, what should it do? The Administration should extend the scope of the travelling allowance to cover all districts in Hong Kong so that a low-income worker will be given \$600. To a certain extent, the grant can be called "low-income subsidy". I do not care how it is called and I do not mind calling it travelling allowance; the most important point is that it can help the low-income people and encourage them to work so that they find value in their work and travelling expenses will not take up a very significant part of their income. Is this feasible? The Secretary has not told us.

Hence, President, I wish the Secretary would really be committed and sincere towards helping people face the critical situation now.

Ms LI Fung-ying proposes establishing an unemployment loan fund. I think that loans are too dangerous because it is difficult to ask those people concerned to make repayments. We might as well establish an unemployment and relief loan fund, which can at least help these people. At present, the

unemployment situation of the middle class is serious; they may have to service their home mortgages, and if the Administration thinks that they can make repayments, it may consider offering them loans because it is most important that they have the abilities to make repayments. President, it is worthwhile to give these people assistance.

DR PAN PEY-CHYOU (in Cantonese): President, 17 October was the International Day for the Eradication of Poverty specified by the United Nations. This year, under the shadow of the financial tsunami, the Day for the Eradication of Poverty was not given due attention. In fact, poverty has always been around us. In Hong Kong, one in every seven workers has a monthly salary below \$5,000. Nowadays, food, transportation and rents are very expensive and \$5,000 is barely enough for one person living alone, so it is utterly impossible for a worker to support a family with such an income.

Some have said that "poor" and "rich" are relative and subjective concepts, but there are objective standards for measurement in social sciences. There are generally three methods.

The first method is to divide the working population into 10 groups consisting of equal numbers of members by income. This is known as the distribution of income by decile group. According to the Census in 1991, the median income of the group with the lowest income was \$3,084, and excluding inflation, the income of this group in 2001 was only \$2,977; in other words, the income has decreased by around 3.5% within 10 years. Besides, the income of the remaining nine groups have risen rather than fallen, and the income of the richest group has increased by almost 30%. It can be seen that the income of the group with the lowest income has continuously dropped, and there is an increasingly greater disparity between them and the others.

The second method is to apply the Gini Coefficient mentioned by Honourable Members earlier. The Gini Coefficient ranges from zero to one. While zero represents perfect equality, that is, each household in a society has the same income, one represents the most extreme disparity between the rich and the

poor, that is, one household earns all the money. The higher the Gini Coefficient value of a society, the more serious the disparity between the rich and the poor. In Hong Kong, the Gini Coefficient in 1986 was 0.45 but it rose to 0.533 in 2006. Today, a few Honourable Members have talked about the figure, which reflects that we have already reached a dangerous level.

The third method is to calculate the median income. Between 1991 and 2001, the per capita Gross Domestic Product (GDP) of Hong Kong rose by 27%. Calculated on the basis of the market value in 2001, the median monthly income of households in 1991 was around \$15,000. Ten years down the line, the median monthly income of households had increased to \$18,500, and the rate of increase was more than 22%. However, what was the situation of the poor households? In 1991, 10% of the households in Hong Kong were the poorest, and their median monthly income was \$3,084, yet, it dropped to \$2,977 in 2001, and the rate of decrease was 3.5%.

At present, 1.3 million people in Hong Kong are living below the poverty line, and 800 000 among them are members of low-income families with the household income below the CSSA level, and 300 000 are employed women with a monthly income of less than \$4,000. Thus, the situation of low-income women is particularly serious.

Besides, the poverty problem of the elderly is very serious. According to the By-census statistics in 2006, there was an increase in the number of single elderly persons, and the rate of increase was 16% from 2001 to 2006. Insofar as income was concerned, in 1991, the average monthly income of single-elderly households was around \$5,900; by 2001, excluding inflation, their income had decreased by more than 20%, and it was only \$4,600.

There are also households of elderly couples. In 1991, there were around 23 000 such households; 10 years later in 2001, the number more than doubled and there were 54 400 such households. They also had less income, and their income had decreased from around \$9,100 in 1991 to less than \$7,400 in 2001, and the rate of decrease was 20%.

In addition, there was the problem of working poverty. Between 1991 and 2001, the income of working people had increased and the highest rate of increase was 55%. Calculated on the basis of the median monthly income, the income of working people had increased from \$8,481 in 1991 to \$11,250 in 2001, and the rate of increase was over 32%. But for 10% of the working population with the lowest income, their median monthly income in 1991 was \$3,701, which had only slightly increased by 4% in 2001. These figures made us tremble with fear and reflected that there is a very serious long-standing problem of disparity between the rich and the poor.

Actually, during the last term of the Legislative Council, the Subcommittee to Study the Subject of Combating Poverty (Subcommittee) was established. In 2006 and 2007, the Subcommittee published three reports on working poverty, elderly in poverty and women in poverty, and made a lot of recommendations. In early 2005, the former Chief Executive established the Commission on Poverty (CoP) to study the poverty problem. But after the dissolution of the CoP on 30 June 2007, the recommendations were not fully implemented. The problem has now become increasingly serious and the financial tsunami has turned the chronic illness into an acute condition. The current situation of the poor can be described as precarious and they need assistance urgently. We think that the Government should take up responsibilities at this moment. We suggest that, in terms of long-term policies, the Government should implement anew various recommendations made by the Subcommittee, and re-establish the CoP. Regarding short-term policies, in this desperate situation, the Government should give those people who have lost their jobs unemployment assistance and spare no efforts in creating and retaining jobs so that the work on the eradication of poverty can continue, and Hong Kong will become a fairer and more harmonious society. Thank you, President.

MR LEUNG YIU-CHUNG (in Cantonese): President, once again, we discuss the problem of disparity between the rich and the poor today. Actually, over the past few years, we have been discussing this topic almost once a year. Therefore, this topic is not new to us at all. We have been discussing this topic once a year, but regardless of the shape of the economy, we always notice the same phenomenon — the incessant worsening and widening of the wealth gap. I find this very shameful and deplorable because none of the discussions has ever succeeded in making the Government resolve the problem in a practical manner. We observe that over the past few years, the Government has been publicizing

Hong Kong as Asia's world city, but we must still admit one problem. According to a report published by the United Nations, Hong Kong surprisingly ranks first in Asia in the disparity between the rich and the poor, with its situation being even worse than that in some developing countries. In that case, no matter what efforts we make, all will still be useless. If we cannot really solve the problem, it will not be possible to change our image.

We can notice that the Government has indeed made many efforts. Members have, for example, mentioned that during the time of TUNG Chee-hwa, or, precisely, towards the end of his time, the Commission on Poverty (CoP) was established. Unfortunately — it was not so unfortunate after all — he stepped down shortly afterwards for reasons of his sore leg, and the matter was handed over to Donald TSANG. Soon after Donald TSANG's assumption of office, the CoP submitted a report, and it was dissolved. It is sad to say that the submission of the report was all that happened. How about its contents? There were never any follow-up actions. President, I said just now that we have been discussing this topic once every year, but what is the use any way? There may not be any outcome, and the problem will simply persist.

Today, Mr Frederick FUNG proposes to re-establish the CoP. I would not say that I do not support this proposal. Rather, I support the idea very strongly. But I think there must be some preconditions. The reason is that if the CoP is to remain a mere "talk show" after its re-establishment, if it does not have any actual powers of policy formulation and execution, then all manpower and resources will be wasted. The focus will be shifted, ending up in indecision and lack of concrete results. Therefore, I hope that if the CoP is really to be re-established, it must be given a concrete mission and actual powers, so that it can really execute policies to solve the problem. Only this can make it meaningful.

Members are also concerned about how we can tackle the spates of layoffs and employment difficulties during the present economic downturn. The Secretary has replied that the most important thing is to arrest the loss of jobs. President, it is of course important to do so, but I am afraid the Government may just be paying mere lip-service. Why do I say so? Many non-civil service contract employees have told me that the Government has been exerting pressure on them, saying that their contracts will be terminated and outsourcing will be

introduced instead. President, this is a very serious problem. Why do I say so? The reason is that once outsourcing is introduced, the number of people under employment will decrease, thus producing the objective result of unemployment. Second, even those people who are still in employment will be given lower wages. In other words, their incomes will decrease. This will produce negative impacts on the Hong Kong economy as a whole.

Therefore, if we are to do something to cope with the present adversities, the Government must, first and foremost, stop all outsourcing exercises. This is very important. Another thing is that during the outbreak of SARS, the Government managed to create some posts for the poor very quickly. I think the Government must also do the same under the present circumstances. Secretary Carrie LAM has repeatedly stressed that in many cases, the Government has already compressed the required procedures, so that the projects concerned can be launched as soon as possible. However, the Secretary must realize that, first, all the jobs concerned are found in the construction sector. Second, she must also admit that no matter how fast they proceed, the jobs cannot be created immediately. The effects will only be felt very slowly after several months, half a year or even one year. I therefore think that the Government should make some immediate efforts and create some jobs itself, so that unemployed people can secure employment at a sooner time. This is the only solution. The Government simply should not keep telling people having employment difficulties to wait, saying that the works projects will be launched very soon and they will then get a job. By saying something like this so often, the Government will give people a false hope, which may not be of any help to them. What is more, as pointed out by some Honourable colleagues, even though jobs are created in the construction sector, openings will be confined to a very narrow range of posts, meaning that we will still be unable to tackle the extensive loss of jobs brought about by the financial tsunami. I therefore think that the Government must also provide some assistance in this regard.

President, these days, many enterprises are complaining about another problem, the problem that they are forced by soaring rents to wind up their business or close down. If the Government does not help them by exerting some sort of pressure, the trends of layoffs and business closure will certainly intensify over time. I hope that the Government can enhance its efforts of curbing the rising trend of rents, so as to give enterprises some room for survival.

Lastly, I agree with Mr LEE Cheuk-yan that many enterprises have tried to take advantage of the situation, for they have still laid off staff despite making profits. This is unscrupulous and against social ethics. The Government should condemn such actions, rather than gently advising them not to lay off any employees unless absolutely necessary. Such gentle advice simply cannot achieve the desired result. The Government should tell all enterprises unequivocally that if they are still making profits, they must not lay off any staff. This is the only way to tackle the problem. President, I so submit.

MR IP WAI-MING (in Cantonese): President, I have the feeling that nowadays in Hong Kong, poverty is often regarded as a crime of some sort.

Many people who must live on Comprehensive Social Security Assistance (CSSA) for reasons of poverty are often stigmatized. I hate to mention this expression, but they are often regarded as "a rat emerging from the gutter". The Government even labels them as "lazybones". I can remember that about half a year ago, there was a Social Welfare Department advertisement which described CSSA recipients as lazy people unwilling to "take part" in the game. The Government eventually had to withdraw the advertisement due to protests in society. What was the underlying message of this advertisement? We think that the Government's main intention was to smear CSSA recipients.

There is another kind of poor people, poor people who are not in receipt of CSSA. These people are called the "working poor". They are similarly looked down upon by society. They do the lowliest jobs in society, such as dish-washing, toilet cleaning and outdoor food delivery, and their meagre incomes are not even enough for their subsistence. But they must work long hours with very little rest time. Very few people in society, however, seem to care about their situation. When trade unions and other organizations fight for a minimum wage and standard working hours for them, they are frequently criticized for their "populism". I believe that poverty is no crime. But why does the Government discriminate against poor people? Or, why does it seek to create an atmosphere of discrimination against people who must depend on CSSA because of poverty?

We Hong Kong people are noted for our charitable deeds. Through many different channels, we have been making charitable donations to other places in

the world. I therefore hope that while paying attention to global poverty, we can also care for the poor people around us.

Some very close to home examples are cleansing workers and security guards. Over the past few years, the Legislative Council has been fighting for the setting of a minimum wage as a means of protection for low-income earners. But there has been strong resistance. The Government launched the Wage Protection Movement some time ago, but only a thousand or so organizations responded. Even now, after the Government has promised to enact legislation, many employers still voice their objection on the ground that the economy is in poor shape.

If the Government and society as a whole both discriminate against poor people, if they do not want to squarely address the problem, or if they cannot quite understand why there are so many poor people in our society, it will be very difficult to tackle the disparity between the rich and the poor, I must say. I think poverty has by now become a structural problem in Hong Kong, one which reflects a total imbalance in the structure of our employment market.

Since the 1990s, the Government has been advocating a shift to knowledge-based, high-value added and high-tech economic activities, or financial industries. But many industries and sectors which can support the living of many Hong Kong people have since moved out of Hong Kong, thus resulting in an imbalance in the local employment market. Large numbers of workers with low qualifications and skills are plunged into difficulties and rendered unable to secure any employment in the course of economic restructuring. The so-called social transformation and economic restructuring of Hong Kong over the past decade or so has been frankly unsuccessful. What kind of situation is faced by our society now? In brief, we have one foot on the bank and the other in the boat.

We have been talking about a shift to high-tech and high-value added industries. But even now, we still cannot identify any flagship industries for the purpose. All the time, we only talk about the financial and property sectors. To a certain extent, I do not think the real estate sector can generate any real value. Speaking of the financial industry, I must say that from the prevailing financial tsunami, we should be able to see the employment impacts of reliance on one single industry.

There is actually a shortage of jobs for grass-roots workers in the labour market. There are very few jobs for these workers, and this is the root cause of poverty. If the breadwinner of a family can earn only a very meagre income and he must support three or four dependents, then the whole family of five will all suffer poverty. The breadwinner's parents and even his children will also be plunged into poverty. They will find that they can never extricate themselves from poverty, can never turn the corner.

We therefore think that increasing employment opportunities for the grassroots should be the most important task if we are to tackle the problem of poverty. But we do not think that the Government has ever administered the right remedy. All the time, it simply says that the unemployed must receive retraining if they want to get any jobs. It also argues that when the economy improves, the employment situation will likewise turn better. But history tells us that in reality, even when the economy picks up, workers' employment prospects will not turn any better.

The Government's Task Force on Economic Challenges also talks only about economic challenges. Can grass-root workers also benefit from the opportunities arising from the challenges? When we asked this question, the Chief Executive only told us that there would be a time lag. We therefore hope that the Government can make more efforts in this respect. The Hong Kong Federation of Trade Unions has put forward many suggestions, such as the development of economic diversification and morning markets as a means of increasing employment opportunities. But it seems that the Government has never heeded our views.

President, we hold that at a time when we are battered by the financial tsunami, the SAR Government should identify opportunities for grass-roots wage earners. We propose the establishment of an economic and employment committee for the purpose of creating new jobs.

Thank you.

MR ALBERT HO (in Cantonese): President, we can remember very clearly that during his election campaign, Donald TSANG mentioned a number of challenges faced by Hong Kong. He explained that one of these challenges was poverty, for the increasing disparity between the rich and the poor had hindered our social

mobility. For this reason, he said that unlike people 20 or 30 years ago, people nowadays found it very difficult to climb up the social ladder slowly.

He was right. But what are the solutions? According to him, Hong Kong should accord priority to economic development and seek to attract capitals and enterprises to Hong Kong by maintaining its low-tax regime and introducing measures to facilitate business operation. He is of the view that once enterprises can make profits, there will be a "trickle-down" effect. The resultant consumption and corporate policies on salary adjustments will benefit all social strata in the end.

But our observation over all these years (which is even supported by clear statistics now) is that Hong Kong has already become an M-shaped society. On the one hand, an increasing number of people, about a million, now live below the poverty line. In 2003, a United Nations committee scrutinizing the implementation of the International Covenant on Economic, Social and Political Rights warned Hong Kong, in very strong words, that it must tackle the problem of elderly in poverty. But on the other hand, as we all know, Hong Kong is also noted internationally for an abundance of rich people. Many Hong Kong people are on the list of the wealthiest people in the world. And, the number has been increasing.

President, what accounts for this situation? Actually, the laws of nature are very simple. Historical experience tells us that the concentration of wealth is a law of nature. There has never been any automatic and even distribution of wealth. Such distribution of wealth must depend on social policies and good governance. Governments must implement policies that care for the people before there can be any just distribution of wealth. But this has never been the case in reality. The Hong Kong Government has never done so. All is left to enterprises. But do enterprises have any social conscience, any sense of corporate social responsibility? Sorry, the answer is in the negative. Some enterprises with a long history in Hong Kong have been reaping huge profits over all these years. Some of them can even rival governments in terms of financial strength. The Hong Kong and Shanghai Banking Corporation (HSBC) is one example. Rooted in Hong Kong, HSBC has expanded its presence to the whole world and become a leading international banking syndicate. It symbolizes Hong Kong's achievements and success history. However, at this very time

when the economy here worsens just a little bit (as Members can surely observe), it does not want to bear the responsibility of giving the people any assurance. President, it has instead taken the lead in laying off staff. Another enterprise which been growing up hand in hand with Hong Kong is the Hong Kong Television Broadcast Limited (TVB). It has also taken the lead in laying off staff.

As Members know, the functioning of a free and capitalistic society is often based on people's confidence index in relation to their economic prospects. But HSBC and TVB have themselves depressed the index. This will easily result in fulfilled prophecy. They set a bad example, and other enterprises will follow suit. They took the lead in laying off staff, others will also do so. All is so simple. When the Chief Executive Officer or President of a huge corporation take the lead in selling the stocks of the corporation, how can anyone still dare to buy its stocks? The logic is so simple. The Government has not only failed to stop them from starting such a trend; it has even appointed representatives of such enterprises to the Task Force on Economic Challenges. What message does the Government want to deliver to Hong Kong people?

Paul KRUGMAN, a fresh Nobel Laureate in Economics, has remarked that economic factors cannot explain why economic growth is often coupled with a widening wealth gap. According to him, political factors are the reasons. The whole problem is connected with the theory of political economy. He explains that a government's handing out of benefits to consortia and slashing of welfare spending will only make the poor even more desperate and helpless. Any hope that wealth will somehow trickle down is nothing but wishful thinking. We know very well that piecemeal policies are simply unable to reverse the situation. The Democratic Party has put forward a number of policies today, but it must admit that these are just some rudimentary and fragmentary policies intended to give the whole thing a push of some kind. The key lies in society formulating a common objective, a socio-political objective accorded with priority. And, the entire Government must have the determination to implement the objective. However, I do not have any confidence that the Government can really do so. The reason is that, as I have mentioned, this is actually a political issue rather than an economic one. This Government is not formed in accordance with democratic procedures, and its governance is never people-based. Can it really do so?

The Secretary may have the will, but he does not have the powers. We observe that many democratic countries will adhere to an equity agenda when formulating policies. Do we also have one? Therefore, when we discuss the alleviation of the wealth gap once again today, we must remind ourselves that democracy is the only way out.

MR CHEUNG KWOK-CHE (in Cantonese): President, as a result of the economic downturn, many people have been plunged from the middle classes to the grassroots. The size of the grassroots is bound to expand continuously, thus bringing pressure to bear on our safety net. Under such a situation, while we do need a systematic series of government measures to assist small and medium enterprises (SMEs), we must also establish a commission on poverty to explore various specific measures to assist the grassroots in facing the economic adversities.

Frankly speaking, alleviating poverty is not necessarily equal to handing out money. These days, many in society have been advocating the issuing of consumer coupons. But I must say that consumer coupons can at best give a momentary boost to the economy only. The perennial wealth gap problem faced by the grassroots cannot possibly be solved by one or two attempts to hand out money. Instead of offering any benefit on a one-off basis, the Government should spend the money on commitment to some long-term measures. This is exactly what United States President-Elect Barrack OBAMA wants to do. During his election campaign, he put forward a policy of taking wealth from the rich to aid the poor. He ruled out any across-the-board tax cut. Instead, he said that any tax cut would be confined to those earning less than US\$200,000 a year. And, the tax on those earning US\$250,000 a year and the profits tax would both be increased. Such a policy will surely narrow the wealth gap a little bit. The Hong Kong Government should learn from OBAMA.

The Government should not use the financial tsunami as an excuse either. It should not think that economic cycles or cyclical recessions can already reduce the wealth gap. It is indeed true that in times of recession, all investors will sustain losses. In the case of tycoons, they can still manage even after losing \$100 million or \$200 million. But a middle-class person may well become a proletarian after losing \$1 million. As for the grassroots, a loss of just \$10,000 may already be too much. Admittedly, people belonging to the grassroots, such

as a family in receipt of CSSA, will not sustain any losses because they simply do not have any money for investment. But since prices have yet to fall and they cannot cope with their expenditure with the CSSA payments, they must continue to be battered by the poverty problem.

President, in order to solve the poverty problem once and for all, the Government must create employment opportunities. The reason is that the root cause of the problem in Hong Kong is unemployment. But this does not mean that the Government should just create a number of insignificant short-term jobs. Besides expediting the launching of infrastructure projects, the Government should also provide social enterprises with stronger support, the reason being that apart from the grassroots, social enterprises can also benefit the disadvantaged members of society, who may not necessarily get any assistance from the launching of infrastructure projects. The profits made by social enterprises are either shared by their employees or ploughed back into society; they are not profit-making enterprises. In the long run, such people-based enterprises will produce positive impacts on social development and the fostering of social harmony. Some successful social enterprises I know of, such as those providing post-natal care, can systematically and successfully assist low-qualification, low-skilled and even unemployed middle-aged women in regaining their self-confidence and building up their social networks. The Government's poverty alleviation objectives should cover all in society, because what Hong Kong people need are not only jobs but also opportunities to stand on their own feet and live with dignity.

Jobs aside, Hong Kong people are most concerned about the monthly rents they have to pay. Since the abolition of rent control in 1998, rents have been going up incessantly. Some poor people are thus forced to make do with the appalling living conditions in crowded housing units. The poverty problem has therefore worsened, and landlords seem to be the only beneficiaries. Therefore, in order to narrow the wealth gap, the Government should review the rent control legislation, so as to prevent landlords from increasing rents at will. The details can be discussed in the Legislative Council later.

President, I so submit.

MR TOMMY CHEUNG (in Cantonese): President, Christmas is just three weeks away. But this year, Hong Kong people may have to spend their Christmas in the chilly winds of layoffs, wage cuts and recession, because the problems caused by the financial tsunami, such as unemployment, have started surfacing one after another. The grassroots are not the only ones who suffer; even bank employees, who used to be regarded as having an almost unbreakable "rice bowl", may lose their jobs overnight and have to join the unemployed ranks. Therefore, the Liberal Party thinks that in order to assist the people in coping with the adversities, the Government must, first and foremost, try to boost the economy, create employment opportunities and reduce the loss of jobs.

The Liberal Party has already made a series of recommendations to the Financial Secretary. These recommendations are mainly aimed at creating employment opportunities. For instance, we propose to offer tax concessions to enterprises which have created a specified number of new posts. We also propose the creation of at least 15 000 temporary clerical and other junior posts within the Government for a period of six months to one year, with a view to alleviating the worsening unemployment problem and easing people's pain to a certain extent.

Naturally, the Liberal Party also supports the expeditious launching of the 10 major infrastructure projects and other large infrastructure projects (such as the construction of the Central-Wan Chai Bypass and the Central Kowloon Route). But we also think that in the run-up to the launching of these projects, the Government should streamline all procedures by all means, so that other medium and minor infrastructure projects can be launched as early as possible to create jobs in the construction industry.

However, the Liberal Party at the same time hopes that the Government will not forget the importance of services industries, such as the catering and retail industries, to the economy of Hong Kong. The financial tsunami has already brought forth a bitter winter for Hong Kong. In a survey conducted by Shue Yan University, 40% of the respondents said that they would spend less money during the coming Christmas and New Year. They disclosed that they would axe their consumption amount by as much as 44%. To the relevant industries, this is indeed a siren of grim prospects.

Although many in the industries concerned have already hastened to cut prices or offer various concessions, such as "one dollar for a chicken" and one dollar for many other things, even for six egg tarts, so as to struggle for survival, it is still believed that the situation will turn even worse after the Chinese New Year. The Liberal Party therefore suggests the Government to issue a \$1,000-consumer coupon to every Hong Kong resident, so as to boost domestic consumption and prevent a "bloodbath" in the industries concerned. We must once again urge the Government to seriously consider our proposal on consumer coupons, rather than resorting to various excuses. If the Government continues to watch the situation with folded arms, it may become too late when it finally decides to take rescue actions.

President, I know that other political parties and groupings do not share our views on the issue of consumer coupons. The Liberal Party welcomes any suggestions, as long as they can help boost consumption. But if they do not have any other ideas, they should really support our proposal even though they have reservations about it. Similarly concerned about the poverty problem in society, the Liberal Party agrees to the re-establishment of the Commission on Poverty (CoP) as proposed in the original motion. Actually, many of the 50 or so recommendations made by the former CoP are worth implementing. One example is the formulation of a district-based poverty alleviation policy. But no concrete actions have been taken so far. The Liberal Party therefore agrees to Mr TAM Yiu-chung's amendment, which requests the Government to fully implement the recommendations.

Child poverty, for example, should receive our special attention. As estimated by the Commission on Strategic Development, about 143 000 children aged between zero and 14 are caught in poverty. And, a survey has even shown that nearly half of the low-income families are unable to pay for their children's extracurricular activities. Education nowadays emphasizes the activity approach, so if the situation persists, the dire consequence of inter-generational poverty may result. The Liberal Party therefore requests the Government to offer an additional activity grant and a transportation supplement to the children of those families in receipt of CSSA. The Liberal Party also requests the Government to provide these children with a grant for the subscription of Internet and mobile telephone services, so that they can access the boundless realm of the Internet and upgrade their knowledge.

With regard to the elderly, the Chief Executive talks about "encouraging various sectors and private organizations to offer different forms of concessions to them" in the policy address. But while his words are still ringing in our ears, the MTR Corporation Limited (MTRCL) has already hastened to do the opposite thing of abolishing the holiday concessionary fare of \$2 for the elderly with effect from this coming Sunday, much to the anguish of the elderly and running counter to the Chief Executive's undertaking. The Liberal Party therefore urges the Government and the MTRCL to reinstate this concessionary fare as soon as possible and even extend it to time periods when patronage is not at the capacity level, including the off-peak hours from Mondays to Fridays. We are convinced that all these fare concessions can directly benefit the elderly, and the MTRCL can also make good use of its spare capacity to increase revenue, thus leading to a win-win situation.

In regard to Dr Priscilla LEUNG's proposal on organizing more training courses and subsidizing the unemployed to pursue continuing education, the Liberal Party does not have any objection. The only point we want to raise is that the Employees Retraining Board already provides a series of free courses for unemployed persons aged 30 or above, and an allowance is also granted to such trainees. We therefore wonder whether it is necessary to expand such courses indefinitely.

Concerning Mr WONG Sing-chi's proposal on setting up district poverty funds, the Liberal Party is of the view that rather than earmarking a sum of money for setting up these funds, it will be better to make direct funding for poverty alleviation in the light of the actual situation in individual districts. As for the unemployment loan fund proposed by Ms LI Fung-ying, we are afraid that it may duplicate the function of existing welfare provision. The Liberal Party therefore has reservations about this proposal.

Lastly, I wish to say a few words on the No Layoff Charter mentioned by some Members just now. Many small and medium enterprises (SMEs) engaged in retail and catering business are right now preparing a No Layoff Charter. We hope that the Charter can be ready on 15 December, and I call upon SMEs to sign the Charter. We have prepared all the details and will contact as many kinds of SMEs as possible.

President, I so submit.

MS CYD HO (in Cantonese): I must first speak on the No Layoff Charter mentioned by Mr Tommy CHEUNG just now. I also hope that they can announce the details to the public, so that people can all patronize the food establishments that agree to sign the Charter. In this way, the power of consumers can be used to promote and retain employment opportunities.

President, the disparity between the rich and the poor is actually a perennial problem in Hong Kong, where the economy has become increasingly unitary in structure and biased towards the financial industry. As our GDP rises and our society becomes more affluent, wealth will be more and more polarized. What we see is relative poverty, meaning that the young generation of grass-roots families are unable to compete with others in a level playing field. However, with the onslaught of the financial tsunami, the grassroots have now even lost their jobs. So, they may all be plunged into absolute poverty. This is of course like spraying salt on the wounds of grass-roots families.

Even in good times, the grassroots in our society are already very miserable. And, when the GDP drops, they will be even more miserable. This is a deep-seated conflict in Hong Kong's economy and also a problem that must be resolved as soon as possible.

To alleviate poverty, it is most important to retain jobs. Recently, many political parties have been making various proposals on consumer coupons, lucky draw tickets and even cash handouts. But according to opinion polls, what people support most strongly is the creation of employment opportunities. The reason is simple. As long as people have jobs, they can stand on their own feet. As long as they work hard, they will receive wages at the end of every month. There will be some sort of livelihood assurance. They will then spend money, thus maintaining the prosperity of all sectors.

Many people may not understand how one dollar of government investment in the economy can trigger off a spending cycle and result in the multiplier effect. But when it comes to confidence, the general public must be the authority, because the confidence we are talking about is their confidence, and

they are the very people who have direct feelings about what is going on. Therefore, I hope that Members can realize this point and seek to look after people's feelings.

The Government relies on the expeditious launching of infrastructure projects as a means of creating employment opportunities. These days, in a bid to boost people's morale, many government officials have been telling us how projects have been approved, and how many employment opportunities will be provided. I have heard such talks three times so far this week. However, the infrastructure projects in question will mainly create jobs on construction sites. These jobs are predominantly for men. The jobs available to grass-roots women under these infrastructure projects are only some menial jobs like the clearance of debris and general cleansing. As a result, the morale that the 10 major infrastructure projects and minor works projects can boost is just the morale of men. The morale of women will continue to be low, for their prospects are still grim.

As usual, women as a social group are the first victims of the onslaught of impoverishment. For this reason, President, I propose that the Government must invest resources in creating some temporary job openings for women. Actually, we already accumulated some experience in this back in 1998 and 2003. In these two years, the Government allocated funding to social service agencies for the provision of services needed by society. For reasons unknown, the creation of certain categories of jobs, such as general cleansing in public health care institutions and the maintenance of dangerous slopes, have never been dealt with. It should be noted, on the one hand, that employment opportunities can thus be created. On the other hand, we can also see that society really needs such services. We will not create any meaningless jobs by digging up a road during the day only to have it paved again at night, as criticized by some economists.

Actually, in the urban areas of Hong Kong nowadays (including Kowloon, of course), many old buildings have yet to set up owners' corporations (OCs). In these buildings, no one is hired to remove household rubbish. Residents must themselves put their rubbish into the litter bins in the streets every evening. District Councils call all such wrapped-up rubbish "glutinous rice dumplings". At night, stray dogs and cats will tear open these bags of rubbish, thus attracting

numerous pests, giving a very big headache to the Food and Environmental Hygiene Department (FEHD). I therefore propose the authorities to instruct the District Offices all over Hong Kong to take stock of the old buildings which have yet to set up OCs to handle their cleansing work. Then, according to the needs in individual districts, applications for funding should be filed with the respective District Councils. The authorities should also take charge of the recruitment of cleansing workers to provide each of these buildings with cleansing-related services, such as rubbish removal and cleaning of public areas, for a period of two years. During the two-year period, owners should be encouraged to set up OCs. After the two-year period, the newly established OCs can continue to hire female workers for the cleansing tasks.

I also urge the Social Welfare Department, the Leisure and Cultural Services Department (LCSD) and the FEHD to step up communication, so that a greater number of vacant or available government premises can be allocated to women for the provision of community child care services. At present, community child carers can only provide services in the vacant units of public housing estates. But the point is that many women may just want to leave their children for about an hour, so that they can buy food, go to banks or pay electricity bills. Afterwards, they will pick up their children. Some women may need to accompany their family members to follow-up medical consultations. Or, sometimes, a woman may just be so tired that she really needs to play a ball game or see a movie. In all these cases, occasional child care services are required.

Actually, the authorities can provide such occasional child care services at venues close to markets and the sports complexes under the LCSD. The social demand for such services is not yet very noticeable because, very often, women will simply give up their demand and stay with their children when there is no one to look after them. But if government departments can help provide venues, community child carers will be able to operate such business, and such a demand will surely emerge.

Fresh university graduates are another social group facing unemployment. Every year, there are roughly 14 000 fresh university graduates who need to look for jobs in society. They do not have any working experience. Only those top

graduates or those from families with personal and social connections will find it easier to land jobs. Other graduates will all be rather desperate. Therefore, I urge the authorities to co-operate with universities and the business sector in the provision of subsidies to employers who offer six-month internships to fresh graduates. Why half a year? The reason is that about eight months later, there will be another batch of fresh graduates. Such six-month internships can enable graduates to gain sufficient working experience, thus facilitating their job search in the future. Of course, employers must not subscribe to the subsidized internship scheme just to make sure that they can lay off other staff. This must be the precondition.

President, the CoP under discussion today really puts us in a dilemma. The reason is that many of the recommendations made by the CoP have never been adopted by the Government. What then is the point of continuing with the discussions? If the Government cannot address people's urgent needs, if it simply brushes aside all recommendations, the CoP will be unable to perform its functions. But then, having the CoP is after all better than not having it, because given more discussions, society will see the needs and people will put forward demands to the Government. And, the Government is bound to respond in that case.

Therefore, President, I will support Mr Frederick FUNG's motion today. Thank you.

MR WONG KWOK-HING (in Cantonese): President, I rise to speak in support of the original motion and all the amendments.

Today, I have with me a \$200 billion proposal which the Hong Kong Federation of Trade Unions (FTU) is going to submit to the Government. This proposal contains 25 measures that can come to the rescue of both Hong Kong people and the whole market. After delivering my speech, I will give the proposal to the Secretary.

President, I think that Secretary Matthew CHEUNG is a government official who sincerely wants to help the grass-root workers. He has also been doing his very best to tackle the unemployment problem. Unfortunately,

however, despite his determination, the Secretary's efforts are simply not strong enough. I do not want to describe the Secretary as powerless, but I must say that his efforts are really not strong enough. Therefore, the following part of my speech will focus on two major points. I hope that I can hear the Secretary's reply to them.

First, I hope that the Government can establish anew an employment commission as soon as possible to focus on identifying solutions to the unemployment problem. Second, I hope that the Government can set up an inter-departmental task force on employment. The name of this task force is not important. The reason is that if we do not tackle the unemployment problem, more and more people will become jobless in the current financial tsunami, and the wealth gap in Hong Kong is bound to widen incessantly.

Why do we need to set up an employment commission as soon as possible? As we all know, the Task Force on Economic Challenges recently set up by the Government has largely lost its credibility due to the fact that most of its members are representatives of certain enterprises which have still laid off staff despite making profits. How can this make Hong Kong people any more confident that the Government can solve the current unemployment problem, narrow the wealth gap and bolster public confidence?

Therefore, I hope that the Government can establish a new employment commission to solve this problem in a focused manner. If not, despite the Secretary's sincerity, he will have no chances to display his abilities and no one will ever pay any attention to him. How can he succeed in making the business sector respond to his appeals? At present, there are no labour representatives on the Task Force on Economic Challenges. Only one side is represented on it. How can the Task Force make any influence? Therefore, I hope that Secretary Matthew CHEUNG can seriously consider the FTU's proposal on establishing an employment commission. This is the most important recommendation in the proposal. If the Government does not consider it, I simply fail to see how it can work out anything better.

The second point I wish to make is that the Government is the largest employer; it comprises many different departments, and all the Policy Bureaux

are responsible for their respective portfolios. Secretary Matthew CHEUNG's authority is restricted to the Labour and Welfare Bureau, and his command can only reach down to the Labour Department. Other departments will not pay any heed to him. I can quote some examples, all of which are related to employment. But is the Secretary aware of them? Suppose he is, can he make other Bureau Directors join hands with him to create more employment opportunities?

For example, civil service affairs fall within the portfolio of the Civil Service Bureau. At present, many non-civil service contract employees face contract termination or dismissal. Is the Secretary aware of this? Roughly 16 000 contract employees are affected. Can the Secretary exert any influence and make the Secretary for the Civil Service accept his advice? If she does not accept his advice, what can he do?

There is another example. Construction projects fall within the portfolio of the Development Bureau. They claim that the 10 major infrastructure projects will create 250 000 posts, but if tenders are invited worldwide, the works contracts concerned may well be awarded to other international bidders in the end. In that case, the required prefabricated parts will not be manufactured in Hong Kong. Then, how can there be any job opportunities for Hong Kong people? Again, can the Secretary exert any influence?

Yet one more example is that the admission of talents is part of the portfolio of the Director of Immigration. According to the Security Bureau's report to this Council yesterday, the average salary plus housing allowance for 46% of the talents admitted over the past seven or eight years was less than \$20,000. This is precisely the market entry salary for local university graduates. Is that because Hong Kong people are not capable of taking up the posts concerned? The labour sector cannot make any queries. But the Secretary is similarly unable to do anything. This is really very disappointing, right?

There is yet another example. I asked the Transport and Housing Bureau one oral question precisely in this meeting. The question is about the elevators under the Bureau's supervision. These elevators are under the ambit of the Electrical and Mechanical Services Department. The present problem is that quality is sacrificed because of price concerns. Contracts will be awarded to the

bidders offering the lowest prices. But the Government denies that this is the case. I therefore want to know whether it is a contractual condition for the maintenance works of an elevator to be undertaken by two mechanics. The problem now is that quality is sacrificed because of price concerns. Therefore, only one mechanic is responsible for conducting maintenance inside an elevator. This is very dangerous and may result in many industrial accidents.

Is the Secretary aware of all these circumstances that will adversely affect workers' employment? Is he able to effect supervision? Therefore, Secretary, you have my support. If the Government does not set up an inter-departmental mechanism on employment, there can be no chances of success no matter how hard the Secretary tries.

The Secretary is now in this Council for discussions, but the Financial Secretary is not here and neither are other Bureau Directors. How can the Secretary fight for anything from them after listening to our views? Therefore, if the Government is really sincere in tackling the wealth gap and employment problems, it must first do something with its power structure. Thank you, President.

MR RONNY TONG (in Cantonese): President, throughout the 11 years after the reunification, the most serious issue, the issue most neglected by the Government of the Hong Kong Special Administration Region (SAR) must be the alleviation of poverty.

President, as rightly commented by our State leaders, poverty is a deep-rooted conflict in Hong Kong. And, this conflict may be the result of the bias in favour of a certain social sector (the business sector) under our political structure. President, the SAR Government has advanced an abundance of specious reasons, or excuses. For example, some argue that since Article 5 of the Basic Law provides that Hong Kong shall uphold the capitalistic system, Hong Kong must not uphold welfarism and democracy, for welfarism is a contravention of the Basic Law. President, such sophistry is totally untenable. Article 36 of the Basic Law provides that Hong Kong residents shall have the right to social welfare. More importantly, Article 39 refers in particular to the International Covenant on Economic, Social and Cultural Rights, the ICESCR in short. Article 7 of the ICESCR provides that all workers shall have the right to just and fair wages, and that all are entitled to the enjoyment of reasonable living

conditions. President, in our society, which possesses the largest number of Rolls Royces in the world, many people must still rent a bedspace with \$1,000 or even more a month. How can we tackle this problem?

President, another excuse flaunted by the SAR Government is that ours is a so-called Neo-Liberalism economy. During the time of TUNG Chee-hwa, he said practically every day, "It is alright. When the economy picks up, everybody will be fine." President, such a trickle-down theory has been proven an utter failure over the past 11 years. It has been proven that economic recovery will instead lead to a widening wealth gap. Our Gini Coefficient can be described as the most shameful in the whole world. Why? President, we are even ranked among all those undeveloped African and South American countries. And, the wealth gap problem in our society is the most serious among developed places. Statistics recently released by the United Nations show that our Gini Coefficient is still at the level of 5.33. President, doesn't the Government feel ashamed? It is the duty of every government to ensure that all its citizens can enjoy reasonable living conditions. This is the duty of all governments no matter which economic models or systems are upheld.

President, statistics alone already tell a very horrible story. For instance, in the second quarter of this year, when our economy was still experiencing a boom, there were 200 000 employed persons who earned less than \$5,000 a month. Given the inflation in our present-day society, how can people support their living with just a monthly pay of \$5,000? It is small wonder that some elderly persons have remarked that if they buy medicine, they will have no money for food, and if they buy food, they will have no money for any medicine. The Government should feel ashamed. And, even common people like us will also feel ashamed when watching such news on television. But then, why has the Government refused to take any actions all along? The first Chief Executive stepped down because of a "leg ailment". When the second Chief Executive assumed office, everybody thought that changes would be in the pipeline, especially when he also agreed to establish a Commission on Poverty (CoP). But it has turned out that all is just window-dressing. President, first, the CoP is nothing but a manifestation of how differently allies and opponents are treated. It is never meant to be a platform of discussions for non-government organizations or civil society. This aside, President, the more important point is that the Government has all the time turned a deaf ear and a blind eye to the many recommendations made by the CoP. The Government has refused to take any

actions; not only this, it even dissolved the CoP altogether on the ground that its existence was no longer required. President, will you also be outraged at hearing any such news reports or news? The Government has all along ignored the poverty problem in Hong Kong.

President, I am very grateful to Mr Frederick FUNG for moving his motion and to other Members for moving their respective amendments. But I cannot see why we should still argue whether the CoP should be re-established now, or only in case of future necessity, as opined by Mr TAM Yiu-chung. President, this is simply not the core issue. The core issue is that our poverty alleviation work does not depend so much on any CoP, but on the determination of the Government. If the Government claims that it has the determination, then I must ask, "How many of the recommendations made by the former CoP have already been taken seriously, enforced or implemented?" Therefore, President, when deciding whether to support or oppose the motion and the amendments, we in the Civic Party will not base our decisions on any propositions regarding the immediate or later establishment of a CoP, or on any arguments against the establishment of any such commission. Most importantly, we want the SAR Government to show the determination of facing the people of Hong Kong and really adopting a people-based approach.

President, lastly, I must say that we find it difficult to accept Ms LI Fung-ying's position of opposing the establishment of a CoP as explained in her amendment.

DR RAYMOND HO (in Cantonese): President, the per capita income of Hong Kong has reached the level of some developed places. However, there has been no significant improvement in the disparity between the rich and the poor so far, with its Gini Coefficient, which reflects the inequality of income distribution, rising to 0.533, suggesting that the problem is worsening. The Gini Coefficient of other developed countries such as Austria, Belgium, France, Germany, the Netherlands and Sweden only ranges from 0.25 to 0.3. Even the Gini Coefficient of the United States, which is relatively high, is only 0.44, still lower than that of Hong Kong.

According to a survey conducted earlier by the Hong Kong Council of Social Service, 1.26 million people in Hong Kong had a family income below 50% of the median income of households, that is, one in every five people belonged to the low-income group. The survey revealed that in the first half of 2008, 1.26 million people, representing 18.3% of the population in Hong Kong, were living in low-income households. Compared with 1998, the number has increased by more than 80 000, which is a cause for concern. The disparity between the rich and the poor may easily give rise to social conflicts and trigger off internal unrest and social upheavals.

Over the past decade, the grassroots in Hong Kong have not been able to share the fruits of economic development. When the economy performed better, they were only able to secure some low-pay jobs more easily. However, whenever the economy deteriorated, they were among the first to bear the brunt, very often being the first group to lose their jobs.

Quite a number of grass-roots people are engaged in the construction industry, which has always been one of the major industries in Hong Kong employing some 300 000 people, including construction workers, professionals and technicians. Based on the calculation that there are 3.5 persons in each family, the development of the industry will have implications on more than 1 million people, which is one seventh of the total population. With the continuous improvement of the local economy in recent years, the unemployment rate of the industry has reduced from the 20% historic high in 2003 to 6.3% in recent years, which is, however, still double that of the overall unemployment rate of Hong Kong. Given that the huge waves of the global financial tsunami are pounding on Hong Kong, the unemployment rate of the construction industry, which is already on the high side, will inevitably be pushed up further.

To prevent the aggravation of unemployment and putting the livelihood of the grassroots at stake, I have all along been urging the Government to expeditiously implement the 10 major infrastructure projects and speed up the award of contracts of small- and medium-sized works projects in order to create more employment opportunities. Besides, the Government may also launch more public works projects to create more job opportunities, through co-operation between government departments and private institutions. I will move the

motion on "Promoting infrastructure development" at the meeting to be held next Wednesday. At that time, I will further elaborate the details of the relevant motion.

Launching more works projects and increasing infrastructural investments will not only create more employment opportunities in the construction industry but also facilitate the promotion of other sectors of the economy, which is conducive to stimulating the development of other industries and increasing the engagement of manpower. I strongly believe that policies which can ensure steady economic development and create employment must be the best approaches to assist the grassroots.

In the motion debate at the meeting of this Council last month on "Preventing the lower and middle classes from being trapped in hardship amid the financial tsunami", I also urged the Government to provide the needy with proper support and assistance, which includes offering training courses and job search counselling, expanding and extending the Transport Support Scheme and providing appropriate family support and services, in order to help them tide over the prevailing economic hardship.

In the long run, the SAR Government must propose effective approaches for economic development which will also benefit the grassroots and, through more effective social policies like investment in education and promotion of social mobility, ameliorate the disparity between the rich and the poor.

President, I so submit. Thank you.

MR PAUL CHAN (in Cantonese): President, when the economy is in the doldrums, the grassroots have to endure the greatest hardships. While the Government is indeed duty-bound to help them face the prevailing economic predicament which will stretch over a long period of time, the community should also put in its efforts.

Regarding this, I would like to illustrate my point with one of the measures proposed by the Commission on Poverty (CoP) to address inter-generational

poverty. Earlier, the Government announced the implementation details of the Child Development Fund (CDF) proposed by the CoP. The CDF will draw on the collaborative efforts of the community, the business sector and the Government. It will be funded by the Government with matching donations from the business sector and managed by civic organizations. It endeavours to facilitate the self-enhancement of children from needy families through three areas, namely, personal development, a mentorship programme and targeted savings. Therefore, in order to alleviate the pressure and hardship faced by the grassroots, both the community and the business sector should also put in their efforts, otherwise even with the Government's provision of \$300 million to help underprivileged children, the effectiveness will definitely be significantly undermined.

I understand that the business sector has its own difficulties amid the financial tsunami. However, I would like to call on the business sector to give consideration to their employees' situation and make proper complementary arrangements when undergoing streamlining to overcome adversities; and to take into account their labour and contribution to the company and make all arrangements in a generous manner. This will be more effective than placing any advertisements to boast any corporate image, which will otherwise only cause resentment.

Talking about the disparity between the rich and the poor, relevant motion debates were held almost every year by the Legislative Council. Actually, the Gini Coefficient which reflects the inequality of income distribution — many Honourable colleagues have mentioned this — in Hong Kong has increased abruptly to 0.533, which shows that the problem is very serious. The Government should indeed be ashamed of itself as it has failed to live up to the expectations of the people.

The Government set up the CoP in early 2005 in response to concerns of society about such issues as great income disparity, unemployment of low-skilled workers, inter-generational poverty and elderly in poverty. The CoP operated for two and a half years and released its report with 53 recommendations in the middle of last year. Subsequently, the Government set up an inter-departmental task force to follow up and implement the relevant recommendations.

President, I hold an open attitude in the discussion on the proposal of re-establishing the CoP and delegating it with the task of exploring and recommending focused measures. After all, the co-ordination of the poverty alleviation work of different bureaux and departments by a bureau (that is, the Labour and Welfare Bureau) will not be as strong and effective as that conducted under the leadership of the Financial Secretary.

Secretary for Labour and Welfare Matthew CHEUNG said in the middle of this year that the inter-departmental task force was gradually implementing the 53 recommendations made by the CoP and 19 recommendations had been implemented first according to the order of priority, but the result was not satisfactory. I hope the Government can give a clear account of the latest progress of the implementation of the recommendations made by the CoP and the reasons for the failure to implement them on a full scale.

Chief Executive Donald TSANG stated that poverty alleviation is a main task of the SAR Government in the coming five years. However, while the Government possessed a surplus of \$100 billion last year, it chose to "hand out candies" in a comprehensive manner instead of utilizing this surplus specifically to tackle the problems faced by the elderly and the poor. Last week, in reply to the question raised by Mr CHEUNG Man-kwong on increasing special education places, Secretary for Education Michael SUEN said that as an increase in special education places would incur a funding of \$70 million, he had to consider the priority of this measure with reference to other measures. President, we could not help but ask whether there are problems with the Government's values and priorities.

I think even if the CoP is re-established, its prime task should be to see to it that the 53 recommendations will be expeditiously implemented and review the priorities of these recommendations. Consideration should also be given to enhancing such recommendations and introducing relevant recommendations within the shortest possible time, instead of further wasting time on studies. I believe that the function of the CoP should be to expedite and strengthen various recommendations instead of collating information and then conducting studies before introducing recommendations, as was the case when it was initially set up in 2005, or else "water from afar cannot put out a fire nearby".

I give my support to the original motion of Mr Frederick FUNG and the amendment of Mr TAM Yiu-chung; and I also subscribe to the amendment proposed by Dr Priscilla LEUNG which urges the Government to expeditiously implement short-term food assistance projects and subsidize the unemployed to pursue continuing education.

As for the amendment proposed by Mr WONG Sing-chi on allocating funds to set up district poverty funds and the amendment proposed by Ms LI Fung-ying urging the Government to establish an unemployment loan fund, they deserve in-depth examination by the Government. Therefore, although I do not agree that the Government should create positions at the middle and low ranks for the sake of creating positions, and neither do I agree with suspending the collection of tax payments, I still support the relevant amendments.

President, I so submit.

MS EMILY LAU (in Cantonese): President, I speak in support of the motion moved by Mr Frederick FUNG on "Alleviating the disparity between the rich and the poor and assisting the grassroots in facing up to economic adversities".

President, I agree with a lot of Honourable colleagues that the biggest problem faced by the Hong Kong Special Administrative Region (SAR) is the problem of the disparity between the rich and the poor. Of course, another problem is constitutional reform. Although there is no knowing when this problem can be fully addressed, the two problems are interrelated. Although the disparity between the rich and the poor is very serious, it was not mentioned at all by the Chief Executive in the policy address. President, from the Secretary's first speech just now, I could hear him mention ways to assist the small and medium enterprises (SMEs). Recently, I attended many meetings. Therefore, whenever this issue was brought up, I would listen to it very attentively. President, as I am the Deputy Chairman of the Business Facilitation Advisory Committee set up by the Government, I will strongly support actions which can really help SMEs.

Last Monday afternoon, President, as I had to attend the meeting of the Panel on Commerce and Industry, I was unable to attend the meeting of the

Committee on Rules of Procedure on the discussion of the incident of throwing bananas. Our meeting lasted for almost three hours. The Secretary was of course not present because it was the representative of another bureau who came and discussed the issue of how to help SMEs. President, there were representatives from 20 banks and more than 30 SMEs, occupying the seats of this entire place, which was really like the scene in the "Ben Hur" film. President, if you were here then, you would think that you were watching "Rashomon" because while people from this side said that their situation was very critical, and some people even said that they would beg the banks on their knees for not rubbing salt into their wounds and others spoke in a very serious tone, bank representatives sitting at the other side said that they had been conducting open communication and acting as good helpers. I said if they had been good helpers, these people would not have made so much noise.

President, the Finance Committee supported the authorities' implementation of two initiatives to support SMEs. The latest initiative has not been implemented so far, that is, no bank has signed in yet. It is said that 31 banks had signed in the first initiative but approval was only granted to a few dozens of SMEs. President, how many SMEs did the Secretary say there were just now? He said there were 270 000. President, they account for 98% of the total number of enterprises in Hong Kong. We tried to obtain information on the number of SME closures from the authorities because we hoped that an objective criterion could be adopted in assessing the proportions of the problem. However, the authorities did not have such information. The authorities just "could not care less".

When the Financial Secretary attended the meeting on Monday to report on the economic situation, he said that the current unemployment rate was 3.5%, which will definitely rise further. When we said that we should expeditiously create more employment opportunities, he said that as the current unemployment rate was only 3.5%, even if job opportunities were created, there might not be anyone to take them. After he had made such a comment and I quote him, "You should not put words into my mouth", and I said, "Why do I have to put words into your mouth? You said it yourself." Therefore, this shows that the

authorities have given us the impression that they either "could not care less" or "acted sluggishly", as in the case of bringing Hong Kong people back from Thailand.

President, banks are the most important now, and the authorities acted really swiftly in bailing out the banks by, for example, providing full deposit protection, followed by continuous funding support. The Government thought that as long as banks were "flooded with cash", they would release the money in loans. I do not know whether banks are "flooded with cash", but the money has not been released. President, if in the next few weeks, these 270 000 SMEs some people said that they would not be able to continue operation after Christmas and the New Year. President, some people said that more than 2 000 food establishments would close down and some other SMEs would close down as well. Therefore, these people are not asking for money or whatsoever. The most important thing is that banks are willing to grant them loans so that the funds will circulate in the same way as blood does.

Therefore, judging from the comments made by the Secretary, I suspect that these bureaux might not have any communication among themselves, and they might not have listened to the views expressed by the some 50 organizations in the Legislative Council on Monday. He made his comments with such optimism. It is true that the Government has indeed introduced some schemes, but not so many people have benefited from them. President, therefore, I hope that the Secretary can obtain more information from Secretary Rita LAU so that when he makes his response later, he will not casually say, "SMEs? We have introduced two schemes to help them. 270 000 SMEs?", and that is it. The current situation is most critical.

Therefore, President, I hope the authorities can introduce the third wave of measures as soon as possible because Secretary Rita LAU has already launched two waves of measures. If the Government will only make a decision pending the outcome of the consultations on the budget, while SMEs are requesting the Government not to collect their tax payments now and to suspend their collection (although Mr Paul CHAN disagreed with it), because everyone knows that the collection of tax payments will begin next month, and if this request will only be implemented in March or April after the passage of the budget in February, many SMEs may have closed down by then. Therefore, the third wave of measures

has to be introduced before the announcement of the budget. If necessary, I will also convene a meeting of the Finance Committee and meet with the Secretary to deal with this matter. Hence, efforts have to be made in parallel. On the one hand, if the authorities are truly meeting the urgent needs of the people and "dealing with special tasks with special means", as the Secretary often puts it, they have to make expeditious efforts to enable SMEs to survive, and on the other, they have to propose some relatively long-term initiatives in the budget and make every effort to implement them.

President, the people of Hong Kong are facing great difficulties, very much disturbed. They also feel that the authorities are unable to help them. The authorities are neither capable nor willing to help. This is the situation we are now in. I hope that various political parties and groupings in the Legislative Council can make collaborative efforts, if possible, and provide some leadership which the authorities are incapable of and also reluctant to offer, so that the public can feel that there is some light in the darkness.

With these remarks, I support the motion.

MR CHAN HAK-KAN (in Cantonese): President, the scope of the motion debate today is very broad. However, I would like to focus on the issue of working poverty.

Amid the financial tsunami, being able to secure one's job is already a remarkable achievement, but one may still have to face a cut in wage, allowances and benefits. Actually, we can see that many low-skilled workers are receiving relatively low pay, and it can be said that they are unable to make ends meet.

According to the Commission on Poverty, the working poor are those who work more than 35 hours a week with a monthly income below 50% of the median income of households in Hong Kong. Information provided by the Hong Kong Council of Social Service (HKCSS) last year showed that 203 000 families in the territory belonged to working-poor households. However, just in the first half of this year, the figure has already increased to 207 000, which is a record high in the past decade in Hong Kong.

According to some recent figures provided by the Labour and Welfare Bureau to the Legislative Council, there are now 265 000 non-Comprehensive Social Security Assistance (CSSA) families whose total family income is lower than that of CSSA families with the same number of family members. President, just from these two figures, we can see how large the number of working poor is in Hong Kong.

Perhaps many people may think that working poverty is a problem for the middle-aged. However, I would like to point out that many young people are also facing the problem of working poverty. I have a lady friend with an educational qualification of Secondary Five. Her mother who is already in her sixties is a cleaning worker responsible for collecting garbage in a building. As she cannot bear the idea of her mother working so hard — it is tough to push those garbage carts, she has not taken up any full-time job but only works as a casual food delivery worker in the morning and helps her mother collect garbage in the evening. Yet, they together earn an income of only \$6,000 monthly. What kind of situation is this? Should this situation exist in such a developed, just and humane society as Hong Kong?

Although a very sound CSSA system is in place in Hong Kong, many citizens prefer relying on themselves and working hard to receiving CSSA payments. As this lady does not live in the remote areas, she is not eligible for the Transport Support Scheme. It is no easy feat to encourage her to upgrade herself and achieve self-enhancement by taking some training courses so as to find a better job because she will be unable to feed herself once she quits her job.

President, I believe cases like this are merely the tip of the iceberg. Among the Government's measures to assist them, the measure which is the simplest and the easiest to implement may be the cross-district transport allowance — the Transport Support Scheme we are discussing now.

Unfortunately, this Scheme only covers four districts, namely, Tuen Mun, the North, Yuen Long and Islands. Only people from these four districts are eligible. However, we should be aware that the working poor who have to work across districts are scattered all over the territory. In order to secure their jobs,

they will have to pay the high transport costs, be it Kowloon or the New Territories where they work. If they live in the New Territories but have to travel to Hong Kong Island for work, the transport costs will take up a large part of their wages. The day before yesterday, I took a ride from Ma On Shan to Central, and the fare was almost \$20. It was already the concessionary fare or else more than \$20 would have been required. For those people with a monthly income of only some \$6,000, how can they afford the daily transport costs of over \$40, President?

To have enough food for the daily meals is the basic aspiration of mankind. However, the working poor are facing great difficulties in this respect. We are aware that with the prevailing serious inflation, we have to pay \$30 to \$40 for a simple meal. President, I took a meal at Café de Coral yesterday only to find that \$40 was required even for a meal in a fast-food restaurant in a public housing estate. How can an ordinary worker or the working poor afford the basic necessities of living every day?

Food banks currently operated by social welfare agencies are actually facing great service demand, and they are also under great pressure in supply because many members of the public are seeking this service. To my knowledge, the Government advised earlier that it would provide an additional funding of \$100 million to help these food banks. However, if this funding cannot be allocated to these social welfare agencies soon, I believe they will face very great operational pressure during the imminent festive period of Christmas and Lunar New Year because a lot of people need such service.

Regarding efforts in employment at the local level, we can see that the Government can actually make more efforts. Just now some Honourable colleagues mentioned and I also remember that, President, the Government had vigorously promoted local community economy during the outbreak of SARS, and organized such activities as eco-tours and art fairs. However, when these fads subsided, it seems that no follow-up actions have been taken by the Government. Actually, amid the financial tsunami, the Government can

re-introduce such local community economy projects to alleviate unemployment on the one hand and enable low-skilled workers to secure employment in their local district on the other, so as to reduce their transport costs and other expenses.

President, regarding long-term measures, the Government has indicated that it will introduce legislation on minimum wage. I support this, but I hope that the Government will not use the financial tsunami as an excuse to delay the legislative process or even shelve this legislative exercise. In the current economic doldrums, as low-skilled workers have the least bargaining power, a minimum wage is all the more important to them as income protection.

President, I so submit.

MR CHIM PUI-CHUNG (in Cantonese): President, today we are discussing the subject of alleviating the disparity between the rich and the poor. Personally, I think this is actually a hard nut to crack.

Although the latest financial turmoil has caused the fortune of those who used to possess a hundred billion dollars to shrink by two thirds, leaving them with only a few tens of billion dollars, there is still a large gap between a fortune of a few tens of billion dollars and that of the poor, which can never be narrowed anyhow. Therefore, this problem is caused by society or the world as a whole and the gap will only widen, with no chance of becoming narrower in future. Although some wealthy people have gone bankrupt, it is believed that they still possess far more assets than the poor. Therefore, the problem is that there is actually no means of alleviating this gap, and this is already a fact in society. Rather than being the fault of any individual, this is a historical fault.

Regarding the second issue of how best the grassroots can be helped to face up to economic adversities, I understand that the recent problems relating to the financial tsunami were caused by the Government. While we are discussing how to help the grassroots, the Government is actually plunging more people into poverty. Why? From the minibonds incident, we know that many retired elderly people deposited their money in the bank in the hope of leading a peaceful life in their twilight years. However, with the connivance of the Hong Kong

Monetary Authority (HKMA), banks even searched their records and advised them to purchase minibonds when it was found that they still had a small amount of savings, which may have already evaporated by now. Under such circumstances, is the Government not causing more people to go bankrupt or become poor? Therefore, this is in fact a problem caused by the Government and the HKMA.

The second problem caused by the Government is: We understand that this global financial tsunami has made it necessary for many banks to protect themselves and maintain their financial stability to prevent bank runs or operational difficulties caused by rumours. Under such circumstances, they will discriminate against other industries and businesses. This discrimination means that whenever industries and businesses deposit their money with banks, their accounts will be frozen immediately and their credit limits will be reduced, which has caused capital flow problems to the industrial and commercial sectors. It is true that the Government had proposed increasing its credit guarantee to 70% to help some of the SMEs, but banks refused to provide guarantee for the remaining 30%, or turned down loan requests with various excuses. This is again the fault of the HKMA. Why? Is it saying that it is not responsible for regulating banks? If Mr Joseph YAM has neither the qualifications nor the ability to effect supervision banks and make them to accomplish this task together, then he had better resign from his post.

Today, I read from the newspaper that three business associations will visit the Mainland under his leadership to facilitate communication among the relevant banks. Is he worried that he will be ridiculed? When he cannot supervise even the banks in Hong Kong, will he be able to conceal what will happen in the Mainland? Is this foresight again? Therefore, the Government is actually creating adversities instead of assisting the grassroots to face up to adversities.

President, once these SMEs have to close down, go into liquidation or face other financial difficulties as a result of their predicament, who will suffer the greatest losses at the end? They are the poor because workers will immediately lose their jobs. Although bosses will also suffer a lot, at least they will have a small amount of money left before they close down their businesses, and seldom are there cases in which no money is left at all. However, for the working class, once the company goes into liquidation or closes down, they will lose their jobs

immediately. Not only will the problem not be solved, they will instantly be caught in predicament. Even though Members of the Legislative Council have fought loudly or even questioned the Secretary, what use will there be? These efforts will come to no avail.

The Government has a prime task now. As I said, if banks are still reluctant to accept this guarantee despite the 70% credit guarantee proposal, the Government should, under such circumstances, really consider providing some funding to help SMEs direct so that they, especially the social services sector, will not face immediate closure as a result of the hardship they are facing, thereby preventing a further rise in unemployment and hardship among the working class.

This may not be what the Secretary intends to do, but this is the most straightforward approach. Why? Although we are examining the issue on how to assist the public to face up to economic adversities here, we can still spend some time to discuss this in future. President, I have to help myself to some water.

Therefore, President, under such circumstances, the relevant government departments have to provide assistance to prevent the immediate unemployment of the people, which is vitally important. In the face of such adversities, a responsible and competent government has to display its true strong governance. The rows and fights a year of so ago were indeed futile, and it is most helpful to take concrete actions now.

Of course, the Chief Executive can only achieve this with the complementary efforts of the Secretary. I also hope that in the minibonds incident which will be handled imminently, all individuals will be taken care of and no more people will be plunged into poverty. They are actually not in poverty as long as the Government does not leave the door open for thievery in order to maintain our status as a financial centre, and face up to competition and adversities more actively in future. Therefore, I support the original motion and all the amendments.

DR LAM TAI-FAI (in Cantonese): President, I think I do not have to refer to the Gini Coefficient to find out that the disparity between the rich and the poor is worsening in Hong Kong, and I can also feel it this way. Just by going to

Central, Admiralty and Tsim Sha Tsui, and then to the North, Yuen Long, Tin Shui Wai and Tuen Mun, and it would even be better if you also visit Sham Shui Po, to which Frederick FUNG belong, you will surely feel that the disparity between the rich and the poor is worsening. I can assert that Secretary Matthew CHEUNG is aware of this because I have known him for many years, and in my mind, he is very industrious and close to the people, and he knows very well the existence of disparity between the rich and the poor. I always chat with him, and he always thinks of how he can make better efforts in this regard. Here, I would like to commend Secretary Matthew CHEUNG for this.

Personally, I strongly agree with the direction of setting up the Commission on Poverty (CoP), but I disagree with adopting such a name. I think that it should be renamed as "Action Committee on Poverty Alleviation" because it is useless to set up a commission which only engages in empty talk without taking any action. Therefore, if it is to be set up, it should be renamed as "Action Committee on Poverty Alleviation", which is the most important point. Besides, when the "Action Committee on Poverty Alleviation" is set up, the members selected must have a clear picture of the disparity between the rich and the poor, instead of just recognizing the situation of the rich but not that of the poor, or *vice versa*, because in that case, the problem cannot be solved. Today, in talking about narrowing the wealth gap, we are not asking the rich to become poor. Nor are we asking billionaires to donate their money, which is very difficult to achieve, because billionaires have to be relatively rich before they can help facilitate social development and boost our GDP. In that case, what approach do we wish to adopt to narrow the wealth gap? It is to enhance the survival skills and employability of the poor, so that the lower and middle classes will be able to secure a job and earn an income instead of being laid off. They will then have good prospects and spending power and also a reasonable standard of living. These are our tasks. Instead of narrowing the wealth gap, we have to upgrade the lower and middle classes amid these adversities.

I have a few suggestions. In fact, I already proposed them a long time ago and they are nothing new, but I will take the trouble to repeat them here. Among the total employed population in Hong Kong, 50% are employed by small and medium enterprises (SMEs). I always think that in order to ensure that the lower and middle classes can secure a job and receive income, we have to ensure the stability of SMEs. However, since the onslaught of the financial tsunami, I find that the Government has not introduced any effective support schemes to

help the sustainable development and survival of SMEs so far. I have pointed out repeatedly that even if schemes are introduced now, banks will "cut off the money supply". Banks are engaged in commercial acts and will make commercial decisions, and even though the guarantee reaches 70%, they will not grant any loan. I have pointed out plenty of times that only a full protection scheme can possibly make banks extend loans to SMEs. Only with the provision of funds will SMEs be able to continue with their operation and be hopeful; and only when there is hope will they not consider laying off their employees; and only when they do not consider laying off their employees will the lower and middle classes be able to secure a job and receive income and have reasonable means of spending and living. In this connection, I hope the Government can think twice about it because December is the month in which "double pay" is made, and my worst worry is that SMEs will take this opportunity to lay off staff when they do not have the money to make "double pay" anyway.

Secondly, as I said this morning, even though many large-scale corporations such as banks, airlines and media organizations are still making enormous profits, they still lay off staff. The Government has to sit down and discuss this with them in the hope that they will not take the lead to lay off employees. Most SME employers are people with a conscience, and seldom have I heard of SMEs laying off their employees, while those reported in the newspaper were all large-scale and profitable corporations. In this connection, in order to enable the lower and middle classes to secure a job, we have to call on those large organizations not to lay off staff. It is not good enough to award good redundancy compensation because those employees made redundant will not be able to find another job, and many bank employees who have been laid off may compete for jobs with the lower and middle classes, thereby causing the loss of jobs. I very much hope that the Secretary will discuss this with the large corporations either openly or in private.

I would also like to talk about the Individual Visit Scheme (IVS). I have come across some statistics. About 15 million mainland residents visited Hong Kong last year, and among them, 8.7 million visited Hong Kong under the IVS. This is not a small figure at all, and these 8.7 million people came from 49 municipalities. Under such circumstances, I very much hope that the Government can discuss with the mainland authorities on whether the IVS can be expanded. It is because if we just encourage consumption among Hong Kong

people who may worry about their job security and have not received any pay rise, it is just like a "dead-end approach", which is unable to improve our spending power. However, granting an expansion of the IVS, consumption will be stimulated. In this regard, I hope the Government will expedite the discussions because when people visit Hong Kong under the IVS, the business of the retail, tourism and hospitality sectors will be rendered more robust. Therefore, I hope the Secretary can step up his efforts on the IVS.

Besides, I have also pointed out repeatedly that we have to take unusual actions at unusual times. For example, I raised the question of whether the collection of profits tax from SMEs can be suspended. As for various government fees and charges, such as licence fees, rates and export certificate fees, can consideration be given to suspending those as appropriate and reducing those which warrant reduction? At such unusual times, this is not wastage of public money. The so-called "suspension" is only a transient loan of these fees and charges for temporary use, and it does not mean asking the Government to "hand out candies" or allow people to refuse to repay their loans in defiance of their obligation. Instead, it is hoped that when credit is tight, the Government can offer some help to SMEs and the lower and middle classes to enable them to tide over the present predicament. Thank you, President.

MR LEUNG KWOK-HUNG (in Cantonese): President, I said when I commented on the interpretation of the Basic Law by the Standing Committee of the National People's Congress (NPCSC) that, if in the light of the interpretation of the Basic Law by the NPCSC, Hong Kong people said that it was good that there would not be universal suffrage and that this should be extolled, it would be the same as saying that a woman who had been raped should have a favourable impression of the rapist. I was criticized as using vulgar language. Today, I am citing this example again. After all, since the time of TUNG Chee-hwa, for 11 years, the economic, social and financial policies of the SAR Government have actually made the disparity between the rich and the poor increasingly serious. The Government often tells us that it has done a lot, that Hong Kong people have not made a good showing, and that they should pursue self-enhancement. Actually, it is the same as the case of the interpretation of the Basic Law by the NPCSC; after the rape of public opinions, Hong Kong people are told to readily show their warm welcome. In my view, in this Chamber, some have made sophistry, which is even worse than the language used by me.

I am going to give a simple example. Now, many Honourable colleagues have reproved the Government for not saving the ordinary people and small and medium enterprises (SMEs). In 1998 when I held a demonstration on the public gallery, you were sitting in this Chamber. It was the time of the Provisional Legislative Council. They were sitting in this Chamber, and I said the Government were saving the market but not the people. What a shame! It has been 10 years, but the Government is still saving the market but not the people. Today, the Government has failed to regulate the banks and the Securities and Futures Commission (SFC), which has made the Lehman victims suffer. The present situation is caused by the Government.

All government policies connive at the voters in a small-circle election — the 800 voters representing institutions, banks, property developers and other large consortia — extorting people's wealth. In 1981, Hong Kong's Gini Coefficient was 0.451, and it became 0.533 in 2006. Buddy, this is a fact cast in iron. The figure will be even higher in 2008 because casino capitalism ran wild in Hong Kong in 2007; while the rich spend money like water, the poor are utterly destitute.

Honourable colleagues, when I said here that profits tax should be increased and wealth redistributed by means of progressive profits tax, I was asking the rich, those who were so fat that they could not even pull up their own socks, to cut off a bit of fat for the poor; I was labelled a trouble maker. I suggested to K C CHAN, John TSANG and Donald TSANG that they should collect stamp duty from people who gambled here. If stamp duty was collected at 0.02%, that is, two ten-thousandth, tens of billions of dollars could be collected a year. But they did not do so, saying that in that case nobody would be coming to gamble. Now, we do not have money to help the poor, how can we help the poor when everybody is saying that he does not have any money? If a reform was made at that time, would we already have money? Why was the League of Social Democrats regarded as trouble makers when we made the suggestion then and did not vote in favour of the budget and the policy address?

Today, the members of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) have put together several billions of dollars for a lucky draw, I really have never heard about that before — a lucky draw, is it encouraging gambling? What lucky draw? A lucky draw to help the poor? Is a lucky draw needed before spending? Let me tell them that all of them are not using their brains. There is a comment that CHAN Hak-kan does not speak

English well, that is actually not the case, and it is not a fault if he does not speak English well. In fact, some cannot even speak Cantonese well. If people have to spend money before getting lottery tickets, how can the poor get these tickets? This is telling the rich who have money to spend to get \$900 million from the Government. How can people without money get the lottery tickets only available to those who have \$300 to spend? Is it not asking them why they do not eat minced pork porridge? It is more terrible than the acts of a self-indulgent ruler. It is trying to please the public with claptrap, and using public money to do small favours for the sake of getting votes.

Nowadays, what are we facing? It is a reform of our society as a whole. First, the Government has to provide unemployment assistance. I have made remarks about this time and again. Without unemployment benefits, people who cannot find jobs or are unemployed will not be choosy about their food and they will be in an impasse; they are even prepared to take up jobs with lower wages in place of their previous jobs, as a result, they would have reduced wages. There is also talk now about postponing the introduction of a minimum wage; the Mainland has already taken the lead to do so. The employers have also asked for postponing the introduction under these circumstances. Furthermore, the employers have taken the lead to lay off employees and reduce wages; they have invested the capital of Lehman victims in property speculation and earned a great deal of Hong Kong people's money earned by hard toil. They have taken the lead to lay off employees and reduce wages, how can our society not have a problem of disparity between the rich and the poor? Why is there disparity between the rich and the poor? It is because, during an economic crisis, ordinary people, the wage earners and the disadvantaged are the first to bear the brunt; they are regarded as superfluous, similar to the case of throwing goods into the sea when there are too many in the boat. When the circumstances have improved the employers will not increase the wages of workers, and they even engage in speculative business; they even deceives some people who are relatively rich using the deceptive tactics of capitalism, thus, the latter do not have any money now.

Hence, President, to solve the problem of disparity between the rich and the poor, the political system of Hong Kong should comprise a Chief Executive returned by 6.9 million people through "one person, one vote". Only then will

the opinions of all Hong Kong people be represented in the search for a proposal to help the poor and a proposal on economic revival that will really benefit 6.9 million people. Thank you, President.

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

MR ALAN LEONG (in Cantonese): President, the Society for Community Organization interviewed 86 grass-roots workers with an average age of 42 in the form of questionnaires during the period from June to September this year. The median daily wage of the interviewees is \$220 and their median monthly wage is \$3,900. More than 70% of the interviewees have a monthly wage lower than \$5,000 which is the poverty line defined by international standards.

We can almost see from the newspapers every day the devastating powers of the financial tsunami. News of layoffs comes from restaurants serving seafood hotpots, or shops that have been in business for decades or banks of various sizes. People are joining the ranks of the unemployed masses. From these reports it can be seen that the types of full-time jobs will continue to decrease and many grassroots will have to depend on part-time jobs to survive. The rise in the number of jobless people will result in more people falling below the poverty line. This seems to be a trend that has become inevitable.

President, we have wasted one year's time, for more than one year ago, the Government decided to disband the Commission on Poverty (CoP). So we may have to re-establish the CoP and adopt focused poverty alleviation measures in order to prove the Government's sensitivity to the problem.

President, in the wake of the financial tsunami, the economic order in Hong Kong and all over the world is seriously disrupted. With that appear many different social problems and these come as no surprise. However, the Civic Party thinks that there are opportunities in a crisis like this. And it may offer another perspective to look at the problem if we can turn social problems into new economic opportunities. Just what should be the supply and demand in the

economic arrangements we make? Where should the Government put its resources and which kinds of demand should be created? All these are issues worth pondering over and this is a good opportunity to do so.

President, some people are saying that now at this time of an economic downturn, we should not run any social enterprises. Such comments may come from people who see social enterprises simplistically as a kind of welfare. However, President, my view is different. While social enterprises are a kind of business and operators want to make money out of them, their difference from the ordinary businesses is that social enterprises single out a social objective or a problem, focus on it and try to solve it. As a matter of fact, this kind of mentality is precisely an attempt to rethink supply and demand in the economic domain and try to figure out what we should supply and what kind of demand will emerge in society. Therefore, I would think that the Government should, on the contrary, consider giving a big boost to the development of social enterprises now.

President, according to statistics from the Hong Kong Council of Social Service in 2007, there are some 280 social enterprises in Hong Kong, most of them being run by social service groups. Of these social enterprises, 30% are engaging in the manufacture and sale of products, 20% provide household services and about 13% engage in food and catering. As for other types such as decoration, home removal, organic farming, cultural tourism, and so on, they take up 12%. The diversified development of social enterprises shows that different groups in society are benefiting from it. So I think that if only the Government can provide enough support, there can be a win-win situation of sustainable development of the social enterprises and the recipients continuing to benefit.

President, social enterprises can provide jobs to people in society who need help and they can also resolve many latent social problems. Take the example of a hair salon, Fullness Hair, which is a social enterprise. It is one of the arms of the Fullness Christian Vocational Training Centre. The remarkable thing about this hair salon is that it has taken into its arms a number of young people who are non-engaged youths or who have found it hard to integrate into mainstream society. They can learn a skill there and by working and living with social workers from the Centre, they are trained to foster a serious approach to

life and develop a sense of responsibility, enabling them to contribute their part to society. Fullness Hair is working in a rather unnoticed manner and taking an alternative approach to help these young people reaffirm their worth and so prevent them from going astray.

President, now the Enhancing Self-Reliance Through District Partnership Programme managed by the Home Affairs Department requires that applications must be submitted through welfare organizations. This is meant to ensure that approval is given to enterprises determined to fulfil social objectives. But this requirement has led to an unexpected result such that people who wish to start a business are barred from making the attempt. So when the Government is to assist the development of social enterprises, there is a need for it to examine the existing system to see if it can cope with the needs of the times. At this time and age when money dominates economic development, large enterprises care only about making money and they have no heart. But social enterprises are concerned about making money as well as the heart. The business spirit that they manifest is based on conscience and it is rare in this commercial society of Hong Kong.

With the continual economic downturn, there is a need for society and the market to redefine the supply and demand relation and this will spare room for social enterprises to find a suitable niche to position themselves. If the Government is determined to foster the development of social enterprises, it will certainly find opportunities in a crisis and help the grassroots face economic adversities.

MR WONG KWOK-KIN (in Cantonese): President, we often hear about some surveys meant to rank cities according to certain criteria. Hong Kong is often found in the charts. And Hong Kong would even be placed in the forefront of certain polls and surveys. It would be something to celebrate if the poll is about some good thing. Recently, the United Nations released a report of a study entitled "State of the World's Cities Report 2008/9: Harmonious Cities". The Report points out that Hong Kong is among the cities in Asia with the most serious wealth gap problem. The Gini Coefficient of Hong Kong has risen to 0.533, far beyond the alarm level of 0.4.

Now the Gini Coefficient in most of the advanced countries ranges from 0.24 to 0.39. As an advanced city, the Gini Coefficient of Hong Kong is as surprisingly high as 0.53 and it is crowned the city in Asia with the most serious wealth gap problem. I have no idea how our Government would think of this. Does it feel a bit embarrassed?

Why should an advanced city like Hong Kong with all its glittering glamour on the surface have such a grave problem of disparity between the rich and the poor deep inside? One of the reasons is that the Government has over-relied on one particular industry in the course of economic development such as the finance and the real estate sectors. The result is that wealth can only go into the hands of a few people and there is no way the poor can share this kind of so-called fruits of economic prosperity.

Last year when the economy fared well, people who worked in the finance industry had more than 12 months of salary plus bonus. But what about those in the low-income bracket? There are lots of people who still earn some \$3,000 to \$4,000 a month. In other developed cities such as Singapore, Taipei and Seoul, their economic development is more of a multi-directional and comprehensive kind. At least they would keep certain manufacturing industries or other industries so that people with low educational attainment and skills can have some job opportunities and the salary they earn would not be too low.

Besides, the absence of a population policy here serves to make the problem worse. The population of Hong Kong is ageing and this problem is becoming more serious than ever. Many people in the workforce are workers with low educational attainment and skills, but the Government has done nothing to address the situation and devise proper economic and employment policies. When times get rough, they can only depend on welfare assistance from the Government and there is no chance at all for them to break the fetters of poverty. The result is the poor will only get poorer while the rich will get richer.

Information from the Census and Statistics Department shows that of the some 280 000 CSSA cases in 2007, case types with the greatest numbers are namely, the elderly who take up 52.9% of the total, the single-parent category which takes up 12.9% and the jobless category which takes up 11.4%. We can see from these figures that the problem of elderly in poverty is very serious. Please do not forget, there are also many poor elderly persons who prefer not to get CSSA even though they are living in great hardship. I recall more than one

month ago when society only managed to get the Old Age Allowance (OAA) raised to \$1,000 after making a tiresome tirade on the issue. I hope the Government will not think that the problem is over and done with when the OAA is raised to \$1,000. Hong Kong is lacking in a sound retirement protection system and elderly retirees can only depend on CSSA and OAA for a living. In the long run, the Government should review the existing social security safety net to see if it can offer comprehensive protection to the elderly. In addition, a universal retirement protection system should be set up so that every old person can have something to lean on.

The single-parent category is close on the heels of the elderly. Single-parent families face not just the problem of living at the moment, but also the problem of inter-generational poverty. Children from single-parent families grow up in deprivation and lack of suitable support, their development cannot be said to be all-rounded. They may form another poor family when they grow up. And so the vicious cycle just perpetuates. What they need is not only support during their development stage but also chances of escaping from poverty. So the Government should work hard to create the right environment in order that they can escape from poverty.

As for the jobless category, Hong Kong has been facing the problem of structural unemployment for many years and no improvement is yet in sight. The FTU proposed many years ago a strategy for economic development which focuses on employment. We call for the development of a diversified economy, and the promotion of local cultural economy in the hope that more jobs can be created for the grassroots and that grass-roots workers with low educational attainment and skills will not be abandoned by society. It remains, of course, that the problem of working poverty may still exist even if people have got a job. Therefore, legislating for minimum wage is something that should commence early and must not be delayed.

This problem of disparity between the rich and the poor has been around for a very long time, but for many years we fail to see any efforts made by the Government to improve the situation. The problem remains and it is worsening instead. Even though certain measures were introduced in the past to assist the poor, they could only offer some temporary relief to them. Wealth is still not

redistributed. Does the Government think that this wealth gap problem is not serious at all? I hope that the Government can give serious thoughts to this problem and build a society which is fair and harmonious.

Thank you, President. I so submit.

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

MR ALBERT CHAN (in Cantonese): President, impoverishment and the problem of poverty faced by the grassroots in Hong Kong are problems that keep on recurring ever since I returned to this Council in 2000. Many years ago, I pointed out that as the Mainland is progressing towards a bourgeois society, the national trend is that of becoming a bourgeois society, but on the contrary, Hong Kong is becoming more impoverished. This prediction is slowly becoming true.

Now Hong Kong faces the problem of three growing trends and they are: ageing, impoverishment and marginalization. The overall economic development of Hong Kong is gradually marginalized in tandem with the economic take-off of major cities on the Mainland. The situation of political marginalization is even more marked. Under the influence of these three growing trends, the Hong Kong society finds itself in a great predicament. And yet our Government is trying to cope with these problems with a rigid and fossilized approach, thus these problems of ageing, impoverishment and marginalization are fast deteriorating. Hence the problems before us are more serious than ever.

Many people have said that the Gini Coefficient is deteriorating in an alarming manner. The coefficient was 0.451 in 1981. It was 0.518 in 1996. And in 2006, it was already 0.533 and Hong Kong ranks first in Asia, with the most serious poverty problem. The Government should feel ashamed. This is the result of its economic and taxation policies. Last year, this Council gave its support to the tax remission and rebate measures proposed by the Government. But these measures also served to further widen the disparity between the rich

and the poor. This is because a tax rebate and waiver of rates will only intensify this wealth gap problem. So the League of Social Democrats opposed strongly these relief arrangements at that time.

For two years in a row the League of Social Democrats has made many proposals to the Government. But this Government which thinks highly of the "big market, small government" principle has neglected all these proposals. Our position is clear. We are a party of social democrats. We are inclined to using the tax regime and controlling public expenditure to distribute and redistribute social resources, so as to alleviate the problem of disparity between the rich and the poor and end the monopolization of big syndicates. But the Government remains tilted towards the big syndicates. For two years we have proposed that the Government should hand out \$5,000 to each person. But the Government has not done so. On the contrary, that is done in Macao. We suggest that the Government should revise the CSSA payment rates upwards to the levels in 2003-2004, but the Government does not listen to it and nothing is done.

We have also suggested that the Government should set up a fund of \$20 billion to improve the life of the grassroots and deal with the problems faced by some poor families in such areas as medicine, provision of extra-curricular activities for the children, granting some subsidy to those who have not applied for CSSA, purchasing computers or offering a subsidy on computer for the poor families, providing support to families affected by the problem of domestic violence and giving additional subsidies to families of ethnic minorities, and so on. All these are meant to make the life of the grassroots better. After all, these measures will not lead to any significant improvement anyway. When this fund is set up at a time when public resources are abundant, it can be sustained for a long time. If the money is not used in this way, it will be used up when the rich people savour on a meal of shark's fin soup with braised chicken and abalone.

Also, with respect to transport allowance for those people living in remote areas, we want to extend this measure to all places in Hong Kong and it should not be limited to a few districts. Though there are a few districts in New Territories West where I live that can benefit from this measure, I would still think that it is not fair enough. Some low-income people live in the urban areas,

but they have to go to faraway places to work, so they should also be given this transport allowance. The present policy is discriminatory so I suggest that the policy be improved.

Moreover, the Government has the responsibility to create more non-skilled jobs. But the measures devised by the Government for this are only meant to enable the big consortia to reap indecent profits. The Government has said that it will enact a fair competition law, but nothing is done so far and no concrete proposals are made. As seen in the entire system, President, it is still nothing more than empty talks when the Government says that it will help the people, especially the grassroots to face the adversities caused by the financial tsunami. Secretary Matthew CHEUNG is a Director of Bureau who is more sympathetic to the grassroots. But this problem cannot be solved by one single bureau and resources from just one bureau cannot hope to solve it either. The Financial Secretary must undertake a fresh redeployment of resources before the hardship experienced by the grassroots and all those whose life are affected by poverty can be eased.

President, I am sure this motion will be passed in this Chamber today. But the Government does not have any feeling for motions passed here. It is callous and insensitive. Secretary Matthew CHEUNG may sound sympathetic, but the actual policies enforced are still unchanged. So if Members of this Council are so concerned about the problem of the wealth gap and would really want to do something, they must make their position known in the budget debate. They should not just mildly criticize the budget and in the end offer great help to the Government by passing the budget. Members must make their stand known in helping the poor families and they should veto a budget which does not have any trace of humanity. If Honourable colleagues here really want to target the problem of disparity between the rich and the poor and when the next budget can offer no solution to this problem, if Members still have any social conscience, they should veto that budget and stop putting up a show of pretence.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Mr Frederick FUNG, you may now speak on the four amendments. You have up to five minutes to speak.

MR FREDERICK FUNG (in Cantonese): President, at the first glance, these four amendments are quite similar to my original motion. But if we look at them closely, we will find that they are different. I notice in particular that there are some differences in principle. I wish to highlight these differences so that Members are given a better picture when they vote later.

There are three parts to my motion. The first part states the presence of the phenomenon of disparity between the rich and the poor, and this is illustrated by the report of the United Nations and the Gini Coefficient. The second part is on how the problem should be tackled. I suggest re-establishing the Commission on Poverty (CoP). As to what this mechanism should do, actually I have also made some suggestions. I hope that this mechanism can respond to what Cyd HO, Ronny TONG and LAM Tai-fai have said earlier, that action must be taken and no more time should be spent on studies and discussions. Let me read out what I have said about this mechanism: "this Council therefore urges the Government to re-establish the Commission on Poverty" — and studies should be conducted as a start — "to explore and recommend focused measures" — such measures should focus on the present but not the situation two years ago — "to assist the grassroots in facing up to economic adversities and to formulate comprehensive and long-term policies" and that is to formulate long-term policies and "to effectively allocate community resources".

If this CoP has the ability and power to formulate comprehensive and long-term policies, it is not just a place where people keep on talking and do nothing. It must have real powers instead of engaging in empty talks. Therefore, when I say function, I hope to see that this CoP can be more innovative, progressive and competent than the previous CoP. This CoP should even be vested with powers. I hope that this mechanism can respond to the questions raised by Cyd HO, Ronny TONG and LAM Tai-fai so that they will feel more comfortable when they vote in favour of the motion later on.

It is exactly because of these three parts of the motion that we can tell the differences between the amendments. Actually, both the ADPL and I have many suggestions on alleviating poverty. Members may recall that in the press conference, we suggested setting up a social development bank, develop some

new industries such as environmental protection and green industries, forming a head company for social enterprises, and so on. But I have not put these proposals into the motion. Why? I am just putting forward a principle, direction and mechanism to induce suggestions from Members. I am afraid that if I made my own suggestions, if only one of them failed to get the agreement of Members, then the whole motion will be negated. It would therefore be better if I just talk about one principle, mechanism and power. Members may then make as many suggestions as they like for the vote later. After all, these suggestions are meant as reference for the Government. So I would think that this approach is all right.

For that matter, Members have made many suggestions, like those made by WONG Sing-chi, Priscilla LEUNG and LI Fung-ying, and also TAM Yiu-chung — he has not made any suggestions. I will speak on TAM Yiu-chung's amendment later. Actually, I think all of these suggestions are fine. I would think that there is no need to show specifically any approval or objection. I would support whatever views expressed by Members. The most important question is, however, the amendments proposed by Mr TAM Yiu-chung and Ms LI Fung-ying have amended the part in my motion on re-establishing the CoP. TAM Yiu-chung has added the words "and when necessary", and Ms LI Fung-ying has deleted the part on "to re-establish the Commission on Poverty". I think this is crucial. This is a vital matter of principle. If the mechanism I mention is deleted, it is like allowing the Government to continue to alleviate poverty in the way it likes. If we allowed it to alleviate poverty in this way, we would not need this debate today and Members would not have to be so agitated, for so many years. This is because we think that the approach taken by the Government does not work and even its insistence on free market economy does not work. When these cannot work, the approach is even more unlikely to work. Therefore, we think that we might as well adopt the CoP approach and vest power in it to cope with the problem.

Why in the motion I do not ask the Government to speed up its handling of the 53 recommendations made by the former CoP? I did not make this proposal. However, even if I did, there would be no harm at all. It is like Members hanging their trappings onto a Christmas tree, all sorts of suggestions. Why did I not do it? I think Members will know and the Secretary will also know even better. The former CoP was established at a time of an upswing in the economy and these recommendations were made at such a time. So many recommendations were about elderly in poverty, children in poverty and

inter-generational poverty. Now the times are different. We are trying to tackle the problem of poverty alleviation at a time of economic recession. I think the focus has changed. As the Secretary has pointed out himself, now the most important issue is employment. If employment is the key issue, then I believe more than half of the 53 recommendations made by the former CoP are not about employment. Then should we not address the needs of the times and make some new recommendations? This is the reason why I have not hung this part onto my motion.

I hope this explanation can serve to make Members understand this greatest clash between the amendments proposed by Mr TAM Yiu-chung and Ms LI Fung-ying and my original motion. So if the amendments of Mr TAM Yiu-chung and Ms LI Fung-ying are passed, I will vote against them unless they have been amended by Mr WONG Sing-chi. Thank you, President.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, let me thank again Mr Frederick FUNG, Mr TAM Yiu-chung, Mr WONG Sing-chi, Dr Priscilla LEUNG, Ms LI Fung-ying and 20 other Members who have given us so much valuable and constructive advice on how the grassroots can be assisted in facing up to economic adversities. I wish to respond briefly to the speeches made by a number of Members.

First of all, I wish to talk about the general policy direction of poverty alleviation of the Government. With the advent of a knowledge-based society, as we all know, globalization of the world economy has taken place and there has been a marked surge in the demand for professionals and managers with high academic qualifications in the labour market. This accounts for the significant rise in the salaries of these people, hence widens the disparity in income between these workers at the upper and lower ends of the labour market. This is a common occurrence in the process of the transformation towards a knowledge-based economy. It is also a trend faced by many major economies, which is not unique to Hong Kong.

We believe, to deal with this conflict, the Government should not resort to effecting a redistribution of wealth through more welfare and high taxation in the hope that this disparity between the rich and the poor can be narrowed. We should not aim at reducing the possibilities of wealth creation, for this is the proven way of our success. Dr LAM Tai-fai has also mentioned this point earlier and this is something we would agree. We believe that our role should be

the creation of a suitable environment and we should offer our assistance to the low-income people by way of a multi-pronged approach. This includes speeding up the launch of infrastructure projects and minor works projects to create more jobs. This is of course very important. The training programmes will be expanded to help the middle-aged and the grassroots in self-enhancement and upgrading of skills, thereby enabling them to be more competitive in the ever-changing job market. Also, we will make good use of social enterprises and encourage the tripartite collaboration between the Government, the non-government organizations and the business sector. This is in line with the view expressed by Mr Paul CHAN earlier. We will invest in education and child development, and promote social mobility in order to reduce inter-generational poverty. We will also increase social capital to reach the long-term targets in welfare development. Put simply, the Government's role in poverty alleviation should be positioned in creating the enabling environment and promoting employment.

With respect to the recommendation to re-establish the Commission on Poverty (CoP), I explained in detail our position in my first speech. We consider that there is no need to re-establish the CoP at this stage. The Task Force on Poverty will make full efforts to follow up and implement the series of recommendations made by the former CoP. I wish to emphasize here that our present objective is very practical and we will first implement 19 key items from out of the 53 recommendations. What are these items? When I spoke for the first time earlier, I mentioned many of these items, including the Child Development Fund which seeks to address the problem of inter-generational poverty. Others include improvements in CSSA, that is, raising the cap for disregard earnings and working towards the implementation of minimum wage. Also, we have many concrete recommendations on the elderly, the hidden elderly, and so on. These are what we will do in the first place. As for the remaining items, some of them are about studies and they are not concrete measures. Such work would take time and so there is a lot of work to do. This is why we have adopted a most down-to-earth approach. Members will know that there is a process and a brewing period before each measure is finalized and measures cannot be put in place overnight. So we will pick the key items from among the some 50 recommendations and accord them with priority, for these are measures that will benefit the grassroots, including people from all age groups.

On the other hand, we will spare no efforts in helping the job seekers and the unemployed. It is at three levels that we offer our assistance to those in need.

First, the Labour Department (LD) will keep a close watch on the situation in various trades and organizations through contacts with them in various channels. In particular, if we are aware of cases like non-payment or underpayment of wages or possible bankruptcy or liquidation, and so on, we will intervene early. People from the labour sector attach great attention to such situations and so we hope that we can deal with the problems at source instead of trying to deal with them after they have arisen.

Second, the difficulty we face is that there are bound to be companies closing down and so we must protect the statutory rights of the employees. In mediating labour disputes, the LD will exert its best efforts. As an example, the successful mediation rate we have is 72% and it is higher than in the past. Previously and generally speaking, the success rate was only about 60%, but now it is more than 70%. The figure is most encouraging. Should labour disputes fail to be resolved after mediation efforts, we will refer the cases to the Labour Tribunal. The Labour Tribunal will offer its assistance to those affected by passing a judgment on the case as soon as possible. If these people have any difficulties, the Wages on Insolvency Fund will offer *ex gratia* payments as a kind of support.

In the past few months, the LD has worked out arrangements such that when the bankrupt employer or provisional liquidator informs employees of the company's decision to liquidate, the LD will immediately come to the aid of the employees by helping them file preliminary applications to the Wages on Insolvency Fund. This is something we will certainly not hesitate to do because we really hope that we can help the employees. We will also arrange to refer employees who have been laid off and are facing serious difficulties or are emotionally disturbed to receive counselling by the Social Welfare Department. We will offer our assistance if they wish to apply for CSSA. All these are front-line measures that will help laid off grass-roots workers face the adversities. On the other hand, we will also step up our prosecution of unscrupulous employers in order to achieve a deterrent effect. We will certainly pursue such work and maintain its intensity and strength.

Lastly, with respect to employment, we have mobilized all forces to help them find jobs and provide the information they need. The 12 employment centres of the LD have held job fairs of all sizes. In the first nine months of 2008, the LD has held nine large-scale job fairs which were attended by more than 19 000 job seekers. We have also organized 150 sessions of job fairs at the district level and each session attracted 130 job seekers. I hope Members can realize from the figures cited by me that we are really responding to problems people face from all perspectives and we have put in extra efforts to help the grassroots take on the challenge.

In regard to training, we collaborate with various training bodies such as the Vocational Training Council, the Employees Retraining Board and the Building and Construction Training Authority to offer various kinds of vocational education and training courses to people with different backgrounds, from different age groups, including the ethnic minorities, the unemployed, the underemployed and adolescents. All of these courses are meant to raise their employability.

Many Members are concerned about the Transport Support Scheme. As we all know, the Scheme is aimed at encouraging people with a low income from the four remote districts, that is, Yuen Long, Tuen Mun, New Territories North and the Outlying Islands, to venture out to seek employment in other districts. This is because job opportunities in these four districts are scanty. It is hoped that by offering them an incentive of \$600, they can be encouraged to seek employment in other districts. Actually, I have acceded to the demand from Members to advance a review. We know that a series of relaxation measures has been implemented since 2 July. I do not think I need to repeat the details here. We will continue to monitor the effectiveness of the Scheme and, if necessary, we will conduct a review at a suitable time.

However, I wish to emphasize that since the Scheme is devised to help those people living in remote areas where job opportunities are not plenty, if the Scheme is extended to all districts in Hong Kong, it will lead to a deviation from the original purpose of the Scheme. This we have bear in mind.

With respect to social security, on the proposal to set up an unemployment loan fund, my response to this is that a sound social security safety net is already in place for unemployed persons with financial difficulties to apply for CSSA.

This will help meet their needs of living. Even for the underemployed, they can apply for low-income allowance and about 16 000 families are presently receiving this allowance.

Mr CHEUNG Kwok-che has just said that the CSSA payment which some recipients get may not be enough, I would like to emphasize that in order to maintain the purchasing power of the CSSA payments, as Members must be aware, we have a mechanism to adjust the standard CSSA payment rates according to the movement of the Social Security Assistance Index of Prices. As a matter of fact, the CSSA payments have been revised upwards by 2.8% since 1 February this year. I have also acceded to Members' requests to advance the adjustment cycle from annually to semi-annually in the hope that such adjustments can catch up with the rise in inflation. Of course, what I have said are adjustments made with a time gap, but we still adjusted the payment rates upwards by 4.4% on 1 August and that was made ahead of the original schedule.

On next Friday we will make another application to the Finance Committee to increase the CSSA standard payment rates by another 4.7% starting from 1 February 2009. Members can see that since we made the decision at the end of last year, the CSSA rates have been increased by 2.2% since the beginning of this year, that is, 1 February. Then an increase of 4.4% was made in 1 August and another increase of 4.7% will be made on 1 February next year. Members can see that the CSSA recipients are not subject to any discrimination at all. And neither are the poor. The annual expenditure on CSSA averages as much as some \$18 billion. And in CSSA alone, the Government inputs on average \$50 million daily and it can be seen that the Government has really made a significant financial commitment to supporting those in financial difficulty.

Dr Priscilla LEUNG is very concerned about the food assistance projects and Mr CHAN Hak-kan has also mentioned the issue of food assistance. I wish to make a brief response here. We know that a formal application will be made to the Finance Committee this Friday to apply for a funding of \$100 million. Why do we have to wait so long before making the funding application? Actually, Members need not worry because the Chief Executive has set aside \$100 million for the 10 measures he announced in 16 July, but we have to work out the details with the non-governmental organizations on the implementation of the entire plan before it can be launched. Now all the details have been worked

out and an application for funding will be made this Friday. Once approval from the Finance Committee is obtained, we hope that the project can go ahead very soon.

Some people may worry about what would happen to those in need during the interim period. Would those in need not get any help? I do not think so. This is because we have transitional arrangements in place. There are presently two sizable organizations engaging in such work. One is the St James Settlement. It has got a good district network and links with the offices of the SWD and it is also linked to 20 other organizations to undertake such work. The other one is the Kwun Tong Methodist Social Centre. We have provided extra resources to these organizations so that they can have enough funds during the interim. The SWD has in fact provided them with resources on two occasions by way of internal resource deployment and so it is unlikely that the organizations will run into any difficulty during this vacuum period. I can assure Members that should such organizations encounter any difficulty, we will certainly provide them with the resources they need. After the injection of the \$100 million, as many as 50 000 people will benefit. Should it be found out that more people are in need after the project has operated for some time, I will be glad to make another application to the Government and fight for more resources to finance the project. So Members should not worry about the shortage of resources.

As for the proposal made by Ms LI Fung-ying to suspend the collection of provisional tax, I wish to make a brief response as well. The existing Public Revenue Ordinance has already provided in a flexible manner for the situation where there is change in the income of taxpayers. Should a taxpayer expect a fall in income or profit by more than 10% as compared to last year, he can apply to the Inland Revenue Department 28 days before the due date for tax payment for withholding part or all of the provisional tax. If individual taxpayers are unable to pay tax on time owing to their financial difficulties, they can apply to the Department for payment in instalments. So flexible arrangements already exist in the present system.

As for measures I talked about in my first speech, I would not repeat them here. Such include measures on social enterprises mentioned by Mr Alan LEONG. I would not repeat them now because I have already talked about them. We will continue to work hard on social enterprises. Apart from the measures mentioned earlier, in order to cope with the challenge posed by the

financial tsunami, the Financial Secretary has made an advance notice that the Government will adhere to three major principles in the budget next year and they are: (1) effective job creation — this is something Members are very concerned about and we will make job creation a key note; (2) effective use of social resources to take forward measures to enhance our competitiveness; and (3) such measures must be beneficial to the long-term development of the economy of Hong Kong.

We will keep in view the needs of the poor people and we will offer them support that is appropriate and, I stress, to the point.

President, I so submit. Thank you.

PRESIDENT (in Cantonese): I now invite Mr TAM Yiu-chung to move his amendment.

MR TAM YIU-CHUNG (in Cantonese): President, I move that Mr Frederick FUNG's motion be amended.

MR TAM Yiu-chung moved the following amendment: (Translation)

"To delete ", as the growth in Gross Domestic Product for the third quarter has slackened to 1.7%," after "That"; to add "on the world" after "the effects of the financial tsunami"; to add "Hong Kong's" after "the risk of"; to delete "but there is no notable downward adjustment in the prices of goods" after "the unemployment rate has rebounded"; to delete "Hong Kong ranks first among all Asian cities in the disparity between the rich and the poor, with" after "a latest report of the United Nations points out that"; to delete "which reflects the inequality of income distribution rising" after "the Gini Coefficient" and substitute with "of Hong Kong has risen"; to add "take proactive actions to fully implement the recommendations in the Report of the Commission on Poverty released by the Financial Secretary on 14 June 2007, and when necessary," after "this Council therefore urges the Government to"; and to add "further" after "re-establish the Commission on Poverty to"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment moved by Mr TAM Yiu-chung to Mr Frederick FUNG'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 Frederick FUNG rose to claim a division.

PRESIDENT (in Cantonese): Mr Frederick FUNG has claimed a division. The division bell will ring for three minutes.

PRESIDENT (in Cantonese): Will Members proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Dr Raymond HO, Dr Margaret NG, Mrs Sophie LEUNG, Mr WONG Yung-kan, Ms Miriam LAU, Mr Timothy FOK, Mr Abraham SHEK, Ms LI Fung-ying, Mr Tommy CHEUNG, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Prof Patrick LAU, Dr LAM Tai-fai, Mr Paul CHAN, Mr CHAN Kin-por, Mr IP Wai-ming, Mr IP Kwok-him, Dr PAN Pey-chyou and Dr Samson TAM voted for the amendment.

Mr CHEUNG Man-kwong, Dr Joseph LEE and Mr CHEUNG Kwok-che voted against the amendment.

Dr LEUNG Ka-lau abstained.

Geographical Constituencies:

Mr CHAN Kam-lam, Mr LAU Kwong-wah, Mr TAM Yiu-chung, Ms Audrey EU, Mr WONG Kwok-hing, Mr Alan LEONG, Mr CHEUNG Hok-ming, Ms Starry LEE, Mr CHAN Hak-kan, Miss Tanya CHAN, Dr Priscilla LEUNG, Mr WONG Kwok-kin and Mrs Regina IP voted for the amendment.

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr Andrew CHENG, Mr Albert CHAN, Mr Frederick FUNG, Mr LEE Wing-tat, Mr LEUNG Kwok-hung, Mr KAM Nai-wai, Ms Cyd HO, Mr WONG Sing-chi and Mr WONG Yuk-man voted against the amendment.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 23 were present, 19 were in favour of the amendment, three against it and one abstained; while among the Members returned by geographical constituencies through direct elections, 28 were present, 13 were in favour of the amendment and 14 against it. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

MS MIRIAM LAU (in Cantonese): President, I move that in the event of further divisions being claimed in respect of the motion on "Alleviating the disparity between the rich and the poor and assisting the grassroots in facing up to

economic adversities" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

I order that in the event of further divisions being claimed in respect of the motion on "Alleviating the disparity between the rich and the poor and assisting the grassroots in facing up to economic adversities" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): Mr WONG Sing-chi, you may now move your amendment.

MR WONG SING-CHI (in Cantonese): President, I move that Mr Frederick FUNG's motion be amended.

Mr WONG Sing-chi moved the following amendment: (Translation)

"To delete "as the" after "That," and substitute with "being struck by the financial tsunami, Hong Kong's"; and to delete "re-establish" after "this Council therefore urges the Government to" and substitute with "adopt the following measures to alleviate the problem of disparity between the rich and the poor: (a) the Government should create new positions at the middle and low ranking levels to absorb those groups which have a more serious employment problem, such as young people and middle-aged low-skilled workers, etc; (b) expanding the Transport Support Scheme to cover the 18 districts in the territory to benefit people with low income and job-seekers; (c) encouraging Comprehensive Social Security Assistance (CSSA) recipients to increase their income through employment, and assisting low-income or unemployed CSSA recipients who are employable to engage in employment and upgrade their skills in order to help them leave the CSSA net; (d) allocating funds to set up district poverty funds, and formulating focused proposals to alleviate poverty having regard to the poverty situation in various districts; and (e) expeditiously implementing all the recommendations in the Report of the Commission on Poverty, and re-establishing"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment moved by Mr WONG Sing-chi to Mr Frederick FUNG's motion be passed.

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

(Members raised their hands)

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

(Members raised their hands)

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

PRESIDENT (in Cantonese): Dr Priscilla LEUNG, as Mr WONG Sing-chi's amendment has been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. When you move your revised amendment, you may speak up to three minutes to explain the revised terms in your amendment, but you may not repeat what you have already covered in your earlier speech. You may now move your revised amendment.

DR PRISCILLA LEUNG (in Cantonese): President, having listened to the Secretary's response, I wish to point out that with respect to a long-term poverty assistance policy, there is still not a very

PRESIDENT (in Cantonese): Dr Priscilla LEUNG, these three minutes are not supposed to allow you to respond to the Secretary's speech, but to let you explain the terms in your revised amendment. Besides, you have to move your amendment now.

DR PRISCILLA LEUNG (in Cantonese): President, I move that Mr Frederick FUNG's motion, as amended by Mr WONG Sing-chi, be amended by my amendment.

My amendment carries one main point and, that is, I hope the Government in devising a long-term poverty assistance policy can consider a poverty resistance policy. Now it is fashionable to talk about poverty assistance and we absolutely support that, but in the long run, we have to prevent people who are

not yet impoverished but are likely to be from falling into the poverty net. I very much support what the Secretary has said earlier and, that is, in the long run, the problem of inter-generational poverty must be addressed. Now many people from the middle class

MS EMILY LAU (in Cantonese): President, should she be allowed to continue like that?

PRESIDENT (in Cantonese): Dr Priscilla LEUNG, I have just reminded you that as the original motion has been amended by Mr WONG Sing-chi, the speaking time now is meant to let you explain the terms of your revised amendment, rather than explaining your earlier amendment again. Do you understand?

DR PRISCILLA LEUNG (in Cantonese): What I have said just now is the part of my amendment which has been revised.

PRESIDENT (in Cantonese): You have to explain the revised terms in your amendment.

DR PRISCILLA LEUNG (in Cantonese): President, then I have nothing to add. *(Laughter)*

Dr Priscilla LEUNG moved the following further amendment to the motion as amended by Mr WONG Sing-chi: (Translation)

"To add "; (f) focusing on the persistently high food prices, the Government should expeditiously implement short-term food assistance projects and study the further extension of their scope of implementation; and (g) taking into account the fact that the unemployed population in Hong Kong may increase substantially, the Government should take precautionary measures to organize more training courses in collaboration with local tertiary institutions or training bodies and subsidize the

unemployed to pursue continuing education to help them add value to and transform themselves, so as to soothe their emotions and restore their confidence in the future" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Dr Priscilla LEUNG's amendment to Mr Frederick FUNG's motion as amended by Mr WONG Sing-chi, be passed.

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

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority 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): Ms LI Fung-ying, as the amendments by Mr WONG Sing-chi and Dr Priscilla LEUNG have been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. When you move your revised amendment, you may speak up to three minutes to explain the revised terms in your amendment, — I stress, please only explain the revised terms, you may not repeat what you have already covered in your earlier speech. You may now move your revised amendment.

MS LI FUNG-YING (in Cantonese): President, I move that Mr Frederick FUNG's motion, as amended by Mr WONG Sing-chi and Dr Priscilla LEUNG, be amended.

Ms LI Fung-ying moved the following further amendment to the motion as amended by Mr WONG Sing-chi and Dr Priscilla LEUNG: (Translation)

"To add "; (h) establishing an unemployment loan fund to assist those employees who have been laid off; and (i) suspending the collection of provisional tax" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Ms LI Fung-ying's amendment to Mr Frederick FUNG's motion as amended by Mr WONG Sing-chi and Dr Priscilla LEUNG, 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 WONG Sing-chi rose to claim a division.

PRESIDENT (in Cantonese): Mr WONG Sing-chi has claimed a division. The division bell will ring for one minute.

PRESIDENT (in Cantonese): Will Members 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, Mrs Sophie LEUNG, Mr WONG Yung-kan, Mr Timothy FOK, Mr Abraham SHEK, Ms LI Fung-ying, Dr Joseph LEE, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Prof Patrick LAU, Mr Paul CHAN, Mr CHEUNG Kwok-che, Mr IP Wai-ming, Mr IP Kwok-him and Dr PAN Pey-chyou voted for the amendment.

Mr CHAN Kin-por and Dr Samson TAM voted against the amendment.

Dr Margaret NG, Mr CHEUNG Man-kwong, Ms Miriam LAU, Mr Tommy CHEUNG, Dr LAM Tai-fai and Dr LEUNG Ka-lau abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr CHAN Kam-lam, Mr LAU Kong-wah, Mr TAM Yiu-chung, Mr Frederick FUNG, Mr WONG Kwok-hing, Mr CHEUNG Hok-ming, Ms Starry LEE, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mr WONG Kwok-kin and Mrs Regina IP 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 Albert HO, Mr Fred LI, Ms Emily LAU, Mr Andrew CHENG, Ms Audrey EU, Mr LEE Wing-tat, Mr Alan LEONG, Mr KAM Nai-wai, Ms Cyd HO, Miss Tanya CHAN 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, 23 were present, 15 were in favour of the amendment, two against it and six abstained; while among the Members returned by geographical constituencies through direct elections, 28 were present, 12 were in favour of the amendment, four against it and 11 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 Frederick FUNG, you may now reply and you have one minute 47 seconds. This debate will come to a close after Mr Frederick FUNG has replied.

MR FREDERICK FUNG (in Cantonese): President, I am grateful to the 24 Honourable colleagues who have spoken today. I am also thankful to the DAB for changing from "considering the establishment" to "supporting the establishment". This is a good show of stance. I think the Government should realize that it is the unanimous wish and request of all Members of this Council to see the re-establishment of the Commission on Poverty (CoP) by the Government. Therefore, the Government must not say "no" again.

In my motion, I have, apart from requesting the CoP to be set up to implement the recommendations made by the former CoP, also requested the CoP to focus on the ills of our time and, as stated by the Secretary, the employment issue. This is because we can see the employment issue involves not only labour and welfare issues, but also such issues as taxation, finance, and education and, as mentioned earlier by Mr CHIM Pui-chung and me, the possibility of establishing some alternative banks to specially help SMEs by providing them with low-interest and long-term loans to enable them to acquire funds immediately. This cannot be achieved by the Secretary alone. This is why the CoP should comprise inter-bureau members, under the leadership of the Chief Secretary for Administration, to better achieve, as stated by the Secretary just now, the goal of improving the economy mainly through employment.

I hope the Secretary can bring this message to the Government and expeditiously establish the CoP. Thank you, President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Frederick FUNG, as amended by Mr WONG Sing-Chi and Dr Priscilla LEUNG, 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: Formulating new policies on public and public housing estate markets.

Members who wish to speak in the debate on the motion will please press the "Request to speak" button.

I now call upon Mr Tommy CHEUNG to speak and move his motion.

FORMULATING NEW POLICIES ON PUBLIC AND PUBLIC HOUSING ESTATE MARKETS

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

President, I trust Members have all noticed that the day before, a newspaper ran a report with the headline "Supermarkets buck the trend to

increase prices". In fact, earlier on, the surveys conducted by the Consumer Council and even a number of surveys conducted by civil groups found that the prices of goods in supermarkets are not really that low, as the massive publicity makes it out to be. Sometimes, they are even higher than those of goods in markets, grocery stores or small provision stores.

It is undeniable that the environment in supermarkets is tidy and comfortable and the variety of goods is great. They even offer some of the services provided by restaurants, selling cooked rice with two toppings, sushi, desserts, practically everything. The only thing not on offer is live chickens — but since the Secretary has nearly killed all live chickens, not many of them are left now — so there are good reasons for their popularity.

However, if we let the market be skewed like this, ultimately, it is the public who will suffer. This is because the room of survival for small traders is diminishing and there is a lack of healthy competition in the market. As a result, the prices of goods are controlled by this oligopoly of supermarket chains and the retail service is becoming uniform and devoid of local characteristics.

Furthermore, with the exorbitant rents of shops in Hong Kong, the shops at locations with greater flows of people are all snatched up by chain stores of greater financial might. After the Housing Department had divested some of its shopping centres and market facilities to The Link REIT, it can only look on as the latter's management arm reneged on its promise and increased rents despite the adverse economic conditions, thus driving small traders out of business. All along, the authorities have been powerless in countering this situation.

In the face of such a situation, I believe the best counter-measure is to stop the skew in the market and prevent supermarkets from becoming an oligopoly. The way to do so is to give a helping hand to public and public housing estate markets by positioning them as a market niche for revitalizing small trader economic activities, so that small traders can transfer their bases. In this way, they can counter the monopolization by supermarkets and the hegemonist policy of rent increase adopted by The Link.

Moreover, in view of the recent downward spiral of the Hong Kong economy and the impending tall waves of unemployment, it is all the more

necessary for the authorities to seize this opportunity to enhance the competitiveness of the public and public housing estates markets by enabling more small traders to move into them, so that they can eke out a living by running small businesses and more job opportunities can be created for ordinary members of the public.

Although the authorities have sold about 100 markets to The Link, the Housing Department still has 19 public housing estates markets and the Food and Environmental Hygiene Department (FEHD) still has 80 public markets. The total number of stalls stands at over 15 000 and there is still quite a lot of room for development.

Last Wednesday, the Audit Commission made the criticism that as the rent of public markets had been frozen for a long time and stall owners were paying rent below the market level, the Treasury was suffering losses. This gave people the wrong impression that the authorities are subsidizing small traders by offering concessionary rents, so some clarification on this point is necessary.

In fact, when the authorities introduced the voluntary surrender scheme for itinerant hawker licences back then, itinerant hawkers were offered the option of renting stalls in markets at concessionary rents instead of receiving compensation and this is why, in the same market, some stall owners pay a concessionary rent of several hundred dollars monthly while others — the stalls may just be adjacent to one another — pay a normal rent of several thousand dollars. This is the result of the policy on hawker relocation and it can by no means be described as running a loss-making business.

Moreover, if the rent is frozen or reduced, this will enhance the competitiveness of small traders, thus enabling more small traders to become self-reliant. This is what the authorities should do and it is also a way to return wealth to the public.

Unfortunately, all along, the authorities have been conservative and after relocating the hawkers, the authorities are not at all zealous in managing these markets, so the traders have been left to fend for themselves. This can be seen from the fact that in the past, the authorities totally disregarded the risks posed by

the avian flu by allowing some 20 to 30 chicken stalls to exist in the same market, for example, in the Tai Shing Street Market and Yeung Uk Road Market, thus leaving the stalls to engage in vicious competition among themselves.

With such an outdated method of regulation, it is impossible for these markets to become a major market player and counter the competition from supermarkets. As a result, this has given rise to the serious vacancy situation in public markets for long periods of time. In the past decade, the overall vacancy rate of public markets has been on the increase. The latest figure, released on 30 September, is 23.6% and more than four of these markets have vacancy rates of 60% or more. The public housing estates markets of the Housing Department (HD) do not fare any better either. Even if we do not take into account the markets on which conversion projects will be carried out and which will be handed to a single operator for management, the overall vacancy rate of the 10 markets directly operated by the HD is 21.42%. Among them, the vacancy rates of those in Kwai Shing West Estate and Cheung Ching Estate are as high as 60% and 55% respectively.

In order to save these markets, the prerequisite is that the authorities cease to adopt the thinking of being a housekeeper in dealing with matters relating to public and public housing estate markets. Instead, they have to adopt the thinking of an investor with eyes set on development. In the past, I often heard the commercial tenants of some markets complain that if an air-conditioning system was to be installed, they would have to bear the operating costs of such a system but they could not afford this, so in the end, they could only give up this demand and continue to put up with a poor business environment. This has given rise to a vicious circle in which these markets cannot attract customers, so these tenants have remained incapable of paying higher rents and electricity tariffs and they are not in a position to request the authorities to improve the conditions of their markets. Being in such a bind, they are utterly incapable of coping with the keen competition in the retail market nowadays.

For this reason, the first measure proposed by me in my original motion is to request the authorities to actively allocate resources to improve the business environment of markets, thereby bringing about long-term return. The aim is to make the authorities acquire the mentality of an investor by regarding the public and public housing estate markets as an important asset and a long-term

investment, and tenants as clients. In order to increase the number of customers, it has to go on the offensive and establish a vibrant business environment. As the saying goes, "If you do not spend a little money, you will not get a fortune." We can wait until the financial position of the clients has improved to increase the rents.

Sometimes, we should not harbour defeatist thinking merely because there are many supermarkets or markets in the vicinity. The Tai Po Hui Market is a case in point. Due to its modern design and clean and dry environment, even though it is surrounded by large supermarkets, it is still thronging with customers and even the customer flow of shops nearby has been on constant increase.

It can thus be seen that so long as the authorities are prepared to revamp and reorganize the overall business environment of these markets by giving them a facelift, from measures of hygiene to passageways, or adding a car park to them when necessary, so that an environment that is comfortable, hygienic and clean, with modern design and adequate complementary facilities can be created. In that event, "good wine needs no bush" and customer flow will be attracted. The prosperity in these markets will even radiate to the shops nearby.

In addition, the authorities should implement the preliminary results of the review conducted in May this year as soon as possible by revising the planning standards, so that the planning of markets will no longer follow the rigid formula of 45 stalls for 10 000 people. The needs of the areas in which the markets are located should be analysed in depth, and the stall sizes, types of commodities on offer, the layout of stalls and the ancillary facilities of these markets should be determined from a market perspective.

Concerning the query of the Audit Commission about the method of data collection adopted by the authorities failing to accurately assess the needs of local communities for markets, I fully agree with it. The report further points out that it takes the authorities as long as eight to 10 years to plan and commission a market, so it is practically impossible to keep abreast of the rapidly changing social situation. I often say that if the authorities have difficulties, they can consult the business sector and make reference to their method of assessment.

In addition, concerning the problem of some tenants straying from their proper occupation and exploiting the cheap rent of their stalls by using their stalls

for storage or wholesale purposes instead of providing the services proper to these markets, I believe the authorities had better act resolutely by encouraging inactive tenants to terminate their tenancy or change their shops by offering *ex gratia* payments, so as to re-plan and reorganize these markets with flexibility.

In fact, if the rents can respond to changes flexibly, sometimes, this will have the effect of enhancing the competitiveness of these markets. For example, when necessary, such proactive letting policies as offering short-term rent concessions can be adopted to attract commercial tenants with potential and improve the situation of low occupancy.

At present, the emphasis in the retail industry is trade-mix. Diversified services can be provided in one location to induce greater customer flow. The authorities should make reference to this mode and assist traders in markets in introducing new types of commodities or services, for example, by setting up special areas for high-value-added organic agricultural produce, bazaars of household goods, the provision of money changer service, and so on.

At the same time, the authorities should establish good communication with their commercial tenants and understand their needs in depth. If these tenants want to introduce unique value-added services, the authorities should provide assistance as far as possible and when necessary, relax the lease conditions for market stalls appropriately.

For example, can the authorities consider allowing shops selling chilled chickens in markets to open the plastic bags containing chilled chickens and cut the chickens up for sale? As another example, is it possible to draw on the experience of the fish markets in Japan and permit the hire of stoves? Or, permission can be given to the installation of self-service lockers for customers. The aim is to enable markets to foster their unique characteristics in order to compete with supermarkets.

President, I also understand that we should not just keep criticizing the authorities. The development of public markets has also been affected by historical factors. Moreover, the mentality of civil servants is to work according to the book, so there is little originality. However, this kind of thinking in administration is already outdated. Coupled with the fact that in recent years, the authorities have kept draining the lifeblood of the live poultry trade using high-handed tactics, so that live poultry stalls, which are a unique characteristic of

wet markets, have closed down in droves. As a result, the competitiveness of public markets is lagging further and further behind that of supermarkets. The resultant adverse effects are now surfacing gradually. In particular, in this period of economic downslide, since the prices of goods in supermarkets have not dropped, the authorities really have the social responsibility to address this problem squarely.

The only way forward now is for the authorities to change the conservative regulatory culture of the past as soon as possible, actively develop public and public housing estates markets, so as to bring new business opportunities to small traders and introduce healthy competition into the market.

Mr Tommy CHEUNG moved the following motion: (Translation)

"That, as the Administration's approach in planning and managing public and public housing estate markets is very outdated, hence all along it is unable to boost customer flows effectively, and has even resulted in serious vacancy situation in some public and public housing estate markets, this Council urges the Administration to immediately formulate policies on public and public housing estate markets which meet the needs of a modern society, and particularly in view of the recent economic downturn and the worsening trend of the unemployment rate, it is necessary for the Administration to expeditiously enhance the competitiveness of public and public housing estate markets, and assist small traders in these markets in countering monopolization by supermarkets, so as to benefit the grassroots; the measures include:

- (a) actively allocating resources to improve the business environment of markets, such as installing additional air-conditioning systems and escalators, thereby boosting customer flows to bring about long-term return;
- (b) analysing in depth, from a market perspective, the needs of the districts to which the markets belong, and planning afresh the sizes, types of commodities sold, layout of stalls and ancillary measures of individual markets;
- (c) adopting proactive letting policies, such as offering short-term rent concessions to improve the situation of low occupancy and striving

to assist traders in the markets in introducing new types of commodities or services, so as to inject new elements into the markets and bring into play their characteristics of trade mix; and

- (d) appropriately relaxing the tenancy conditions of market stalls so as to facilitate business operations as far as possible and enable traders to provide unique value-added services, thereby enhancing the attractiveness of the markets."

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

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

I will call upon Mr Fred LI to speak first, to be followed by Mr WONG Yung-kan, Mr Alan LEONG and Mr WONG Kwok-hing; but no amendments are to be moved at this stage.

MR FRED LI (in Cantonese): President, when we took a stroll in the street 30 years ago, grocer's shops, provision stores and markets were the places providing the basic foodstuff and necessities, including dried seafood, to members of the public. Some 20 years ago, street hawkers were gradually resettled in the markets in multi-storey municipal services buildings. In tandem with the rise of supermarkets in recent years, such street-corner activities have gradually been consigned to the memories of older members of the public. Five or six years ago, with the further development of supermarkets into superstores in an attempt to encompass all basic necessities, the business of small traders was snatched and the operation of public markets became increasingly difficult.

Several years ago, the Consumer Council conducted a study on the foodstuffs and household necessities retailing sector and found that between 1996 and 2001, the number of small supermarkets decreased drastically by 41%. The number of supermarkets in Hong Kong also increased significantly from 1 160 in 2001 to over 1 600 in 2007. The rate of increase was about 40%, so when one

area dwindles, another grows. This figure shows that there has been a significant increase in the number of supermarkets. Among them, the number of supermarkets operated as superstores has increased very significantly.

The emergence of supermarkets has snatched the bulk of the business of public markets. In spite of this, if the competition were healthy, this would not be a problem. However, if the turnover of public markets is not enough to sustain their operation and supermarkets become predominant, this will surely affect the interests of consumers in terms of the choices, prices and quality of goods.

Whether public markets with higher vacancy rates should continue to exist has been a subject of interminable debate for years. However, the attitude of the Government is also very clear. The number of municipal services buildings built in recent years can be put at nil. Basically, there has been none, nor will we see any in the future. The Government, apart from implementing the projects on market construction left behind by the two former municipal councils, has not completed any more new municipal services buildings. In the past, in the era of the former municipal councils, the Democratic Party actually proposed that before building public markets, commercial viability should be included as a factor in deciding whether or not to build a market and this was also taken on board by the then Urban Council as a policy. Nowadays, we believe that apart from this factor, we should also consider the harm to consumer interests if supermarkets monopolize the market as a result of a lack of competition. The Government must also consider carefully the feasibility of building commercially viable public markets.

For many years, the Government has adopted the approach of building multi-storey municipal services buildings when building public markets because the Government is intent on relocating hawkers to such buildings. When we walk in the street nowadays, we can see that there are less hawking activities but more operators using "easy-pull" stands to market the services of telecommunications companies at the entrances of Mass Transit Railway stations. The hawkers of the past have disappeared and it seems that the streets are cleaner. However, this has made Hong Kong more one-dimensional and the human activities characteristic of a city cannot be found. We often talk about taking a stroll in the street. I hope markets are also places that we will go for a stroll.

So it is not necessary for markets to be built as multi-storey buildings, instead, they can be in the form of bazaars. As long as there are suitable locations, bazaars can be the focal points of various kinds of street activities that can enrich urban life in Hong Kong.

In the past, in the Legislative Council, various political parties and groupings have put forward various proposals on revitalizing the markets. The Democratic Party holds that the internal designs of some old markets have become far removed from present needs. Some markets must be modernized in order to attract the public to return to them, and it is perhaps really necessary to convert some markets to other uses.

In recent years, public markets have undergone conversion or repairs and maintenance successively. A small number of them are now equipped with air-conditioning systems. The Government said that the installation of air-conditioning systems had not led to a corresponding increase in the business of public markets. However, I believe that apart from considering the burden borne by traders as a result of these projects, if the installation of air-conditioning systems can help maintain the levels of customer flow and business, this is already quite an achievement, so we should still proceed with such measures.

However, in some markets, it is necessary to secure the agreement of 85% of the stall operators before an air-conditioning system can be installed. I have expressed the strong view that this percentage should be lowered because stall operators in markets will definitely oppose such installation. Apart from their unwillingness to pay air-conditioning charges, some stalls are located on one side and those spots are quite open and airy. These stall operators will definitely oppose the installation of air-conditioning systems. Precisely due to these stall operators, even though most of the stall operators whose stalls are located at spots where the air is more stuffy support the installation of air-conditioning systems, such projects cannot go ahead because the agreement of 85% of all stall operators cannot be secured. For this reason, I believe the Secretary should exercise flexibility when dealing with the requirement of securing the agreement of 85% of stall operators before installing air-conditioning systems.

We also support the introduction of short-term tenancies. An Honourable colleague proposed a relaxation of the tenancy conditions. Mr Tommy CHEUNG commented on the markets managed and operated by government

officials just now. Frankly speaking, the situation really leaves much to be desired. If the business of a market is good, it has nothing to do with officials because it is not true that the business is good because of the management by officials. However, if the business of many markets is poor, it can be attributed to these officials. This is very clear. In view of this, I think greater flexibility should be introduced and more manpower should be deployed to operate the markets. For example, the Kimberley Street Market is cited by the Audit Commission as being poorly operated. I think its ground level and basement are very suitable for operating food courts. If the ground level is operated as a food court, this will perhaps be commercially viable. At present, the basement has become a warehouse for a hotel and this is totally unacceptable. Later on, we will have discussions in this regard in the Public Accounts Committee.

I think that, just like me, Honourable colleagues present also want to see positive and fair competition in the foodstuffs and household necessities retail market. The supermarket groups may have some advantages in terms of their retail network and the choice of the sources of goods. However, the Consumer Council has made a lot of effort in comparing prices and found that many goods in supermarkets are no cheaper than those in markets or pharmacies. For this reason, I believe that we should continue to pay attention to this area. Regarding the human touch, supermarkets are definitely no match. The relationship of housewives, elderly people, uncles and old men who go shopping in markets with the traders are definitely far better than that with supermarkets, which is cold and devoid of human touch. Apart from the prices, I think this is also one reason for the continued existence of markets.

I am concerned that without markets or if markets continue to decline, food manufacturers can only rely on supermarkets to display their goods on the shelves. In that event, they will be fair game and have to pay a lot of "on-shelf" fees or advertisement fees, as well as promotional fees, and so on. As the fleece comes off the sheep's back, ultimately, these costs will be transferred onto consumers. For this reason, we will be happy to see the Government revitalize these markets and enable markets to compete with supermarkets. I so submit.

MR WONG YUNG-KAN (in Cantonese): President, when we went to markets to buy food in our youth, often, we could see many people. In particular, during festive seasons, the markets were just jam-packed. However, nowadays, some

markets are still and quiet and seven out of ten stalls are vacant. Our younger generation does not have a good opinion of traditional wet markets, thinking that they are "steaming hot, dripping wet and gloomy". The environment in supermarkets is far more comfortable and superior. The one-stop shopping service provided by them is also very convenient, so they are gradually monopolizing the whole market.

In fact, many members of the public are connoisseurs and they are loyal supporters of traditional markets. The reason is very simple. They believe that the foodstuffs sold in traditional markets are made from superb ingredients, fresh and compatible with the culinary culture of Hong Kong people. They all lament in concert that the decline of traditional markets can be attributed to the complacency of their managers and the inadequate remedies, which has rendered these markets unable to meet the needs of the times.

I agree very much with these comments made by the supporters of traditional wet markets. Recently, the report published by the Audit Commission lashes out at the Food and Environmental Hygiene Department (FEHD) for wasting resources on maintaining the operation of individual wet markets. However, it also says in fairness that vibrant markets with high patronage usually have the following characteristics: They are markets with modern facilities, clean, tidy, dry, bright and well ventilated; the stalls are spacious and the passageways are wide and the markets offer a wide choice of commodities. Less vibrant markets with low patronage are generally less modern and a little shabby. It is thus evident that if the Government is determined to improve the business environment of existing markets, wet markets will still have a large group of supporters.

President, for a number of years, this Council has discussed making improvements to the shopping environment in public markets. Originally, some improvements can be made to these markets but due to the constraints of government policies, it turned out that the improvements were only half-baked. Often, the installation of air-conditioning systems requires stall operators to shoulder additional and high electricity tariffs. As a result, such projects cannot be implemented, thus making it difficult for the business environment of markets to become comparable to that of supermarkets. More importantly, the Government's policy on live poultry is increasingly stringent and after a large number of chicken stall operators have surrendered their licences voluntarily, live

poultry stalls can no longer be found in some markets. Originally, it could be said that the sale of live chickens is the last line of defence for traditional wet markets in their resistance to supermarkets, but it has now been completely destroyed by the Government.

The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) considers that in order to save traditional wet markets, priorities have to be set and we should start with the fundamentals. This is very clear if we look at the case of the Tai Po Market because the Government was willing to listen to public opinions. When the Tai Po Market was initially opened, many members of the public shied away from it because the Government had made mistakes in its design. In particular, the fish stalls at the lower level of the market were very smelly, so no member of the public was willing to shop for food there. In the end, thanks to the improvement proposals persistently put forward by District Council members in Tai Po to the Government, improvements were made to the escalators there. The method of cleansing the fish stalls was also improved. Improvements were also seen in many areas. In fact, I highly appreciate the work attitude of the Assistant Director of Food and Environmental Hygiene, Ms Rhonda LO, who had worked hard without complaint. She carried out inspections in the market even in the middle of the night. In addition, improvements were also made to the cooked food stalls. However, up to now, the Government is still unwilling to change the seats there — the four-seaters there are very rigid. People "thin" like me cannot possibly sit down. I have to turn sideways in order to sit down. For this reason, I have made suggestions to the Government a number of times, asking if improvements can be made in this area. However, so far, the Government is still unwilling to change them.

We found that the Government is unwilling to change anything there in this case, but in the Ap Lei Chau Market, it is a completely different story and changes are absolutely possible. This shows that the Government has different policies in respect of different markets and even in respect of seats, it has different policies. In view of this, I hope improvements can be made by the Government.

We also understand that these improvements measures certainly will not yield results overnight. However, since the operation of market stalls is already in deep waters and compounded by the impact of an economic decline, the Government cannot possibly refrain from lending a helping hand anymore. For this reason, I have proposed an amendment requesting that the Government reduce the rents of public and public housing estate markets by half for a period

of one year. The Housing Authority has already taken a facilitation measure by reducing by half the rents of markets and shopping centres under its management for two months. My proposal is only designed to extend the scope of the concession to help stall operators solve their pressing problems.

As regards the original motion moved by Mr Tommy CHEUNG, generally speaking, the DAB supports it. We believe that the Government has to understand what the successful approach in managing shopping points is and consider matters from the angle of the operators in shopping centres more often by applying greater flexibility and creating a comfortable shopping environment.

Regarding Mr Fred LI's amendment, we also support it. The DAB believes that insofar as the mode of operation of traditional wet markets is concerned, apart from enabling the public to buy various kinds of inexpensive goods and fresh food at a single location, public markets have also given many low-skilled traders a means of living. They are like video cameras recording the shopping pattern of the general public in Hong Kong and they also bear testimony to our history. Supermarkets cannot take their place. Although we agree that in planning for new markets, greater consideration should be given to the market factor, so as to replace the existing rigid standard based on the number of residents. We cannot give up the construction of new markets on account of external competition, in particular, when new residential areas have now basically made allowance for the establishment of big supermarkets. Now, many residents in these new districts are beginning to complain that they are totally subject to the control of monopolistic supermarkets which increase prices at will. They hope that there are public markets to compete with these supermarkets.

As regards Mr Alan LEONG's amendment, we support the development of public and public housing estate markets into markets for organic agricultural produce. In the past, many friends from the fishery and agricultural sector and I promoted such quality local fishery and agricultural produce as brand-name chickens, quality fish and local organic produce together in traditional markets. However, in order to promote them successfully, in the final analysis, it is necessary to make improvements to the shopping environment in order to achieve even better results.

Regarding the proposal in Mr Alan LEONG's amendment to accord "priority to small shop operators who are affected by the rent increases of The

Link Management Limited and are unable to continue their business to rent public and public housing estate markets at concessionary rent", as the Audit Commission pointed out, in the past, the resettlement of hawkers had led to the differences in the rents paid by commercial tenants in markets, thus giving rise to the problem of sub-letting and some stall operators not doing any business. If we further give tenants of The Link Management Limited priority in renting stalls in these public markets, this will only exacerbate the problem of the differences in rent. In future, it will be even more difficult to solve this problem.

As regards the amendment proposed by Mr WONG Kwok-hing, we support it in principle. I hope the Government will reconsider this area, improve the management and environment of markets and take further reasonable improvement measures.

President, I so submit.

MR ALAN LEONG (in Cantonese): President, from the latest report prepared by the Director of Audit, it can be seen that there is nothing to write home about insofar as the management of public markets by the Government is concerned.

The aim of establishing public markets is to meet the needs of local communities and enable operators with small capital to operate their businesses in a setting of lower rental cost, so as to provide relatively cheap goods to residents in these local communities. At the same time, public markets can be used for hawker relocation to prevent them from causing environmental nuisance as a result of hawking in the street. However, due to the unsatisfactory management by the Food and Environmental Hygiene Department (FEHD), these public markets cannot perform their functions properly.

In fact, many of the public markets are located at prime locations with a large flow of people. To take the Mong Kok Market as an example, as of June this year, only 49 of the 129 stalls in the market have been let. The Audit Commission tasked officers to carry out inspections during peak business hours in June and July this year and found that only 10 stalls were open in the morning and only three in the afternoon. If even a public market located in Mong Kok has such a high vacancy rate, the FEHD cannot possibly shirk the responsibility.

The Government spends about \$500 million each year on the operation of 104 public markets. In 2007-2008, the total expenditure on operating public markets is about \$500 million. After deducting the income from rents, the expenditure is about \$350 million, so the FEHD loses about \$150 million each year. The figures for 2006-2007 are equally shocking. Of the 104 public markets, 84 was making a loss and 11 of them even lost as much as \$5 million each in that year. In fact, five years ago, the Audit Commission already issued a warning in its report and requested the authorities to deal with the problems relating to the operation of public markets in earnest to avoid a waste of resources. Back then, the FEHD also undertook that it would adopt the recommendations of the Audit Commission, so as to improve the business environment of public markets. However, five years on, the objective reality and figures show that the FEHD has not honoured its undertaking.

With the financial tsunami hammering the Hong Kong economy, the business environment of small traders will obviously take a turn for the worse. The Civic Party holds that when the Government formulates a new policy to improve the business environment of public markets with higher vacancy rates, it should consider according priority to small traders who wound up their business as a result of the rent increases made by The Link Management Limited in recent years in renting public and public housing estate markets at concessionary rents, so as to enable them to give play to their strengths and ply their former trade. President, as regards the concern voiced by Mr WONG Yung-kan just now, I believe that with a rental policy that takes into account both the past and the present, it will definitely be possible to achieve such an end.

President, to go from rags to riches is what Hong Kong people take the greatest pride in. Behind stories of the grassroots being self-employed, earning money to support their families, giving their children an education and turning them into worthy individuals, the underlying financial support may be a butcher's stall, a herbal shop, a local electrical appliance shop or a newsstand. However, after the takeover of most of the shopping centres and markets by The Link REIT, the development strategy adopted by its management arm is to "open its arms wide to the large consortia and expel the small traders". Many small traders who had been in business for many years could not bear the pressure of rental increases and were forced to wind up their businesses, thus indirectly destroying the livelihood of grassroots families as well as a mode of living and consumption affordable to the grassroots.

President, I believe that it is necessary for the Government to take measures to remedy the effects of selling the assets of public housing estates to The Link REIT. At present, the problem of vacancy in public markets is very serious. The Civic Party proposes that the Government give priority to small traders who have wound up their businesses due to the rental increases made by The Link Management Limited in renting the stalls in these markets, so that they can continue with their business operation and the low-price consumption system for the grassroots can be rebuilt. Through this proposal, another means is available to encourage the grassroots to become self-employed, so as to counter the financial tsunami. At the same time, the resources as represented by these public markets can also be well utilized. Certainly, we must not think that the problem is solved so long as there are commercial tenants who rent the vacant stalls in these markets. It is necessary for the FEHD to manage these public markets with a proactive approach, for example, by adding modern facilities, improving transport and ancillary facilities, formulating development strategies designed to attract patronage, and so on.

President, apart from revitalizing these markets by attracting small traders, the Civic Party also proposes that the Government develop vacant public markets into thematic bazaars for organic agricultural produce to let green groups to sell organic farm produce. Organic farming advocates the natural principle, emphasis on the conservation of soil fertility, but not on the utilization of such harmful soil additives as chemical fertilizers and pesticides. Instead, organic farmers attach importance to soil conservation and natural harmony to raise productivity and keep pests in check. By practising this concept in the real-life production system, organic farming can produce nutritious and safe food for human beings, and prevent environmental pollution and over-exploitation, so that a balanced, productive ecosystem can be maintained.

At present, the sales channels for organic produce are not extensive. Most green groups have to rely on weekly events or other irregular functions to promote organic produce in the urban area. However, since organic produce is positive to the environment, the ecology and the health of the people, the Government should make greater efforts to assist the development of organic agriculture. To develop vacant markets into thematic bazaars of a sizeable scale for farm produce can give the producers more stable sales channels. At the

same time, it will be possible to disseminate health information relating to organic products to the public, so as to achieve the double benefit of "revitalizing markets and greening the communities".

President, today, various Honourable colleagues of the Legislative Council have offered advice and strategies to the Government, in the hope of putting forward more feasible proposals on revitalizing public markets. The FEHD has wasted five years without putting the precious resources in local communities to good use. I call on the authorities to consider all views solemnly and seriously, formulate a new policy and properly monitor the operation of public markets.

Concerning the original motion and all the amendments in today's motion debate, the Civic Party thinks that they are all worthy of support. For this reason, we will support the original motion and all the amendments. President, I so submit.

MR WONG KWOK-HING (in Cantonese): President, the direction of the amendment proposed by me is the same as that of the original motion and the other amendments. Therefore, I will support the original motion and all the amendments. I also hope that Members will support my amendment.

My amendment seeks mainly to point out that the business operation of these markets is highly relevant to society as a whole, in particular, to the living of the grassroots. I hope that Members of various political parties and groupings and unaffiliated Members will join hands in urging the Government to make improvements in this area as soon as possible and review the existing policy on markets. President, Mr Tommy CHEUNG moved this motion today because a review of market rents is now a pressing task. I point out in part (a) of my amendment that the validity period of the Government's rental freeze for the markets will expire in June next year. Since the rent of markets is collected on a quarterly basis, after 1 July next year, is the Government going to freeze, increase or reduce the rents? The review conducted by the Government must produce results by March 2009. After that, the FEHD will have to issue the demand notes for rents of the next quarter in April. Today is already 3 December. How many days are left for the Government to conduct a review? There are less than four months to go before the Government has to derive results from the

review. In view of that, Secretary Dr York CHOW, there is not much time left for the Government to implement the proposals put forward in Mr Tommy CHEUNG's motion and to conduct a review of the rents of markets.

In the amendment, I also urge the Government to actively identify a package of feasible measures to study market rents comprehensively as soon as possible before the validity period of rental freeze expires and to formulate feasible exemption measures, so as to help the operators of market stalls who started their businesses from scratch and who are truly representative of small-capital business operators in Hong Kong. This is the first point.

Second, President and Members, do you know why the markets managed by the Government cannot attract patronage nowadays? Why are the stalls, which are aplenty, unable to attract new commercial tenants to operate businesses? According to the information of the FEHD, at present, there are 104 public markets owned by the Government and 79 of them are wet markets, 25 are cooked food centres and the total of stalls stand at 14 900. However, only 11 390, or 76%, of them have been let successfully, whereas there are 3 510 vacant stalls, accounting for 24% of the total. Why has such a situation arisen, that is, on the one hand, some people want to do business but cannot find a stall or cannot afford the high rent, and on the other, there are vacant stalls and public funds are wasted for nothing? This is because there is now this situation of "one market, two rent levels" in public markets. "One country, two systems" is desirable, but "one market, two rent levels" is not.

What is the reason for this situation? This is because 11 years ago, in 1998, due to the economic situation at that time, the authorities and the legislature agreed to reduce the rents by 30%. Subsequently, the rent level was frozen for eight years, then for a further two years in 2006 and another year in 2008, thus making it a total of 11 years. That is to say, the rents paid by the original tenants have remained at the level 11 years ago. However, in these 11 years, under the present system, the market rental value as assessed by the Rating and Valuation Department and the tender prices as set by the FEHD according to this rental value are applicable to commercial tenants who want to join the trade. If someone wants to do business in these markets, they have to go through the tender process and the stalls will be awarded to the highest bidders. Consequently, since it is necessary to bid for the stalls according to the market

rental value assessed by the Rating and Valuation Department, the situation of two rent levels has arisen, thus making it difficult for newcomers to sustain their operation.

President, here, I have collected some information. I will not use the information of the Audit Commission for my comparison because the information is too polarized. I will use several shops selling fruit in the San Hui Market in Tuen Mun for comparison. The stalls are located next to one another and the rent paid by the original tenants is \$2,724 monthly but the rent for the adjacent stall is \$5,910 monthly, inclusive of air-conditioning charges. The difference is 2.17 times. May I ask how this stall can survive? To take the North Kwai Chung Market in New Territories West as another example, several shops selling frozen meat are also located next to one another. The rent payable by the original tenants is \$4,900 monthly but that for a recent newcomer is \$8,700, so the difference is 1.86 times. Members can consider how the newcomer can bear the additional rent, still less can one talk about profits. In view of this, this situation poses a great difficulty to these people.

Since this situation of one market having two rent levels has given to a vicious circle, the stalls have been wasted. Some markets have a high vacancy rate and even if one opens fire with a machine gun there, no one would be hit. President, I have brought along three photos. This is the market at Tsuen King Circuit Market, Tsuen Wan. Members can see that there is not a soul in the photo and all the stalls are vacant. How bad is the situation? In Hong Kong, this situation of one market having two rent levels is really a spectacle. Frankly speaking, how can we help these small-capital businesses? This is a vicious circle. Since these businesses operating on a small amount of capital cannot survive, the retail market is occupied by supermarkets that raise prices at will, thus leading to price increases. How can the general public meet their living expenses? With what can they meet them? It is useless even if the Consumer Council publishes the prices daily. In view of this, I hope that the Government will really consider thoroughly how best this problem of one market having two rent levels can be solved.

Some people may think that the problem can be solved by adjusting the lower rents upwards. However, this is not a direction that I will agree with. If this is done, there would be riots and the tenants in all markets would close their

shops in protest immediately. How can we adopt a flexible and reasonable approach to enable people who wish to operate those vacant stalls to join the trade? This is the problem that I wish to raise.

Furthermore, I also point out in the amendment that it is necessary to monitor public housing estate markets. At present, two systems are also adopted in the same public housing estate market and this is most obvious. Recently, the Housing Authority (HA) announced that the rents of the markets under its management will be reduced by half for two consecutive months, that is, one month of rent will be waived. These markets are under the management of the HA. However, in respect of the markets that the HA sold to The Link REIT, the rents were increased two-fold and even three-fold to drive commercial tenants out of business. This is also a vicious circle and the problem also lies in one market having two rent levels. Will doing so not impose even greater hardships on the living of the public?

President, I have proposed several measures in my amendment, in the hope that the Government will help improve the environment of existing public markets. At present, among the public markets managed by the FEHD, only 31 of them have air conditioning. Why is it so difficult to even install air-conditioning systems? Because the Government wants to collect air-conditioning charges. The Government has set a criterion. It will install an air-conditioning system only when 85% of the tenants in a market are willing to pay air-conditioning charges. This decision was not made before the two municipal councils were abolished. In view of this, it is very difficult for the commercial tenants to accept something that will increase their burden. As a result, another vicious circle has been created, that is, the hygiene, environment and air quality in these markets are worsening. When the air temperature is over 30°C outside, that inside the markets is over 40°C. In that case, who is willing to go into the market?

As regards the various environmental hygiene problems in markets, due to the time constraint, I am not going to talk about them one by one. I have already talked about them in my amendment. Lastly, I wish to urge the Government to

ensure that it will improve the business environment of markets under its management as this is an important and fundamental measure in helping the public counter inflation. Thank you, President.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, I would like to thank Mr Tommy CHEUNG for moving this motion. In the middle of last month, the Food and Health Bureau and the Food and Environmental Hygiene Department reported to the Panel on Food Safety and Environmental Hygiene of the Legislative Council on the findings of the review of the provision of public markets and discussed with Members issues relating to the management, design and provision of public markets. The motion today gives us another opportunity to discuss the development of the policy on public markets in the Legislative Council. I will also speak on behalf of the Transport and Housing Bureau today on public markets in public housing estates.

The provision of public markets by the Government has a long history. Initially, the two Municipal Councils constructed public markets mainly to relocate on-street hawkers with a view to alleviating environmental hygiene problems. Subsequently, markets began to integrate into different communities and became a major avenue for the public to buy fresh provisions. They also brought opportunities to traders to operate small businesses. With the change of time, other retail outlets selling fresh provisions, including fresh provision shops and supermarkets, began to emerge and change the shopping habits of the public. Markets and other retail outlets selling fresh provisions offer different shopping environments and play complementary roles to provide more choices and greater convenience to the public.

The relevant government bureaux/departments have all along been paying close attention to the trend of development, committed to creating a desirable business environment for tenants through improving market facilities, conducting promotion and publicity and relaxing tenancy agreements and letting policies.

Many Members in this Chamber participated in public market management and policy formulation during the time of the two former Municipal Councils,

and just now some Members also mentioned the relevant history. They have rich experience and are well-versed in the background of the policies on public markets.

Therefore, President, I shall stop here for the time being. After listening to other views to be expressed by Members on the motion, I will make another response.

Thank you, President.

PROF PATRICK LAU (in Cantonese): President, the first words that a baby in Hong Kong learns, apart from "Mama", is "go out", so it can be seen that the culture and tradition of having a walk in the street in Hong Kong is very important.

If you ask the housewives in Hong Kong — I mean those housewives who can really cook — where they would go to buy food, they would surely tell you which market or stall sells the freshest food. When Mr WONG Yung-kan spoke just now, he also elaborated on the art of buying food.

However, following the continuous development of the supermarket chains belonging to various consortia, supermarkets have succeeded in carving up the market. The culture of going to the market, which is closely related to the everyday life of the public, now faces a very serious challenge.

The Government's policy is intended to relocate traders in traditional roadside open markets to municipal services buildings, so as to facilitate management and make improvements to the hygiene, safety and traffic of the streets. The Secretary has already given an explanation in this regard just now. From the angle of urban planning and administration, one cannot find fault with this policy. However, since there are often a lot of problems with the architectural designs of these municipal services buildings, the environment in these buildings is even worse than that of traditional markets or roadside markets. Apart from the stuffy air and wet floor, many traders think that this kind of closed design makes it impossible for members of the public in the street to know what they have to offer, so it is impossible to attract patronage. In addition, many traders consider that the size of their stalls is too small to fit their purpose and the

rent is not reasonable either. For these reasons, many municipal services buildings are largely vacant and unfrequented. This is indeed a great waste, and Mr WONG Kwok-hing has also shown Members many photos just now. In particular, those municipal services buildings located near traditional street markets can hardly compete with the stalls in the streets. The report of the Audit Commission published recently also directed criticism at this problem.

President, I think we should improve the environment of these municipal services buildings through architectural design. President, what can we do? First, all the external walls should be removed. In this way, an indoor setting can be turned into an outdoor setting and it will look as though one were in the streets. The public will then be attracted to go for a walk there. It is most desirable and convenient for the doorways to lead to the pavement. If the building is a multi-storey one, additional doorways should be provided at various locations. In this way, if a building is one or two storeys tall, there will not be any problem. In other words, it is important to adopt an open design complemented by a number of wide entrances. This can give the entire market a feeling of being part of the street and this is the most important thing. What about the building materials? They have to be like those used for the streets. If some trees are planted, the effect would be even better. Only in this way will more customers be attracted.

The suggestion of installing air-conditioning systems is desirable and can modernize a building. However, as a number of Members pointed out just now, the biggest problem is that this will increase the expenses borne by traders, who will thus not agree to and even oppose doing so. Some traders even complain that the temperature of these air-conditioning systems is set too low and the newly-built Wan Chai Market is a good example. No one goes there practically. For this reason, I consider it unnecessary for such buildings to install air-conditioning systems. The most important thing is ventilation and they should just be ventilated like the streets. Is there any problem? There is no air conditioning in the street either. In addition, it is also necessary to have a light penetration design to make the environment more comfortable, the more so because we often talk about the concept of sustainable development nowadays, so the most important thing is energy conservation. As regards those buildings in which air-conditioning systems have been installed, the authorities responsible for their management has to communicate more often with the traders, so that the

temperature of these air-conditioning systems will not be set too low. Instead, it should be adjusted to a suitable temperature. That in the Legislative Council Building is also required to be set at a certain temperature.

In fact, the culture of the market and the culture of the street are interrelated. In the final analysis, I think that it is only through urban planning that is well-thought-out and suited to the everyday habits of the residents in an area that a more satisfactory set of policies on markets can be formulated. The best example is the traditional market around Graham Street in Central. A lot of people, in particular, overseas tourists, go there for a look. Recently, the Director of NYC Department of City Planning also visited it and considered it to be the best area in Hong Kong that epitomizes a culture. This is the market with the longest history in Hong Kong and the items on offer there are very diverse, with many traditional industries with special characteristics blended into it. As a result, a lot of tourists are attracted to it every day. It is a shame that the Urban Renewal Authority said it wanted to demolish it.

Recently, the authorities have proposed some new concepts on redevelopment, namely, to let some of the vacated shops located at ground level in redevelopment areas to various social enterprises or charitable organizations. Here, I wish to do some publicity. One of them which will be opened in Peel Street soon, is the Hong Kong Architecture Centre and I am one of its directors. In future, when Members go to Peel Street, they will understand why the Architecture Centre, which has made the promotion of the architectural culture in Hong Kong its goal, has chosen that location. This is because the shops surrounding the Architecture Centre all have their own special characteristics. They include shops selling traditional offerings, goldfish stalls, noodle factory, sauce and seasoning shops, groceries and various kinds of hawkers. There is even a tailor shop making liturgical vestment, so it is really a place of colours vibrancy. Many tourists like to go sightseeing and take photos there and such is the attraction of the market culture in Hong Kong. I hope that when the authorities draw up a new policy and plan for markets, they will bear in mind the importance of retaining the characteristic market culture of Hong Kong.

I so submit. Thank you, President.

MR WONG KWOK-KIN (in Cantonese): President, a market is a place highly patronized by members of the public. As the daily food supply for the majority of households mainly comes from the markets, they therefore play an important role in the daily lives of the general public at large. Hence, multi-storey public markets are often found in many municipal services buildings. The Hong Kong Housing Authority (HA) has also established a large number of public housing estate markets to facilitate people in buying fresh food, where the rental is comparatively lower so as to enable the shop operators to sell vegetables and meat to the public at lower prices. Such a concept of public market has all along worked well. However, after The Link Management Limited (The Link Management) took over the management of markets previously under the HA, changes took place in recent years.

There have been frequent protests against rent increase since the listing of The Link REIT. Requests for rent increase for markets are understandable when the economic environment has improved over the past few years. However, in recent months, different sectors are suffering from the financial tsunami. To tie in with the policies which aimed at alleviating the plights of the people, the HA decided to waive the rents of its shopping centres and markets for one month.

While it is estimated that 6 000 commercial leasees will benefit from such a rent waiver, shop operators in markets managed by The Link Management have not benefited at all. Despite the fact that they are also selling fish and vegetables in the same market, and even in the same housing estate, they have different fates. What is more, the rent of markets managed by The Link Management is generally two to three times higher than that of the HA's public markets. While the HA grants rent reduction to alleviate the predicament of its leasees, The Link Management is only prepared to spend \$15 million to step up promotion and give away coupons in its 153 shopping centres and markets.

For instance, a previous leasee of the Chung Fu Shopping Centre Market, Tin Shui Wai, managed by The Link Management, moved to the Tin Yan Shopping Centre Market to continue operation at the end of last month as a result of a significant rent increase by The Link Management from \$15,000 to \$20,000, which is beyond the affordability of the leasee concerned. Not only is the rent at the Tin Yan market lower by nearly 75%, rent reduction is also granted to the leasees. Another example is the Sha Tin Yu Chui Court Market, where the stalls have closed twice lately to protest against the soaring rent charged by The Link Management. The rent of a 80 sq ft stall selling chilled poultry was originally \$5,000, it rose to \$23,000 this month, more than twice the \$8,000 rent of a poultry

stall in the market in Pok Hong Estate of the same area. The new rent of a vegetable stall in Yu Chui Court Market ranges from \$18,000 to \$21,000, which is more than triple the rent of the market in Pok Hong Estate. Since The Link Management has taken control of a number of public housing estate markets in Kowloon East, such as Fung Tak Estate and Wong Tai Sin Estate, the comparatively higher rents have often pushed up the commodity prices. As a result, many people would rather spend some time to go farther away to the Tai Shing Street Market to do shopping. This has, however, imposed a physical burden on the elderly people for they have to walk a long way.

Furthermore, as soon as The Link Management took over the management of different markets and shopping centres, the so-called renovation would be carried out. It has recently come to the turn of the Lok Fu Market to renovate. Very often, the renovation would replace those traditional small-scale housing estate shops and stalls by large-scale chain stores. Nonetheless, the product variety of these chain stores is not as extensive as those traditional small stalls because goods offered in the chain stores are very often standard and homogeneous, and lack of unique characteristics. The number of stalls at the renovated Lok Fu Market has decreased from 90-odd to 50-odd, which has directly restricted the residents' choices. Worse still, the Jusco store next to the market will soon move out in a wave of renovation initiated by The Link Management, which will cause further inconveniences to the residents in their daily life.

Following the listing, The Link Management has carried out renovation projects of different scale on the one hand, and bragged about the conveniences and wider choices provided to the residents on the other. And yet, according to a survey conducted at the end of this October, more than 70% of the respondents were dissatisfied with the overall management performance of the market sub-contractors. We can therefore see that the management of markets by The Link Management has failed to yield the greatest benefits for the residents, not to mention the small shop operators.

President, the performance results provided by The Link Management show that in 2008-2009, the rental income from retail properties has increased sharply by more than 30%, whereas the composite reversion rate has increased from nearly 14% to nearly 26%. This is proof of its sound financial position and the drastic increases in rent. In the face of the present economic hardship, profit-making is important to private enterprises, but it is more important for them

to shoulder corporate social responsibilities so as to help the shop operators and the public to tide over their financial difficulties. President, should The Link Management refuse to alter the course and change the direction, may I ask if the Government would actively consider a buyback?

I so submit. Thank you, President.

MR WONG YUK-MAN (in Cantonese): President, it is apparent that the Liberal Party has changed its political discourse. The main theme of today's motion "Formulating new policies on public and public housing estate markets" is "it is necessary for the Administration to expeditiously enhance the competitiveness of public and public housing estate markets, and assist small trader in these markets in countering monopolization by supermarkets, so as to benefit the grassroots". This gives people a mistaken impression that they are members of the League of Social Democrats.

This is actually a reflection of the fact that the management of markets by the Government can simply be described as "messy". Now, even the Liberal Party is dissatisfied with it. The Liberal Party used to support privatization and the listing of The Link REIT because the markets had been poorly managed by the Government. In fact, problems will always arise when the Government intervenes. It had better not to intervene. However, what Mr Tommy CHEUNG said just now was different, and that is, if government intervention fails to improve the situation, it should do better by formulating new measures. This means that the present policies are faulty.

A number of Members (including those sponsors of amendments) have pointed out the problems of public or government-managed markets. I am a member of the Public Accounts Committee and one of the chapters of the latest Director of Audit's Report pointed out that the Food and Environmental Hygiene Department (FEHD) had incurred a deficit of \$160 million in the operation of markets. The discussion is now underway. Someone said that I am not in a position to openly criticize the FEHD's messy account in respect of markets, but it is actually the basic concepts that I wish to talk about. The Government has insisted on achieving what is impossible. I certainly hope that the Government will continue to manage these markets. Strangely enough, the Hong Kong Government believes in the principle of "small government, big market", saying that the free market would last forever and it has great faith in the omnipotence of

free market. Last time when I put an oral question to the Financial Secretary, he insisted on his way. However, what if the management of the markets by the authorities is so messy? Should they all be surrendered?

The present situation is very obvious, and as we can see, the markets under government management are poorly managed. How paradoxical that the situation has become. We were condemned when we requested more government intervention, but now Mr Tommy CHEUNG instead urged that the Government should take over the management of the markets and manage them in a better way. Why is that so? We have become puzzled and confused too. To put it simply, the reason is nothing but the failure of a group of well-paid public officers (this description was used this morning) whom we have risked nurturing, to perform their duties and have managed the markets in such a messy manner.

Mr WONG Kwok-hing just now spent a lot of time praising "one country, two systems" while condemning "one market, two rent levels" — he thought this is a good gag, but I think it is indeed lame. Are there only two rent levels in a market, buddy? Take a look at the Director of Audits' Report, there are actually various rent levels in a market. Some people cheated by sub-leasing their stalls in the markets, whereas some stalls are used for storage in view of the low rent. People instead sell their goods outside the market. We are well aware of these and we need not elaborate them at all. This is a matter of management. If the Government is requested to give up its management of the markets, we will have fewer low-rent public markets, but if privatization is encouraged, another The Link will be created. Look how miserable the shop operators are! I have no idea why he would raise such a proposal. Anyway, it is good to have this opportunity to rebuke the Government.

The authorities do not have the slightest sense of modernization as the measures of managing the markets are outdated and rigid. They are established for compliance. As long as there are established procedures and established mechanisms, the Administrative Officers will simply follow them without any flexibility. The Secretaries of Department or Directors of Bureaux should visit the markets as a gesture when they have time, and they may discover that there are more roadside stalls now. That is it and no follow-up actions would be taken. What a shame!

Everyone is aware of the problems that have been raised, the proposals in the amendments and the objective facts mentioned earlier on, including the government officials. They are not strange to anyone. But why has nothing been done? Why are they unaware of the messy situation of the markets? Some markets are nonetheless well-managed. Why are those poorly-managed markets not modelled on these well-managed ones?

The surrounding environment may also affect the markets. Let us look at the market in Mong Kok. What does it look like? There are roadside stalls everywhere and the streets in the vicinity have been turned into bazaars. They are packed with customers, with thriving business. On the contrary, the market managed by the Government is empty. The place itself has a heavy pedestrian flow with many passers-by, but the Mong Kok Market is empty. The presence of so many roadside stalls has adversely affected the hygiene conditions. Just as the Secretary said earlier, the purpose of moving the roadside stalls into the public markets is to ensure effective management, with a view to improving the hygiene conditions, and so on. And yet, the authorities have failed to achieve this purpose, and there are still a lot of roadside stalls selling comparatively cheaper products of a wider variety. Hence, people do not mind shopping in the comparatively hotter streets. Is it necessary for them to enjoy air conditioning in government-managed markets? These markets are odourous and people may easily fall down on the slippery floor. This we all know. You know, we know and everyone knows. However, no improvements have been purposefully made. Whenever this issue was raised, the authorities simply repeated what they had already said over the past years all the same.

We were particularly angry when we read the latest Director of Audit's Report. The authorities not only suffered a deficit in the operation of the markets, they allowed different rent levels in a market. Insofar as the rents are concerned, we certainly do not wish to see the authorities increasing the rents. But in case they have to do this to shop operators presently paying comparatively lower rents, the increase must be gradual to avoid an overkill. Our stand supports a rent reduction, so the authorities had better lower the rents. And yet, the rents of some shops are very low at present, while others are very high. Multiple levels of rent do exist, and shops are even sub-leased. The authorities must first deal with those unlawful shop operators. Have they dealt with the cheating operators? Will the authorities give me the concrete figures? How many cheating cases have the authorities handled so far? How many shop operators are using the stalls for storage at pretty low rents? Will the authorities

provide us the relevant figures? In addition to providing the necessary figures, can they inform us of the number of cases that have been settled? If not, our discussion on the issue will have to continue.

The issue has been raised for discussion during the economic downturn in the hope of improving the operation of the markets. Members like Mr WONG Kwok-kin and I would definitely talk about The Link, hoping that it will fold. Members often felt agitated when these issues were discussed, and when The Link is mentioned, we feel even more agitated because it has been increasing the rents all the time. But, it can really make the markets look better. This is true. This gives rise to a situation, where Mr Tommy CHEUNG supports privatization and members of the Liberal Party who think the market is almighty have started to point out that the Government should exercise better management of the markets through the formulation of new and more effective policies (*The buzzer sounded*) and it turns out that Members are changing their stance all the time, which is a waste of our lifetime a waste of time to discuss these stupid issues.

PRESIDENT (in Cantonese): Mr WONG Yuk-man, your speaking time is up. Please sit down.

MR WONG YUK-MAN (in Cantonese): Thank you, President.

MR CHAN KAM-LAM (in Cantonese): President, the earliest market in Hong Kong is the former Sheung Wan Market, which was built in 1858. The Causeway Bay Market and the Tsim Sha Tsui Market were subsequently built in 1904 and 1911 respectively, which were followed by the construction of a number of markets in the Western and Central Districts in the 1930s. There are currently 79 municipal markets in Hong Kong. We can see from the history of the construction of markets the development of Hong Kong. Some markets have unique architectural characteristics, for instance, the former Sheung Wan Market belonged to the Edwardian style, whereas the Central Market, Wan Chai Market and Bridges Market are Bauhaus, which is a more practical architectural style. Certainly, some of them have become built heritage under protection.

Unfortunately, government-built markets have not shown any significant improvements in terms of design and management in the past few decades. A recent report released by the Audit Commission even disclosed the numerous management problems found in markets managed by the Food and Environmental Hygiene Department (FEHD). In fact, the attractiveness of a public market to members of the public depends heavily on its accessibility and hygiene conditions.

At present, there are a large number of supermarkets in Hong Kong. The number has risen significantly from 1 160 in 2001 to 1 600-odd in 2007, an increase of about 40%. Many people prefer patronizing supermarkets which sell goods at comparatively higher prices than markets managed by either the FEHD or the Housing Department. One of the reasons is that supermarkets provide a better environment with air conditioning and better hygiene conditions. Furthermore, products of a more extensive variety at competitive prices are available. Compared with the public markets which lack goods variety, they are certainly more attractive. In that case, how can the development of public markets compare with that of supermarkets? What is more, demographic changes and redevelopment plans have also induced changes to the city. As a result, some public markets are gradually losing their regular customers.

We all know that as at March 2008, one third of the markets under the FEHD have a vacancy rate of higher than 30%, and some even exceeded 60%. The high vacancy rate implies that business has become increasingly difficult for shop operators and the variety of goods on offer has also dwindled. The situation has become more serious in the face of competition from supermarkets and roadside stalls. If improvements are not made by the Government accordingly, I believe those traditional public markets will gradually decline or the situation will become more undesirable.

Another management problem of public markets that has attracted criticisms is the poor environment. This includes unsatisfactory hygiene conditions, breeding of mosquitoes and insects, dim lighting, slippery floors and narrow passageways. I often receive complaints from kaifongs about the environment of some public markets, which has deterred them from shopping or patronizing. Although renovation works have been carried out in a number of markets in recent years to improve the drainage, lighting and fire protection facilities, we still find that the stalls in the markets are small in size with narrow passageways. The basic layout has remained unchanged. In order to adapt to

such an operating environment, they have no choice but to sub-lease their stalls to other people, while selling their goods at the roadside. This has given rise to another unreasonable phenomenon, which is presently the case of our markets. Sometimes, we can even see that an entire floor of a market is vacant, where no stall opens for business. Neither is there any customer. I believe government officials should be aware of these. So, why have no efforts been made all these years?

In fact, the Audit Commission already criticized the poor management and planning of the FEHD public markets in 2003. However, improvements have yet to be made. As we can see, the effects of the financial tsunami have become more prominent in recent months. Small traders are puzzled about their future, and the most pressing problem in their minds is how the operation of public markets can be gradually improved. Of course, a number of Members have proposed some relief, supporting measures today, which merit our consideration. But the fact that members of the public are buying from the supermarkets highlighted not only the importance of product quality and price in the choice of shopping destinations, internal management is even more important. The DAB therefore hopes that the Government will discard their decades-old management concept, and review the present situation in a more proactive manner to see what can be done to improve the undesirable habits and conventions in management.

The DAB suggests that a dedicated body should be established by the Government to thoroughly review the existing management situation. Furthermore, alternative modes of market operation should be introduced to revitalize the old markets, thereby improving the operating environment of the traders in the markets. Thank you, President.

MR LEUNG YIU-CHUNG (in Cantonese): President, I wonder if the Secretary has ever spared some time to visit a market. If he has, I really hope that he could share his feelings with me. I believe the majority of Members present or members of the public who have been to a market would have some bad feelings.

I have been to a number of markets and felt very upset. Why? We saw that there were more vacant stalls in the markets than those in operation. Just now Mr CHAN Kam-lam said that 60% of the stalls are operating, but not all of

them actually open for business. Some are merely used as storage. Mr CHAN Kam-lam just stated very clearly that the goods are indeed being peddled at the roadside. We can therefore see a phenomenon where the markets have become storages instead of retail outlets. What do Members feel about this? If the Secretary can spare some time, I wish to accompany him to the market in Ping Chau, where the situation is even more terrible. In the market, only a couple of stalls open for business whereas the rest are closed. How does the Secretary perform his duty as a Secretary of Department?

President, the saddest of all is these problems do not happen only today, for they have been there long since. Worse still, advice to the Secretary is not lacking as the Audit Commission already gave him a reminder in 2003. But so what? Government officials are so shameless that they fear no rebuke or accusation, but continue to stick to their own ways and follow what is established without making any improvements or changes. This is so saddening. Not only is this a waste of public money, it is also unfair to the stalls in operation. President, why did I say so? As Members are aware, monopoly is insufficient for the survival of a stall. Stalls of this kind selling small stuffs need to have plenty of goods and good customer flows in order to have good business. If only a couple of stalls are left, there will not be any customer flow at all. The stalls are required to pay rents even when they have no business, is this fair to them?

On the one hand, I cannot help admiring the Secretary for turning a blind eye to the problems, which are indeed a waste of the community's money. On the other hand, I also admire him for turning a deaf ear to the grievances of the small traders having poor business. In the face of the criticisms from the Audit Commission, he simply dug his head into the sand like an ostrich as if nothing had happened. This is what I find him most admirable. I wonder if he feels ashamed. The problems have existed for so many years, but he is still doing nothing about them. If I were in his shoes, I would rather quit. How admirable is his perseverance in staying in office when such a great disservice has been done?

A number of Members have very actively and positively aired their opinions today, requesting him to do better and deal with the problem in a more positive way. Given that the problems have already existed, can he step up his effort in making improvements so that the traders can have room for survival? President, this is also what I have been thinking. In fact, many traders have told me time and again that a number of things should be done at once. While the

weather is still cool, air-conditioning systems should be expeditiously installed in the markets. What is the temperature in the market when the outside temperature is 35°C in summer? It is 38°C and sometimes as high as 40°C, and it is particularly hot in the summer afternoons. How can they do business? Not only are the traders soaked to the skin, the fresh meat will also easily turn bad. It is downright impossible for them to do business. Although the Government has agreed to install air-conditioning systems, the traders are asked to share the necessary costs. Having no choice, some of them are forced to say "yes". For instance, traders of the Wing Fong market in Kwai Fong have co-signed a letter indicating their willingness to pay the necessary air-conditioning fee, and urged the Government to arrange the installation for them. However, it is the policy of the Government to further consider their request, which may not necessarily be acceded to. After months of consideration, a response has yet to be received.

President, time will not wait and the next summer is coming soon. Furthermore, the installation of air-conditioning systems cannot be completed within a short time. Although the traders have indicated their willingness to co-operate with the Government, numerous restrictions have been imposed by the Government through its policy and no assistance has been provided. What actually does the Government want from them? Does it want to see the markets all close down just as Members have said earlier? We have raised an issue for positive discussion in hope that more could be done by the Government. Policies are dead and cannot rescue human lives. I feel very sorry about this case.

I eagerly hope that the discussion of this issue again today will enable the Government to seriously address the fundamental issue of the survival of markets. I agree with what a number of Members have said, and that is, the design and management of the markets are outdated. Why do we not adopt a broad-brush approach and deal with the problem in a modernized way to avoid the gradual extinction of our markets? What is most miserable about the small traders? It is the existence of — just as Members have said earlier — large-scale supermarkets in the vicinity of the markets. These markets do not have stronger competitive power. They would have to make use of their low rental, good management and improved environment and facilities to attract as many customers as possible. And yet, after all these years, the Government is still acting in its own way. This is really most saddening indeed.

MS LI FUNG-YING (in Cantonese): President, " walking out from the Revenue Tower and after crossing a few roads, one could reach the Stone Nulla Lane along the narrow Stone Nulla Lane there lied an open market where the hustle and bustle of the throngs of people oozed a strong sense of affinity. In front of a shoe shop there were a few buckets into which fire lilies, gypsophila and ginger flowers were tossed randomly, as if nobody cared about selling or not selling them. Batches of live marine food lied before the seafood stall. A black shrimp the size of a palm bounced and fell onto the ground. Jolted by the bounce, a housewife picked up the shrimp and smilingly handed it to the fish vendor An hunchbacked old lady carrying a basketful of food walked step by step amidst the crowds. Despite the crowdedness, she walked with composure and ease, as she apparently knew just each and every crooked and lumpy pavement slab under her feet, just as she knew the folks and kin behind each and every market stall."

President, this is an extract from a paragraph written by Prof LUNG Ying-tai in an article titled "香港，你往哪裡去？" (Hong Kong, where are you going?). Prof LUNG raised the major question of where Hong Kong is going to through her depiction of the rise and fall of a wet market. I cited the writings of Prof LUNG in my speech because I have to ask: Is it really the case that public markets in Hong Kong have no competitiveness at all? Should we help them resist the monopolization of supermarkets? There is also a chain supermarket in the wet market at Stone Nulla Lane that Prof LUNG had described in her article, but it can only hide in the basement at the street corner, as if it is this supermarket, not the wet market, that needs to upgrade its competitiveness. However, this is going to change very soon, because at Queen's Road East in the vicinity of Stone Nulla Lane, a new mega supermarket opened just in September. The market at Stone Nulla Lane which is filled with dynamics and close rapport will soon be replaced by this so-called well-planned, air-conditioned, cleaner and more hygienic indoor market.

What will happen to the wet market at Stone Nulla Lane is just a replica of the destined fall of many dynamic markets with a strong sense of affinity. I do not know how this new market in Wan Chai will fare in the future, but with regard to the public and public housing estate markets which need to have their competitiveness upgraded as mentioned in the motion today, many have been on the same path as that of the wet market at Stone Nulla Lane. I very much support the various improvement proposals made by colleagues today, but I think that in order to solve the problem at root and truly assist the development of small

traders, we must first break the vicious cycle by ceasing to wantonly destroy these dynamic open markets, or else no matter how much more resource were injected into these markets, we would only get half the result with twice the effort.

In fact, the room for the survival of a market is closely related to the social ecology of the entire community. When supermarket chains have been penetrating into every corner of our living and expanding their scope of business continuously from basic foodstuff to fresh seafood and from vegetables to meat, covering just most everything and seeking to attract customers through various forms of packaging and extensive publicity in the media, and when our Government is looking on with folded arms and clinging onto the governance philosophy of "big market, small government", what is happening in the market is like the big fish swallowing the small fish, and the small, patch-up measures for assisting the small traders cannot in the least avert their doomed fate. Just as we are discussing how assistance can be provided to small traders in public markets today, the shopping malls under The Link Management are pushing the small traders to the wall. For example, the market in Wo Che, Sha Tin, has all along been very popular among the residents but it is now under renovation and the small traders have been forced to move to the corner of the market to continue with their operation, in order to make room for a larger supermarket. What will happen when this supermarket opens? Moreover, the rents payable by the small vendors will be adjusted upward to a level more than double of the current rents. This is precisely what saddens us as we discuss in this debate the need to assist the small traders to survive.

President, we must admit that not all the markets which have been reprovisioned or relocated to indoor premises are destined to failure. The business of some markets has indeed been very thriving. The Tai Po Complex mentioned by Mr Tommy CHEUNG earlier is a case in point. However, this modernized building has shown us in one way or another that the original features of the old market have been destroyed. Of course, this issue is outside the scope of this motion under discussion today. Thank you, President.

MR VINCENT FANG (in Cantonese): President, this motion today, and the oral question that I asked last week to urge the Government to reduce rents in government markets, as well as the criticisms made in the Director of Audit's Report against the cost-effectiveness of public markets have produced the same

effect which was not pre-arranged at all, as they all pointed out problems in the Government's management of public and public housing estate markets which are not welcome by traders in the market. This is why the letting rate is surprisingly low, thus causing serious deficits to the Government in the management of these markets.

Last week, in reply to my question the Secretary for Food and Health said that the current rental level of market stalls is generally lower than the market level. If the rent is really "a snip", a fad word commonly used nowadays, many traders should be willing to move in. Why is it that the markets under the Food and Environmental Hygiene Department (FEHD) still have an average vacancy rate of 24% even after factoring into those stalls let out for storage? It is most unimaginable that the vacancy rate of some markets has remained at over 60% for several years in a row.

The Government has not considered how the letting rate of vacant market stalls can be improved. All it has said is that the rent is already very low. If nobody is interested in the goods sold in a retail shop even though the prices are substantially marked down, it would be proof that the goods have problems. In a business community, a shop which rigidly keeps these out-of-season goods will be doomed to closure. The FEHD, however, has not closed down because it has the support of the Treasury. Judging from such a *modus operandi*, I think nobody except the Government can possibly sustain the deficit.

Is this due to the location of the markets? I do not think so. Let us take a look at this: After the markets and shopping malls previously managed by the Housing Department were sold to The Link REIT (The Link), The Link has made a huge profit as it registered a profit of over \$800 million last year. Certainly, The Link Management has charged an excessively high level of rent and when I met with their senior management some time ago, I also criticized them for failing to give regard to the interest of the general public in their business strategy. But I think that if a private corporation can make profit as much as hundreds of million of dollars, the Government should be able to at least balance its books.

There is this market which has consistently recorded an occupancy rate of below 60%. Guess where it is? Its location is absolutely not considered remote. It is located just in Jardine's Bazaar, Causeway Bay, the only wet market between Canal Road (commonly known as the "goose neck bridge") and

Tin Hau, but the customer flow is extremely low. The Government said that perhaps this was because the market was located on the second floor and customers had to climb the stairs. Then why does it not retrofit escalators there? The Government said that there were only a small number of tenants upstairs and so, such an investment was not worth it. Since the Government is unwilling to improve the facilities, why does it not close down the market clean and neat? The Government then said that public markets had their social responsibility. But if a market cannot give play to its expected role and yet requires taxpayer's money for its management without being able to provide services to the taxpayers, and if such a market is still allowed to exist continuously, what sort of thinking is this?

The wholesale and retail sector absolutely agrees that the Government is duty-bound to reasonably develop public markets to serve members of the community in the light of the people's needs. However, the planning, design, uses and management of public markets by the Government are entirely out of sync with the reality. Nor can they complement the functions of wet markets on the street.

Second, the internal design of government markets (including the shopping environment and mix of tenants) has failed to serve the purpose of providing convenience to the public in making purchases. Despite that escalators are retrofitted in some markets, the escalators are often out of service; frozen meat stalls are located on the ground floor while fresh meat stalls are located upstairs. These irregularities can be found in almost every government market.

Third, the Government has no plan whatsoever to boost the business of the tenants, but the management of the markets is extremely stringent. Some time ago I visited the Tai Po market. Some tenants in the dry food area complained to me that the FEHD had issued a notice telling them that de-merit points would be registered for hanging up goods at their stall and de-merit points would also be registered for not opening their stall; and they would, of course, be disqualified for tenancy once a specified number of de-merit points have been registered. In fact, the tenants will only hang up some very light clothes or offerings at the side of their own stall, which should not have caused any concern about safety. Furthermore, they are running their own business in their stall. Can they not take a break of a day or two when they are too fatigued? The FEHD has not given any thoughts to improving the environment to attract new tenants and

worse still, it is driving the customers away. What sort of mentality is this? These tenants have reluctantly continued to operate in the public markets only because they do not have the means to rent street-level shops.

President, the Government has always made great play of the "people-oriented" principle, but I really do not see that it has done anything in the interest of the people. For this reason, the wholesale and retail sector supports the original motion and the various amendments today. In particular, we thank Mr WONG Yung-kan and call on him to make continuous efforts to urge the Government to reduce the rents of market stalls by half for a period of one year. He is more aggressive than my proposal of a rent waiver for one quarter. So, I very much hope that the Government can accept the proposal made by the DAB on reducing the rents for one whole year.

I so submit. Thank you, President.

MR RONNY TONG (in Cantonese): President, I think there is one thing that few colleagues in this Council can beat me and that is, I had been going to a wet market to buy food since I was four until my teen years.

How did markets in the 1950s differ from those at present? President, there are two differences. First, when you were in a market back then, it was like returning home as everybody knew who you were, and even though you bought just a small bunch of vegetable, you would be given some spring onions for free. Second, a great variety of goods was on offer in the markets then, and I could buy everything I needed there, from soya sauce to bean curd, vegetables, fish, meat, and so on. You name it, they had it. But President, this is no longer the case in our markets now. Let me cite an example to you, President. While Tai Po has a population of only less than 300 000, there are nevertheless nine markets in this small community, five of which are managed by The Link Management, while two others by the Food and Environmental Hygiene Department (FEHD), one being a traditional marketplace or bazaar with a long history, and the other being a dawn market selling organic produces. In Tai Po, there are as many as 11 places where small traders can operate and customers can do shopping.

President, I would like to cite two of these markets as examples to illustrate the problems faced by markets today. These two markets are actually located just a few streets away from each other, and it takes only a two-minute walk to go from one to the other. One of the markets is located in the Tai Po Complex which came into operation only in 2004. I think it can be considered a model of the markets newly completed by the FEHD in recent years. In the Director of Audit's Report just published, this market was rated as a major example of vibrant markets.

President, I visited this market during the several elections held previously. Interestingly enough, not only residents in Tai Po will go to this market as residents who live as far away as in Sha Tin, Tsz Wan Shan and even Tung Chung will go to this market to buy food. I asked them why they would travel for such a long way to this market to buy food. They said that firstly, the market is easily accessible as it lies within the railway catchment; secondly, they can find a lot of choices of eateries and a great variety of commodities there, and the produce are fresh, and so, they are happy to go there.

However, with regard to the Plover Cove Road Market located just a few streets away, although it has a longer history than the Tai Po Hui Market, its patronage has always been lower than that of the Tai Po Hui Market which is larger in scale. The funniest thing is that this market was originally intended to replace the temporary market developed at the present location of the Tai Po Hui Market prior to its completion. But after its completion, the vendors in the temporary market refused to move in for various reasons and as a result, the temporary market had remained "temporary" for two decades. After the completion of the Tai Po Complex, the temporary market was demolished. Since it was opened 17 years ago, the Plover Cove Road Market which was originally intended to replace the temporary market has all along been quiet and inactive. It is even listed as an example of less vibrant markets by the Audit Commission.

President, these two markets cited by me as examples have totally different destinies but are situated just a short distance away from each other, and they have demonstrated the factors contributing to the success of markets. President, a huge, smooth customer flow is certainly an important factor but the Plover Cove Road Market is not situated in a remote corner or a less vibrant location, because from many housing estates there are passageways leading to this market. But what underpins the difference is actually the contents of the markets. In the

Plover Cove Road Market, given the limitations in space, there are not many stalls and the stall size is small. The goods on offer are restricted to certain types of food or goods generally referred to as dry goods. On the contrary, the Tai Po Hui Market is a complex-type market with cooked food stalls upstairs, which is the focus of the entire market. When the residents shop in this market, they will find that the market is air-conditioned, bright and spacious, and most importantly, the eateries are an attraction to them.

President, why is it so? The eateries actually have their historical value. Many operators have already put down roots there. As I said earlier on, the residents address each other in a way as long acquaintances do. Among the cooked food stalls you can find the most famous eateries, such as the wanton soup which is considered the best in Hong Kong by Stephen CHOW Sing-chi, and fish ball noodles which will be sold out before 1 pm. These eateries have become the signature feature of this market, which is frequented by more and more customers.

President, many of our markets have actually been a complete waste of the existing resources. They are not suitable for use as markets. Nor can they possibly become good markets judging from their operation. In the Director of Audit's Report published recently, many examples were cited. For instance, the unused places can actually be put to many other uses but the authorities insisted on using them as markets. As I said earlier on, in such a small place as Tai Po there are outrageously 11 places being used as markets, and nine of them are managed by The Link Management and the FEHD. Is this not a bit wasteful of our resources? The two major factors that I have just mentioned are, in fact, most capable of attracting patronage. That is, the sense of affinity felt by the people as well as an abundant supply of a wide variety of goods, which are the unique attractions of the market. To achieve success in the operation of markets, consideration must be made along this line.

I do not quite agree with the comment made by other colleagues, that reducing the rents can lead to successful markets. I think this may not be true. Certainly, President, when the economy is in the doldrums, and when we are facing the so-called financial tsunami, we must protect the small traders and reducing the rents is a matter of course and The Link Management should understand this point, but I think this is a slightly different issue. Apart from protecting the small traders, an issue that we have to consider in the longer term is

how markets can be operated successfully without wasting resources, and also how we can effectively make use of the limited resources to induce more vibrancy in the local community economy. President, this, I think, is very important.

President, I very much hope that the Secretary, in addressing the problems of markets, will put in more efforts and consider developing unique or exclusive attractions of the markets. President, the wanton soup which is considered the best in Hong Kong by Stephen CHOW Sing-chi and the fish ball noodles available only until 1 pm are both instances of local community economy, and they are most appealing in terms of the sense of affinity. If we can give more thoughts in this direction, the 11 markets can actually be reduced to three to four, and these three to four markets may also turn out to be a great success.

MR ALBERT CHAN (in Cantonese): President, I rise to speak in defence of the existence of markets and the importance of markets. President, I found a conspiracy here. The Government engaged some mediocre persons to manage the markets which ended up in a mess. Stalls which could have been let out were not let out, causing widespread discontent in the community and giving all the people the impression that markets were worthless. Then the Government proceeded to privatize the markets by, for example, selling them to The Link REIT.

The Housing Authority (HA) adopted a similar approach when it divested the shopping malls in public rental housing (PRH) estates. It said that the rental value of certain shopping malls in PRH estates was lower than that of shopping malls in the vicinity and that their management was unsatisfactory, and after a few rounds of bombardment, they were sold to The Link REIT in a "pang!". A very similar approach or trick is adopted now, but the Director of Audit was invited to set the ball rolling this time around. Certainly, I absolutely respect the political independence of the Director of Audit but over the years, the Government has turned a blind eye to the problems of markets and this is obviously a conspiracy. Is the Secretary not aware of the problem? I have personally talked to the Secretary many times, urging him to pay attention to the Food and Environmental Hygiene Department (FEHD), because it is problem-plagued. I said the same thing to every Secretary responsible for overseeing the FEHD. In 1988, I already raised this issue with David Robert FORD. So, the problems of the FEHD are innumerable.

President, the existence of markets, especially the existence of public markets, reflects a historical mission and historical task. Some Members may not know that markets were introduced to relocate hawkers on the street. Why are there so many problems in the design of markets? Why are the market stalls so small in size? Because sometimes when a particular hawker area would be cleared or reprovisioned, the hawker stalls involved would number 200 to 300, or even 300 to 400, and these hawkers would move into the markets to continue their operation after the markets were commissioned. After many of these hawkers who had moved into the markets became the stall tenants Many people may not know that the hawkers would undergo a bidding process among themselves. For example, if there was not enough fish stalls in the market designed by the Government, or put it in another way, if there were 50 on-street fish stalls but the Government's design would only accommodate 30 fish stalls, it means that 20 fish stalls could not move into the market. Very often, the 50 fish stalls would have to undergo a bidding process among themselves and make bids for the stalls. The higher bidder would win, while those fishmongers who submitted lower bids would share among them the money paid by the group of higher bidders. Therefore, the stall owners who moved into the market to continue with their operation had often paid tens of thousand dollars or even a hundred thousand dollars to bid for their stalls. These are their hard-earned money, and they paid this amount of money in return for low rents, thinking that they could make a living in this market for life and bring up their children. So, we must not think that this group of stall operators who have been paying a low rent is taking advantage of the Government. They had paid a huge sum of their hard-earned money for their stalls.

President, the entire problem with the markets is, to some extent, a problem of mismatch. Markets were built back in those years to relocate the hawkers. They had a duty and an objective to fulfil. Therefore, unlike the present-day requirements in the design of markets in 2008, the size of many market stalls back then was only 4 ft by 6 ft, which was very small. This is why many problems cropped up afterwards in the development of markets by the Government. Firstly, there is the planning problem. As some people have said, with regard to PRH units built back in those years, the HA would require all PRH estates to have a market and a shopping mall, because the HA was concerned that it would be criticized by the residents if a PRH estate was developed without a market, as the residents would question why there was a market in the nearby estate but not in theirs. This is a problem created by the HA itself. If there is no market in a PRH estate, members of the District Council

(DC) would fight for a market for the estate. The DC members in Tin Shui Wai have striven for the provision of a market in each PRH estate. A Member nevertheless opined that there were too many markets in a particular district, but he would not make such a comment had he been a DC member of that district because every DC member will fight for a market for the PRH estate in his or her constituency.

The problem is that many vendors have been relocated to the market for many years. Some have operated in a market for 30 years, whereas some have been relocated there for 20 years. But some of the stalls just disappeared gradually. The Secretary was most brilliant, as he ordered the culling of ducks and then the culling of chickens. As a result, the poultry stalls disappeared. Many damages were done by the Government itself. After the chicken cull and the duck cull, these stalls just disappeared, which explains why there is a large number of vacant stalls in the market. These vacant stalls were also created by the Government. When chickens are no longer sold in the market, the number of customers dropped, and this is a problem created by Secretary Dr York CHOW, for he is the Secretary who ordered the culling of chickens and ducks. He is probably going to wipe out all the markets in his next move. Since poultry and many other goods are no longer sold in the markets, he might as well close down all the markets. Has any Member said this before? So, I speak today in order to defend the existence of markets and stop Secretary Dr York CHOW from making use of this Director of Audit's Report to wipe out markets. I must defend the basic rights of the ordinary public to engage in commercial activities and to operate these market stalls. That Hong Kong can achieve its development today is attributed to these small traders. We cannot deny the historical task, mission and role of markets because of some reports made by the Audit Commission.

President, as things now stand, I think a review is warranted. But the review should not focus on whether or not markets should exist, but ways to better the management of markets. The FEHD actually has a plan in mind, and it has spelt it out for years and that is, privatizing the management of markets, which means that the markets will not be managed by the staff of the FEHD and the management work will all be outsourced. Work is already underway and by then, a large number of civil servants will become unemployed. Some civil servants employed on contract terms to manage markets have now been notified that their contracts will not be renewed, as the Government will privatize the management of markets and work is already underway. I have already told the

Secretary again that I strongly oppose the arrangement whereby these posts are taken up by contract employees and privatized. I oppose the Government taking further steps to assign non-civil servants to provide services originally provided by the Civil Service. If the Government is going to outsource such work, it is tantamount to further depriving junior civil servants of their employment opportunities. It is actually not difficult for the Government to manage the markets properly. All it needs to do is to employ quality officials to take up the job and dismiss whoever makes a mistake. What I mean is that the Director would be dismissed, the Assistant Director would be dismissed, and the senior employees would be dismissed. They would be dismissed for mishandling the problem. The Government must not always wield the axe at the junior employees. If they still fail to manage the markets properly and effectively achieve development after taking up this job for many years, those directorate officers should be dismissed.

If Members will assist the Government in kicking people when they are down and help it sharpen the knife to stab the junior civil servants, Members would be used by the Government to serve its own purpose. I, therefore, call on Members to carefully handle this issue and not to repeat the mistakes of The Link REIT and not to make mistakes over and over again by supporting this unscrupulous Government which is poised to strangle the employment opportunities of junior civil servants.

MR CHEUNG KWOK-CHE (in Cantonese): President, the original motion today mainly aims to improve the management of public and public housing estate markets, with a view to providing support to vacant markets or shop operators who are paying expensive rents under the impact of the financial tsunami, whereas the other amendments are about the details of how assistance can be provided to the stall operators. However, I think the most serious problem now faced by the tenants is the expensive rents, and the prime culprit of this problem is, as many colleagues have said, The Link Management.

The Housing Authority (HA) has already offered rent concessions to its shopping malls and markets for one month, but this has benefited just a small number of market stall operators. A concession in rental at 50% of the rent will be granted to tenants of the 19 shopping malls and those of markets and factory premises under the HA in January and February next year, but this will benefit only about 6 000 tenants in total, which cannot in the least alleviate the burden of

a majority of stall operators. Moreover, those tenants who have all along been subject to rampant increases in their rent are those operating in shops or stalls under The Link REIT. So, in order to solve this problem once and for all, the only way is to put the Government in a position that it can monitor and control The Link Management. But given that The Link REIT is a listed company, it can increase the rents of its tenants simply by saying that they have to be accountable to the shareholders. For this reason, there is only one way for the Government to exercise control over it and that is, buying back The Link REIT and becoming its principal shareholder. Only in this way can we stop The Link Management from increasing the rents.

As the economy is in the doldrums, property rentals in both public and private sectors have to be reduced. Indeed, through market force, the rent of a property will have to come down eventually if the property is not let out because the rent is expensive. But those shopping malls under The Link REIT, often carry out promotional activities or renovation work and as a result, the rents have, nevertheless, increased rather than decreased. I trust that the changes made by The Link Management aim to boost customer flows, but is there a need to drive away the small tenants previously operating in the shopping mall in order to reform the shopping mall? That the management company has taken steps to create a brand new image for the markets is a way of commercial packaging to attract more customers while improving the environment of markets, and this should give no cause for criticisms. But the rent increase and renovation cost have incurred double or extra expenses for the tenants who are indeed put under tremendous financial pressure and yet, they have no bargaining power at all when dealing with The Link Management. Only when the Government becomes its principal shareholder will tenants' opinions and public opinions be duly given weight. In view of the economic downturn, we consider government intervention necessary.

President, I so submit.

MRS SOPHIE LEUNG (in Cantonese): President, in fact, this issue is worthy of more in-depth discussion. We are now facing some challenges, and very often, government officials and the Legislative Council are open to popularity ratings,

and there are views that our ratings have fallen. I think at this juncture, especially as we are under the impact of the financial turmoil, everyone of us who holds a position should seriously do some soul-searching.

Here, I wish to tell the Secretary that the conditions of markets have been raised for discussion by Members in every term of the Legislative Council since I became a Member of this Council. Members have made very strong criticisms, and together with the discussions in the community, this issue has already been discussed for dozens of times. This has precisely reflected one point and that is, we cannot treat markets as if they are hospitals. I understand that the past experience of the Secretary is mostly related to the management of hospitals, but markets are another culture. I am not criticizing the Secretary for doing anything in particular, President. I wish to tell the Secretary through you that I have no intention to purposely find faults with the Secretary. But if we wish to do a job properly, we must first find out and understand what we are facing in our position.

In fact, the authorities can provide some room for markets in Hong Kong to develop properly. Over the past decades, the development of markets is steered by community wisdom, and good achievements have been made. But the problem is that in the course of their development, the Government introduced various laws, such as legislation on hygiene, without having regard to the reality. In spite of this, with regard to the damages that have been done over the past decades, is it possible to undo them one by one, so as to provide room for markets to develop by drawing on community wisdom? Their development as a cultural attraction with rich local flavours is indeed possible. We must have the mindset of knowing how to practise what we have learnt, in order to properly take forward the development of markets, and I think there is a good chance achievement.

I very much agree with what Mr Albert CHAN has just said. This should not be taken as an opportunity to overturn everything in order to make a clean start. Nor should we do something to stifle the markets in evolution and adaptation. In fact, this is possible. I absolutely believe so. Certainly, insofar as markets are concerned, I do not have the time or intention to slowly find out more about them. But I think as long as we can study this issue in detail with an enterprising spirit, we can attempt to solve whatever problem which seems to be

not surmountable, and a solution will surely be identified. This is the view that I have expressed to government departments because, President, when we look at an issue, we always tend to analyse it more from our own viewpoint but in fact, we should analyse it from the angle of the issue itself and examine how we can do a better job of it. I think we should be able to gain some wisdom in doing so. Thank you, President.

MR LEUNG KWOK-HUNG (in Cantonese): President, four years ago when the listing of The Link Real Estate Investment Trust (The Link REIT) was debated heatedly in society, Mr Albert CHAN and I supported an elderly lady named LO Siu-lan to seek judicial review against the listing of The Link REIT and in the end, we were severely criticized by all sides. Four years have passed and those people who pointed an accusing finger at me on that day — Oh! They are all gone. None of them is in the Chamber right now. As we are discussing this issue now, they, of course, have to go away, so as to avoid scoldings from me.

Obviously, The Link REIT incident was a result of favouritism and blunders of the Government in its policies. The Government had wished to offload the baggage, and it also wished to create the world's largest privatization exercise and at the same time generate benefits for the new consortium and so, it sought to sell the assets at the cheapest possible price. People had thought at the time that it was a good thing to do and that it could rescue Hong Kong. Fortunately, we did not follow its approach or else, things could have become disastrous and many subprime cases could have been resulted.

Now, we have raised this incident again today and yet, the Government has still refused to admit the mistakes that it made in The Link REIT incident. Whatever Members have said to him is futile. What it did was obviously wrong and worse still, it had made multiple mistakes. Even though privatization might be considered a better option, was there any reason to sell the assets at such a knock-down price? It was obviously trying to give benefits to The Link REIT, was it not? Furthermore, many senior officials had gained benefits from the listing of The Link REIT. They had taken up some posts. Those people such as Victor SO advocated the "3-3-3" arrangement, which means three years of flexible provisions, three years of rigid provisions, and a three-year rent freeze. He said further that if the customer flow of a place is low, or if the customer flow did not increase or the flow of goods did not increase or the business turnover did

not increase, the rent could not be increased. But he no longer works there. I have tried to reach him for many times recently but in vain. I would like him to come here to tell us who he was representing on that day.

An inquiry is being conducted into the incident of LEUNG Chin-man. Let us not talk about his case. But now, we are dealing with the same thing again. It appears as if the damages done by The Link REIT are not bad enough and now, actions are targeted at those markets which have not yet been privatized. This is like "sharpening the knife to kill before succeeding to the throne". This is to mould public opinions in an attempt to "devour" the markets.

I have once asked James TIEN — I gave him some bananas on that occasion. Well, I was not telling him to "eat bananas"; nor did I intend to hurl bananas at him — He was having a debate with me. He said that if bananas are less expensive in supermarkets and more expensive in ordinary markets, why do we not support the sale of bananas in supermarkets? I said that he was wrong. In fact, many on-street stalls sell goods at cheaper prices than supermarkets do, and supermarkets offer cheaper prices only for one or two items of goods in order to attract customers. As for the other items of goods, buddy, could it be that a customer would really bring a calculator with him to check on the price of goods item by item? In fact, we all know that many types of goods are sold at cheaper prices in the markets than in their adjacent supermarkets. But as our Government is geared up to make things easy for supermarkets, supermarkets are, therefore, invented and what is more, they are even selling goods originally sold by others and we already do not take them to task for this. But this is downright foul play, and they have made the changes purely on their own.

Right. Now, the Audit Commission has taken out the "sword of imperial sanction" and put the situation under a microscope. It found that some of the existing practices appear to be problematic and that the marginal benefit is too low whereas the marginal cost is too high — these are jargons commonly used in financial reports. For example, when Morgan Stanley wants this stock to perish, that stock will perish; when Morgan Stanley says that HSBC is \$65, then the price will be made to stand at \$65. This is it. This Government has followed these bad examples and spread rumours that others will perish. Buddy, let me make a declaration first — Secretary, do not doze off. Listen to what I am going to say, and do not look at other things; it is meaningless to look at other things since you are already in this Chamber — Let me tell you clearly that the Director of Audit told you to do your job properly. He did not tell you to privatize the

markets. Nor did he tell you to drive those junior civil servants to the wall. He told you to improve the management, because after the privatization of The Link REIT, you people have actually admitted that the option of privatization should not be pursued back then, which means that the Government should play a role in management. Now, are you going to start another attempt at the same thing again?

In fact, corporatization has a long history. Corporatization was a progress back then because things could be quantified, as the Government would not be able to make a huge provision no matter how hard it tried, and the pay was also particularly high. But there would be no problem if it were operated as a corporation because it is purely virtual, which means that an organization would be operated as if it were a corporation. But the authorities are saying something different now. They said that they will continue to compare the markets under their management or markets in public housing estates with the private markets. Buddy, this is not feasible. Let us not talk about the historical factors mentioned by Albert CHAN. But buddy, they still have to provide a place where the poor people can go for shopping.

Secretary Dr York CHOW, do you have time tomorrow? If you do, I can go with you to the dawn market in Sheung Shui tomorrow. You will find a very small, enclosed area measuring 2 ft by 3 ft. Everyone would fight to go inside to buy the cheapest stuffs. I had distributed leaflets there before, and the result was so effective. They kept on scolding the Government for being inhuman by putting them in such a sorry state as they had to sell goods under the scorching sun and leave the place after operating for just a short while in order not to get caught. Buddy, those people can already buy and sell goods inside that tiny circle formed. Why do we need lavishly furnished marketplaces?

What the poor people are asking for is to buy things at cheap prices. This is different from lowering prices of goods in order to dig into the pockets of the people when the economy is bad. President, as you can see, the big department stores frequented by the rich for shopping are offering a 30% discount, but what does it have to do with me? The poor people want to buy things that they need at low costs or cheaper prices, but the Government said no, and that this is how it intended things to be, that they will do it in the official way.

The markets developed by the Government are not suitable for doing business. Escalators are not in service. When markets are built,

air-conditioners must be turned on but the cost of air-conditioning is exorbitant. Buddy, you are driving them to the wall. Have you considered adopting that approach? In order to help members of the ordinary public and in order to help the small traders, you certainly have to provide land for them to trade goods. You can go to Tung Choi Street and take a look. Why is it necessary to provide a hawker area there? Buddy, it is because there were too many hawkers back then, and this is it. Why do you not do this? Worse still, you are going to grind the axe, making the people spend more, making civil servants accept lower wages, and making temporary workers and contract workers jobless.

President, I hope that Secretary Dr York CHOW will tell me whether or not he is interested in going to Sheung Shui for a look. If he could walk out of that place, I would praise him for really being something. That is, if he could ever walk out of that place, I would definitely sing praises of him. Now, could he please answer my question? Well, he certainly would not answer it. It really beats me. All of them sitting here have their heads bent. Does he have the guts to go there?

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Mr Tommy CHEUNG, you may now speak on the four amendments. You may speak up to five minutes.

MR TOMMY CHEUNG (in Cantonese): President, with regard to Mr Fred LI's amendment which proposes that the Government must take into account the factor of whether the lack of public markets in the districts concerned may lead to monopolization by supermarkets prior to the building of new public markets in the future, as it aims to assist the small traders in the markets to resist monopolization by supermarkets, which is consistent with the objective of my motion, I, therefore, support it.

Mr Alan LEONG's amendment proposes to add two points to the motion. One is to accord priority to small shop operators who are forced to cease their operation due to the rent increases of The Link Management to rent public and

public housing estate markets at concessionary rent. This is similar to the objective that I mentioned in my earlier speech of enhancing the competitiveness of public and public housing estate markets, so that small shop operators can relocate their operation to these markets to resist the overbearing rent increase policy of The Link Management. As to whether they can rent the markets at concessionary rent as that enjoyed by itinerant hawkers, I think this is worthy of consideration.

The other point is that he proposes to develop public and public estate markets into markets for organic agricultural produce. As I said earlier on, the authorities should conduct in-depth market analyses to understand the needs of the districts where the markets are located. If findings show that the markets are suitable for development into specialty markets which include not only markets for organic agricultural produce, but also outlets for second-hand goods and markets for Southeast Asian food, I think these ideas are also worthy of support.

With regard to the two amendments proposed by Mr WONG Yung-kan and Mr WONG Kwok-hing, I would like to say that WONG Yung-kan's amendment which proposes that the market rent be reduced by half for one year, and WONG Kwok-hing's amendment, which urges the Food and Environmental Hygiene Department to study the reduction of market rents across the board, are largely cognate.

In fact, as Mr Vincent FANG said earlier, he hoped that Mr WONG Yung-kan would make continuous efforts for this cause, because in a motion moved by him on supporting the small and medium enterprises previously, he also proposed that the rents be waived for one quarter and so, he does not oppose this proposal and he called on Mr WONG Yung-kan to make continuous efforts to achieve it. I also call on Mr WONG Yung-kan to work hard continuously. So, I have no reason to oppose his amendment. At these extraordinary times, a waiver of the market rents certainly can ease the pressure on the small traders in their operation.

There is another point proposed by Mr WONG Kwok-hing's amendment which actually responds to the phenomenon highlighted in the Audit Commission's report, that the hawker resiting policy under which hawkers can enjoy concessionary rents in public markets has resulted in a great disparity in the monthly rentals payable by different stall operators in the same market as the

rentals can range from \$100-odd to a few thousand dollars. This has led to unfair competition and may deter new tenants, which is a reason explaining the serious vacancy rate of the markets.

The report further pointed out that some tenants have taken advantage of the concessionary rents and secretly sublet stalls at rentals far lower than the market level by falsely claiming that "assistants" are engaged in order to circumvent the law. Some sub-tenants do not provide any service in the market as the stalls are only used for storage or bulk sale, which explains why the markets are quiet and inactive.

Mr WONG Kwok-hing's amendment proposes a more viable way to reduce the rents of stall operators who pay higher rents and narrow the disparity in rental level, in order to solve the problem while at the same time providing incentives for new operators. This, I do not oppose.

However, I wish to emphasize that public housing estate markets under the Housing Department are not affected by the resiting arrangement for itinerant hawkers and these markets do not have tenants paying the extremely low concessionary rents and yet, their vacancy is not any better than that of public markets. Therefore, the most important thing is whether the authorities have taken proactive measures to improve the operating environment of markets. A good operating environment can certainly attract tenants with potential.

Another point proposed by Mr WONG Kwok-hing in his amendment is monitoring the management of public housing estate markets (sold or unsold) by subcontractors and the determination of rents of such markets. I can support it in principle, but the authorities actually have no power to intervene in these matters since the markets have been sold to The Link REIT. The other points made by him in his amendment serve to further complement the original motion and so, they will have my support.

President, I support all the amendments. I so submit.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, first of all, I would like to thank all the Members who have participated in the discussion for their concern for the policies and management of public markets and their recommendations on improving market facilities and management. The Food

and Health Bureau and the Transport and Housing Bureau, together with the Food and Environmental Hygiene Department (FEHD) and the Housing Department (HD) will actively study and follow up these recommendations.

Markets are one of the major avenues for the public to buy fresh provisions. The most common fresh food available at markets includes fruits, vegetables, fresh meat and seafood, with vast varieties available at the best quality for their prices. Besides, as only small stocks are kept in markets and the turnover is fast, the food sold is particularly fresh. Many members of the public enjoy visiting the markets because quite a number of stall operators have established a neighbourhood relation with them over the years. Besides, some products which are not available in supermarkets or large-scale chained stores, in particular such traditional products as dried seafood and groceries, clothing, fabrics and some household necessities and even hell notes and candles, are also sold at markets, providing more choices with distinct characteristics to the public. Under the free market principle, markets, hawkers, different kinds of fresh provision shops and supermarkets are in competition and play different roles in catering for the different shopping needs of the public.

The former Urban Council began to build public markets in the 1950s to meet community needs and relocate hawkers to prevent any nuisance, pedestrian and traffic obstruction or environmental hygiene problems arising from their on-street hawking. The FEHD took over the management of public markets upon its establishment in 2000. At present, a total of 80 public markets are managed by the FEHD. As regards the Housing Authority (HA), public markets were built to meet the shopping needs of residents in public housing estates (PRH). At present, a total of 19 PRH markets are under the HA's management.

There are two main aspects in the government policy on markets. First, we pay close attention to whether or not the provision of public markets is adequate and make every effort to meet public demand in general. Secondly, we are committed to improving market facilities and creating a desirable, clean and hygienic business environment for the market stall operators on the premise of putting public resources to rational use.

To tie in with the changes in Hong Kong people's habits of living and market development, we consider it necessary to review the policy on the provision of public markets. Last month, the Food and Health Bureau and the FEHD reported to the Panel on Food Safety and Environmental Hygiene of the

Legislative Council on the findings of the review of the provision of public markets. The review updated the long-standing prevailing planning standards for the provision of public markets which were based on the ratio for stall provision and local population as well as hawkers resiting needs. More flexibility will be built into the new standards. Apart from population and the number of hawkers, other factors, including demographic mix, community needs, the provision of public and private market facilities in the vicinity, the number and distribution of retail outlets of fresh provisions, and the preference of local residents for the retention or otherwise of the hawker area, and so on, will also be taken into account in deciding whether or not public markets will be provided to ensure more proper use of resources. At the same time, the review also drew up assessment criteria for public markets with operational difficulties and a thorough study was conducted on four public markets with operational difficulties in order to explore the feasibility of improving the vacancy position and the closure of such markets.

With regard to improving the environment of public markets, as I said just now, the Government is prepared to carry out improvement works on the premise of putting public resources to rational use. Over the past three years, the FEHD has spent an average of more than \$150 million on public market improvement works each year. In the current financial year, general improvement works will continue or commence at 17 markets at a cost of \$250 million. These market improvement works, which mainly include upgrading of fire services installation, replacement of wall/floor tiles, upgrading of drainage, ventilation systems and general lighting, refurbishment of ceilings and toilets, bring about improvement to the business environment and appeal of public markets, thus helping to raise their occupancy rates.

We also have to put public money to rational and proper use, or else the Government will have to continue to provide additional subsidies to the operation of public markets. Some Members proposed installing air-conditioning (A/C) systems in public markets. Based on past experiences and assessment results, the project costs for installing A/C systems for public markets are very high. Subject to the size and architectural constraints of the markets, each installation project may incur tens of million dollars, while the project costs for installing A/C systems in the existing public and PRH markets are borne by the Government or the HA, which also involves the use of public money. Besides, market tenants are responsible for paying the recurrent cost such as electricity charges and maintenance fees. Also, full co-operation from market tenants is also needed as partial closure of the market may be required during the course of installation

works. Therefore, the installation of A/C systems in public and PRH markets is subject not only to technical feasibility but also to the support from the majority of market tenants and their agreement to bear the recurrent expenditure. In fact, there were divergent views in the community on whether or not A/C systems should be installed in public markets. Some considered that installing A/C systems would enhance the appeal of public markets, while some market tenants were of the view that installing A/C systems would increase their operating cost. In the past, when the Legislative Council considered whether funding should be provided to install A/C systems in public markets and cooked food centres, views were divergent and no consensus could be reached. The new concept of market construction proposed by Prof Patrick LAU just now merits our consideration.

The Transport and Housing Bureau has indicated that in order to tie in with the changes in the shopping habits of PRH residents, the HA has been actively re-planning some old markets in recent years, with a view to meeting the needs of residents in terms of scale, trade mix, supporting facilities, and so on. In general, the HA will regroup and concentrate separated leased stalls after consulting existing tenants so as to spice up the shopping atmosphere and improve the competitiveness of PRH markets. The FEHD has also established public market management consultative committees for individual public markets, whose members include representatives from market tenants, members of District Councils, market cleaning contractors and FEHD staff, to exchange views on issues relating to market management on a regular basis, and explore operational and improvement recommendations for the markets. As each public market has its unique historical background, and different districts have different demands for public markets. There are also questions of how to make better use of vacant stalls in the market, and how the varieties of goods on offer and the spatial design can be perfected to meet local needs. Therefore, the FEHD will conduct a patron opinion surveys early next year to gain a better understanding of the needs of the public with regard to individual markets, in order to construct public market facilities which better meet local needs. We will also maintain close contact with District Councils to gauge their members' views and encourage their participation in these improvement projects.

Members have also made many creative proposals in their speeches. For example, Mr WONG Kwok-hing proposed providing child care services and assisting in the installation of Octopus card system at the stalls, Mr Alan LEONG proposed establishing exclusive areas for the sale of organic farm produce and Mr CHAN Kam-lam proposed some new management ideas. We believe that apart from these proposals, different communities may have many different ideas on

how to enhance the vitality of markets. The FEHD plans to organize a brain storming session next year to invite relevant committees and area committees under various District Councils to pool together their resources and develop an effective means of improving the operation of markets.

Mr Tommy CHEUNG proposed offering short-term rent concessions to lease market stalls. The HA has already introduced a flexible tenancy arrangement for stalls, with the tenure of tenancies ranging from one to 12 months to meet the need of people who are interested in starting up a business. Actually, the FEHD is also actively exploring the feasibility of entering into short-term tenancies with tenants and introducing to vacant stalls alternative trades such as bakeries and shops selling traditional snacks and desserts. It is now identifying suitable public markets for implementing trial schemes. We hope that through the expansion of popularized and diversified services provided in public markets, the occupancy rate will be improved and opportunities for starting up businesses provided. However, before these schemes are introduced, support from the existing tenants of the relevant markets is required, and there is also a need for such schemes to tie in with the general operation of the market.

Actually, to attract more interested people to bid for vacant stalls, the FEHD has launched a trial scheme in nine markets since 2004 to lease long-standing vacant stalls at a rate lower than the open market rent (OMR). As at October 2008, 584 stalls were successfully leased under this scheme. Starting from February next year, the scheme will be extended to all the 80 public markets in the territory and vacant stalls will be leased at a discount of "80% first and 60% later". That is, stalls vacant for a consecutive period of six months will be put up for bidding with the upset price fixed at 80% of the OMR; while stalls vacant for a consecutive period of eight months or more will be put up for bidding with the upset price fixed at 60% of the OMR. Besides, the FEHD will continue with its efforts to merge some small stalls to form larger ones to enhance the attractiveness of these stalls.

As regards the tenancy conditions, the FEHD will continue to review and appropriately relax them from time to time so as to facilitate business operation. For example, in view of the surge in public demand for chilled and frozen meat, the FEHD allows tenants of fresh meat stalls to apply for conversion to sell chilled and frozen meat. As for PRH markets, the HA welcomes bidders' proposal of their intended trade before placing their bids or applications for expanding the scope of their business at tenancy renewal in order to tie in with

the business strategies of stall operators. The FEHD and the HA will continue to provide flexible, simple and clear tenancy conditions in the lease of market stalls to provide a desirable business environment for traders.

President, the two measures proposed by Mr WONG Kwok-hing in his amendment are related to the rentals of markets managed by the FEHD. Mr WONG Yung-kan also proposed reducing the rentals of public markets. Last week, in response to the oral question raised by Mr Vincent FANG, I already explained the rent setting mechanism of public markets under the FEHD. Please allow me to explain it again today.

Currently, the Government's overall rental policy for public markets, shopping malls and shops owned by the Government is to charge tenants according to the OMR. The rentals of public markets are normally set according to the open bidding prices. The upset bidding prices of market stalls are determined with reference to the OMR as assessed by the Rating and Valuation Department (RVD). In assessing the rental value of market stalls, the RVD takes into full account the general situation of Hong Kong, the actual conditions of individual markets and other relevant factors. Actually, in the past, one of the main purposes of building public markets was to resite on-street hawkers. The authorities therefore offered rental concessions to attract hawkers to move into the markets, that is, in the first three years after moving into the markets, the resited hawkers were only required to pay rentals at the level of the hawker licence fee, which was about \$100 monthly, instead of the OMR. The tenants affected by market relocation plans bid for stalls at 75% of the OMR as upset prices in stall biddings. Moreover, the rentals of public market stalls have been frozen for 10 years since the 30% rental reduction imposed by the two then Provisional Municipal Councils in 1998. In May this year, the Government announced an extension of the rental freeze to 30 June 2009. As such, many tenants are paying rentals far lower than the OMR. In his report published last week, the Director of Audit pointed out that about 85% of the stall tenants were paying rentals lower than the OMR; 48% of the stall tenants were paying rental at 60% or less of the OMR. As the rentals are lower than the OMR, the Government needs to make some degree of subsidy. In the 2007-2008 financial year, the FEHD subsidized \$160 million on market operation. Although the FEHD has adopted various cost saving measures, reducing instead of increasing the rentals will incur heavier subsidies with public coffers. The Director of Audit pointed out that as rentals were set at a level lower than the OMR, some stall tenants were indirectly provided with an incentive to sublet their stalls

improperly for profits. He recommended that the authorities should, where practicable, expeditiously propose a suitable and aligned rental adjustment mechanism for consideration by the panels of the Legislative Council.

We have to appreciate that restoring the OMR is directly related to reducing government subsidies. The core question is at what pace should the OMR be restored, and consensus in society is required on this. Since 2000, whenever a rental freeze was about to expire, the authorities would receive some 30 submissions from different sectors of society requesting a rental reduction, rental freeze or rental waiver. In 2001, we put forward a rental adjustment mechanism to the panels of the Legislative Council and proposed gradually raising the rentals of public markets to the OMR level. In view of the economic conditions at that time, the Legislative Council considered that it was not the appropriate time for increasing the stall rentals and held the view that consideration should be given by the authorities to reducing the stall rentals. Considering the prevailing economic conditions, any adjustment arrangement would only create a certain impact on tenants, and a rental increase might also cause some stall operators to surrender their tenancies, which would lead to an increase in the vacancy rate or even losses. The current economic conditions of Hong Kong are similar to those back then. We will consider different rental adjustment options, balance their merits and demerits, take into account the impact on different stall operators, and discuss with the Legislative Council and other stakeholders.

Another measure proposed by Mr WONG Kwok-hing focused on the difference in the rentals of comparable stalls in the same public market. The situation mentioned by Mr WONG should be: the rental policies and rental reduction arrangements adopted by the two then Municipal Councils and the public market rental freeze over the years have caused the rentals payable by some old tenants to be lower than those payable by traders whose public market stalls were leased to them at the OMR level based on commercial considerations. He proposed reducing the rentals of those tenants who pay higher rents to rectify this rental gap. As I said just now, the Government has all along been subsidizing the operation of public markets, and it is open to question whether Mr WONG's proposal is in the public interest.

The Audit Commission and Members are concerned about the subletting of public market stalls. I have to stress that according to the tenancy agreements entered into by the FEHD and the tenants, subletting is not allowed, and once it is

proved that breaches of tenancy agreements exist, the FEHD will terminate the tenancy. Over the past three years, the FEHD conducted investigation on 82 suspected subletting cases and five cases were substantiated and the tenancies of the relevant stalls were terminated. The FEHD is actively following up the suspected cases and will step up its efforts and adopt various measures to curb subletting, including making use of the opportunity of tenancy renewal to conduct inspection on whether the stalls are operated by the tenants themselves, and review the existing internal code of practice and tenancy agreement in order to plug the loopholes.

President, public markets provide services to the general public, being places where many small traders earn their living. Among such traders, many are the elderly or workers with a relative low level of skill. Therefore, any significant change in policy or arrangement must take into account the existing tenants' livelihood, their difficulties in switching trades and their adaptability, as well as the views of the general public. At the same time, public markets have to tie in with the development of the local district and keep abreast of the time. It is true that some public markets have operated for more than half a century during which obvious changes have occurred in Hong Kong and people' way of living. Structural problems are indeed present in some markets. For those public markets which have lost their functions as a result of the changes in time and the local community environment, we think that they should be closed to enable more effective use of public resources and to make available more land to enhance the effectiveness of land use. As for other public markets whose operation should be maintained, the Government will definitely co-operate with members of the local community and the tenants to pool together resources so that these markets will continue to perform their function of serving the community.

I will also take active follow-up actions on the recommendations put forward in the Director of Audit's report and the views expressed by Members today.

Thank you, President.

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

MR FRED LI (in Cantonese): President, I move that Mr Tommy CHEUNG's motion be amended.

Mr Fred LI moved the following motion: (Translation)

"To delete ", as" after "That" and substitute with "public markets perform the major function of supplying daily necessities to the public, yet"; to add "prior to the building of new public markets in the future, having to take into account the factor of whether the lack of public markets in the districts concerned may lead to monopolization by supermarkets; (b)" after "(a)"; to delete "thereby" after "escalators," and substitute with "improving the drainage design, etc, thereby facilitating the business operation of stall tenants and"; to delete the original "(b)" and substitute with "(c)"; to delete "," after "the sizes" and substitute with "of individual markets and installs, and"; to delete the original "(c)" and substitute with "(d)"; and to delete the original "(d)" and substitute with "(e)."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Fred LI to Mr Tommy CHEUNG'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): Mr WONG Yung-kan, as Mr Fred LI's amendment has been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. When you move your revised amendment, you may speak up to three minutes to explain the revised terms in your amendment, but you may not repeat what you have already covered in your earlier speech. You may now move your revised amendment.

MR WONG YUNG-KAN (in Cantonese): President, I move that Mr Tommy CHEUNG's motion as amended by Mr Fred LI, be further amended by my revised amendment.

Mr WONG Yung-kan moved the following further amendment to the motion as amended by Mr Fred LI: (Translation)

"To add "; and (f) during times of economic downturn, reducing the rents of public and public housing estate markets by half for a period of one year, so as to relieve the operating difficulties of small traders" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr WONG Yung-kan's amendment to Mr Tommy CHEUNG's motion as amended by Mr Fred LI, 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 Mr WONG Kwok-hing will withdraw his amendment if Mr WONG Yung-kan's amendment is passed. As this is the case now, Mr WONG Kwok-hing has therefore withdrawn his amendment.

PRESIDENT (in Cantonese): Mr Alan LEONG, as the amendments by Mr Fred LI and Mr WONG Yung-kan have been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. When you move your revised amendment, you may speak up to three minutes to explain the revised terms in your amendment, but you may not repeat what you have already covered in your earlier speech. You may now move your revised amendment.

MR ALAN LEONG (in Cantonese): President, I move that Mr Tommy CHEUNG's motion, as amended by Mr Fred LI and Mr WONG Yung-kan, be further amended by my revised amendment.

In fact, my amendment is so simple that only the phrases "in the face of the impact of the financial tsunami, the business environment of small shop operators has become unfavourable, yet" are deleted.

Thank you, President.

Mr Alan LEONG moved the following further amendment to the motion as amended by Mr Fred LI and Mr WONG Yung-kan: (Translation)

"To add "; (g) according priority to small shop operators who are affected by the rent increases of The Link Management Limited and are unable to continue their business to rent public and public housing estate markets at concessionary rent; and (h) developing public and public housing estate markets into markets for organic agricultural produce, thereby providing room for the marketing of organic farm products" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Alan LEONG's amendment to Mr Tommy CHEUNG's motion as amended by Mr Fred LI and Mr WONG Yung-kan, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr Tommy CHEUNG, you may now reply and you have four minutes 15 seconds. This debate will come to a close after Mr Tommy CHEUNG has replied.

MR TOMMY CHEUNG (in Cantonese): President, I am very grateful that 12 colleagues have spoken and four Members have proposed amendments. Regarding Members' speeches and amendments, I hope the Secretary will realize that the public markets and public housing estate markets have a serious management problem. In fact, the community at large considers it necessary for the Government to look squarely at the problem. No further delay should be allowed as this will only waste more resources and public money. I hope that the Secretary will not procrastinate further when resources and public money are being wasted, and refuse to respond to these problems.

As regards the speeches made by Honourable colleagues, the first one I wish to respond to is, of course, Mr WONG Yuk-man. President, being a new comer of this Council, he fails to know that the grassroots have always been the major concern of the Liberal Party. In fact, the Liberal Party is concerned about all members of the public. Mr WONG has no idea that I was the first Housing Authority member to rise against the listing of the shopping malls. I have all along opposed this proposal, which is supported by another colleague only. No one from other political parties and groupings supported this proposal. There are too many things that he does not understand, so I would like to explain to him. The Liberal Party has all along believed in the principle of "small government, big market", but is it plausible to ask the Government not to intervene or manage the markets properly when they are all under its management? This is the reason why I moved this motion. I believe when he has listened more to the speeches given by Members of the Liberal Party, he will understand that our main service target is the general public. There is no need for him to be so agitated.

I also wish to make some responses after listening to the speeches made by a number of colleagues. Mr Fred LI urged the Secretary to lower the relevant proportion. I hope the Secretary will not just look at the percentage, but should expeditiously settle the matter disregarding the price. Priority should be given to resolving the matter and improving the environment. Once the shop operators earn more, the rents can be increased. The Government should spend some money in the interest of the long term.

Mr WONG Kwok-hing queried if the rents will increase again next year. Frankly, I do not believe the Government would dare to turn itself into an enemy

of the people by increasing rents for the time being. Should it really increase the rents, trust me, I will definitely fight side by side with Members. I will fight even if Members do not.

Ms LI Fung-ying mentioned the open-air bazaars, which is also a great sadness to me. The Liberal Party has all along considered that these bazaars have room for survival and should be preserved. Many political parties and groupings have striven to preserve the open-air bazaar in Wan Chai. A lot was done by Miss CHOY So-yuk in this Council in the past, and different parties and groupings have all indicated support for it. Although this is not the topic under discussion today, I fully support Ms LI Fung-ying's proposal in this regard.

I agree to what Mr Ronny TONG said. Is rent reduction a subject of today's motion? We asked for a rent reduction because the economy has turned bleak, and there is no intention to make it a permanent reduction. In the long run, the Government should have plenty of room to increase rents. Certainly, it should achieve this through the provision of improved supporting facilities, thereby enabling the market traders to make big money. In that case, they will not mind paying higher rents. As long as the shop operators can make a fortune, they would not leave even if they are forced to. Not to mention a mere rent increase. The worst is that the shop operators have refused to continue their operation though the existing rental level is so low that the Government has suffered a deficit. This is the problem.

Secretary, the purpose of moving this motion is to give you an opportunity to listen to Members' views. I have moved this motion not with the intention to expose you to Mr WONG Yuk-man's severe criticisms. I hope that the Secretary will not blame me (*Laughter*) for moving this motion to expose you to Mr WONG Yuk-man's criticisms. It is very strange that whenever Mr WONG Yuk-man rises to speak, he will be scolding someone. After all, this is his personal problem.

Secretary, in case a discussion will be held on the relevant planning in the future, many colleagues in this Council will actually give you a hand, including Prof Patrick LAU, who has mentioned the planning of the markets earlier on. Mr Ronny TONG also made an excellent speech in saying that he is a user, that he has patronized the markets since childhood. I wonder if he still goes to the

market to buy fresh food now. We do have plenty of information for the Secretary's reference. So, I hope that he will expeditiously deal with the matter.

I am very grateful to the many Honourable colleagues for their support. I hope that the Secretary, having learnt of the unanimous support of colleagues for this motion, will take immediate actions instead of telling me all the time that he agrees to any other subject except this one. Thank you, President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Tommy CHEUNG, as amended by Mr Fred LI, Mr WONG Yung-kan and Mr Alan LEONG, 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.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11:00 am on Wednesday, 10 December 2008.

Adjourned accordingly at twenty-five minutes to Eight o'clock.