

## **OFFICIAL RECORD OF PROCEEDINGS**

**Wednesday, 10 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 LAU WONG-FAT, G.B.M., G.B.S., J.P.

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

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

THE HONOURABLE ANDREW CHENG KAR-FOO

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

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

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

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

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

THE HONOURABLE ALBERT CHAN WAI-YIP

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

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

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

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

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

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

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

### **PUBLIC OFFICERS ATTENDING:**

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

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

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

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

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

THE HONOURABLE 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 CONSTANCE LI TSOI YEUK-LIN, ASSISTANT SECRETARY GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY GENERAL

MRS PERCY MA, ASSISTANT SECRETARY GENERAL

**PRESIDENT** (in Cantonese): A quorum is not present. Clerk, please ring the bell.

(After the summoning bell had been rung, a number of Members entered the Chamber)

**PRESIDENT** (in Cantonese): A quorum is now present. The meeting now starts.

### 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>
Import and Export (Strategic Commodities) Regulations (Amendment of Schedule 1) Order 2008.....	254/2008
Road Traffic (Breath Analysing Instruments and Screening Devices) (Amendment) Notice 2008 .....	255/2008
Road Traffic Legislation (Amendment) Ordinance 2008 (Commencement) Notice .....	256/2008

### Other Papers

- No. 34 — Police Welfare Fund  
Annual Report 2007/2008
- No. 35 — Annual Report on the Police Children's Education Trust  
and the Police Education and Welfare Trust 2007/2008
- No. 36 — Hong Kong Tourism Board  
2007/08 Annual Report

- No. 37 — Director of Social Welfare Incorporated  
Financial statements for the year ended 31 March 2008
- No. 38 — Emergency Relief Fund Annual Report by the Trustee for  
the year ending 31 March 2008
- No. 39 — Social Work Training Fund Forty-seventh Annual Report  
by the Trustee for the year ending on 31 March 2008

Report of Subcommittee on Technical Memorandum for Allocation of Emission Allowances in Respect of Specified Licences

## ADDRESSES

**PRESIDENT** (in Cantonese): Address. Ms Audrey EU will address this Council on the Report of Subcommittee on Technical Memorandum for Allocation of Emission Allowances in Respect of Specified Licences.

## **Report of Subcommittee on Technical Memorandum for Allocation of Emission Allowances in Respect of Specified Licences**

**MS AUDREY EU** (in Cantonese): President, in my capacity as Chairman of the Subcommittee on Technical Memorandum for Allocation of Emission Allowances in Respect of Specified Licences (Subcommittee), I now submit the report and highlight the deliberations of the Subcommittee.

The Technical Memorandum for Allocation of Emission Allowances in Respect of Specified Licences (Technical Memorandum) sets out the total quantity of emission allowances for all of the specified licences, the allocation principles and determination methods of the quantity of emission allowances to be allocated in respect of each specified licence for each emission year.

In view of the importance of the Technical Memorandum, members held that deputations should be invited to the meetings in order for them to express their views. To allow time for the Subcommittee to receive public views and examine the Technical Memorandum, members considered that the scrutiny period for the Technical Memorandum had to be extended to 7 January 2009.

However, the Administration said that it aimed to bring the Technical Memorandum into effect before the end of 2008 to facilitate the renewal of licence for the Lamma Power Station before year end. The proposed extension of the scrutiny period may have the effect of non-application of the Technical Memorandum to the licence for the Lamma Power Station, which will commence on 1 January 2009.

The Subcommittee has examined the feasibility of extending the existing licence for the Lamma Power Station until such time after the Technical Memorandum has come into effect. According to the Administration, section 15(4) of the Air Pollution Control Ordinance provides that a specified licence shall be valid for a reasonable period of not less than two years, and hence it would be necessary to include also the emission caps of 2010 in this renewal of the licence for the Lamma Power Station. Although under the Air Pollution Control (Specified Processes) Regulation, the existing licence for the Lamma Power Station shall still continue to be in force after its expiry if renewal cannot be made before 1 January 2009, it will be subject to the licence conditions currently in force, which will not include the emission caps of the emissions years of the new licensing period (that is, 2009 and 2010). The emission allowances as set out in the Technical Memorandum in respect of an emission year cannot be applied to the licence for the Lamma Power Station, since section 2 of the Air Pollution Control Ordinance provides that "emission year" means a period of 12 months commencing on 1 January in each year, and the Technical Memorandum does not have retrospective effect. Extending the licensing period would have a negative impact on improving air quality, as well as the ability of Hong Kong in achieving the 2010 emission reduction targets mutually agreed with the Guangdong Provincial Government.

Members are of the view that the Administration has put them in a dilemma. In view of the imminent need to improve air quality and the fact that deputations had already been invited by the Bills Committee on Air Pollution Control (Amendment) Bill 2008 in June 2008 to express their views on the Bill (including the Technical Memorandum), the majority of members, having no choices, agreed not to pursue the proposal of extending the scrutiny period for the Technical Memorandum and not to invite deputations to express their views.

To allow sufficient time for power companies to adjust their operation, an advance notice of no less than four years will be given by the Administration to the power companies before any changes to the allocation of emission allowances

take place. To ensure that the Secretary for the Environment will regularly review the total quantity of emission allowances, members have considered the feasibility of setting an expiry period for the Technical Memorandum. Members eventually agreed to set aside this suggestion, having considered that the Administration had undertaken in its reply that the Secretary for the Environment would conduct a review of the Technical Memorandum within two years after the coming into effect of the first Technical Memorandum.

President, I so submit.

## 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 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 supplementary questions.

**PRESIDENT** (in Cantonese): First question. Dr Priscilla LEUNG.

### Locations of Funeral Parlours

1. **DR PRISCILLA LEUNG** (in Cantonese): *I have received a number of complaints in recent months pointing out that the funeral and related trades in the Hung Hom have expanded continuously over the last few years. Abodes of the living and the deceased are mingled together at the same location. Not only has this affected the environmental hygiene of the district, it has also caused great unease to residents. The owners' corporation of a building has sought assistance from the District Council, which has unanimously agreed that the Administration be asked to conduct a review of the matter. The owner of a shop on the ground floor of the building concerned had let the shop .....*

**PRESIDENT** (in Cantonese): Dr Priscilla LEUNG, you must raise your oral question according to the original version submitted by you. No additions are allowed.

**DR PRISCILLA LEUNG** (in Cantonese): *Alright, I will continue ..... let those shops for the operation of funeral parlours, oblivious to the objection of 99% of the occupants of the building. In this connection, will the Government inform this Council of:*

- (a) *the number of complaints received by the authorities in the past three years about the nuisance caused by the operation of funeral parlours to residents in the neighbourhood, the main subjects of such complaints and how the authorities dealt with the complaints; and*
- (b) *the licensing procedure for the operation of funeral and related businesses, as well as the relevant details, including the government departments involved, whether the psychological impact on the residents nearby and funeral affairs being a taboo subject of Chinese people are considerations for the issuance of licences, as well as whether the authorities would consult the residents nearby before issuing such licences; if they would, how they deal with the residents' objection; if not, of the reasons for that and whether they will consider conducting consultation before issuing such licences?*

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

- (a) As regards the Hung Hom District, the Food and Environmental Hygiene Department (FEHD), the Kowloon City District Office (KCDO) and the Planning Department received a total of 39 complaints about the funeral business over the past three years. As a person might complain to different departments in tandem, some cases might have been double-counted. These complaints mainly concern objections against operation of funeral business in buildings or requests for tighter regulation of the funeral trade and related businesses. Others are about street obstruction caused by coffins and paper-made sacrificial articles, smoke nuisance and potential fire

risk caused by burning joss paper, and suspected contravention of the land lease, and so on.

Government departments will take appropriate follow-up actions upon receipt of a complaint. The KCDO will refer complaints to relevant departments for follow-up. The Planning Department will handle issues regarding land use planning and respond to the complainants. Upon receipt of a complaint, the FEHD officers will carry out investigation as soon as possible. If the complaint also involves other government departments (for example, the Environmental Protection Department and the Fire Services Department), the FEHD will refer the case to them for joint follow-up actions.

If any person causes environmental hygiene nuisance, the FEHD may issue a Nuisance Notice to the person for removing such nuisance within a specified period of time under section 12 of the Public Health and Municipal Services Ordinance (Cap. 132). Where the complaint is made against a licensed funeral parlour or undertaker of burials for breach of law or licensing conditions, the FEHD will take appropriate action against the licensee under the relevant legislation or licensing conditions if the complaint is found to be substantiated. Such actions include warning and prosecution or, in serious cases, cancellation of licence. Where necessary, the government departments concerned will exercise the powers under the relevant legislation to inspect premises of funeral business and take appropriate enforcement actions.

- (b) Under the Public Health and Municipal Services Ordinance (Cap. 132), anyone who wishes to carry on the business of a funeral parlour or as an undertaker of burials shall first obtain a licence issued by the FEHD. According to standing procedures, the FEHD will consult the relevant District Office and the Lands Department upon receipt of an application.

Taking the Hung Hom District as an example, the KCDO will conduct local consultations, covering the local district council members as well as district organizations, institutions and residents of buildings located within 100 m of the premises under application

for licence. As far as the residents are concerned, they will be consulted through owners' corporations, mutual aid committees or management companies of their buildings. The District Office will also issue consultation letters directly to individual residents living in buildings without any residents' organizations. As for the Lands Department, it will ascertain whether the application is permissible under the conditions of the government lease. If the FEHD is aware of any comments from residents on the application, it will also consult relevant government departments, for example, the Planning Department, with reference to comments received. If no objection is received from the relevant departments, the FEHD will issue a Letter of Requirement to the applicant. A licence will be issued to the applicant upon his/her compliance with all the licensing conditions.

The FEHD will, after taking into account advice from the departments concerned and the views of residents collected by the relevant District Office, decide whether or not to grant a licence and whether to impose specific licensing conditions to regulate the business activities conducted under the licence. For instance, coffins should not be kept in the premises for display, storage or any other purposes. Signboards of the funeral parlour should not contain any reference to and/or any description suggestive of funeral services. The imposition of specific licensing conditions aims to minimize psychological impact on the residents as far as possible while allowing the applicants to operate within the law.

**DR PRISCILLA LEUNG** (in Cantonese): *President, the main reply given by the Secretary just now sounds pleasant. However, the relevant legislation actually specifies that if local residents live within 500 m of a premises in respect of which a licence is applied for, the Government does not have to consult them. Given such a monitoring system, may I ask if the Government will conduct a review? Many residents have complained that there are many instances of premises being used both as a shop and private dwelling, and the Government is incapable of monitoring them. The entire monitoring system is a complete failure. In these circumstances, I hope the Secretary can give us a clearer reply. In what circumstances did the Government refuse to issue a licence in the past due to residents' objection?*

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): President, according to the FEHD's records, from 2006 to the present, a total of seven applications have been received and replies have been given to five of them. The remaining two are still being processed. Among the applications to which replies were given, two were not supported and were therefore not approved by the FEHD because the residents' views as reflected by the Planning Department (PD) showed that the applications in question were not supported. Therefore, we have undertaken work in this regard.

Of course, regarding the views put forward by Dr Priscilla LEUNG, we will make a decision only after fully understanding the views of the residents in the district. Therefore, the PD has made a special decision this year not to support applications to set up offices of this trade on the first floor or the floors above it in a building in normal circumstances. It will not support applications to set up such offices on the two sides of a major road either, be they street-level or upper-floor shops.

**MS STARRY LEE** (in Cantonese): *President, the Secretary's reply is disappointing. In fact, the residents in Hung Hom are reasonable. As we all understand, the funeral business needs suitable locations for its operation. The Secretary mentioned just now that the PD has decided not to support applications to set up offices of this trade on the first or second floors of buildings. However, in many instances, it is now necessary to submit applications to the PD. The department responsible for gate-keeping is precisely the one under the charge of the Secretary. To take a conflict I once encountered as an example, in fact, the demand of the residents was very simple. They just do not want to live together with spirits. All of us do not want to live together with spirits. I believe that this demand of the residents is most reasonable. In this connection, does the Secretary think a review of the existing policy is called for?*

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): President, it is precisely in response to the views put forward by the residents in this regard in the last couple of years that we worked out the current practice with the PD. We can see that it is now more difficult to apply for this kind of licences for those locations.

**PRESIDENT** (in Cantonese): Ms Starry LEE, which part of your supplementary has not been answered?

**MS STARRY LEE** (in Cantonese): *President, the Secretary has not yet replied as to whether he thinks a review is required.*

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): President, I said just now that we had finished the review only recently. Therefore, we will look at the situation before planning for the next step.

**MR CHAN HAK-KAN** (in Cantonese): *President, Dr Priscilla LEUNG said just now that the funeral business could be found in old districts. In fact, it can also be found in small houses in the New Territories. We have come across cases in which columbaria are set up on the first floor or second floor of small houses. The Secretary said just now that if this happens in the urban area, owners' corporations and mutual aid committees would be consulted. If this happens in villages inhabited by indigenous villagers, may I ask if he will seek the views of village representatives of indigenous villagers or those of resident representatives? If they raise objections, will the authorities still issue the licences?*

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): President, first, there is no relationship between Undertakers of Burials Licence and the establishment of columbaria. What undertakers of burials apply for is the licence for operating the burial business, not for setting up columbaria. Therefore, if it is an application for Undertakers of Burials Licence we will consider whether or not the applicant fulfils the licensing requirements before issuing the licence. As I said in the main reply just now, we will also consult the relevant departments before making any decision in this regard.

**MR LEUNG YIU-CHUNG** (in Cantonese): *President, the Secretary said in the second last paragraph of the main reply, "As for the Lands Department, it will*

*ascertain whether the application is permissible under the conditions of the government lease. If the FEHD is aware of any comments from residents on the application, it will also consult relevant government departments, for example, the Planning Department, with reference to comments received. If no objection is received from the relevant departments, the FEHD will issue a Letter of Requirement to the applicant." What he refers to is the issuance of licences.*

*President, I think there is a big problem here because the Secretary said that issues in the community which members of the public were concerned about would be reflected to the relevant departments. However, those departments only deal with matters of policy and facility, so the views of the residents may not be reflected. How much weight is given to the views of the residents in the entire decision-making process? How can it be ensured that importance is attached to the views of the residents in the districts concerned? The explanation given here only attaches importance to the views of the departments concerned. In what way is the opinion of the community given weight?*

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): President, regarding the PD, it will make decisions on the planned land use of a district only after understanding the views of local residents. Therefore, if the PD objects to the establishment of this kind of trade, the FEHD will not issue any licence.

**MR LEUNG YIU-CHUNG** (in Cantonese): *President, the Secretary has not answered my supplementary. I was saying that the relevant departments could only reflect issues which they were concerned about and issues relevant to them, for example, issues relating to planning. However, they would not pay attention to the views of the residents because residents' views might not necessarily be related to planning but might be related to other areas, for example, psychological concerns. In that case, how can the department attach importance to, reflect and consider the opinions of the residents?*

**PRESIDENT** (in Cantonese): I believe your supplementary is already very clear.

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): President, what I mean is precisely that the PD will make decisions only after considering the views of the members of the public living in the district concerned. Therefore, if the PD decides not to raise any objection or disagreement after consideration, this means the FEHD has taken on board residents' opinions in the licensing procedure. If they agree, we will issue the licence. If they do not, we definitely will not do so.

**PRESIDENT** (in Cantonese): Mr LEUNG Yiu-chung, I believe the Secretary has answered your supplementary.

**MR LEUNG YIU-CHUNG** (in Cantonese): *I am not saying he has not answered my supplementary. I am only afraid that he has misunderstood my supplementary and given a wrong answer.*

**PRESIDENT** (in Cantonese): I believe the Secretary has already answered your supplementary. He has already explained the practice of the relevant government departments in dealing with the views of members of the public.

**MR JAMES TO** (in Cantonese): *If the Secretary goes to the vicinity of those funeral parlours in Hung Hom ..... sometimes, we also had to attend official occasions there, for example, funeral services with full honours. We can notice that the scale of the funeral business in those streets has indeed expanded significantly in recent years. I wonder if it was because the Secretary could go directly to the entrances of these funeral parlours in a vehicle carrying an "AM" number plate that he did not see anything whatsoever. However, the trade there has expanded and burgeoned so much that it poses a serious problem.*

*Just now, the Secretary apparently wanted to tell the Members in his reply that since 2006, he has already tightened applications for licences because of the seven applications, five were replied to and two were not approved. May I ask the Secretary if he is aware that there are perhaps many instances of operation without a licence? In addition, the last paragraph of the main reply points out that specific licensing conditions will be imposed, but have they actually been*

*imposed? For example, have those conditions been imposed on the approved applications? He said that the display of coffins was not allowed, but it seems I have never seen a coffin shop which does not display coffins. Therefore, has the Administration actually imposed those conditions or were those conditions just set down without being enforced?*

**PRESIDENT** (in Cantonese): Please put your supplementary clearly, so that no Member would say that the Secretary's reply is not accurate.

**MR JAMES TO** (in Cantonese): *My supplementary is: Is there any instance of unlicensed operation? In instances of licensed operation, will specific licensing conditions really be imposed?*

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): President, government departments will investigate cases involving the operation of business without licence in any trade. Of course, if such a situation is detected, action will be taken. However, what I have to say is that it is actually unnecessary for undertakers of burials to display coffins inside their shops because they are providers of burial services. Therefore, it is not necessary for them to display any sample. At present, there are many different practices, for example, to provide photo albums, or other practices (such as providing catalogues), for the choice of customers. Therefore, if it is specified in our licensing conditions that no coffins are to be displayed, they must not display any coffin. We have made efforts in this regard. In addition, we also require that the signboards of such shops cannot state explicitly that they provide burial services. When ordinary people pass by, sometimes, they are not even aware that they are the offices of undertakers of burials. Of course, residents in the district concerned know what sort of business they are and naturally, they will understand but at least, some improvement has been made to the appearance of these shops.

Nevertheless, I have to mention that there are 56 shops which provide burial services in the Hung Hom District. Most of them have existed for a long time and their licences were issued not only recently. Therefore, we should understand that the Hung Hom District is probably the major area in Hong Kong where burial services are offered.

**PRESIDENT** (in Cantonese): Dr Priscilla LEUNG.

(Mr James TO stood up)

**PRESIDENT** (in Cantonese): Mr James TO.

**MR JAMES TO** (in Cantonese): *President, the Secretary has not replied as to whether specific licensing conditions have really been imposed. On how many licences are these specific conditions imposed, for example, the condition that no coffins are to be displayed, as mentioned in the last paragraph? Has this condition actually been imposed?*

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

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): These conditions have definitely been imposed on the licences issued recently. I can provide the figures in writing. (Appendix I)

**DR PRISCILLA LEUNG** (in Cantonese): *President, the Secretary said just now that there were 56 shops in the Hung Hom District which provide burial services while there are 94 such shops in Hong Kong. He went on to say that as a requirement, no coffins are to be displayed in these shops. However, this is far removed from the reality. If he passes by those shops, he can see the true scene. What problem does this reveal? This shows that there are problems in law enforcement. In fact, why does the Kowloon City District Council so intent on following this matter up? Because we have unanimously asked the authorities to follow it up.*

*In fact, the reply we have received is that in practice, there is no way to regulate them. Even though a licence is not issued to a shop, a columbarium is set up at the back of the shop even though its signboard does not say so because those people have an enormous capital. This is exactly what the residents are complaining about. However, the Secretary did not answer this part of my question. May I now ask the Secretary whether or not he has given*

*consideration to the management of the entire funeral business in a more centralized manner, so that at least, in the Hung Hom District, the abodes of the deceased and the living will be segregated in the future and the funeral business will be allowed to operate in warehouses in a more centralized manner.*

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): President, we will of course consider any decision that can be made. However, I believe we have to gain the support of the majority public before any change can be made. Since the 1960s, many shops in the funeral business have aggregated in that district. If they are asked to move away from that district, it is necessary to put in place good arrangements before this can be done. Now, we wish to provide facilities and services for burial and columbarium in every district. In fact, it is not easy for us to gain the support of the local communities. Therefore, if resiting is deemed necessary, some considerations and difficulties will be involved.

**DR PRISCILLA LEUNG** (in Cantonese): *The Secretary has misunderstood my supplementary. I am not asking that the funeral business be relocated to other places .....*

**PRESIDENT** (in Cantonese): You do not have to mention other matters. Please put your supplementary clearly.

**DR PRISCILLA LEUNG** (in Cantonese): *In fact, vacant space is available in that district for centralized regulation of the funeral business. At present, the funeral business in the Hung Hom District is not regulated. Moreover, it is allowed to expand without any constraint. There is no law enforcement, or the enforcement is lax .....*

**PRESIDENT** (in Cantonese): Please raise your supplementary.

**DR PRISCILLA LEUNG** (in Cantonese): *Therefore, I hope the Secretary can answer my supplementary again. There are many suggestions from residents of*

*Hung Hom that some of the empty warehouses in the district be used for centralized regulation of the funeral business. Is this possible?*

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): President, if Dr Priscilla LEUNG has more detailed or effective suggestions, we will be prepared to consider them.

**PRESIDENT** (in Cantonese): We have spent more than 20 minutes on this question. Second question.

### **Structure of Authorized Institutions**

2. **DR DAVID LI:** *President, on 17 July 2008, the Hong Kong Monetary Authority (HKMA) published an independent consultant's report on "Review of the Hong Kong Monetary Authority's Work on Banking Stability". One of the recommendations was that "the current three tier structure of authorized institutions should be reduced to two tiers: banks and other deposit-takers". In this connection, will the Government inform this Council whether it plans to take up the above recommendation; if so, of the proposed timetable for implementation?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY:** President, the HKMA published the report on the review of its work on maintaining banking stability compiled by the independent consultant, Mr David CARSE, on 17 July 2008. The objective of the review is to put forth recommendations on how the HKMA can best discharge its functions in promoting the general stability and effective working of the banking system in Hong Kong, taking into account recent and future developments and the changing nature of the risks facing the system.

Following the publication of the aforesaid report, the HKMA has conducted a three-month public consultation. The consultation ended at the end of October 2008. The HKMA is considering the comments received during the consultation period, and will draw up policy responses and implementation timetable, if applicable, in respect of the recommendations put forth in the report,

including the simplification of the arrangements concerning the three-tier authorization system as regards authorized institutions. Where necessary, the HKMA will further consult the Banking Advisory Committee, the Deposit-taking Companies Advisory Committee and the Exchange Fund Advisory Committee. The Administration plans to publish its policy responses on the review report and brief the Legislative Council Panel on Financial Affairs in the first half of 2009.

**DR DAVID LI:** *President, would the HKMA recommend that the China Banking Regulatory Commission should recognize members of the DTC Association as authorized institutions, so that members may participate in policy design to enhance the mutual co-operation in financial matters between Hong Kong and the Mainland?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY:** President, as far as the policy and co-operation between the Mainland and the Hong Kong authority is concerned, the Chinese banking regulator does not make a distinction between the deposit-taking companies and the banks. In any case, if any deposit-taking company has any problems with regard to business in mainland China and requires the co-ordination of the Government, the HKMA will be happy to advise.

**DR PHILIP WONG:** *President, the report recommended that there should be a review of the level of deposit protection provided in Hong Kong, possibly raising the level but without increasing the annual premium. Will the Government assure us that the annual premium would not be raised?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY:** The Chief Executive has undertaken to put forth a plan for increasing deposit insurance in Hong Kong. Of course, we know that recently there has been a new urgent measure to put all deposits in Hong Kong under full cover, in order to relieve the liquidity situation in the banking system. We are now in the middle of conducting the review of the deposit insurance system. The HKMA is going to ask for responses and comments and we will collect data from the institutions regarding deposits. We will try to really put a good grip on the potential cost and liability, and so forth. So, at this point in time, we cannot give you

assurance as regards what kind of premium level it will be. However, I am sure that the HKMA would take all issues into consideration, and whatever it comes up in its recommendations, it will be keeping public interests in mind.

**MR JEFFREY LAM** (in Cantonese): *President, the report recommends that the HKMA must enhance its staff training on supervising the commercial operation of authorized institutions and offer more attractive employment conditions, with a view to retaining experienced staff. May I ask the Government of its conclusion in respect of this recommendation?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): At present, the HKMA is still conducting consultation on the report. After the completion of the consultation exercise, we will wait for the HKMA's detailed responses to the report. The Government will form its position only after the receipt of the HKMA's responses.

**MR PAUL CHAN** (in Cantonese): *President, in paragraph 158 of David CARSE's report, it is recommended that the HKMA should try to attract more banks to come to Hong Kong, provided that it does not drop its entry standards. It is also recommended that the Government should improve the licensing process and enhance efficiency on the one hand and step up its contact with overseas banking regulators on the other. Does the Government agree to this recommendation? If yes, can it inform us of the progress?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): The Government agrees to the recommendation. I think that in the course of developing Hong Kong as an international financial centre, we must naturally follow the direction of facilitating business operation. As for the specific actions we are going to take, I must say that we can take follow-up actions only after the HKMA has made its recommendations in response to the report.

**MR ABRAHAM SHEK**: *I commend the Government for taking this report to the public for consultation. After all, this report was drawn up by an*

*independent consultant, Mr David CARSE, who also happens to have been the Deputy CEO of the HKMA for many years. My question to the Government is, does it have a view on the recommendation of reducing the three-tier system into a two-tier system? If not, why not? If yes, why has the Government not considered this aspect for so many years?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY:** This aspect was studied some time back, I believe perhaps in the 1990s. There was a suggestion of collapsing the three-tier system into a two-tier system. I think the reasons for this being put off were: first, this clearly involved a change in the Banking Ordinance; second, the HKMA was introducing measures to facilitate the entry of more banks into Hong Kong around the early part of the 2000s, around 2001 or 2002. At that time, it was felt that since there were measures to allow more banks to enter Hong Kong, this issue perhaps could be put off for further consideration.

I think the reason for this issue to be brought up now is partly it is a good time to review this again. Moreover, if you look at the distribution of the institutions falling into the three-tier system, you will see that actually for the restricted banks as well as the deposit-taking companies, the numbers are now down to very small ones. If I can cite some numbers, there are only 28 restricted banks and 29 deposit-taking companies in Hong Kong. So, given the current market structure, it is a good time to consider this one. Of course, at the end of the day, I think the consideration is always to try to balance public interests and the ease of entry of banks into the Hong Kong system.

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

### **Measures to Boost Employment**

3. **MS STARRY LEE** (in Cantonese): *President, the seasonally-adjusted unemployment rate for the most recent quarter has increased to 3.5% and the Government anticipates that the unemployment rate will climb further under the impact of the global financial tsunami. In 2003, to cope with the impact of the outbreak of the Severe Acute Respiratory Syndrome (SARS), the then Chief Executive announced spending more than \$700 million to provide a large number*

*of additional short-term jobs and training places, and together with other measures, the Government created a total of nearly 73 000 job or training opportunities. In this connection, will the Government inform this Council:*

- (a) of the respective numbers of temporary posts lasting less than one year which have been created and will be created by various government departments in the current and the next financial years, as well as the relevant details (including the job nature and expenditure involved);*
- (b) given that the financial tsunami has led to an increase in unemployment, the authorities will allocate funding to create more short-term or temporary posts, of the relevant details (including the type and number of posts, and so on); and*
- (c) given that the unemployment problem is particularly serious among construction workers, whether the authorities will allocate more resources to expedite the rehabilitation projects and works for buildings and facilities in old districts as well as the removal of unauthorized building works in those areas, thereby taking the lead in creating more job opportunities; if they will, of the details; if not, the reasons for that?*

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

- (a) and (b)

Since parts (a) and (b) of the Ms Starry LEE's question touch on issues pertaining to the establishment amongst all bureaux and departments, the Government's consolidated response is set out below:

In the 2008-2009 financial year, all bureaux and departments of the Government have newly created altogether some 1 100 temporary positions lasting less than one year, involving expenditure of about \$68 million. These include non-civil service contract and hired service contracts positions. The job nature of these positions is mainly related to the purview of the bureau and/or department

concerned, such as statistical assistants, survey interviewers and translation officers. Other positions include those for executive and information technological support, such as information technology assistants.

With our external economic environment worsening markedly, we expect a very tough time ahead in the coming year. The Government is fully aware of the significant impact of the financial tsunami on the local employment market. Accordingly, the Chief Executive stressed at the second meeting of the Task Force on Economic Challenges (TFEC) held two days ago that the Government's prime objective at this juncture would be to preserve employment. We will make use of the resources and tools available to the Government to create job opportunities, stimulate the economy and minimize the impact of the economic slowdown on the public.

Among other measures, the Chief Executive announced in the latest job creation plan that the Government would aim to provide more than 60 000 employment positions next year through expediting major and minor infrastructure projects, advancing the recruitment of civil servants and creating temporary positions.

In expediting major and minor works projects, the Government will collaborate with the Housing Authority and raise the project funding in 2009 to some \$40 billion, thereby creating some 55 000 positions. We will advance the recruitment of civil servants to fill the 7 700 vacancies available from now till 2009-2010 as soon as possible. In addition, government departments will, through various measures, help create some 4 000 temporary positions, the number of which will be adjusted in the light of the market needs.

These 4 000 temporary positions will be mainly provided by the Hospital Authority, non-governmental organizations and service contractors, and so on. Relevant departments are now working on the details of creation of these positions. Since the expenditures concerned fall under the Heads of Expenditure of the 2009-2010 financial year, the details would be disclosed in the 2009-2010 Budget.

Apart from the measures mapped out by the TFEC to create employment opportunities and stimulate the economy, the Financial Secretary is now consulting the public on next year's Budget with a view to formulating additional measures to create employment opportunities, boost the economy and alleviate difficulties faced by the citizens in order to effectively address the challenges brought by the financial tsunami.

- (c) In face of the financial tsunami and economic downturn, the Government is actively considering measures in a multi-pronged manner to create employment opportunities. The Government has been collaborating closely with its partner organizations, namely the Urban Renewal Authority (URA) and the Hong Kong Housing Society (HS), to promote building safety and timely maintenance. These two organizations have already mapped out new measures to further assist building owners to carry out building maintenance works. The URA has earmarked some \$250 million to enhance the level of subsidies provided under its building rehabilitation schemes and to carry out 10 community beautification works projects. The HS has planned to allocate \$1.5 billion in the coming five years to renovate its housing estates including carrying out building structure repairs, face-lifting of external walls, replacement of lifts, and so on. It also plans to increase the level of subsidies to eligible building owners to encourage building maintenance works. In addition, the Government and these two organizations are jointly working out further special measures to encourage and facilitate building maintenance works in Hong Kong. We will announce the proposed measures in due course.

**MS STARRY LEE** (in Cantonese): *President, first of all, I thank the Government for announcing the creation of job opportunities before I put my main question. I believe this is acceptable to the people. In the main reply, there is no mention of giving consideration to enhancing training. I would like to know the thinking of the Government in this aspect because the unemployment problem has started to extend to various sectors and the enhancement of job opportunities is a way forward. How will the Government encourage the people*

*to enhance training on their own and how many resources will be allocated by the Government in this aspect?*

*Besides, in part (c) of the main reply, some special measures such as an incentive for building maintenance are mentioned. To my understanding .....*

**PRESIDENT** (in Cantonese): Ms Starry LEE, Members can ask only one question in putting supplementaries. Are you prepared to do so?

**MS STARRY LEE** (in Cantonese): *Yes. I am going to ask one question. But this is also the answer so that we can understand .....*

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

**MS STARRY LEE** (in Cantonese): *My supplementary question is: Will the Government consider allocating more resources to training?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I thank Ms LEE for her question. I am happy to answer the question although it is not directly related to the main reply.

The Government attaches great importance to training and efforts will therefore be made at various levels. First, regarding employment for young people, we will conduct a comprehensive review of the Youth Pre-employment Training Programme and Youth Work Experience and Training Scheme of the Labour Department to see whether or not these programmes can cater for the development of the market. Particularly in the light of the worsening unemployment situation among young people, we will examine whether more efforts can be made in a targeted manner. We will also collaborate with the Employees Retraining Board (ERB) — a detailed account will be given in the motion debate later — to enhance our efforts in job creation for not only the young people, but also the elderly, middle-aged, youth and new arrivals. After repositioning, the ERB has expanded its service levels and clientele both horizontally and vertically.

**MR WONG SING-CHI** (in Cantonese): *President, in the third paragraph of the main reply, the Government reiterated the importance of employment preservation at the meeting of the TFEC. But recently many profit-making enterprises such as TVB and HSBC have still implemented massive layoffs. Regarding the preservation of employment, what is the Government's position and what measures will be adopted in the light of retrenchment by such corporations which are making enormous profits?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I thank Mr WONG for his question. We understand Members' concern about layoffs by enterprises. It will also arouse our attention and concern whenever redundancy is announced by an enterprise. We understand that some enterprises may eventually resort to retrenchment after undergoing restructuring or streamlining under the current economic situation. Apart from understanding their situation, we also hope that they will minimize the impact as far as possible and ensure beforehand that retrenchment is the last resort and will not be employed arbitrarily as a means for preserving profits because this will certainly have an effect on employment. Apart from maintaining contact with enterprises, we will also send out messages urging them not to consider taking this step unless obligated by circumstances.

**MR TAM YIU-CHUNG** (in Cantonese): *President, concerning organizations which have not implemented any pay cuts or layoffs, will the Government consider offering a wage subsidy scheme to them in order to encourage them to recruit more staff, thereby creating more employment opportunities? Has the Government considered encouraging them to create more positions through such a scheme?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I thank Mr TAM for his suggestion. In fact, the Financial Secretary is now gathering people's views for formulating his Budget and we have been listening to lots of views in the course of dealing with the financial tsunami. The TFEC has also absorbed a lot of wisdom from the community before introducing a series of measures. I believe, in the days ahead, the Government will be very flexible, and we will certainly give serious consideration to those feasible and genuinely adoptable proposals.

**MR TAM YIU-CHUNG** (in Cantonese): *President, here is my follow-up. Is my suggestion just now considered feasible? The Secretary has not responded to this.*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I certainly have to make a careful analysis and mull it over. We will certainly give it serious consideration if it is practicable and feasible.

**PROF PATRICK LAU** (in Cantonese): *President, I am most happy to hear the Government's repeated assertion that major and minor projects will be expedited and more than 55 000 jobs will be provided by the Government and the Housing Authority. May I ask how many of these 55 000 positions will go to the professionals and how many will go to the labour sector?*

**PRESIDENT** (in Cantonese): Which Secretary will answer this question? Secretary for Development.

**SECRETARY FOR DEVELOPMENT** (in Cantonese): President, I would like to respond to this question later in the motion debate on promoting infrastructure development if Prof LAU allows me to do so for I do not have such figures on hand which, however, should be available.

**MR ALBERT HO** (in Cantonese): *President, although the removal of unauthorized building works (UBWs) is specifically mentioned in part (c) of the main question, it has been totally omitted in the main reply and only maintenance, which may not necessarily include the removal of UBWs in my opinion, has been mentioned. In fact, the Democratic Party has asked the Government whether it can assume an active role in addition to providing subsidies, such that when some owners are reluctant to deal with their UBWs it can hire workers to carry out the removal and recover from the owners the expenses incurred in the future or even provide them support in the form of a temporary loan. In doing so, the UBWs can be removed expeditiously and job opportunities can be created at the same time. Can the Secretary give a more concrete response to this?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese): President, concerning Mr HO's suggestion, we are precisely examining it in a proactively manner. In fact, according to our current mechanism, the Buildings Department (BD) as the law-enforcement agency can require that maintenance for upholding the standard of building safety be preformed by serving a Clearance Order on the owners concerned even though no Owners' Corporation (OC) has been formed. The BD will carry out the maintenance on the owners' behalf and recover from them the expenses in case they have not formed an OC or they do not consent to such works. However, the problem has all along been dealt with from the angle of law enforcement. Under the prevailing economic situation, we are precisely examining how to achieve the target not only from the angle of law enforcement but also from the perspective of providing assistance. In other words, we will collaborate with the HS to provide assistance in cases where the buildings badly need immediate maintenance but there are no OCs. We will focus our efforts on this aspect. As Secretary Matthew CHEUNG said in the main reply just now, we hope that details can be released later on.

**MS CYD HO** (in Cantonese): *President, according to the Secretary's main reply, most of the 60 000 newly created posts are in fact in the construction sector. In part (b) of the main reply, it is mentioned that 7 700 vacancies in the Civil Service will become available, but they are existing vacancies instead of newly created positions. For genuinely new and temporary positions, there are only 4 000 plus 1 100, which will offer more employment opportunities to women. May I ask the Secretary whether he has considered how to eradicate the problem of women in poverty and unemployment from the angle of gender equality? Why has the Government not provided equal employment opportunities for women?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I thank Ms HO for her question. In creating new positions, especially those temporary jobs ..... as we all know, there are 4 000 temporary positions and 7 000-odd vacancies in the Civil Service, which are genuinely new positions rather than existing vacancies. There are genuinely 7 000-odd vacancies to be filled, of which 2 000-odd will be offered in this financial year and 4 000-odd in the next. As to whether gender is a factor to be considered, I would like to point out that the need of the position is the key factor in our consideration. For

positions in the Civil Service, gender is not a specific requirement unless in special circumstances. For most of these positions, both genders can compete on equal terms and are given equal opportunities. Regarding temporary positions, many of them will also offer equal opportunities to both genders. For instance, there is no specification on the gender of the applicants in the recruitment of doctors by the Hospital Authority (HA). The same is true of positions of nurses which are open to both genders. In respect of some elementary jobs, the HA will recruit more than 1 000 workers, including cleansing and nursing posts, which are suitable for women actually. So, Ms HO needs not worry. We will absolutely adhere to the principle that, first, the need of such positions is the primary consideration and second, many of these jobs will offer equal opportunities to both men and women.

**MS CYD HO** (in Cantonese): *President, the Secretary has not addressed squarely my question, which is about infrastructure projects in the last part, most of which will offer employment opportunities to men only. In other words, among the 60 000 positions, women are eligible for 12 000 only even if the 7 700 positions are also included. The Secretary has not answered whether there is a policy to eradicate the problem of women in poverty and ameliorate the plight of unemployed women.*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, first of all, I would like to clarify that in respect of infrastructure projects, there are undoubtedly lots of job types which should be taken up by men. But we should not forget that there are other derived positions such as clerical and logistic jobs which are suitable for women. At present, many women are also working on construction sites. If we take a closer look at construction sites, we will find that front-line tasks are performed by women and women are also given such opportunities which are, of course, not in great number. Regarding Ms HO's question about whether employment opportunities will be specifically provided for women in the long term, as mentioned in the main reply, 4 000 temporary positions will be created, which will be adjusted in the light of the market need. Certainly, we will also consider Ms HO's views. We will take this special factor into account should there be a need for more temporary jobs in the future.

**MS LI FUNG-YING** (in Cantonese): *President, the construction sector has been the most hard-hit in terms of unemployment. In part (c) of the main reply, the Secretary mentioned that the HS would allocate \$1.5 billion in the coming five years to renovate its housing estates. For the unemployed, Secretary, I believe they would have died of hunger after a wait of five years. Since the HS has already drawn up such a plan, will the works be expedited so as to create more job opportunities early?*

**PRESIDENT** (in Cantonese): Which Secretary will answer this question? Secretary for Development.

**SECRETARY FOR DEVELOPMENT** (in Cantonese): President, I am grateful to Ms LI for her suggestion. In fact, this additional expenditure, which falls outside the normal maintenance work of the HS, is earmarked for the specific purpose in response to the Government's request for creation more jobs. So, I believe the works will be expedited if conditions permit. If there arises a need for the Government to tie in with the efforts of expediting the projects, we are most willing to do so.

**MR CHAN HAK-KAN** (in Cantonese): *President, I thank the Secretary for his concern about the problem of youth unemployment. But it seems that he has not paid attention to the graduates of tertiary education who will soon join the labour market. We can see that the employment positions to be created by the Government are mainly involving infrastructure projects, building maintenance, redevelopment of old districts, and so on. It is impossible for us to tell those graduates to take up jobs in construction sites or renovation projects. May I ask the Secretary what policy can help the tertiary graduates who will soon join the labour market so that they will not become unemployed upon graduation?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I thank Mr CHAN for his question. We fully understand that starting from the coming summer or in May next year, pressure on employment will increase as students graduate from tertiary education. According to our previous experience, the period from May to August will be the peak of youth

unemployment and preparations will be made for this. Regarding the concrete measures, we have also got experience in dealing with such a problem during the SARS outbreak. Measures announced by the Chief Executive on Monday are the series of proposals to be rolled out in the first phase. The Financial Secretary will also absorb a lot of wisdom from the community in the consultation for the formulation of his Budget, in particular, measures which can be further adopted in the few months ahead. So, we are now examining what concrete measures can be adopted to help the tertiary graduates.

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

**MR FREDERICK FUNG** (in Cantonese): *President, in the main reply, it is mentioned that funds will be deployed by the URA. Will the Government consider providing loans to the URA as an incentive for it to acquire more old buildings, in particular those dilapidated ones without any historic value, in order to expedite the acquisition and clearance processes, thus creating more employment opportunities at the beginning of an economic downturn?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese): President, the URA is required to submit its annual business report and planning for the year ahead for the approval of the Financial Secretary. So, we will have an opportunity annually to know its financial situation and understand whether or not it needs extra support from the Government. As at today, the Government does not see such a need. In the past year, the URA has also successively announced plans other than for redevelopment. For instance, \$250 million has been earmarked for community beautification works projects and building maintenance, as well as preservation of some Chinese tenements. We will maintain close contact with the URA and make corresponding arrangements when necessary. However, regarding Mr FUNG's proposal concerning acquisition purely in the light of the current economic situation, it will, to a certain extent, deviate from the Urban Renewal Authority Ordinance if it falls outside the types of buildings for redevelopment and preservation by the URA under the approval of the Financial Secretary.

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

### **Workers who Maintain and Repair Lifts and Escalators**

4. **MR IP WAI-MING** (in Cantonese): *Will the Government inform this Council:*

- (a) *of the respective numbers of workers who were engaged in maintenance and repair works of lifts and escalators in each of the past three years, and among them, the respective numbers of persons who met the criteria stipulated in paragraphs (a) and (b) under the definition of "competent lift workers" in section 29A(4) of the Lifts and Escalators (Safety) Ordinance (Cap. 327) (the Ordinance), the respective numbers of persons who met the criteria stipulated in paragraphs (a) and (b) under the definition of "competent escalator workers" in the same provision, and the number of workers who did not meet those criteria;*
- (b) *whether it will amend the respective paragraph (b) under the definitions of "competent lift workers" and "competent escalator workers" in the above provision to the effect that such competent workers who currently or used to meet the criteria under these paragraphs will still be considered as competent workers even when they are no longer employed directly by any registered contractor for lifts or escalators; if it will, of the legislative timetable; if not, the reasons for that; and*
- (c) *given that section 6.3.1 of the Code of Practice for Safety at Work (Lift and Escalator) (SWLE) drawn up by the Labour Department (LD) stipulates that "as far as practicable, workers should not be allowed to work alone on lifts or escalators in premises", and clause 4.3.3 of the Code of Practice for Lift Works and Escalator Works (LWEW) drawn up by the Electrical and Mechanical Services Department (EMSD) lists only two circumstances under which the works should be carried out by two or more lift workers, of the reasons for the difference between the two codes; whether it will draw up another standardized code of practice for safety at work on lifts and escalators, which will set out the number of competent*

*persons required for each maintenance or repair process, so as to ensure that they will not be assigned by contractors to carry out relatively more dangerous work alone?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese): President, before answering Mr IP Wai-ming's question about workers engaged in repair and maintenance works of escalators and lifts, I hold that it is necessary to explain first the difference between "competent escalator workers" and "competent lift workers" stipulated in paragraphs (a) and (b) in section 29A(4) of the Ordinance (hereinafter referred to as paragraphs (a) and (b)).

Under paragraph (a), competent lift or escalator worker means a person who is the holder of a certificate in mechanical or electrical or electronic or building services engineering, or who has completed a course relating to lifts or escalators at any technical institute or Vocational Training Centre, and has undergone such craft apprenticeship in lift or escalator works as is approved by the Director of Electrical and Mechanical Services for a period, or an aggregate period, of not less than four years.

Under paragraph (b), competent lift or escalator worker means a person who has been in the employment, for a period, or an aggregate period, of not less than four years, of any registered contractor and is considered by the registered contractor by whom he is employed to carry out the works to have had sufficient experience or training in the lift or escalator works of that particular type so as to carry out such works competently without supervision.

Simply speaking, workers under paragraph (a) are those who have completed formal and apprenticeship training and therefore their status of "competent worker" is permanent in nature, while workers under paragraph (b) are those who have not undergone any formal and apprenticeship training but their worker qualifications are subject to the recognition of or recognized by the registered contractors who employ them.

My main reply to the three parts of Mr IP's main question is as follows:

- (a) The numbers of "competent workers" over the past three years as reported by registered contractors are as follows:

In 2005, there were a total of 4 820 "competent workers", among whom 1 217 and 3 603 were workers under paragraphs (a) and (b) respectively, but there was no breakdown of the respective numbers of lift workers and escalator workers.

In 2006, there were a total of 4 405 "competent escalator workers", among whom 1 079 and 3 326 were workers under paragraphs (a) and (b) respectively; and there were 4 678 "competent lift workers", among whom 1 201 and 3 477 were workers under paragraphs (a) and (b) respectively.

In 2007, there were a total of 4 525 "competent escalator workers", among whom 1 069 and 3 456 were workers under paragraphs (a) and (b) respectively; and there were 4 825 "competent lift workers", among whom 1 214 and 3 611 were workers under paragraphs (a) and (b) respectively.

- (b) I believe Mr IP is concerned about whether "competent workers" under paragraph (b) can have a more permanent status so that they will still be regarded as competent workers even when they are no longer employed directly by any registered lift or escalator contractor. We agree that "competent workers" under paragraph (b) possess certain skills and knowledge. The registered contractors also consider that they have sufficient experience or training to carry out competently the assigned lift or escalator works without supervision. We treasure their valuable knowledge and experience as well as appreciate their demands. For this reason the Government has formulated a new mechanism whereby a top-up training course is provided to workers who have sufficient experience and have been recognized as "competent workers" under paragraph (b). The training course will enable them to gain a more complete and updated knowledge in both theories and practice, and assist them to become workers under paragraph (a) with a permanent status. The first class of the training course has already commenced and will be followed shortly by a second one. We will consider the feedback of workers under paragraph (b) and effectiveness of the training programme as well as keep close contact with the industry in the process before deciding on enhancing the recognition mechanism for lift and escalator workers in the future.

At the present stage, we will not rule out the suggestion of amending the legislation concerned. In further considering this subject, we will also take into account the correlation with the Construction Workers Registration Ordinance.

- (c) The Government attaches great importance to the occupational safety of workers. Different departments have therefore drawn up safety regulations and guidelines as required to ensure the safety of the workers.

The purpose of the SWLE issued by the LD is to safeguard the safety of workers carrying out lifts and escalators works and recommend safe practices to employers or contractors to protect the safety of their employees engaging in lift and escalator works.

The LWEW issued by the EMSD aims at protecting the safety of the general public and users of lifts and escalators. But we also seek to ensure the safety of workers, and the EMSD's LWEW also requires lift and escalator works to be carried out in accordance with the LD's SWLE.

To enhance the safety of lift users and lift workers, the EMSD, in consultation with the industry, stipulates in the LWEW that the following two types of lift works have to be carried out by two or more lift workers:

- (i) releasing passengers trapped in a lift which stopped outside the unlocking zone; and
- (ii) manually releasing the brake of the traction machine of an electric lift, or operating the manual emergency lowering or ascending device of a hydraulic lift.

To further improve and enhance the LWEW, the EMSD has discussed with the Union of Lift and Escalator Employees, two lift contractors associations as well as individual lift contractors, through an existing working group, on how safety measures in carrying out lift and escalator works can be improved. The working group has convened a meeting on 24 November 2008. The parties agreed to

explore the possibility of mandating the frequencies and man-hours required for designated repair and maintenance works, and to review the types of lift works that have to be carried out by two or more workers, in order to further protect workers' safety.

**MR IP WAI-MING** (in Cantonese): *President, in relation to the discussion on the type of works that can be carried out by a worker alone and that should be carried out by two workers, the Secretary mentioned in her main reply that discussion will be conducted on designated repair works. But instead of all types of works, why is discussion conducted on designated maintenance works only? What do these designated repair works refer to? She stated that the working group had already started to work. May I ask whether the working group has discussed the timetable of the guideline, and when the guideline will be expeditiously implemented?*

**PRESIDENT** (in Cantonese): Mr IP Wai-ming, you can only ask one question in putting a supplementary, but I have heard at least two questions just now. I will let the Secretary choose which question to answer.

**SECRETARY FOR DEVELOPMENT** (in Cantonese): I will answer the second question because I have undertaken that I will submit within three months a series of subjects on enhancing local lift safety and lift workers' safety to the Panel on Development for detailed discussion.

**PRESIDENT** (in Cantonese): Mr IP Wai-ming, if you still wish to put other supplementaries, you can press the button and wait for another turn.

**MR WONG KWOK-HING** (in Cantonese): *I have this question for the Secretary. Although the Secretary said in the main reply that some training courses would be organized and the second class will be commenced shortly, according to government information, there are at least 3 000-odd workers under paragraph (b), which is a large number. May I ask the Secretary, according to the progress of the training course provided by the Government now, whether it will take a long time to complete training all these workers? Thus, may I ask the*

*Government whether it will organize more training courses so as to shorten the waiting time of workers under paragraph (b) to receive training?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese): Mr WONG's supplementary question has precisely highlighted what we need to actively explore in the next couple of months. Insofar as the existing workers under paragraph (b) are concerned, as I have mentioned in the main reply, we treasure their knowledge and experience a lot. Actually they are called the old masters in the industry. Thus, we have to figure out a pragmatic and feasible way to enable them to obtain a status of permanent registration.

As the present training courses are provided by the Vocational Training Council, some restrictions have been laid down and thus only two classes could be organized so far. It will indeed take a long time if we only rely on these courses to address the problem of these 3 000-odd workers under paragraph (b). We will thus explore new ways to address this problem.

As I said just now, I wish to report in detail the result of the study in three months.

**MR LEUNG YIU-CHUNG** (in Cantonese): *President, I also wish to ask a question about the courses. As far as I know, the basic salary of lift repair workers is very low. They often have to work overtime to secure a relatively decent income. Hence, in relation to the provision of training courses, although the Secretary stated that she would seek to increase the places of such courses, so as to shorten the waiting time for workers to receive training, the workers may not be willing to take these courses because their basic salary is so low that they cannot maintain a living. In this connection, the Secretary mentioned just now that she would propose some new initiatives within three months. Will such initiatives include in-service training or even the provision of subsidy to facilitate their pursuit of study?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese): President, I would like to respond to Mr LEUNG Yiu-chung's question, in simple terms, that all the points he has proposed are covered in my consideration. We are also aware that there are 3 000-odd workers under paragraph (b) in the industry. To date, only

57 workers are certified by their contractors to be eligible for enrolling in the top-up training course. This figure seems lagging far behind the total figure. After looking into the situation, I did find the problem mentioned by Mr LEUNG. Since their job is very tough, if they are required to enrol in an intensive top-up training course for 42 evenings in a period of three months, it will indeed exert pressure on them. Hence, we will definitely consider Mr LEUNG's proposals just now in our study.

**MR IP WAI-MING** (in Cantonese): *President, I wish to come back to my question just now. The Union of Lift and Escalator Employees has exchanged many views with the EMSD on this, and regarding the EMSD's discussion with us about the number of workers required to carry out designated repair and maintenance works, we have reservation about it. We have all along questioned why such discussion, instead of covering all types of works, covers only those so-called designated repair works. May I ask what designated repair works they are, and how the authorities drew up the definition?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese): If Mr IP cares to note it, even in the LD's SWLE, some works require two workers to carry out, but it stipulates that this applies as far as practicable and reasonable. Thus, in our point of view, we also need to consider whether the nature of the repair works is complicated to such an extent that we can stipulate in the LWEW to require such works to be carried out by two or more workers. It is precisely because of this reason that on receipt of designated repair works submitted to us, when we have to update the LWEW, it is imperative to hold discussions.

For example, should we insist on requiring works as simple as changing light bulbs or oiling the machinery to be carried out by two workers? This entails discussion in a pragmatic manner.

**MS LI FUNG-YING** (in Cantonese): *President, I have listened attentively to the Secretary's reply and read thoroughly through the documents submitted by the Secretary. I found that the difference between the two sets of guidelines is that the LD's guideline seeks to protect workers' safety, while the EMSD's guideline seeks to protect public safety as well as the safety of lift or escalator users, but the latter precisely lacks stipulation on protecting workers' safety. May I ask the*

*Secretary whether she will incorporate the LD's guideline into that of the EMSD, so as to perfect the latter and prevent the situation of too many departments of being involved in policymaking from happening?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese): What I have said in the main reply is that although the purpose of the LWEW focuses on protecting the safety of lift users and ensuring lift safety, but we also seek to ensure the safety of lift repair workers. That said, the purpose of the LD's guideline is different from that of the LWEW; simply incorporating the LD's guideline fully into the LWEW cannot meet the requirements of the LWEW. As I have said just now, even the LD's guideline specifies that the stipulations are subject to individual industries and are applicable as far as practicable and reasonable.

However, I can tell Ms LI that we have taken a further step to assign an assistant director to lead the working group in updating the LWEW, in which workers' safety will be covered.

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

### **Ngong Ping 360**

5. **DR LAM TAI-FAI** (in Cantonese): *President, with effect from the first of this month, the Ngong Ping 360 Limited (NP360 Company) has increased the ticket prices for cable cars, admission to attractions and packages, by almost 10% for the highest rate of increase. There have been comments that given the frequent occurrence of cable car incidents, its poor image and reputation, the NP360 Company's raising the prices substantially might affect the tourism industry of Hong Kong. In this connection, will the Government inform this Council:*

- (a) *of the dates, causes and duration of service suspension incidents since the commissioning of the cable car system on 18 September 2006;*
- (b) *whether it has assessed the impact of the price increases on the tourism industry, the price-increasing trend of public services,*

*public sentiments and the business tenants operating at Ngong Ping Village amid the financial tsunami; if it has, of the assessment results; if not, the reasons for that; and*

- (c) *given that the NP360 Company is a subsidiary of the MTR Corporation Limited (MTRCL), of the stance of government representatives on the issue of ticket price adjustments at the relevant board meetings of the MTRCL and their justifications for taking such a stance?*

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): President, according to the NP360 Company, the price adjustment is necessary due to the increase in operating costs arising from the price increase of spare parts imported from Europe over the years, and the necessary expenditure for employing additional staff for operation, maintenance and customer services. The price adjustment is in line with inflation.

My reply to Dr LAM's question is as follows:

- (a) In accordance with the current notification mechanism, the NP360 Company will inform the public through the electronic media if the cable car service is expected to be delayed or suspended for 30 minutes or more. Since commencement of the Ngong Ping cable car system in September 2006, there were 15 incidents which required activation of the notification mechanism. Details are at Annex.
- (b) We have expressed our concern about the ticket price adjustment of the NP360 Company. However, we appreciate that this is the commercial consideration and decision of the operator. We will monitor closely the effect of the price adjustment on Hong Kong's tourism services.

The existing price agreement signed between the NP360 Company and the travel agents will remain valid until the end of December 2008. The various special offers provided in the agreement will not be affected by the price adjustment. The Government has clearly expressed to the NP360 Company that it should maintain close

communication with the travel trades, take into account the market situation when formulating the new price agreement to be effective next year, and join hands with the industry to rise up to the challenges posed by the global financial crisis.

The Government has also asked the NP360 Company to continue to drum up its marketing promotions to draw visitors, as well as to encourage student groups and community organizations to organize eco-tours to the area by clustering with nearby attractions such as Tai O, the Wisdom Path, the Ngong Ping Fun Walk of the Agriculture, Fisheries and Conservation Department, and so on. The NP360 Company has already planned various activities for the coming Christmas and New Year holidays and will continue to launch promotional activities in Hong Kong and overseas with a view to attracting more visitors.

- (c) Under the Tung Chung Cable Car Ordinance, the NP360 Company may determine and collect fares during the franchise period. The level of ticket price is the commercial decision of the Board of the NP360 Company, not the Board of the MTRCL. There is no government representative on the Board of the NP360 Company.

#### Annex

#### Ngong Ping Ropeway Stoppage Record (from September 2006 to 9 December 2008)

Date	Stoppage Duration	Reason
30 September 2006	10:35-11:26 (51 minutes)	An incorrect plug was used at Tung Chung Terminal, leading to improper functioning of the system.
8 October 2006	16:48-17:46 (58 minutes)	Inadequate clearance between the hauling rope and the shaft of the rope catcher at the tower, ground fault alarm was activated.
15 October 2006	10:00-10:59 (59 minutes)	Delay in pre-operational arrangement
15 October 2006	18:05-19:00 (55 minutes)	Inadequate cabin separation at Nei Lak Shan Angle Station

Date	Stoppage Duration	Reason
27 October 2006	10:00-14:20 (4 hours 20 minutes)	Fault occurred at a conveyor inside the Cabin Storage Area
1 January 2007	16:14-17:26 (1 hour 12 minutes)	A friction tire in Ngong Ping Terminal deflated
3 January 2007	18:20-19:38 (1 hour 18 minutes)	Fault occurred at a speed encoder in Airport Island Angle Station
17 January 2007	12:05-18:25 (6 hours 20 minutes)	Not taking required procedures corresponding to humid weather
9 April 2007	18:05-18:56 (51 minutes)	Insufficient tension in a friction belt in Airport Island Angle Station
11 May 2007	11:06-13:06 (2 hours)	Fault occurred at a damping roller in Tung Chung Terminal during operation
19 March 2008	15:39-16:34 (55 minutes)	One of the friction belts in Ngong Ping Terminal dislodged.
29 March 2008	14:59-15:29 (30 minutes)	One of the friction belts in Ngong Ping Terminal dislodged.
11 April 2008	12:20-13:48 (1 hour 28 minutes) Note: 14:17 close of service (service resumed on 12 April)	One of the friction belts in Nei Lak Shan Angle Station dislodged.
15 May 2008	10:38-11:38 (1 hour)	Fault occurred at a speed encoder assembly in Nei Lak Shan Angle Station
26 June 2008	14:05-14:40 (35 minutes)	Fault occurred at an electronic measurement device assembly in Nei Lak Shan Angle Station

**DR LAM TAI-FAI** (in Cantonese): *President, I am really shocked by the main reply given by the Secretary, impressed that she was somewhat shirking her responsibilities. Obviously, in this incident of ticket price increase, the Government has not exercised its due monitoring function. For example, when the Secretary replied to part (a) of my main question about the service suspension incident, she did not mention anything about the fall from height of a cabin in the evening of 11 June 2007. May I ask the Government whether it should allow the NP360 Company to arbitrarily propose ticket price increases on commercial grounds and business considerations when the service it provides is not yet up to standard. If yes, would the Company be free from regulation and be allowed to*

*do whatever it pleases? The Government can merely pay close attention to the ticket price adjustments, which I think is insufficient.*

*President, can I ask another supplementary question?*

**PRESIDENT** (in Cantonese): Dr LAM, you can only ask one question when you ask a supplementary question.

**DR LAM TAI-FAI** (in Cantonese): *I will press the button again then.*

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): President, concerning Dr LAM's question about the NP360 cable car incident in June 2007, I would like to clarify why it was not listed in the Annex to my main reply. The main reason was that service had already stopped when the incident took place, during the maintenance period, so no passengers were affected and the current notification system was not activated. However, the NP360 Company did announce the incident immediately. This is the clarification I would like to make.

Besides, the decision of ticket price adjustment made by the NP360 Company was a business decision made by virtue of the power vested in it under the Tung Chung Cable Car Ordinance. It is consistent with the provisions in the Ordinance, being an exercise of the power vested in it. Nevertheless, I believe that the NP360 Company, in determining the ticket prices, would certainly take into consideration the market situation and the degree of passenger satisfaction. We have to respect the power vested in it by law.

**MR ANDREW CHENG** (in Cantonese): *President, it can be seen in the Annex that from 2006 to 2008, there were incidents of various degrees of severity almost every month. When the situation stabilized a bit after June 2008, the NP360 Company immediately asked for a ticket price increase. The Secretary pointed out in part (b) of her main reply that it was a commercial decision, but does the Secretary think that, in a bid to promote the tourism industry in Hong Kong, the Government should at least take a stance on the issue and request an extension of*

*the price agreement signed between the NP360 Company and the travel industry, such that it should not expire by the end of December this year. If the price increase would lead to a drop in the NP360's patronage, and reduced business for the shops, this would deal a heavy blow to the tourism sector.*

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): President, I appreciate Mr CHENG's concerns. I would like to point out that the current agreement is still valid, so the agreement signed between the NP360 Company and the tourism sector in respect of various ticketing concessions will continue to apply for the time being. In fact, we have clearly conveyed the suggestion of the Government to the NP360 Company and requested it to continue to provide industry players with preferential terms during the negotiations on the agreement for next year. This is a very clear stance of the Government. We wish to encourage the NP360 Company to continue to engage the industry players ..... even under the special circumstances of this global financial tsunami, to consider providing better and more generous offers so that the tourism industry players would join hands with it to promote this scenic spot.

**MS MIRIAM LAU** (in Cantonese): *President, part (b) of the main reply points out that the Government would request the NP360 Company to continue to proactively introduce concessions to attract visitors, but of course, visitors include overseas and local visitors. In fact, the MTRCL has recently launched various package offers such as the NP360 packages which include round trip cable car tickets, Cross-boundary Round Trip Ticket, and more importantly, the Tourist Day Pass (that is, a passenger may enjoy any one day of unlimited travel on the MTR) to attract visitors to have a whole day of fun at concessionary prices. However, this offer is only available to non-locals. May I ask the Secretary whether the Government would ask the MTRCL to join hands with the NP360 Company to launch similar concessionary packages for local residents?*

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): President, I would like to thank Ms LAU for the suggestion. I believe I am most happy to convey the suggestion to the NP360 Company and the MTRCL for their consideration.

**DR LAM TAI-FAI** (in Cantonese): *President, just now the Secretary did not answer my question about whether the current price increase had reflected the lack of regulation. But I would like to raise another supplementary question. May I ask the Government if it would conduct a review shortly or within three months to find out if this price increase has affected the business of the shops uphill, and whether the patronage and income have decreased as a result of the price increase, thus dealing a blow to the tourism and retail sectors?*

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): President, in fact, we have been closely monitoring whether the tourism facilities of NP360 have been affected after the ticket price adjustment. Based upon the information I have, since the introduction of the new ticket prices on 1 October, the number of visitors to NP360 has remained more or less the same as before the price adjustment. Certainly, I understand that it is still early, so we would continue to keep a watch on this.

As for the operators of the shops uphill, according to my understanding, the NP360 Company has been maintaining earnest communication with the shop operators and it will review the tenancy agreements from time to time. I also understand that the NP360 Company has offered rent concessions and joined hands with the shop operators in launching promotion activities. The latest activity was held in November, when some vegetarian programmes were launched for promoting the shops and cable car services. We will proactively encourage the NP360 Company to continue to help the shop operators in the light of the prevailing actual market situation, and in terms of passenger flows, to make its best efforts to induce the visitors to stay longer in order to increase the business of shop operators and business opportunities.

**MR PAUL TSE** (in Cantonese): *President, we can see from the utilization rate of NP360 that it is actually far lower than the original expectation and requirement. In this connection, the unfortunate incident of the cable car falling from height on 11 June 2007 has really left a deep impression on the public and the visitors. However, the incidents mentioned in the Secretary's main reply are basically rather minor incidents. May I ask the Secretary what plans and measures are in place to ensure that the safety of NP360 cable cars can be further assured, and to*

*give publicity to the safety of NP360, in order to lessen the worries of the public about NP360 and thereby attract them to take NP360 rides more often?*

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): President, I would like to thank Mr Paul TSE for raising such a good question about cable car safety.

In fact, there can be no compromise for safety, which is certainly of paramount importance. Therefore, the Government has all along monitored the operation of NP360 cable cars, including supervising its operation, carrying out inspections and examinations. It will also ensure that, based on the inspection results, the causes of incidents will be traced and proposals on improvement made accordingly. Also, it will ensure that improvement measures are implemented and put in place as soon as possible.

Apart from monitoring by the Government, the Aerial Ropeways (Safety) Ordinance actually explicitly requires the NP360 Company to engage each year an independent surveyor to carry out an annual examination on the cable car system, and to arrange each quarter for competent persons to carry out examinations on the cable car system. On top of this, every day before carrying passengers, the NP360 Company has to ask the controller on duty to carry out a series of examinations and tests before the cable car service can commence. Therefore, through both provisions in law and regular monitoring, we have to ensure the safety of cable car operation as a whole so as to make the public feel assured.

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

### **Implementation of Smoking (Public Health) (Amendment) Ordinance 2006**

6. **MR ANDREW CHENG** (in Cantonese): *President, regarding the implementation of the Smoking (Public Health) (Amendment) Ordinance 2006 (Amendment Ordinance) enacted by this Council in October 2006, will the Government inform this Council:*

- (a) as the authorities had stated that after 12 to 15 months from the enactment of the Amendment Ordinance and upon completion of the work of setting up a fixed penalty system for smoking offence, it would commence the work to designate statutory no smoking areas in bus termini and public transport interchanges (PTIs), of the progress of the work and when the relevant smoking ban will be implemented;
- (b) as the Amendment Ordinance imposes a general ban on misleading descriptors on all tobacco product packaging, and the one-year grace period for this requirement already expired on 26 October last year, whether the Government has investigated if tobacco products with packaging containing such descriptors are still on sale in the market; and
- (c) whether it knows if the sale of tobacco products and the proportion of smokers in the population have dropped since the implementation of the Amendment Ordinance, and whether the Government will consider increasing the duty on tobacco products in the next financial year to drive up the prices of tobacco products, so as to discourage members of the public from buying these products?

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): President, I wish to thank Mr Andrew CHENG for his question.

- (a) As I explained when proposing amendments to the Smoking (Public Health) Ordinance (SPHO) in 2006, the no smoking areas would be expanded in a gradual and orderly manner. We would first introduce a fixed penalty system for smoking offences before designating no smoking areas in PTIs. Regarding the timetable, as explained in my reply to Mr Andrew CHENG's question last year, the fixed penalty system would be put in place around 10 months after the enactment of the principal legislation, and the Administration aimed to put the fixed penalty system into operation in 2009.

Following the passage of the Fixed Penalty (Smoking Offences) Ordinance (FPSOO) by the Legislative Council in July 2008, the

Department of Health is now taking steps in collaboration with the relevant departments to put in place an administrative mechanism and information system for implementing the fixed penalty system. We are also drafting subsidiary legislation to deal with the technical details. It is expected that the tasks involved will be completed in the second quarter of next year as scheduled. After the establishment of the fixed penalty system, we will proceed to designate PTIs as statutory no smoking areas. Our initial plan is to consider designating as statutory no smoking areas those PTIs with superstructure first, followed by open-air PTIs. According to the current plan, the designation of the first batch of PTIs as statutory no smoking areas is expected to be completed in 2009.

- (b) The provision in the SPHO which prohibits tobacco packaging bearing terms, descriptors, trademarks, fugitives or signs that may create an erroneous impression that the product is less harmful to health than other tobacco products came into force on 27 October 2007. Since the SPHO came into force, the law-enforcement agencies have been closely monitoring the sale of non-compliant tobacco products in the local market. So far, no packaging of tobacco products suspected to violate the above provision has been found. The Administration will continue to pay close attention to the packaging of tobacco products. Once suspected breaches are identified, the Administration will carry out follow-up investigation and seek legal advice to ascertain if there is sufficient evidence for enforcement action.
- (c) The Administration does not have any sales figures of tobacco products. Nevertheless, the Customs and Excise Department (C&ED) recorded a total of 3.756 billion sticks of duty-paid cigarettes for the 12 month's period between October 2007 and September 2008, representing an increase of 9.1% when compared with 3.443 billion sticks over the same period from 2006 to 2007. Nevertheless, the Thematic Household Survey conducted by the Census and Statistics Department revealed that the percentage of daily smokers aged 15 or above decreased from 14% between February and May 2005 to 11.8% between December 2007 and March 2008. Smokers aged between 15 and 19 in Hong Kong decreased from 3.5% in 2005 to 2.4% recently. At the same time, 57% of the public found that they had less exposure to second-hand

smoke in public places. This encouraging trend shows that the amendments to the SPHO which came into force in 2007 have achieved considerable effect.

The HKSAR Government has been taking a multi-pronged approach, that is, through a combination of legislation, taxation, publicity, education, enforcement as well as smoking cessation services, to contain the proliferation of tobacco use and minimize the impact of passive smoking on public health. With regard to the question about an increase in tobacco duty, the Financial Secretary will, as in the past, review the necessity of adjusting tobacco duty in the annual budget exercise after taking into consideration factors such as public finance, economic conditions and relevant policies. Policy-wise, we will continue to monitor tobacco use and its impact on public health and take these into account when we review the rate of tobacco duty.

**MR ANDREW CHENG** (in Cantonese): *President, I wish to follow up part (a) of the main reply about designating bus termini as statutory no smoking areas. In fact, as early as October 2006 when the Amendment Ordinance was enacted, we expected that all bus termini would become no smoking areas in 12 to 15 months. However, every time the Legislative Council discussed with the Secretary on the progress of smoking ban in bus termini, the Secretary would invariably tell us that the Administration had to deal with the fixed penalty system. However, the delay with the fixed penalty system has also slowed down the progress in designating bus termini as no smoking areas, and it has almost been three years now. For that reason, may I ask the Secretary whether we can adopt a two-pronged approach? Since the FPSOO has been enacted, the only thing that is lacking is the system itself. On the other hand, as to bus termini (in particular those covered bus termini), will the Secretary undertake to designate all such covered bus termini as no smoking areas before the summer of 2009, so that passengers lining up for buses need not to be forced to become passive smokers?*

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): President, we have basically adopted a two-pronged approach. Following the enactment of the FPSOO, we have made certain progress with the mechanism and information

system for implementing the fixed penalty system on the one hand, and we have been discussing with the relevant departments on how we should proceed with the designation of no smoking areas in PTIs and all the necessary work that should be done on the other. At present, work in both aspects is being carried out. Our idea is that once the fixed penalty system is implemented, we will introduce this practice concurrently, so that if breaches are identified at PTIs, the FPSOO can be invoked directly in law enforcement, and that will facilitate law-enforcement work. Therefore, we can undertake that it can be completed by the year 2009. As to the request of completing the task before the summer of 2009, we will of course proceed with the work as soon as possible, but it will also involve the work of other departments. We also hope to proceed with the work as soon as possible and we undertake that it will be completed within 2009.

**MR WONG SING-CHI** (in Cantonese): *President, according to the findings of surveys conducted by some patient organizations, the majority of smokers quitted smoking by willpower, but 57% of the smokers failed eventually after making two attempts. Now the Government has also mentioned the need to promote smoking cessation services, then, will the Government consider the recommendations made by such organizations, that is, to allocate \$10 million to set up a smoking cessation fund to finance organizations in providing smoking cessation services, thereby helping smokers to quit smoking in a more effective way?*

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): President, now we have already allocated additional resources to the Department of Health, and we also hope that the Hospital Authority will strengthen smoking cessation services. Meanwhile, smoking cessation programmes will only be successful if we can obtain the co-operation of all members of the public. We also hope that we can — in particular, through the Hong Kong Council on Smoking and Health — promote and co-ordinate the work in this area; those are also government-funded organizations through which we hope to achieve the goal. As for individual organizations, if they want to launch any programme or to apply for any funding, they have to submit their opinion papers to us, stating the approach they consider more effective and we will give consideration. However, we must state that to quit smoking is a personal decision, and we also hope family members can exert

more efforts in this respect, hopefully to help smoking family members to quit smoking as soon as possible.

**MR KAM NAI-WAI** (in Cantonese): *President, I wish to ask the Secretary about part (b) of the main reply which said that the SPHO had come into force on 27 October 2007, and if false or misleading descriptors were found on the packaging ..... given such a provision, the Government should actually have enforced the SPHO.*

*Sometime ago, former Legislative Council Member Mr Martin LEE told me that a cigarette brand under the name of "Mild Seven" was still on sale in the market. The term "mild" is obviously misleading. With regard to these situations, why has the Government not initiated any prosecution? Is it the case that the Government dares not initiate prosecution against these cases of suspected breaches in the face of these wealthy and powerful tobacco traders?*

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): First of all, we will not comment on the investigation, enforcement or prosecution work in respect of individual cases. The law enforcement on the packaging of tobacco products is carried out by virtue of section 10 of the SPHO. At present, the C&ED has not found any tobacco product which fails to comply with the relevant packaging provisions, so far no follow-up investigation has been conducted. If the C&ED suspects any tobacco products to have failed to comply with the packaging specifications, it will seek timely legal advice to determine whether there is sufficient evidence for enforcement action.

**MR ANDREW CHENG** (in Cantonese): *President, I wish to follow up part (c) of the main reply. In fact, the 9.1% increase in the total number of duty-paid cigarettes in 2006-2007 is rather startling. Despite the enactment of the law, the sale of cigarettes has increased that much to anyone's surprise. With regard to this part, I wish to ask whether the Secretary has considered an increase in tobacco duty, but the Secretary's reply was rather implicit. Looking at the matter from the angle of the Secretary's determination to combat second-hand smoke in the past, when he saw that the smoking frequency of smokers and the*

*number of cigarettes purchased had increased in the wake of the fight, will he find an increase in tobacco duty a more powerful means to reduce the sales of cigarettes and arrest their rise? That is, we should discourage smokers from smoking by increasing the duty.*

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): Mr CHENG also knows that I truly hope that Hong Kong can be turned into a smoke-free city. There are three most effective policies that can reduce the number of smokers: firstly, publicity and education; this we all understand, especially to start educating young people at a tender age; secondly, to increase tobacco duty; and third, to create no smoking areas so that it becomes inconvenient for smokers to smoke and subsequently reduces the frequencies of smoking naturally. We will follow these three directions with our continued efforts. Just as I said in the main reply earlier, tobacco duty is one of the items that an appropriate adjustment is considered necessary; of course, we will certainly take factors on the fiscal side into consideration before determining whether and how the duty should be adjusted.

As to the revenue from tobacco duty, it seems that there has been a surge in sales figures, but I believe Members should be interested in finding out the relevant figure. I can explain that briefly. In this regard, I am also quite surprised to see that while the number of smokers has decreased the figures of cigarettes sales seem to have increased. In this regard, according to the C&ED's analysis or some of the Government's analyses, it is considered that primarily, for duty-free allowance in particular, last year we abolished the past practice of allowing passengers to bring with them two cartons of cigarettes upon returning to Hong Kong. Now they can only bring in three packets of cigarettes. In this regard, perhaps the allowance for tax-free cigarettes was a factor contributing to the increase in tobacco duty. Of course, I do not have the actual data to work out the calculation, but we can still tell that it was one of the factors.

As for the other factors, the C&ED said that perhaps due to the accomplishment in particular in the combat against illicit cigarettes, more people are buying cigarettes through the proper channels. This is our analysis.

**MR TOMMY CHEUNG** (in Cantonese): *According to my understanding, the Secretary should be correct, that is, cigarette sales have increased because the allowance for the number of duty-free cigarettes to be brought back to Hong Kong has reduced.*

*I would like to ask about part (c) of the Secretary's main reply, in fact, with regard to the accomplishment, he should be very satisfied. Globally speaking, the relevant figures of Singapore were lower than ours in the past, but now, ours are lower than theirs. However, the Secretary must have collected the figures within a very short period of time, if we can maintain that at 11.8% ..... in my opinion, he should not be dreaming of a completely smoke-free future — if my memory is correct, the only place that can be completely smoke-free is Bhutan, because a total smoking ban is implemented in the entire country.*

*The Secretary mentioned in part (c) of his main reply that the number of youth smokers had dropped. I am very glad to see that. However, I feel that there is also a large number of female smokers, young women in particular. May I ask, with regard to the figures, whether there are any breakdowns of men and women separately for our reference? If the Secretary is not satisfied with the figures seen, should he not start to work on the relevant aspect by carrying out more educational work?*

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): President, I do not have the relevant data, but I think I can give Mr CHEUNG the survey's analysis in this regard. (Appendix II)

I beg to differ from Mr CHEUNG's view. I consider that in order to make Hong Kong a healthy city, we must set some objectives, and a smoke-free city is an objective, but the question remains whether or not this generation can achieve this objective. Of course, I believe we may not necessarily be able to achieve that. However, to reduce the number of smokers in the next generation, especially youth smokers of the next generation, is not an unattainable objective.

**MR WONG SING-CHI** (in Cantonese): *President, we have received views from patients' organizations on the current smoking cessation services. They pointed out that as the Government has implemented a five-day work week, so smoking*

*cessation services are only available for five days, but members of the public also work on a five-day work week basis, so very often, people are unable to receive the smoking cessation services as they wish. In addition, it seems that the Government has done very little on a number of specific ideas. May I ask, in order to strengthen the smoking cessation services, if the Government will extend the smoking cessation services to Saturdays and Sundays, as well as allowing or encouraging the introduction of certain smoking cessation product advertisements with a view to attracting people who wish to quit smoking to receive the smoking cessation services?*

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): President, since smoking cessation is not an urgent health problem, we consider that if smoking cessation services are to be provided on Saturdays and Sundays, our staff will have to sacrifice the provision of other services, therefore we do not consider that necessary. However, we will study effective ways to reach out to smokers in conjunction with voluntary agencies or the Hong Kong Council on Smoking and Health, especially smokers who want to quit smoking, so that they can have the channels to receive the services.

**MR CHAN HAK-KAN** (in Cantonese): *President, the Secretary has just said that quitting smoking is not an urgent health problem, but passive smoking is a hazard to health, because the University of Hong Kong announced the findings of a study yesterday on the concentration of suspended particulates in restaurants where smoking is not banned, which is 9.4 times higher than the standard prescribed by the World Health Organization. Employees regularly working in those places for more than two and a half years will see their health affected by that kind of environment. May I ask the Government whether it will expedite the review of the timetable for a territorial-wide smoking ban in restaurants?*

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): President, we have laid down a timetable, in particular, a total smoking ban has been implemented in all catering establishments. As to the question about other industries, such as particular bars, mahjong parlours or sauna houses, and so on, the smoking ban will be implemented from 1 July 2009. Currently, we do not intend to make any adjustments to the timing of implementation.

**MS STARRY LEE** (in Cantonese): *I am very glad to hear the Secretary say that he hoped to turn Hong Kong into a smoke-free city. May I ask with regard to the plan to increase no smoking areas, what arrangements the Secretary will make in the future?*

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): President, I did not catch Ms LEE's point about what areas to be increased .....

**MS STARRY LEE** (in Cantonese): *No smoking areas, because a lot of residents have told me that, at present, a lot of smokers are forced to smoke on the streets. I certainly understand that it is a very difficult task, but I also wish to know whether the Secretary has any plans for this.*

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): President, currently, we intend to implement the ban on some four or five particular premises from 1 July 2009 onwards, and the existing legislation does not intend to expand the scope of no smoking areas. However, as I said earlier, in this regard, we will implement it in places with a higher people flow ..... we have set out in the course of making that law that such efforts would be made in PTIs, and places with a higher people flow are included. Therefore, we consider that we should first implement the smoking ban on these premises, look at the views of society as a whole on the implementation, and then plan for the next step.

**PRESIDENT** (in Cantonese): Oral questions end here.

## WRITTEN ANSWERS TO QUESTIONS

### Entry Arrangements for Visitors from Guangdong and Taiwan

7. **MR PAUL TSE** (in Chinese): *President, given that the financial tsunami has dealt a heavy blow to the tourism industry in Hong Kong, will the Government inform this Council whether:*

- (a) *it has recently discussed with the relevant departments of the Guangdong Provincial Government or the Central People's Government the introduction of new measures to allow residents of the Guangdong Province with no criminal record to visit Hong Kong without the need to apply for an endorsement under the Individual Visit Scheme (IVS), so as to revitalize the tourism industry in Hong Kong; if it has, of the progress of the discussion; if not, whether it will expeditiously proceed with the discussion; and*
- (b) *it has considered allowing Taiwan visitors to apply for entry visas upon arrival (that is, visa-on-arrival); if it has, of the details; if not, the reasons for that?*

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

- (a) The IVS is a policy of the Central People's Government. The Government of the Hong Kong Special Administrative Region (SAR) welcomes the mainland authorities to further enhance the IVS, having regard to the development needs of provinces and cities, arrangements of their outbound travel trades and security considerations. In this regard, the SAR Government maintains close liaison with the mainland authorities concerned to reflect the views of Hong Kong's travel trade and explore feasible proposals, with a view to facilitating more mainland visitors to visit Hong Kong.
- (b) The Immigration Department introduced in 2002 the iPermit, which allows Taiwan visitors to apply online and instantly confirm their entry permits through authorized airlines or airlines' agents before departure. The Department will further introduce two measures in January next year, including (i) lifting the restriction that only two iPermits can be applied within 30 days; and (ii) extending the period of stay in Hong Kong for iPermit and multiple entry permit holders from 14 days to 30 days. The application procedure for iPermits is simple, and the entry permits are confirmed before departure, offering greater convenience to visitors than having them to apply for entry visas upon arrival in Hong Kong.

## Subvention Provided to Uniformed Groups

8. **MR CHAN HAK-KAN** (in Chinese): *President, the Government presently provides subvention for 10 uniformed groups to fund the provision of non-formal education and training to their members, aiming at, inter alia, fostering positive values among young people and thereby helping to promote civil education. In this financial year, the total amount of subvention granted to these groups by the Government was \$41.48 million, representing a year-on-year increase of 5.1%. However, as the Government reduced the amount of relevant subvention for two consecutive financial years in 2004-2005 and 2005-2006, the said total amount of subvention is even smaller than that in the year of 2003-2004. In this connection, will the Government inform this Council:*

- (a) *of the amount of subvention obtained on average by each member of each uniformed group in each of the past five years;*
- (b) *what criteria are adopted by the Government for determining the respective amounts of subvention obtained by these uniformed groups as a whole and individually; and*
- (c) *given that government revenue may decrease under the impact of the financial tsunami, whether the Government presently plans to reduce the amount of subvention to these uniformed groups in the next financial year; if so, whether it will assess the impact of such a move on the services provided by these uniformed groups?*

**SECRETARY FOR HOME AFFAIRS** (in Chinese): President, in addition to recurrent subvention from the Home Affairs Bureau, uniformed groups are also encouraged to proactively seek donations from other bodies or the general public, in order to expand their services and allow youths to further benefit from their programmes. My reply to the three parts of the question is as follows:

- (a) The amount of subvention obtained on average by each member of each uniformed group in each of the past five years has remained approximately the same:

2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
\$314.9	\$289.2	\$282.6	\$284.2	\$299.7

- (b) We provide annual subvention to the uniformed groups with a view to achieving our policy objectives on youth development, including promoting positive values among young people; enhancing their understanding of Chinese culture and heritage; encouraging their participation in voluntary and community work; broadening their international perspective; and promoting leadership training among them. We will adjust the level of subvention annually in the light of the overall resources available.
- (c) The Government is currently preparing the draft Estimates for 2009-2010. We will review the amount of subvention to be allocated to uniformed groups having regard to the overall resources available.

### **Incidents of Explosion in Manhole**

9. **DR SAMSON TAM** (in Chinese): *President, as there were a number of incidents of explosion in manhole in recent years, will the Government inform this Council:*

- (a) *of the number of incidents of explosion in manhole in the past five years; the location, cause and resultant casualties (together with the number of staff of public utility organizations among them) of each incident, as well as the organization to which the manhole belonged;*
- (b) *whether it has studied in the past three years ways to how such incidents could be reduced; if so, of the study results and specific measures; if not, the reasons for that;*
- (c) *whether it will assess the explosion risks of all manholes in Hong Kong; if it will, of the implementation timetable and related expenses; if not, the reasons for that;*
- (d) *whether it has studied the feasibility of sealing off holes surrounding the pipelines connected to manholes, so as to prevent explosion caused by inflammable gas leaking into the manhole through such holes; if it has, of the results and whether it will legislate for*

*mandatory enforcement by public utility organizations; if not, of the reasons for that;*

- (e) *whether it has assessed the trend in explosion in manhole caused by power line failure in the past three years; if it has, of the details; if not, the reasons for that; and*
- (f) *what measures are in place to enhance the occupational safety of staff of the Government and public utility organizations when they are working in the manholes?*

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

- (a) According to the records of the concerned government departments, there were six manhole explosion cases in the past five years. The details are listed as follows:

<i>Date</i>	<i>Location</i>	<i>Cause(s)</i>	<i>Manhole(s) Involved</i>	<i>Casualties</i>
12 January 2003	Chung On Street, Tsuen Wan	Towngas pipe leakage resulting in the accumulation of explosive gas in manholes	One manhole by PCCW and one manhole by Cable TV	Minor injuries to four passerbys
13 February 2003	Junction of Pokfulam Road and Pokfield Road, Pokfulam	Towngas pipe leakage resulting in the accumulation of explosive gas in manholes	Five manholes by PCCW	Minor injuries to two passerbys
29 December 2003	Tsun Wing Lane, Central	Damage to a low voltage power supply line during the breakage of concrete inside a manhole using powered mechanical breaker by workers	One manhole by the Drainage Services Department (DSD)	Death of one labourer
17 April 2004	Junction of Chik Wan Street and Tai Po Road, Tai Wai	Towngas pipe leakage resulting in the accumulation of explosive gas in manholes	14 manholes by Hutchison Global Communications	Nil

<i>Date</i>	<i>Location</i>	<i>Cause(s)</i>	<i>Manhole(s) Involved</i>	<i>Casualties</i>
22 March 2007	Wang Kee Street, Kowloon Bay	Flammable product discharged from a nearby factory into the sewer being ignited	Seven manholes by DSD	Nil
13 November 2008	Tung Ming Street, Kwun Tong	Damage to a high voltage power supply line during the breakage of concrete inside a manhole using hand tools by workers	One manhole by Hutchison Global Communications	One labourer injured

(b), (c) and (d)

In May 2008, the Highways Department completed a consultancy study "Prevention of Gas Explosion in Utility Manhole" (the Study) to assess the risk of manhole explosions in public streets, through surveying a number of different types of manholes, and study the relevant preventive measures. The cost of the Study was around \$600,000. The general findings on the risk of gas explosion in various types of utility manholes are as follows:

- (i) the risk of explosive gas entering manholes for telecommunication facilities are generally higher given the large number of such manholes, their shallower depth of installation, and that the polyvinyl chloride ductings leading into these manholes are more susceptible to damage;
- (ii) the risk of explosion in Towngas manholes is also relatively high owing to the possibility of leakage from Towngas pipes and fittings inside the manhole;
- (iii) the risk of explosive gas entering sewer manholes is relatively low since the sewers are sealed. However, the risk still exists because sewage may produce explosive gas and sewer manholes have no ventilation;
- (iv) the risk of explosion in drainage manholes is low since the connecting gullies provide ventilation;

- (v) the risk of explosion in electricity manholes is low since they are filled and do not have underground power supply lines inside; and
- (vi) the risk of explosion in water supply manholes is low since water pipes are sealed and there is no gap between the pipe and the manhole walls to allow explosive gas to enter.

The Study identified the following four measures to reduce the risk of gas explosion in manholes:

- (i) sealing up ducts leading into manholes to prevent explosive gas from entering and accumulating inside manholes;
- (ii) filling up the empty space inside manholes with bags of light-weight, flame-retardant materials to prevent excessive volume of explosive gas from accumulating;
- (iii) ventilating the manholes by connecting them to vents or installing manhole covers with vent openings; and
- (iv) installing restraints to manhole covers to prevent them from large displacement in case of an explosion.

The results of the Study have been presented and passed to the concerned government departments as well as the utility undertakers and their relevant controlling authorities for follow-up actions. Utility undertakers have a common duty of care to ensure that their facilities are safe. As such, there is no plan at this stage for introducing new statutory requirements regarding the mandatory application of the above recommendations.

In addition to improving the safety of manholes, the Electrical and Mechanical Services Department (EMSD) has stepped up measures with a view to reducing the possibility of gas leakage. The Hong Kong China Gas Company (HKCGC) has since 2006 increased the number of routine leakage surveys for all underground medium pressure ductile iron (MPDI) pipes in Hong Kong from three times to six times per year. The HKCGC also has a programme for

replacing MPDI pipes with polyethylene pipes which are better in resisting gas leakage. Moreover, the EMSD has strengthened regular inspections and surprise checks.

- (e) According to the records, there has been no manhole explosion incident caused by power line failure in the past three years.
- (f) Work safety in manholes is governed mainly by the Factories and Industrial Undertakings (Confined Spaces) Regulation (Cap. 59B) (the Regulation), administered by the Labour Department (LD). The Regulation sets out the safety requirements for working in confined spaces. These include requirements for risk assessment to be carried out by competent persons and for workers to undergo approved safety training. In enforcing the Regulation, the LD conducts inspections of works at confined spaces, including drainage works. The LD also conducts surprise inspections at night, when drainage works are commonly conducted, and launches special enforcement campaigns during the rainy seasons. A proprietor or contractor who contravenes the Regulation is liable to a maximum fine of \$200,000, and to imprisonment for 12 months.

The LD also promotes compliance with the Regulation through publications to provide practical guidance to duty holders. These include the "Code of Practice for Safety and Health at Work in Confined Spaces", "Safety Guide for Work in Manholes" and "Prevention of Gas Poisoning in Drainage Work". In addition, publicity and health talks are also regularly organized to enhance the occupational safety and health awareness of contractors and workers in such works.

## **Control of Transboundary Movements of Electronic Wastes**

10. **MS EMILY LAU** (in Chinese): *President, at present, Hong Kong implements "The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal" (the Basel Convention) through the Waste Disposal Ordinance (WDO) (Cap. 354). Yet, in an episode of "60 Minutes" broadcast on a television channel of the Columbia Broadcast System of the United States in the middle of last month, it was reported that over the years,*

*toxic electronic wastes were smuggled in containers by thousands of vessels every year from United States to Hong Kong for storage and subsequent shipment to the largest hub of electronic wastes on the Mainland — the town of Guiyu in Shantou City. The local residents adopted primitive methods such as open air combustion, and so on, to break down these wastes in order to extract metals, thereby causing serious pollution to the environment, as toxic substances were released during the process. In this connection, will the executive authorities inform this Council:*

- (a) *whether they know the locations at which such toxic electronic wastes as reported in the programme are stored in Hong Kong, and whether they will conduct investigation in regard to that report;*
- (b) *whether they will discuss with the United States government ways to curb the above activities;*
- (c) *of the number of cases in which the authorities uncovered dumping or toxic electronic wastes during searches on intercepted container vessels over the past three years, the types and quantities of such dumping and wastes, and how the authorities disposed of such wastes; and*
- (d) *given that some environmental groups have criticized that WDO does not regulate the import and export of discarded toxic circuit boards, whether the authorities will review the Ordinance and amend it according to the Basel Convention to plug the loopholes; if they will, of the details; if not, the reasons for that?*

**SECRETARY FOR THE ENVIRONMENT** (in Chinese): President, in general, electronic wastes can be classified according to their hazardous nature. The Basel Convention mainly focuses on hazardous wastes such as waste cathode ray tubes and batteries. It also encourages the recovery of recyclable wastes such as waste electrical and electronic products without hazardous components.

Since 1996, the Environmental Protection Department (EPD) has been implementing the requirements of the Basel Convention through the WDO by controlling the import and export of hazardous wastes in Hong Kong through a permit system. As for uncontaminated recyclable wastes, the WDO allows their

import into and export from Hong Kong for the purpose of recycling without permit.

To ensure effective enforcement of controls on the import and export of wastes, the EPD has over the years maintained close connection with other government departments as well as the competent authorities of the Mainland and other member states of the Basel Convention, set up intelligence networks and jointly formulated effective control strategies to cope with the ever changing situation. In addition, joint enforcement actions are conducted frequently to combat related illegal activities.

Although the United States is not a member state of the Basel Convention, the EPD has maintained contact with its Environmental Protection Agency (USEPA). Moreover, the EPD has established a co-operation mechanism with shipping companies through which information and intelligence on United States shipments are collected effectively to combat illegal import of electronic wastes. The EPD also communicates on a regular basis with those media and international organizations which are concerned about environmental protection.

Our reply to the above question is as follows:

- (a) The open storage sites for electronic wastes shown on the CBS broadcast are mainly located in remote areas in the northern New Territories. These sites are largely used for storing, repackaging and trading of second-hand or abandoned office equipment and domestic electrical appliances. Dust, noise, wastewater and wastes generated on the sites are subject to control by the relevant environmental legislation. The EPD conducts regular inspections to these sites and takes enforcement and prosecution actions where appropriate against any contravention of the laws. So far the EPD does not have any evidence to prove that there are hazardous electronic wastes illegally imported from the United States and being stored in these sites.
- (b) As mentioned above, the EPD has been combating illegal import of electronic wastes by different means as well as maintaining contact and working jointly with relevant control authorities. For example,

the EPD met the USEPA in mid-2008 on illegal export of electronic wastes and provided intelligence on shipments and our regulatory requirements on hazardous waste to facilitate their stepping up of waste export control. Moreover, the EPD furnished information to assist the Government Accountability Office of the United States Congress in early 2008 in a review of the United States Government's control on export of electronic wastes. The review report was published in August 2008.

- (c) Based on intelligence and other analyses, the EPD intercepted a total of 877 import shipments to Hong Kong in the past three years from 2006 to October 2008. Of the 382 shipments which concerned illegal activities, 222 involved (about 4 400 tonnes) waste cathode ray tube, 159 (about 5 900 tonnes) waste battery and one (about 20 tonnes) metal sludge. Over the same period, the EPD completed 197 prosecutions. For illegally imported wastes intercepted in Hong Kong, the EPD will require the importers to return the containers to the countries of export as soon as possible. The containers mentioned in the CBS broadcast had been returned to the United States in May 2008 and the EPD is instituting prosecution against the offender.
- (d) As explained above, the provisions on the control of transboundary movements of hazardous wastes under the Basel Convention have been implemented through the WDO which covers all the hazardous electronic wastes subject to control by the Basel Convention. The EPD will monitor closely the development of hazardous waste control and review from time to time the need to amend the WDO to ensure its compliance with the latest development of the Basel Convention as well as its effectiveness in controlling the import and export of hazardous electronic wastes in Hong Kong.

### Tung Chung Road

11. **MR LEUNG YIU-CHUNG** (in Chinese): *President, regarding Tung Chung Road, which is the only vehicular access connecting North and South Lantau, will the Government inform this Council:*

- (a) *of the latest expected completion date of the improvement works to Tung Chung Road;*
- (b) *whether the black rainstorm on 7 June this year, which caused landslides to occur over a vast area on Lantau Island, has led to any delay or over-spending in respect of the above works; and*
- (c) *what measures have been put in place to prevent Tung Chung Road from being affected by inclement weather, reduce the cases of road closure, and shorten the time of such closures?*

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

- (a) The Highways Department (HyD) is carrying out improvement works at the section of Tung Chung Road between Lung Tseng Tau and Cheung Sha. The works involve the widening of the road section from a single-lane road for two-way traffic to a single two-lane road for two-way traffic. The widening works for the section between Lung Tseng Tau and Pak Kung Au (the Northern Section) have been completed. The section was opened to traffic in March this year. As for the section between Pak Kung Au and Cheung Sha (the Southern Section), the HyD is constructing a new single two-lane road to replace the existing road. The construction is expected to be completed early next year.
- (b) and (c)

The series of severe rainstorms from April to June this year, especially the torrential rainstorm on 7 June, damaged the works of the Southern Section as they were still in progress and more prone to be affected by the inclement weather conditions. This has seriously affected the works progress. The Northern Section also suffered damage. At present, the HyD is stepping up the repair works and remaining road works of the Southern Section to meet the target of completing the construction of the Southern Section early next year. When the widening works are completed, the concerned permanent facilities on Tung Chung Road will be able to withstand, in

accordance with their design standards, inclement weather conditions such as rainstorms or typhoons. Moreover, the widened Tung Chung Road will make it easier for traffic diversion in the case of emergency. This will lower the chance of closing all the lanes on individual road sections. As for the Southern Section, the existing road will be closed after the new one is opened to traffic. However, in case of emergency, the closed road can be temporarily used for maintaining the north-south traffic on Lantau Island.

According to the works contract, the contractor is responsible for the costs of repairing the road sections that are not yet completed. The project has not exceeded its approved estimate despite the damage caused by the above rainstorms.

### **Revenue from Vehicle Licence Fees of Diesel Commercial Vehicles**

12. **MS AUDREY EU** (in Chinese): *President, will the Government inform this Council of its revenue from the licence fees of diesel commercial vehicles in the 2007-2008 financial year, with a breakdown by the items in the following table?*

<i>Class of vehicles</i>	<i>Permitted gross vehicle weight (tonnes)</i>	<i>Licence fee revenue</i>	
		<i>Meeting pre-Euro emission standards</i>	<i>Meeting Euro I emission standards</i>
<i>Goods vehicle and special purpose vehicle (other than van-type light goods vehicle)</i>	<i>not exceeding 1.9</i>		
	<i>exceeding 1.9 but not exceeding 5.5</i>		
	<i>exceeding 5.5</i>		
<i>Van-type light goods vehicle</i>	<i>not exceeding 1.9</i>		
	<i>exceeding 1.9</i>		
<i>Non-franchised bus</i>			

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Chinese): President, the breakdown of vehicle licence fee revenue in 2007-2008,

as derived from the statistics on pre-Euro and Euro I diesel commercial vehicles compiled by the Environmental Protection Department, is set out below:

<i>Class of vehicles</i>	<i>Permitted gross vehicle weight (tonnes)</i>	<i>Meeting pre-Euro emission standards</i>	<i>Meeting Euro I emission standards</i>
		<i>Estimated annual revenue receipt (\$)</i>	<i>Estimated annual revenue receipt (\$)</i>
Goods vehicle (other than van-type light goods vehicle) <sup>(1)</sup>	not exceeding 1.9	1,175	0
	exceeding 1.9 but not exceeding 5.5	17,862,000	8,365,370
	exceeding 5.5	54,639,400	17,468,120
Van-type light goods vehicle	not exceeding 1.9	983,475	0
	exceeding 1.9	26,951,400	32,047,740
Non-franchised bus		(2)	(2)

Notes:

- (1) We do not have figures for special purpose vehicles.
- (2) As vehicle licence fees for buses are calculated based on the number of seats, we are unable to derive the amount of licence fee receipts from the number of vehicles.

### District Minor Works Projects Undertaken by District Councils

13. **MS CYD HO** (in Chinese): *President, from the year 2008-2009 onward, a total of \$300 million will be allocated in each financial year to District Councils (DCs) for implementing district minor works. In this connection, will the Government inform this Council:*

- (a) *in respect of each DC since January this year, of the number of projects endorsed, the respective numbers of funding applications for such projects which have been approved, are still being examined and have been rejected by the delegated authorities, the contents and estimated amount of expenditure of each project, as*

*well as the reasons why some of them have not yet been approved or have been rejected; and*

- (b) *as it has recently been reported that the funding has not been utilized so far, of the reasons for that; and whether it will review the funding mechanism to ensure that the funding applications can be examined and approved expeditiously so that the community can be benefited as soon as possible?*

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

- (a) The provision for the District Minor Works (DMW) programme is \$300 million for 2008-2009. The funds were allocated to the 18 DCs in April this year. The DMW programme block vote is a dedicated block vote for DCs to carry out district minor works with a view to improving the district facilities, living environment and hygiene conditions in the respective districts. Most of the DMW projects are initiated by DC members, though some are recommended to the DCs by government departments. As long as the projects endorsed for implementation by DCs fall within the ambit of the DMW programme block vote, the approving officers of the Administration will approve funding for the project.

As at end-November this year, 626 DMW projects have been endorsed for implementation by DCs, and the Administration has approved the funding for their implementation in a timely manner. In addition, DCs have agreed in principle for further studies to be carried out for about 250 proposed projects so as to define project scope, prepare estimates of expenditure, and conduct feasibility studies and relevant consultations, and so on. If a DC decides to implement a project upon completion of such initial preparation work, the Administration will arrange for the approval of the required funding. Apart from the above projects, the DCs have been actively identifying other new projects in conjunction with government departments concerned. Therefore, the number of projects is expected to be on a steady rise.

DMW projects with funding approved so far mainly comprises works to provide or improve sitting-out facilities such as parks, sitting-out areas, rain shelters and pavilions (accounting for about 23%), works to improve leisure and cultural venues such as sports venues, district libraries and swimming pools (accounting for about 17%), as well as various types of beautification and greening projects (accounting for about 15%). Most of the abovementioned works are relatively minor projects costing not more than \$3 million each. The estimated total project costs amount to some \$373 million. The number of projects with funding approved in respect of individual districts is set out at Annex.

- (b) DCs have been proactively planning for projects since the launch of the programme. This has enabled construction works to commence for one project after another. We expect that with the progress of works, the majority of the actual expenditure will be incurred during the latter part of this financial year.

The Home Affairs Department, together with the DCs and government departments concerned, regularly reviews the implementation of the DMW programme with a view to making improvement. To expedite the implementation of the projects, we have proposed to the DCs the appointment of a member or a dedicated working group for each project to follow up on its planning and detailed design (such as conducting site inspection and discussion) with the assistance of the District Office. The objective is to enhance communication so that issues can be resolved as they emerge as fast as practicable without resorting to regular meetings. We have also proposed that DCs should consider endorsing projects by way of circulation of papers instead of waiting for deliberation at the bimonthly meeting of the relevant District Council Committee. As regards projects requiring consultation with other government departments, the departments concerned will respond expeditiously, and co-ordinate inputs at higher levels for complex issues. District Offices will also assume a more proactive role in following up the progress of the projects.

Annex

**Funding for District Minor Works Projects**  
**(As at 30 November 2008)**

<i>District Council</i>	<i>No. of Projects</i>	<i>Estimated Total Project Expenditure (\$m)</i>
Islands	40	28.085
Kwai Tsing	39	11.933
North	29	25.614
Sai Kung	15	10.822
Sha Tin	23	11.405
Tai Po	29	25.054
Tsuen Wan	33	17.880
Tuen Mun	10	6.887
Yuen Long	3	17.730
Central & Western	37	12.533
Eastern	48	19.029
Kowloon City	38	13.165
Kwun Tong	31	21.380
Southern	59	34.086
Sham Shui Po	95	40.094
Wan Chai	31	18.928
Wong Tai Sin	27	31.275
Yau Tsim Mong	35	22.827
Headquarters	4	4.259
Total	626	372.986

**Arrangements of Hospital Authority's Obstetric Services for Non-local Pregnant Women**

14. **MR CHEUNG KWOK-CHE** (in Chinese): *President, since 1 February 2007, the Hospital Authority (HA) has implemented new arrangements for obstetric services for non-local pregnant women, which include setting a booking system and raising the Obstetric Package Charge from the previous level of \$20,000 to \$39,000 for those with a booking and to \$48,000 for those without one. On 5 August this year, the HA announced that the bookings for delivery in*

*public hospitals would be closed for non-local pregnant women if their expected delivery dates fell between September and December. In this connection, will the Government inform this Council if it knows the following:*

- (a) *the number of non-local pregnant women who made bookings for obstetric services in public hospitals (and the number of them married to Hong Kong residents), the extra revenue generated from the increased charge, the number of additional obstetrics beds provided and the number of additional health care staff employed by public hospitals, since 1 February 2007;*
- (b) *as the authorities indicated in February this year that the HA would conduct in the middle of this year a comprehensive review on the use of public hospitals' obstetric services by non-local pregnant women, the specific details of the review and whether participation of community organizations had been invited; and*
- (c) *the average number of obstetrics beds in public hospitals and their average utilization rate between September and November this year, the number of non-local pregnant women who gave births in public hospitals during the same period without a booking for obstetric services and, among them, the number of those who were married to Hong Kong residents, and how these figures compare to those for the same period in 2007?*

**SECRETARY FOR FOOD AND HEALTH** (in Chinese): President, to tackle the problem of rapid increase in the demand for obstetric services in Hong Kong by non-local pregnant women (including mainland pregnant women) in recent years, the HA has implemented since 1 February 2007 new arrangements for obstetric service for non-eligible persons (NEPs)<sup>(1)</sup>. The new arrangements include the setting up of a booking system in public hospitals for the use of such service, and the revision of the service package charge from the original \$20,000 to \$39,000 for booked cases and to \$48,000 for those cases that seek hospital

Note

<sup>(1)</sup> "NEPs" means persons who do not fall under any of the categories below:

- (i) holders of Hong Kong Identity Card issued under the Registration of Persons Ordinance (Cap. 177);
- (ii) children who are Hong Kong residents and under 11 years of age;
- (iii) other persons approved by the Chief Executive of HA.

admission without prior booking. Other measures including the setting up of booking system in private hospitals and the implementation of complementary immigration measures by the Immigration Department have also been introduced.

The objectives of the arrangements are to:

- (1) ensure that local pregnant women are given proper obstetric services and priority to use such services;
- (2) limit the number of non-local pregnant women coming to Hong Kong to give births to a level that can be supported by our health care system; and
- (3) deter dangerous behaviour of non-local pregnant women in seeking emergency hospital admissions through Accident and Emergency Departments shortly before labour.

As to the announcement by the HA in August 2008 that the bookings for delivery in public hospitals would be closed for non-local pregnant women whose expected delivery dates fell between September and December this year, the purpose is to ensure the provision of adequate obstetric services in public hospitals for local expectant mothers during the obstetric peak season. The HA will continue to implement appropriate measures for its obstetric services arrangements in response to the service demand. My replies to the various parts of the question are as follows:

- (a) From 1 February 2007 to 31 October 2008, the HA has recorded a total of 14 303 cases of non-local pregnant women who made bookings for antenatal check-up and delivery services. Since non-local pregnant women are not required to provide information about their spouses when using the HA's services, the HA can only make a rough estimation based on the information provided by some of the non-local pregnant women. The rough estimation indicates that among the non-local pregnant women who used the HA's delivery services during the above period, about 5 800 of them were spouses of Hong Kong residents.

Since there have been changes in the service demand, charging mode and payment arrangement for the HA's services used by non-local pregnant women with the implementation of the new obstetric

service arrangements in February 2007, it is difficult for us to make a direct calculation of the HA's additional revenue after the implementation of the new obstetric service arrangements. From 1 February 2007 to 31 October 2008, the total revenue generated from the antenatal check-up and delivery services provided to non-local pregnant women by the HA amounted to about \$600 million.

In response to the increase in the overall demand for antenatal check-up and delivery services in 2007 and 2008, the HA has provided additional beds and manpower for its obstetric services. A comparison between the figures in February 2007 and September 2008 indicates that there has been an increase in the number of obstetric beds (by 74) and health care professionals (by 14 doctors and 31 nurses, both in terms of full-time equivalent staff) in public hospitals.

- (b) The HA conducted a review of the new obstetric service arrangements in mid-2008. The review covered the effect of the new arrangements, manpower and staff training as well as the service capacity of the HA. Reference had been made to the views of relevant organizations in the review. The findings of the review were reported to the HA Board in May 2008 and the relevant document has been uploaded onto the website of the HA.

Regarding the charging arrangements for obstetric services available to non-local pregnant women, the level of fees was set with reference to the relevant service cost and the fees charged by private hospitals and the private services in the HA. As a judicial review case related to this matter is still in progress, it would not be appropriate for us to give further response on that matter.

- (c) As the HA is still collating the statistics of November 2008, we can only provide the statistics between September and October 2007 and those between September to October 2008 for comparison. Data for these two periods, including the average number of obstetrics beds in public hospitals, the average utilization rate of delivery rooms in public hospitals, and the number of non-local pregnant women who gave births in public hospitals without prior booking, are set out in the table at Annex.

## Annex

The average number of obstetrics beds in public hospitals,  
 the average utilization rate of delivery rooms in public hospitals, and  
 the number of non-local pregnant women  
 who gave births in public hospitals without prior booking  
 (September to October 2007 and September to October 2008)

		<i>September to October 2007</i>	<i>September to October 2008</i>
(a)	Average number of obstetrics beds in public hospitals	768	784
(b)	Average utilization rate of delivery rooms in public hospitals	111%	114%
(c)	Number of non-local pregnant women who gave births in public hospitals without prior booking  (Note)  (Percentage in the total number of non-local pregnant women who gave births in public hospitals)	218  (12.9%)	241  (11.5%)

Note:

Since non-local pregnant women are not required to provide information about their spouses when using HA's services, HA is unable to provide further data on the number of non-local pregnant women in this category whose spouses were Hong Kong residents.

## Review of Public Service Broadcasting Policy

15. **MR LEE WING-TAT** (in Chinese): *President, the way forward for Radio Television Hong Kong (RTHK) was a focus of the public service broadcasting (PSB) reviews conducted by the Government in recent years. Quite a number of members of the public have expressed to me their concern that RTHK's editorial independence and room for freedom of speech could be reduced in the future. They are worried that freedom of the press presently represented by RTHK would be "dried up". They also hope that the Government will set up community radio stations for public use. Yet, the Government has stated in the 2008-2009 policy*

*agenda that as the relevant issues are "complicated", the authorities need to take more time to study the subject than they earlier anticipated and will embark on extensive consultation. In this connection, will the Government inform this Council:*

- (a) *given that both the independent review committee appointed by the Government and the Research and Library Services Division of the Legislative Council Secretariat had studied in detail the subject of PSB, of the detailed reasons why the Government needs to take more time to study the subject and the timetable for the above consultation;*
- (b) *whether it will undertake to include "RTHK's disestablishment from a government department and transformation into a statutory public broadcaster" and "setting up community radio stations for public use" as two of the proposed options in its consultation paper when conducting the consultation; and*
- (c) *whether it will undertake to fully engage RTHK staff and the general public in its public consultation on PSB policy?*

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Chinese): President, in 2006, the Government appointed an independent committee, comprising professionals from the broadcasting industry, to review the policy on PSB. In 2007, the Review Committee submitted its report to the Government. This contained recommendations on the institutional, financial and programming arrangements for establishing a public service broadcaster in Hong Kong. At about the same time, the Legislative Council Panel on Information Technology and Broadcasting also released its own report on the subject in October 2006.

The question of whether or not and if so how we should develop a public service broadcaster in Hong Kong have far-reaching implications for the broadcasting, social and cultural landscape here. Of course, one of the key issues is the future of RTHK.

Following the release of the Review Committee's report, the Legislative Council and the community at large have commented at length on the findings

and I am afraid there have been rather diverse views. Since the exercise touches on a range of subjects such as broadcast spectrum management, community and public access broadcasting, it is understandable that various community sector hold different views which require our detailed study. In view of the diversity of the views expressed and the range of issues that impinge upon this matter, we have found that we need more time than expected to thoroughly study the subject.

The Government is carefully examining the Review Committee's report and studying all the matters relevant to PSB policy in a holistic manner. Once we have completed the study, the findings will, of course, be made public and we will engage the community, including RTHK staff in mapping out the future PSB policy. Topics to be covered will include the future of RTHK, community radio and public access broadcasting.

The freedoms of speech and of the press are core values of Hong Kong and are guaranteed under the Basic Law and through the Hong Kong Bills of Rights Ordinance. As the Honourable Member has said himself, the editorial independence of RTHK as a public broadcaster has also been well established. I want to take this opportunity to reiterate that Government will continue to uphold these fundamental rights as we consider the future of PSB in Hong Kong.

## CSSA Scheme

16. **MRS SOPHIE LEUNG** (in Chinese): *President, regarding the Comprehensive Social Security Assistance (CSSA) Scheme, will the Government inform this Council of:*

- (a) *the number of CSSA cases at the end of each year since 2005, together with a breakdown by category (unemployment, low earnings, permanent disability, old age, health impairment, single parent family and others), and the number of relevant recipients in each category;*
- (b) *the number of CSSA cases of the "unemployment" category over the past five years, together with a breakdown by age group (in 10-year bands from the age of 15 to 65) to which the applicants belonged;*

- (c) *the current number of CSSA cases of the "unemployment" category also broken down by the above age groups and number of years for which the applicants have received CSSA payments; and*
- (d) *the changes in the numbers of CSSA cases of the "unemployment" category in each of the past 10 years?*

**SECRETARY FOR LABOUR AND WELFARE** (in Chinese): President, the CSSA Scheme is designed to bring the income of those who cannot support themselves financially owing to various reasons such as old age, disability, ill-health, unemployment and low earnings up to a prescribed level to meet their basic needs. In general, CSSA applications have to be made on a household basis. The Social Welfare Department (SWD) will assess the circumstances of the entire household and classify the nature of cases according to the reasons that the principal applicants apply for CSSA.

My replies to the questions in *seriatim* are as follows:

- (a) The number of CSSA cases and CSSA recipients by nature of case as at the end of each year since 2005 is at Annex 1.
- (b) The number of CSSA unemployment cases over the past five years is at Annex 2. The number of unemployed CSSA recipients by age groups over the past five years is at Annex 3.
- (c) As at end October 2008, the number of unemployed CSSA recipients by age groups between 15 and 59 and by duration of stay on CSSA is at Annex 4. However, their duration of stay on CSSA as shown in the table might include the period of time which they had received CSSA under other categories. For instance, the number may include an 18-year-old CSSA recipient who has yet to find a job after graduation from secondary school several months ago and continues to receive CSSA as an "unemployed" CSSA recipient. If the recipient in question has been on CSSA since 12 years old owing to other reasons, his/her duration of stay on CSSA shown in Annex 4 would be "over five years".
- (d) The changes in the number of CSSA unemployment cases over the past 10 years are at Annex 5.

## Annex 1

## (A) Number of CSSA Cases by Nature of Case

<i>Nature of Case</i>	<i>End of 2005</i>	<i>End of 2006</i>	<i>End of 2007</i>
Old age	151 934	152 507	152 515
Permanent disability	17 482	17 989	17 924
Ill health	23 962	24 301	24 436
Single parent	39 755	38 449	37 036
Low earnings	18 089	18 257	17 221
Unemployment	41 436	37 819	32 893
Others	5 353	6 011	6 120
Total	298 011	295 333	288 145

## (B) Number of CSSA Recipients by Nature of Case

<i>Nature of Case</i>	<i>End of 2005</i>	<i>End of 2006</i>	<i>End of 2007</i>
Old age	202 126	201 903	200 361
Permanent disability	27 233	27 334	26 595
Ill health	47 498	46 464	45 304
Single parent	102 213	97 663	93 062
Low earnings	65 655	64 580	60 071
Unemployment	86 796	74 598	62 284
Others	8 442	9 069	9 245
Total	539 963	521 611	496 922

## Annex 2

Number of CSSA unemployment cases<sup>(1)</sup> over the past five years

<i>End of 2003</i>	<i>End of 2004</i>	<i>End of 2005</i>	<i>End of 2006</i>	<i>End of 2007</i>
50 118	45 231	41 436	37 819	32 893

Note:

- (1) The number of cases includes new applications under processing and those cases pending for administrative procedures for closing. The recipients of these cases have not been included in Annex 3.

## Annex 3

Number of unemployed CSSA recipients by age groups<sup>(2)</sup>  
over the past five years

<i>Age group (years)</i>	<i>End of 2003</i>	<i>End of 2004</i>	<i>End of 2005</i>	<i>End of 2006</i>	<i>End of 2007</i>
15-19	2 317	1 999	1 757	1 757	1 555
20-29	4 313	3 276	2 733	2 398	2 002
30-39	6 776	5 322	4 525	4 073	3 432
40-49	17 549	15 262	12 893	11 010	9 332
50-59	16 362	17 153	17 211	16 221	14 916
Total	47 317	43 012	39 119	35 459	31 237

Note:

- (2) This Annex only includes those recipients aged between 15 and 59 and does not include other family members, such as the children recipients receiving full-time education or elderly recipients in these households.

## Annex 4

The number of unemployed CSSA recipients by age groups and  
by duration of stay on CSSA as at October 2008

<i>Duration of stay on CSSA</i>	<i>Age group (years)</i>					
	<i>15-19</i>	<i>20-29</i>	<i>30-39</i>	<i>40-49</i>	<i>50-59</i>	<i>Total</i>
One year and below	156	418	1 001	1 354	1 662	4 591
Over one year and up to two years	92	194	516	887	1 308	2 997
Over two years and up to three years	107	131	426	735	1 193	2 592
Over three years and up to four years	132	144	344	680	1 214	2 514
Over four years and up to five years	131	153	295	714	1 297	2 590
Over five years	1 360	1 153	1 017	4 601	7 872	16 003
Total	1 978	2 193	3 599	8 971	14 546	31 287

## Annex 5

The changes in the number of CSSA unemployment cases  
over the past 10 years

<i>Year ended</i>	<i>CSSA unemployment cases</i>	<i>Year-on-year Percentage change</i>
1997	16 976	-
1998	30 290	78.4%
1999	28 085	-7.3%
2000	23 573	-16.1%
2001	28 886	22.5%
2002	40 513	40.3%
2003	50 118	23.7%
2004	45 231	-9.8%
2005	41 436	-8.4%
2006	37 819	-8.7%
2007	32 893	-13.0%

### School Nurses

17. **DR JOSEPH LEE** (in Chinese): *President, a study conducted by a university has found that the stationing of school nurses helps to raise pupils' awareness of hygiene and healthy eating. In this connection, will the Government inform this Council whether:*

- (a) *there are school nurses stationed in government, aided and caput primary and secondary schools at present; if so, of a breakdown of the number of schools by the number of stationed school nurses; if not, the reasons for that; and*
- (b) *it has any plan to implement the "One School One Nurse" scheme in all kindergartens, primary and secondary schools in Hong Kong; if it has, of the details; if not, the reasons for that, and whether it will consider providing grants to all kindergartens in Hong Kong for employing school nurses?*

**SECRETARY FOR EDUCATION** (in Chinese): President,

- (a) Among public sector schools in Hong Kong, only special schools for children with physical disability, intellectual disability and visual impairment cum intellectual disability are provided with school nurses to take care of students' special medical needs and personal hygiene. At present, 52 school nurses are provided for 49 such special schools, among which three schools are each provided with two nurses and the remaining 46 are provided with one nurse each.

Generally speaking, health promotion services in schools are provided through the Student Health Service Centres of the Department of Health (DH). To safeguard students' health, school health inspectors of the DH pay regular visits to schools to ensure that their environmental hygiene and sanitary facilities meet the requirements of the Education Ordinance. Furthermore, in accordance with Regulation 55 of the Education Regulations, at least two teachers in every school should be trained in administering first aid to ensure that students are properly taken care of in case of emergency.

To promote a health-conscious culture in schools and raise students' awareness of hygiene and healthy eating, schools, the Education Bureau, the DH, other government departments and non-governmental organizations (NGOs) have been organizing various activities and providing relevant services. Please see Annex for details.

- (b) As mentioned above, the provision of student health services and promotion of a healthy lifestyle among students are jointly undertaken by school and non-school personnel, government departments and NGOs. It demonstrates the effectiveness of cross-sector collaboration and full participation of schools. Taking into account the priorities for the deployment of education and medical resources, the supply of nurses and other factors, the Government does not have any plan to provide primary and secondary schools with a stationed nurse.

As for pre-primary children, the Maternal and Child Health Centres under the DH provide a comprehensive range of disease prevention and health promotion services for children from birth to five years of age through the Integrated Child Health and Development Programme. The Programme covers parenting, immunization and health and developmental surveillance. Furthermore, "physical fitness and health" is one of the Key Learning Areas in the pre-primary curriculum, under which teachers will help children develop health and safety awareness through daily activities. According to the Operation Manual for Pre-primary Institutions published by the Education Bureau, pre-primary institutions are required to observe the children in school every day. If a child is found to exhibit symptom of illness, he/she will be isolated from other children immediately and the child's parents will be notified and requested to take the child home for rest and medical treatment. Based on the current needs and priorities for the deployment of resources, the Government has no plan to provide kindergartens with school nurses or grants for employing nurses.

## Annex

### Measures and Resources for Student Health Promotion

#### I. Education Bureau

##### *Curriculum development:*

- Themes on personal hygiene and healthy eating are covered in relevant Key Learning Areas (KLA) and subjects, for example, the subject General Studies at primary level; Personal, Social and Humanities Education KLA, Technology Education KLA, Science Education KLA and the subject Liberal Studies at secondary level; as well as the subject Physical Education, and Moral and Civic Education at both primary and secondary levels.
- Students are encouraged and provided with more opportunities to engage meaningfully in activities under Other Learning Experiences for positive peer influence and the cultivation of positive life values.

*School guidance services:*

- The policy of "one social worker for each secondary school" has been implemented since 2000 to provide professional support for students. Starting from the 2008-2009 financial year, some 1 000 Programme Workers are provided for three years to assist school social workers in program delivery.
- Since the 2006-2007 school year, a Student Guidance Teacher (SGT) has been provided for every primary school with 18 classes. For primary schools with five to 17 classes, each of them is provided with 0.5 SGT or an equivalent grant.
- Topics on "understanding and managing students with behavioural difficulties" and "youth drug abuse" are included in the Certificate Course on Student Guidance and Discipline for Teachers.

*Collaboration with other government departments/non-governmental organizations:*

- The Education Bureau has organized an Enhanced Smart Teen Project in collaboration with disciplinary forces and co-organized with the Social Welfare Department the P.A.T.H.S. to Adulthood: A Jockey Club Youth Enhancement Scheme funded by the Hong Kong Jockey Club, with a view to enhancing students' self-discipline and positive values.

**II. Department of Health (DH)**

- A series of health promotion services for primary and secondary school students are provided through 12 Student Health Service Centres of the DH, including individual health education offered by health care workers, talks on child health issues (for example, healthy eating) and fitness courses for overweight children.
- Junior Health Pioneer Workshops are organized for all Primary Three students joining the Student Health Service to enhance their knowledge about smoking, drug and alcohol abuse and encourage them to stand firm against temptations by developing the correct attitude at an early age.

- The Adolescent Health Programme (AHP) was launched in 2001 as an outreach service in secondary schools to promote the psychosocial health of adolescents. The AHP offers basic life skills training and topical programmes designed for secondary school students, covering emotion management, interpersonal relationship, communication skills, stress management, self-image building, harmful effects of alcohol and drug abuse, psychology and behaviour of adolescents, adversity management, healthy living, healthy eating, sex education, and so on.
- The "EatSmart@school.hk" Campaign was launched in 2006. Through training activities and school visits, the DH provides one-stop support and follow-up services for schools participating in the School "NutriAgent" Project to help teachers and parents plan, develop and implement healthy eating programmes and school policies on health promotion throughout the year. Briefings and experience sharing sessions are organized for schools to facilitate them in the selection of suitable lunch suppliers and to share experience in the promotion of healthy eating in schools.
- Talks on other aspects of health promotion are also held in secondary and primary schools, and pre-primary institutions at district level.

### **Smoking Outside Office Buildings and Shopping Malls**

18. **MR LAU WONG-FAT** (in Chinese): *President, since the implementation of a total ban on smoking in workplaces and shopping malls, quite a number of smokers have moved to places near the entrances/exits of office buildings and malls to smoke. As a result, people entering or leaving such buildings have to pass through a virtual smoking area. In this connection, will the Government inform this Council whether:*

- (a) *it has assessed the impact of the above situation on passers-by; and*
- (b) *it will review the existing smoking ban with a view to finding a solution to this problem?*

**SECRETARY FOR FOOD AND HEALTH** (in Chinese): President, the Government of the Hong Kong Special Administrative Region has been taking a

multi-pronged approach, that is, through a combination of legislation, taxation, publicity, education, enforcement as well as smoking cessation services, to contain the proliferation of tobacco use and minimize the impact of passive smoking on public health.

After the passage of the Smoking (Public Health) (Amendment) Ordinance by the Legislative Council in 2006, the statutory no smoking areas have been expanded significantly to include all indoor public places and workplaces as well as many outdoor sitting-out areas since 1 January 2007. The Government's purpose of designating no smoking areas is to minimize the effects of second-hand smoke on the public. The public has been enjoying more smoke-free areas and a much healthier environment since the expansion of statutory no smoking areas. The Thematic Household Survey (THS) conducted by the Census and Statistics Department during December 2007 to March 2008 revealed that 57% of the public found that they had less exposure to second-hand smoke in public places. According to the THS, the percentage of daily smokers in the Hong Kong population aged 15 or above decreased from 14.1% in 2005 to 11.8% in 2008. These figures show that the Administration's tobacco control measures are generally effective.

We shall build on this solid foundation and continue with our tobacco control efforts. Our priority at present is to implement the smoking ban in statutory no smoking areas, implement the fixed penalty system in 2009 as planned, and encourage and assist smokers to quit smoking through publicity, education and promotion of smoking cessation services. At the same time, the Administration plans to expand the no smoking areas in a gradual and orderly manner. After the implementation of the fixed penalty system, we will proceed to designate public transport interchanges as statutory no smoking areas. Starting from 1 July next year, the Administration will also implement the smoking ban in the establishments temporarily exempted from the smoking ban according to the statutory provisions. With these steps, we believe that the exposure of the public to second-hand smoke will be further reduced.

### Fare Concessions Offered by Bus Companies

19. **MR ALBERT CHAN** (in Chinese): *President, since 19 February 2006, the Citybus Limited (CTB) and the New World First Bus Services Limited (NWFB) have been offering same day return fare concessions to passengers for a*

*period of three years. In this connection, will the Government inform this Council whether:*

- (a) *it knows if the above bus companies have plans to extend the aforesaid fare concessions; if it knows that they do not have such plans, whether it will discuss extending the concessions with them; if it will not, of the reasons for that; and*
- (b) *it will urge various franchised bus companies to offer more fare concessions, so as to alleviate the burden of travelling expenses on the public; if it will, of the details; if not, the reasons for that?*

**SECRETARY FOR TRANSPORT AND HOUSING** (in Chinese): President, the Government has been encouraging public transport operators, including franchised bus companies, to introduce fare reduction or concession as far as possible to help reduce passengers' travel expenses, taking into account their respective operating conditions and overall economic environment. At present, the franchised bus companies offer various kinds of fare concession schemes to passengers, such as section fares on some medium- and long-haul bus routes, bus-bus interchange concessions, half-fare concessions for children, and half-fare concessions for the elderly. The bus companies determine the type and duration of the concession schemes having regard to their operating environments, financial conditions, and other relevant factors. CTB and NWFB implemented the same day return fare reduction for a period of three years on some of the solely operated routes from 19 February 2006, and on some jointly operated routes from 1 July 2006. CTB and NWFB currently have no plans to extend these concessionary schemes.

A comprehensive mechanism has already been in place to regulate the level of franchised bus fares. In determining franchised bus fares, the Chief Executive-in-Council takes into account all relevant factors, including public acceptability and affordability. As regards the provision of fare concessions, in accordance with the spirit of free enterprise, it is the commercial decision of individual public transport operators. We will encourage the franchised bus companies to offer fare concession to passengers, while maintaining proper and efficient public transport services.

**Vocational Training Council**

20. **MR CHEUNG MAN-KWONG** (in Chinese): *President, regarding the Vocational Training Council (VTC) and the impact of the New Senior Secondary (NSS) academic structure to be implemented next year on the VTC's member institutions, will the Government inform this Council:*

- (a) *of the respective numbers of places, students and graduates of the programmes offered by each member institution of the VTC in the past three years;*
- (b) *of the number of teaching staff and other staff of VTC and each of its member institutions, with a breakdown by mode of employment (for example, appointment on pensionable terms, contract terms or temporary contract terms);*
- (c) *of the teacher-and-students ratio of each VTC's member institution in the past three years, and how such figures compare with those of other post-secondary institutions in Hong Kong;*
- (d) *whether it has assessed if the implementation of the NSS academic structure will have any impact on the student enrolment of the various member institutions of the VTC and the programmes they offer as well as on the revenues generated from the tuition fees (including whether or not the Youth College, which specializes in offering full time courses for school-leavers from Secondary Three to Secondary Five, will be unable to operate as a result of the drastic decrease in the number of secondary school-leavers); if it is assessed to have impact, of the details of such impact on each member institution; if it is assessed otherwise, the reasons for that;*
- (e) *as there will be a drastic decrease in the number of student enrolment of the VTC's member institutions as a result of the absence of Secondary Five school-leavers in the 2011-2012 school year and thereafter due to the implementation of the NSS academic structure, whether the authorities will adjust downward the amount of funding provided to the VTC; if they will, of the amount involved and the method of calculation; if not, whether the authorities will undertake not to reduce the amount of funding provided to the VTC*

*when implementing the NSS academic structure, so as to allow the VTC to restructure its programmes and enhance the quality of the programmes, as well as minimizing the impact on staff; and*

- (f) *of the amount of additional resources the authorities will provide to the VTC and the University Grants Committee (UGC)-funded institutions respectively (including the additional funding required to increase the number of teaching staff and infrastructural facilities, as well as funding for other projects) to cater for the needs arising from the implementation of the new academic structure?*

**SECRETARY FOR EDUCATION** (in Chinese): President,

- (a) Information on the full-time programmes provided by the member institutions of the VTC in the past three years is as follows:

	2005-2006 academic year			2006-2007 academic year			2007-2008 academic year		
	Planned Places	Enrolment	Graduates	Planned Places	Enrolment	Graduates	Planned Places	Enrolment	Graduates
IVE/SBI	33 400	36 460	12 790	35 840	38 070	11 960	39 160	41 890	13 990
Youth College/ T&DC	5 500	5 400	4 080	5 680	5 600	3 910	6 240	6 080	3 660
Total	38 900	41 860	16 870	41 520	43 670	15 870	45 400	47 970	17 650

IVE: Hong Kong Institute of Vocational Education

SBI: School of Business and Information Systems

T&DC: Training and Development Centre

Note: The duration of the programmes varied from one to four years. Some programmes were jointly offered by more than one member institution.

- (b) In the 2007-2008 academic year, the number of different types of VTC staff, with a breakdown by mode of employment, is as follows:

		Provident Fund	Contract	Short-term contract	Sub-total	Total
Rank	Teaching/Instructing/Executive staff	1 431	1 524	182	3 137	4 998
	Non-teaching/Junior supporting staff	1 220	531	110	1 861	

Short-term contract: The contract period is less than nine months.

- (c) The VTC shares its resources among its member institutions in many aspects. Being employees of the VTC, teaching staff may be deployed to different units depending on operational needs. In the past three years, the student-to-teacher ratios of IVE, SBI, Youth College and T&DC are as follows:

<i>2005-2006 academic year</i>	<i>2006-2007 academic year</i>	<i>2007-2008 academic year</i>
20.3:1	20.3:1	21.1:1

Member institutions of the VTC provide a wide range of pre-employment and in-service training programmes suitable for Secondary Three (S3), Secondary Five (S5) and Secondary Seven (S7) school leavers, leading to certificates, diplomas and higher diplomas. Since other local post-secondary institutions mainly provide programmes at sub-degree level or above, it is not appropriate to compare the VTC's statistics with other post-secondary institutions.

- (d) The VTC anticipates that the implementation of the NSS academic structure will not have any significant impact on the overall enrolment and the revenues generated from the tuition fees of its programmes.

In the 2007-2008 academic year, the VTC had an intake of about 22 600 full-time students, among which 3 550 were S3 school leavers, 16 800 were S5 school leavers and 2 250 were S7 school leavers, constituting about 4%, 21% and 8% of S3, S5 and S7 graduates of the year respectively.

The VTC has drawn up an Eight-year Strategic Plan for 2009-2010 to 2016-2017, proposing a number of new initiatives in response to socio-economic developments and manpower needs in line with the Government's education and training policy, including in particular changes to be made under the NSS academic structure. Starting from the 2012-2013 academic year, the VTC will replace its existing two-year and three-year Higher Diploma programmes for S7 and S5 school leavers respectively by two-year five-semester Higher Diploma programmes for SS3 graduates to prepare the latter for employment as well as further studies. Furthermore, the VTC will

provide programmes for SS3 school leavers who perform less well to equip them for employment and articulation to further studies. At the same time, the VTC will rationalize its existing post-S3 programmes and introduce a new Diploma in Vocational Education with multiple entries and exits as an alternative avenue for S3, SS1 and SS2 students to pursue further studies outside mainstream education. Presented with these diverse choices, students can enrol in vocational education and training programmes that suit their interests and employment and learning needs. The VTC will also step up its Applied Learning programmes to support the rich and diversified curriculum under the NSS academic structure and will expand the Vocational Development Programme (VDP) for non-engaged youths to help them continue their education or seek employment.

Through the above initiatives and measures, the VTC anticipates that, starting from the 2013-2014 academic year, annual intakes for the new Higher Diploma programmes will account for about 26% of all SS3 graduates. The VTC will also provide programmes for about 2% of S3, SS1 and SS2 school leavers. It also plans to provide several thousand new places in its Applied Learning, VDP and other pre-employment training programmes. Overall, the VTC will provide about 52 000 pre-employment education and training places under the NSS academic structure, similar to its existing provision.

- (e) Since there will be no S5 graduates in the 2011-2012 academic year and the first batch of SS3 graduates will not graduate until the subsequent year, that is, the 2012-2013 academic year, the VTC anticipates that the overall intake will decrease in the 2011-2012 academic year, giving rise to excess staff temporarily. The VTC has already drawn up a number of contingency measures, including the deployment of staff to develop teaching materials for the new Higher Diploma curriculum; allowing flexibility in the accumulation of leave by staff for taking sabbatical leave during the 2011-2012 academic year; and making arrangements for staff development and continuing education, industrial attachment, participation in activities of the secondary school curriculum, and so on. Furthermore, the VTC plans to introduce a voluntary retirement scheme for its staff.

The anticipated drop in the intake of the 2011-2012 academic year is only transient. Accordingly, to maintain the continued stability and high standard of vocational education and training services provided by the VTC, the Government will do its best to ensure that the service quality of the VTC is not adversely affected when determining its level of funding.

- (f) The Government has provided the VTC with \$19.5 million for the development and implementation of the new curriculum structure to align with the NSS development. As regards the UGC-funded institutions, with the introduction of the NSS academic structure, their three-year undergraduate programmes will be replaced by four-year ones. Through the UGC, the Government will provide the institutions with about \$700 million for curriculum development and upgrading of related information systems. The Government has also earmarked about \$5.9 billion for the expansion of campus space and facilities to accommodate the additional students under the new four-year undergraduate programmes and to alleviate the present space shortage. The Government will also increase the recurrent funding to the UGC-funded institutions in the next triennium on a need basis.

## **MEMBERS' MOTIONS**

**PRESIDENT** (in Cantonese): Members' motions. Proposed resolution under the Interpretation and General Clauses Ordinance to amend the Employees Retraining Ordinance (Amendment of Schedule 3) (No. 2) Notice 2008 (the Amendment Notice).

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

## **PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE**

**MRS REGINA IP** (in Cantonese): I move that the motion as printed on the Agenda, and proposed by me on behalf of the Subcommittee on Employees

Retraining Ordinance (Amendment of Schedule 3) (No. 2) Notice 2008 (the Subcommittee), be passed.

The purpose of the Amendment Notice is to suspend the obligation of employers of foreign domestic helpers and all other employers of labour imported under the Supplementary Labour Scheme (SLS) schemes to pay the Levy of \$400 per month for a period of five years up to 31 July 2013.

The Subcommittee noted that it is the Government's established policy that employers hiring low-skilled imported labour should contribute towards the training and retraining of the local workforce. In line with this policy, all employers of imported labour under the designated schemes are required under the Employees Retraining Ordinance (ERO) to pay the Levy.

The majority of members take the view that the Levy on employers of foreign domestic helpers should be abolished. While these members support the provision of retraining to employees, they consider that this should be the responsibility of the Government rather than the employers of foreign domestic helpers. They take the view that funding for employees retraining should be provided by the Government. They also noticed that the opinion polls conducted separately by two political parties indicated that more than 60% of the respondents supported abolition of the Levy.

Some other member object to the abolition of the Levy on employers of foreign domestic helpers, especially given that the Levy is also applicable to employers of labour imported under the SLS. While they do not object to the introduction of a temporary measure to provide relief to the middle class, they consider that the interest of local workers should be protected and employers of non-skilled imported labour, including foreign domestic helpers, should be required to pay the Levy.

Furthermore, a member has expressed support for the Administration's proposed suspension of Levy for five years. He pointed out that the accumulated Levy collected from employers of foreign domestic helpers and the interest earned had reached \$4.9 billion in September 2008, which should be sufficient for meeting the expenditure of the ERB in the next five to seven years. He considers that the five-year suspension period would allow sufficient time for further discussion in the Legislative Council on the source of funding for the ERB.

The Administration stated that it is the legislative intent of the ERO that the Employees Retraining Fund (ERF) should mainly derive its income from the Levy. Collection of the Levy is essential to the steady provision of sufficient financial resources for the ERB. The Administration has stressed that the Amendment Notice seeks to strike the right balance between providing continued relief to the middle class and meeting the demands of local workers for training and retraining. In the long run, collection of the Levy is essential to ensuring steady and sufficient financial resources for the ERB to enhance the employability of the local workforce so as to maintain the economic competitiveness of Hong Kong.

The Subcommittee had decided, after taking a vote, that an amendment should be proposed to the Amendment Notice to suspend the Levy on employers of foreign domestic helpers indefinitely. Therefore, in my capacity as Chairman of the Subcommittee, I propose this motion and implore Members' support.

On the other hand, insofar as expenditure is concerned, some members have expressed serious concern about the ERB's sharp increase in annual expenditure from about \$400 million in the past to about \$900 million in 2008-2009, which represents an increase of as high as 125%. These members have also expressed concern about the lack of an independent body to monitor the expenditure of the ERB.

The Administration advised that in 2008-2009, about 66% of the ERB's overall expenditure would be used for providing training and retraining courses, whereas about 13% is disbursement of retraining allowance, and the remaining 21% is for supporting the development of new training and employment support schemes or enhancement of existing schemes, payment of administrative charges to the Immigration Department for collection of the Levy, general administrative and operating costs of the ERB's Executive Office, and so on. The Administration stressed that the ERB is a statutory body subject to close supervision by the Administration. Apart from government representatives, the ERB also comprises employees' representatives, employers' representatives, as well as the vocational training, retraining or manpower planning sectors.

The Administration also advised that the eligibility criteria of the Employees Retraining Scheme have been relaxed with effect from 1 December 2007 to cover all eligible persons aged 15 or above with an educational level at sub-degree or below. With the expansion of its service targets, the ERB remains committed to serving the low-skilled unemployed people, displaced workers and

the disadvantaged in society, including ethnic minorities, new arrivals, people with disabilities, occupational accident rehabilitants, and rehabilitated offenders. The Administration also pointed out that the ERB's future role and expenditure could be discussed in depth at future meetings of the Panel on Manpower.

However, the member who is concerned about the ERB's expenditure remains of the view that there is inadequate monitoring of its expenditure. Although the annual expenditure of the ERB could be discussed by the Panel on Manpower, there is no requirement for the estimates of the ERB to be approved by the Legislative Council.

President, this is all I have to say in my capacity as Chairman of the Subcommittee. Now, I wish to express some personal views. President, first of all, I am grateful to the members of the Subcommittee for their great efforts in seriously scrutinizing this Amendment Notice and electing me twice as the Chairman of the Subcommittee. The majority of members support my proposal to suspend the Levy on foreign domestic helpers indefinitely, and some of them have even given me some legal advice. As the Chairman, I am very grateful to my colleagues' support.

I believe that the proposal to indefinitely suspend the Levy on foreign domestic helpers could rally the support of colleagues from different political parties and groupings is undoubtedly a reflection of how unpopular the Levy is. This is attributable to a number of reasons, as many colleagues have stated at the meeting, including the discriminatory nature of the Levy. It is extremely unfair to impose the Levy indirectly on the disadvantaged female domestic helpers who have left their home countries to work in Hong Kong and cause the middle class to bear the expenses of the ERB. I am not going to repeat these points, for I believe many colleagues would mention them again. I just wish to express my views on the ERB's schemes and expenditure.

President, I am very concerned about this kind of — just as Mr LEE Wing-tat said — 100% Parkinson-styled expansion of the ERB. Last week, I went to the ERB Training and Career Expo to see what kind of training schemes were being offered. President, I want to show Members here the leaflets which I collected at the Expo last week. I discovered that the courses offered by different training bodies are really variegated, President, as well as multifaceted and all-embracing. I have no doubts about the sincerity of either the civil servants working in the ERB or the training bodies in providing value-added services for the unemployed or young people.

However, I only want to ask one question — just as Ms Starry LEE said earlier on — does additional training courses mean lower unemployment? I have serious doubts about this. Simply looking at the information provided by the Government, we can see that since the introduction of the Levy in 2003, the collected fund has been left unused over the past few years due to some ongoing proceedings. It was only until recently, that is, December 2007, that the ERS started to expand. The expansion took place in these past few months only. The Government pointed out that, from December 2007 to June 2008, it had served more than 1.1 million people. We can see that the rate of unemployment had been declining in the few years before the expansion of the ERS, that is, between 2003 and 2006. Why? This is attributable to the good economy. The rate of unemployment ultimately hinges on economic development. The ERS can undoubtedly enhance the employability of the young people, unemployed or ethnic minorities by enabling them to learn more, add value, but the introduction of variegated training schemes may not necessarily bring down the unemployment rate. This is exactly the case of the ERB. Notwithstanding that a large number of schemes were introduced during the first eight months of this year, serving more than 1.1 million people, the rate of unemployment has risen instead. President, this is something that even primary students can understand. The ups and downs of the unemployment rate are totally dependent on economic development. If the Government has not been lying, providing training to people who have been displaced when the unemployment rate is high and the job market is unsatisfactory will enable them to learn something rather than lying idle, and feel better. I can accept this.

Furthermore, will the demand for retraining be affected by any factor? For instance, can full-time training courses offering only a \$100-odd travel subsidy help attract more trainees? During the deliberation of the Subcommittee, I have gained a better understanding of the ERS.

I am very grateful to Mr LEE Cheuk-yan for he pointed out to me, after the meeting, that — because I had indicated at a meeting my intention to commission an independent organization to conduct tracking surveys to see if the graduated trainees can actually enhance their skills after retraining, thereby restructuring the economy to achieve promotion of a knowledge-based economy, just as the Secretary said — I should not harbour such unrealistic ideas as the courses are comparatively shorter-term, and the training received cannot completely change

one's prospects. I very much agree with his view and feel so grateful for his advice.

It can also be seen that even the tertiary institutions have organized a large number of courses, such as the concept of club services, club operation, management of club facilities, recreational activities, club catering, human resources, personal attributes and knowledge of recruitment and employment, and so on, which are certainly helpful to the trainees. And yet, in times of an economic downturn, they can do nothing to help them secure a job. This is because in times of an economic downturn, either enterprises or individuals will only spend their money on the most necessary aspects. I therefore noticed that private organizations recruiting staff at the career expo are fast-food chain stores, low value-added fashion chain stores, and club or property management companies having good business. In a gloomy economy, it is believed that the chances of creating other new jobs are very slim. So, I hope that when there is a need for the Secretary to again speak in defence of the ERB in the future, he would be practical, avoiding to make exaggerated claims that the ERS can resolve all the problems of unemployment, school dropouts and imbalance in the community. We must also take note of the fact that we have very limited resources, and \$1.1 billion is not a small sum. The magnitude of the increase in expenditure from \$400 million to \$900 million is indeed very significant.

Should we really wish to transform Hong Kong into a knowledge-based economy, we need not only retraining of talents, for the quality of our education and human resources should also be enhanced. In fact, many resources should be devoted to education. I noticed that as a result of our repeated requests, the Government has finally extended the free education to 12 years, which would incur an annual cost of \$1.2 billion at launch. We must therefore conserve our precious resources. The deployment of resources must take into consideration the fact that, in order to achieve a knowledge-based society, resources should be devoted to basic education so as to improve our basic education and small-class teaching, increase university places (only 18% of the graduates can enter the universities at present), provide more articulation programmes for associate degree graduates, or organize such short-term retraining schemes. This would make people feel better when they are jobless.

Since I still have another chance to speak, I will first ask the Secretary to take note of my views on the ERS. Thank you, President.

**Mrs Regina IP moved the following motion:**

"RESOLVED that the Employees Retraining Ordinance (Amendment of Schedule 3) (No. 2) Notice 2008, published in the Gazette as Legal Notice No. 244 of 2008 and laid on the table of the Legislative Council on 12 November 2008, be amended by repealing section 2 and substituting -

**"2. Amount of levy specified for the purposes of section 14(2)**

Schedule 3 to the Employees Retraining Ordinance (Cap. 423) is amended by repealing "\$0" and substituting -

"\$0 (in respect of each imported employee to be employed by an employer under the "Scheme for Importation of Foreign Domestic Helpers" approved by the Chief Executive in Council on 25 February 2003 under section 14(3) of the Ordinance)

\$400 (in respect of each imported employee to be employed by an employer under any other labour importation scheme approved by the Chief Executive in Council under section 14(3) of the Ordinance)".."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the motion moved by Mrs Regina IP be passed.

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, the Chief Executive in Council endorsed on 11 November 2008 the making of the Employees Retraining Ordinance (Amendment of Schedule 3) (No. 2) Notice 2008 (the Amendment Notice) to extend the suspension of the payment of the Employees Retraining Levy (the Levy) from two years as originally proposed to five years. The Amendment Notice was gazetted on the same day and tabled before the Legislative Council on 12 November for negative vetting. The

Legislative Council subsequently set up a subcommittee to scrutinize the Amendment Notice.

The Subcommittee chaired by Mrs Regina IP held a meeting on 25 November and after discussion, the majority of members agreed that the Chairman of the Subcommittee should move an amendment to suspend the Levy on employers of foreign domestic helpers indefinitely. Here, I wish to thank the Chairman of the Subcommittee and other Members who have participated in the work of the Subcommittee for their concern about and opinions on the suspension of the Levy.

President, I must reiterate that the Administration opposes the motion proposed by Mrs Regina IP. We have explained the reasons in detail in our earlier submission to the Chairman. Here, I wish to recapitulate a number of key points. First of all, we consider that this motion is *ultra vires* insofar as the power as referred to in section 31(1) of the Employees Retraining Ordinance is concerned and is, therefore, not consistent with the power to make such subsidiary legislation, namely, the Amendment Notice, and also goes beyond the power of the Legislative Council conferred by section 34(2) of the Interpretation and General Clauses Ordinance.

Moreover, the Administration is of the view that the motion has charging effect, as the motion may have the effect of charging the public revenue in the future. To maintain the operation and services of the Employees Retraining Board (ERB), it is all too likely that it becomes necessary for unforeseen subventions to be made by the Government to make up for the loss of the revenue stream as a result of the indefinite suspension of the Levy. Therefore, the proposed motion is caught by Rule 31(1) of the Legislative Council Rules of Procedure and may not be proposed without the written consent of the Chief Executive. We are disappointed by the ruling made by the President on this motion, but we respect the President's power to make a ruling.

Since the proposal of a two-year suspension of the Levy was announced in mid-July this year, there has been heated discussion in the community. The relevant Subcommittee of Legislative Council also scrutinized the Amendment Notice in detail. Representatives from various sectors, including the foreign domestic helpers, employers of foreign domestic helpers, local domestic helpers, training bodies, think-tanks, and so on, were invited to attend the hearing held in November in the Legislative Council. Different views and arguments were put forward during the hearing.

Taking into account the possible impact of the financial tsunami on middle-class families financially as well as the financial position of the Employees Retraining Fund (ERF), the Government decided on 11 November this year to extend the Levy suspension period from two years to five years until 31 July 2013, in order to provide further relief to the financial burden on middle-class families.

I must stress that our new proposal is a pragmatic measure which strikes a balance among the aspirations of all sectors. This decision can respond to the aspiration of middle-class families within the financial limits of the ERF and in the long term, ensure steady and sufficient financial resources for the ERB to provide continued training and retraining services for the local workforce, so as to assure Hong Kong's competitiveness.

I must also stress that notwithstanding the proposed further extension of the Levy suspension, the Government's overall policy that the operating expenses of the ERB should be primarily met by the Levy income and that employers of low-skilled imported labour should contribute towards the training and retraining of the local workforce remains unchanged. In the long run, the Levy is essential to ensuring steady and sufficient financial resources for the ERB to enhance the employability of the local workforce, so as to maintain Hong Kong's economic competitiveness.

Given the impact of the financial tsunami, the demand for training and retraining services is set to increase substantially. The role of the ERB will become vitally important in these trying times. We must ensure the provision of sufficient resources for the ERB, so that it can actively give play to its role and contribute towards equipping the local workforce for the future.

The Government is duty-bound to ensure that the local workforce is provided with suitable training and retraining, so as to enhance their employability and equip them for meeting the challenges of a knowledge-based economy, and this is beyond any doubt. The eligibility criteria of the Employees Retraining Scheme, which used to provide employment-oriented training and retraining courses and services mainly to persons aged 30 or above with junior secondary education or below, were relaxed with effect from 1 December 2007 to cover all youngsters aged 15 to 29 with an educational level at sub-degree or below.

The ERB provided about 87 000 training places in 2007-2008 at a total expenditure of about \$400 million. To meet the increasing training demands from the original and new target service groups, the ERB plans to offer over 120 000 training places in 2008-2009. This represents an increase of about 95% in the total training hours due to the enhancement of course content, and the budget for the year is around \$900 million. The ERB endeavours to provide multi-faceted placement-tied courses as well as generic skills courses to assist its trainees in acquiring the necessary vocational skills as well as recognized qualifications under the Qualifications Framework.

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

As the ERB has expanded its scope of service and enhanced the quality of the courses, coupled with a substantial increase in the demand for training due to uncertainties in the economic outlook, it is only natural for the expenditure of the ERB to increase accordingly. We estimate that the ERB should be able to rely on the current balance of the ERF to support its normal operation and expenses during the five-year suspension period. After the reinstatement of the Levy in August 2013 upon the expiry of the Levy suspension period, the operation of the ERB will be funded by the Levy income and investment return of the ERF.

To enhance the employability and qualifications of the local workforce in order to strengthen workers' confidence in facing changes in the market and maintain Hong Kong's competitiveness, in the long run, the collection of the Levy is essential to ensuring steady and sufficient financial resources for the ERB to serve as strong back-up for the local workforce (both unemployed and employed persons).

I, therefore, urge Members to vote against Mrs Regina IP's motion on the suspension of the Levy on employers of foreign domestic helpers indefinitely.

Deputy President, I so submit. I will further give a detailed response after listening to Member's views on the motion. Thank you.

**MR RONNY TONG** (in Cantonese): Deputy President, this Levy is indeed very controversial. What is most controversial about it is that on the day when the

Levy was introduced, the Government reduced the minimum salary of foreign domestic helpers by the same amount, thereby causing an actual economic effect of the levy payment being borne by the foreign domestic helpers. Deputy President, that is why many people at that time — including the Hong Kong Bar Association — considered that this Levy is highly racially discriminatory.

Deputy President, the second controversial point is the Government's claim that this is not a tax, but looking at it from all objective perspectives, it is indeed a special tax as the Government has required a particular stratum of the community to pay for the costs or expenses of some public services, which definitely meets the definition of taxation in law.

The third point, which is a more controversial one, Deputy President, is that the Government has been playing with words. Despite it being called a levy, it is actually a tax, and the collection of such tax by the Government has bypassed the Legislative Council. The Government has given the Chief Executive an opportunity to completely bypass the Legislative Council, through the legislative procedure, in issues relating to taxation and expenditure by way of administrative directives. Deputy President, we consider that the collection of tax or levy in this way is totally inconsistent with our orderly constitutional framework.

Deputy President, we therefore consider that this tax should not be accepted by Hong Kong people right at the start. What is more, there was strong opposition at that time. Deputy President, I strongly opposed the collection of such tax too, and had pointed out what was considered unacceptable as mentioned by me earlier on different occasions and in newspaper articles.

Deputy President, another reason that such taxation is considered unacceptable is its unfairness to both the employers and employees. Deputy President, I have just stated how such levy or tax is unfair to the employees for it is racially discriminatory. Why was it targeted at the foreign domestic helpers? Why were the other job types not required to bear the responsibility of retraining? This is the first point.

Deputy President, the second point, which is the most important question, is why foreign domestic helper employers were required to bear this responsibility. As we all know, it is definitely the Government's responsibility to provide this kind of public service (that is, retraining service) as it should be obliged to nurture the local workforce to make them more competitive. Why did

it shift the responsibility to foreign domestic helper employers instead of taking it up itself? This is most unfair.

Deputy President, this law actually has two different combinations: firstly, the levy on imported labour, and secondly, the levy on the foreign domestic helpers. The reason of imposing a levy on imported labour is that there was a shortage of labour supply at that time, which necessitated the importation of foreign labour to perform the necessary types of jobs in Hong Kong. Deputy President, the importation of labour by employers is mainly for the purposes of business and profit-making. It would therefore be marginally tenable to say that employers should bear the responsibility of training local labour with comparatively lower competitiveness so as to meet the future needs of the labour market in Hong Kong.

However, this logic certainly cannot apply to foreign domestic helper employers. Deputy President, Members should appreciate that the employment of foreign domestic helpers is neither for business nor profit-making. Rather, it is simply because the employers have to work and need someone to look after the families for them. Given that this arose from the need of the community, why were they specifically categorized and made to bear the heavy responsibility of retraining?

Deputy President, I think you have heard what the Chairman of the Subcommittee, Mrs Regina IP, said just now. The accumulated Levy is increasing with the time because under the present social situation, Hong Kong people or parents very often need to go to work. It is therefore necessary for them to employ foreign domestic helpers to take care of their families. As the number of families employing foreign domestic helpers increases, the levy income increases, too. After so many years, we know that the annual levy income — as advised by the Chairman of the Subcommittee just now — is nearly \$1.1 billion. We believe the amount will increase further.

In that case, is the Government increasing the provision for retraining year on year in tandem with the increasing levy income? We can see that the relevant expenditure has increased from \$400 million to \$900 million, whereas the age limit of retraining has been lowered from 30 to 15. Deputy President, we suspect the Government is spending for the sake of spending. Is it digging a deeper pit just to cover up a decision made previously and considered by us to be seriously flawed? Deputy President, I think the Government's response is not in accord with the interest of the community at large.

Deputy President, more attention should instead be paid to how Hong Kong people look at the levy. Deputy President, the Civic Party recently conducted an opinion poll and successfully interviewed more than 1 000 Hong Kong people. The findings were rather enlightening. Deputy President, firstly, 69% of the respondents agreed to abolish the levy. People supporting this proposal accounts for 69% (nearly 70%), among which 55% supports its abolition indefinitely but not temporarily, which is the present stance of the Government.

Regarding the levy on imported labour and foreign domestic helpers as explained by me earlier, 63% of the Hong Kong people support the abolition of the levy on foreign domestic helpers but not on imported labour. In other words, 60% of the Hong Kong people are fully aware of the difference which I have just stated, that is, the difference between the levies on imported labour and foreign domestic helpers, as well as the social responsibilities. I believe 60% of the Hong Kong people fully understand where the problem lies, and probably only the Government alone is not aware of it.

More importantly, Deputy President, I think that the fourth point is most enlightening because 62% of the respondents have not employed any foreign domestic helpers. In other words, among the 70% of Hong Kong people who oppose the imposition of the levy, a large number of them actually do not have any financial interest. I believe they have simply considered whether or not the Government should impose such a tax from the perspective of social justice or fairness. While they do not have any financial benefit or gain, they still stand on our side and tell the Government that such a tax is unfair and unjust. In my opinion, it is even inconsistent with the constitutional order and should not be retained.

Deputy President, we — including the Government — generally believe that this tax can be suspended. Nonetheless, the Government said that it should not be suspended indefinitely, but just for a period of time. Deputy President, as you may recall, the Government originally proposed to suspend the levy for two years, but frankly speaking, the enforcement of the relevant policy was pretty messy when it was first introduced. This has made many Hong Kong people utterly confused and at a loss. Neither have I seen any government in the world that met with so much opposition when a levy exemption is granted. I really find this incredulous.

Deputy President, can we address the abovementioned problems simply by suspending the levy for two or five years? Deputy President, I do not think so.

After the temporary suspension of levy payment for two or five years, we will have to face the problems just raised by me anyway, including racial discrimination, unfairness to the employers and a disruption of the constitutional order.

Deputy President, again, is this fair to the next term Government? In my opinion, it is extremely unfair. Deputy President, the existing Government will only operate until 2012 even if Chief Executive Donald TSANG wishes to be re-elected. In other words, there will be a new government. Why do we not leave the new Government a brand new page but have to pass on to it a so-called — to put it in a vulgar way — inherited problem? Deputy President, I consider this approach not only totally illogical, but more importantly, irresponsible, too.

Deputy President, I had therefore pointed out that the proposed suspension of levy for two years was inappropriate and not worth supporting when the relevant amendment was first tabled by the Government, and that an amendment by us was necessary. At that time, I had also pointed out that in respect of the amendment, the different nature of the levies on imported labour and foreign domestic helpers should be distinguished. This is because while the abolition of the levy fully complies with social justice and fairness, the abolition of the levy on imported labour does not. I therefore stated the view that the levy on imported labour should be abolished but not ..... It should be the levy on foreign domestic helpers that should be abolished whereas the levy on imported labour should be retained.

Deputy President, my opinion was generally supported by Subcommittee members at the first meeting, and the Chairman of the Subcommittee had also prepared to make the necessary amendment. However, just when we were about to propose the relevant amendment, the Government again backtracked by withdrawing the original amendment and replaced it with a new one. Deputy President, I simply cannot understand why the Government had to do so. This is wasting not only Members' time, but also a large amount of public money. If Members need not deal with such absurd administrative acts at the Legislative Council meetings, we could have dealt with other business, for we will not be having a day-off anyway.

Deputy President, the SAR Government did not revise its original amendment, but had withdrew the whole amendment and started it all over again. I do not have the slightest idea of why it did so, except for some special political conspiracies or advantages under the table. Deputy President, I do not wish to

speculate on the underlying motives of the Government here, but I can point out clearly that such an approach is totally inconsistent with our constitutional order, and it is also irresponsible. Here, I wish to particularly denounce the Government's adoption of such an unconventional means in an attempt to disrupt our legislative procedure.

Deputy President, I am sure that the public officers are very clear about our — particularly the Civic Party's — stance in this regard. Deputy President, like the former Subcommittee, this newly-formed Subcommittee has also adopted my proposal to amend the Government's amendment to the effect that the levy would be abolished indefinitely while retaining the levy on imported labour. Deputy President, this is really a very difficult phrase to read.

Deputy President, I hereby call on all Honourable colleagues to support the Subcommittee's amendment as it is the consensus reached by the majority of members during the relevant discussion. And just as I said earlier, it also complies with social justice, and is reasonable and consistent with our constitutional order. I hope colleagues will vote for it. Thank you, Deputy President.

**MR LEUNG YIU-CHUNG** (in Cantonese): Deputy President, I support the full-scale abolition of the Levy on foreign domestic helpers because the so-called levy is unreasonable right at the start, and is also discriminatory in nature.

The Government has all along stressed that the imposition of the levy could not be suspended indefinitely for this would, on the one hand, seriously affect the source of income of the Employees Retraining Board (ERB) and, on the other create unfairness as a result of completely abolishing the imposition of the levy on foreign domestic helpers while retaining the levy on other imported foreign workers. Deputy President, if we review the history of the levy on foreign domestic helpers, I think what the Government said is a remark that stands truth on its head.

Deputy President, we know that the Employee Retraining Ordinance came into effect in 1992, and during the 11 years from 1992 to 2003, the retraining levy imposed by the Government had not covered foreign domestic helpers. Obviously, over the past years, the Government had agreed that the foreign domestic helpers and the short-term imported labour hired under some general labour importation schemes are distinctly different. It had therefore not

proposed nor considered imposing such levy or a tax on the foreign domestic helpers.

It was only until early 2003 when the then Chief Secretary for Administration, that is, the incumbent Chief Executive Donald TSANG, released the Report of the Task Force on Population Policy that the imposition of a levy on foreign domestic helper was first mentioned. After looking up that year's record, I noticed that the then Chief Secretary for Administration, Donald TSANG, had given a statement in this Council on 26 February 2003. He briefed the Council on the recommendations made by the then Task Force on Population Policy in respect of Hong Kong's population policy, and among others, the population policy on imported labour. At that time, Chief Secretary Donald TSANG mentioned that more relaxed measures should be adopted to attract more talented people to come to work and even stay in Hong Kong with a view to improving our demographic structure. He then moved on to the importation of low-skilled workers. His speech is as follows:

"Hong Kong has a significant transient population. It consists of imported low-skilled workers who are allowed to stay in Hong Kong so long as they remain employed.

They currently number almost 240 000, most of them employed as domestic helpers.

Despite the economic downturn in the past few years, there is no indication that the admission of foreign domestic helpers has slowed down. They make use of a wide range of local facilities and services. It is because of their considerable and growing number, we have to include a review of our foreign domestic helper policy as part of our exercise.

The Task Force recognizes the contribution by foreign domestic helpers in providing help to families who require full-time live-in domestic helpers. This may not be readily available from local domestic helpers and we recognize that there are two distinct markets for foreign and local domestic helpers.

The Task Force considers that several improvements should be made to enhance the integrity of the mechanism of admitting foreign domestic helpers with the aim of minimizing abuse and displacement of local jobs by foreign domestic helpers.

At present, only employers under the Supplementary Labour Scheme are required to pay a levy. We recommend that the same levy should also apply in the employment of foreign domestic helpers."

Deputy President, if we review the simple speech made by the then Chief Secretary for Administration, Donald TSANG, we can clearly draw the following conclusions:

Firstly, during the initial implementation of the retraining levy, no consideration had been given to including the foreign domestic helpers. Just as I pointed out earlier, during the long period of 11 years, the Government had not considered or discussed the matter, nor put forward any relevant proposal. How can we explain the 11-year void if the two matters are considered together now?

Secondly, the main objective of imposing the levy on foreign domestic helper is not for providing retraining services to employees or serving the population policy. What is the underlying meaning of this initiative then? The foreign domestic helpers are, after all, low-skilled workers who cannot improve our demographic structure. That was why the authorities have restricted the number of imported workers by all means. In fact, to put it clearly, the then Chief Secretary Donald TSANG and the Government were discriminatory against these low-skilled workers, thinking that they would become the negative assets of Hong Kong. Hence, they made use of the retraining levy to deter the importation of these workers, which was at the same time a punishment or deterrent to them. At that time, the Government imposed a monthly levy of \$400 on the employers of foreign domestic helpers on the one hand and, cut the salary of these foreign domestic helpers by \$400 on the other. As a result, the \$400 levy was actually not paid by the employers but the employees. I consider this a total exploitation of these employees.

Thirdly, in his speech, the then Chief Secretary Donald TSANG also clearly admitted that foreign and local domestic helpers actually belong to two distinct markets. For this reason, the collection of levy from the foreign domestic helpers as retraining resources cannot help train up local workers to replace those foreign domestic helpers. As we all know, the imposition of levy on employers of foreign workers is meant mainly to restrict the employment of foreign labour while encouraging the employment of local workers. However, as the Government stated clearly that foreign and local domestic helpers belong to two distinct markets, the imposition of levy on two distinctive labour markets can never achieve that purpose. It is therefore not tenable to relate it to retraining.

Deputy President, the then Chief Secretary Donald TSANG stated clearly in 2003 that there were two distinct markets, but still a levy was imposed. I think that this so-called foreign domestic helper levy completely fails to achieve the retraining purpose as mentioned by me just now. Should we maintain such a view and include the levy in the retraining fund today, I think that it is nothing more than crying up wine but selling vinegar, and it has no practical effect at all.

Deputy President, the abovementioned three points can fully reflect that the foreign domestic helper levy has nothing to do with retraining. If we look back at the whole implementation process of the levy on foreign domestic helper, we would understand why the levy income should not be used to subsidize the Employees Retraining Scheme anymore. I hope that the Government will not stick to its lame arguments and insist on its own way.

Furthermore, Deputy President, I have to point out that the Government has done something very shameful in the course of implementing the levy on foreign domestic helper. What is it? The Government linked up the levy on foreign domestic helper with retraining by using the levy income as retraining resources, which was indeed an administrative measure. This enabled the Government to bypass the Legislative Council, denying it the opportunity to monitor or approve the proposal before implementation. Without giving Members an opportunity to express their views, the proposal was implemented arbitrarily. I think that Legislative Council Members should be able to see by now the numerous problems with it. Such an approach is, to me, inappropriate and underhand. Had the Government honestly tabled this measure for our discussion, the case could have been completely different. I therefore consider that the Government should do some soul-searching about its approach.

Earlier on, I quoted the speech made by the then Chief Secretary Donald TSANG. It is very obvious that today we are asking for a total abolition of the levy on foreign domestic helper, which is nothing but to set record straight. We hope to correct the wrongdoings for this would not only relieve the burden of the employers of foreign domestic helpers, but also do the foreign domestic helpers justice.

Here, however, I wish to make this call on all employers of foreign domestic helpers. If the motion concerning the abolition of levy on foreign domestic helper indefinitely or temporarily is passed, they should review history and appropriately return some of the waived payments to their helpers in order to compensate them or share the fruit with them. Just as I said earlier, this \$400 is

actually a reduction from the employees' salary, and is therefore a contribution by the employees but not employers. In case the payment of levy is waived, the employees should also share part of the benefit.

Last of all, Deputy President, I wish to reiterate that the provision of either training or retraining for the local workforce is actually the basic responsibility of the Government, which is obliged to do so. I absolutely cannot accept the Government's explanation that the costs of retraining should be met from the levy on foreign domestic helper. The Government is only shirking its responsibility in my view.

Deputy President, I so submit.

**MR LEE WING-TAT** (in Cantonese): Deputy President, on behalf of the Democratic Party, I support the amendment proposed by Mrs Regina IP on behalf of the Subcommittee. Our stance has all along been very clear, that the imposition of levy on foreign domestic helpers is, in principle, an act of injustice. As Members are aware, the Democratic Party had reservations about the levy when it was introduced a few years ago, thinking that the approach adopted by the Government to implement this policy was most disgraceful, in that it only targeted at those foreign domestic helpers in the community who have no influence on government policies. They are actually a disadvantaged group who has no right of expression on the issue. Nor would the Government listen to their views.

At that time, the reason why the proposed levy had obtained recognition or had not attracted much noise is that the discussion concerned had linked the imposition of levy on foreign domestic helper with a reduction of salary. The Secretary would certainly urge us not to misunderstand it and say that it was sheer coincidence. However, Secretary, please do not treat the general public and Legislative Council Members as kids. How come the introduction of levy would be accompanied by a reduction of salary, and the amounts at stake were exactly the same. Even if he explains a thousand times, it does not mean that he can pull wool over the eyes of Hong Kong people. We all know that this is how the employers were forced to accept it at that time.

Deputy President, whenever the levy on foreign domestic helper was discussed, the Government would say that the relevant rate was reasonable and could be used for training the local workforce. However, the Government should be aware that, firstly, not all employers of foreign workers (including the

large-scale companies) are required to pay the levy. This is most unfair as some employers are required to pay but some are not. This is the first injustice.

Secondly, it is tenable if the levy is collected for the purpose of training up local people so that they can perform a certain type of job. But this is not the case. I believe the majority of the courses organized by the Employees Retraining Board (ERB) using the levy income do not aim at training local domestic helpers, which only account for a very small portion. Members may ask why the employers of foreign domestic helpers have to bear the responsibility of providing training for other types of jobs, and why they are obliged to do so. They have already paid profits tax or salaries tax, why are they still required to shoulder an additional tax payment? If training of skills relating to printing or financial services is provided, which is totally irrelevant to the job of a domestic helper, why are they forced to shoulder such a responsibility?

Deputy President, the conclusion is indeed very simple. Employers of domestic helpers can be easily bullied, so they were selected to pay the necessary fee ever since. Just as colleagues have said, this is not a tax but a levy. I agree with Mr Ronny TONG that it is a tax in an objective sense, but it has bypassed the Legislative Council. The Government has all along been very smart and reluctant to raise proposals that require debates by the Legislative Council. I wonder which government official invented such a way to bypass the Legislative Council on the one hand, while collecting hundreds of million dollars of levy every year on a permanent basis on the other.

This is certainly the easiest way. But just as I have said, the middle class thought that the Government is bulling them because they are easy preys, lacking organization, focusing on their work and paying tax on time. Unlike those listed companies which would employ taxation consultants to legally avoid tax for them — there are a lot of ways to avoid tax in Hong Kong — the tax returns to be filled by such middle-class people as teachers, nurses and employees of large-scale companies are very simple. There is only the income column but not many tax deductible columns. Just as I said earlier, these people are easily bullied. As a result, the Government can happily collect the levy every year without the need to go through discussions by the Legislative Council, and secure an income of as high as \$400 million to \$500 million per annum on a permanent basis.

Furthermore, the principle of such an approach is also very doubtful. Whenever certain policies were discussed in the past, the Government would

always tell us not to look at the case independently, but to take into account its externalities as well. When the Government applied for hundreds of million dollars of funding for the Harbour Fest, we were urged not to look at that sum of money alone as it could attract overseas visitors to Hong Kong. The costs of four nights' accommodation together with other spending in Hong Kong would naturally boost the economy. This is externality. And yet, this is not the reason cited by the Government. Frankly speaking, allowing local families to employ foreign domestic helpers will help release the female productivity. Bearing in mind that the percentage of female employees in Hong Kong is among the highest, which I remember is more than 60%. It is on a par with most advanced countries or regions. What is more, this is also a respect for the female. By earning their own income, the women no longer need to be dependant on men and can live independently, and this has greatly enhanced the social status of women. The Government, however, has not mentioned these externalities. Without these Filipino, Thai or Indonesian maids, many Hong Kong women would have to stay home and our productivity would naturally decrease, thereby affecting their social status too. And yet, we have never heard the Secretary mention this point. On behalf of the Democratic Party, I have to pay respect due to those Filipino maids who are almost part of our families. Only that the roles we play are different. I really cannot figure out why the Government has not required those big bosses hiring foreign employees to pay the levy, but is squeezing \$400 million to \$500 million from the easily-bullied middle class every year instead.

The second point I wish to talk about is the usage of the levy income. Just as I said earlier, the levy collected by the Government is actually used for training all types of jobs except local domestic helpers. Why is this not paid from tax income? I had once debated with the Secretary on a question at the meeting, but there was no reply. He merely said that the levy income was very important and \$900 million had been spent this year. I therefore asked him, "Given its importance, why was such an ERB expense not paid from general revenue?" If the importance concerned is able to convince the general public (including the taxpayers), I think they would not disagree. The Government dared not do so simply because the justification is considered not sufficient.

A more important point is, Deputy President, if this has nothing to do with taxation, the role played by either Members of the Legislative Council or the Council itself is actually very minor. Just as the Chairman of the Subcommittee, Mrs Regina IP, has said, I have all along expressed strong views about the ERB's

expenses. The phrase that I have used is the Parkinson's disease. It was right for I did not mean dementia. Given that it is always easy for organizations having a lot of money to spend, most economic and management theories consider it necessary to have an independent third party to monitor the spending of these organizations to ensure that they are consistent with the relevant principles, scale and development strategies. And this so-called third party had better have genuine veto power rather than simply giving advice.

In the debate between Secretary Matthew CHEUNG and I over this point, he said that supervision was not absent as the relevant accounts are subject to examination by the Legislative Council Panel on Manpower, which can also raise queries. Secretary, I am very sorry, perhaps you have been in the post of Secretary for too long, whereas I have also been a Legislative Council Member for too long. Should a Finance Committee paper indicate that the expenditure for a certain year has risen suddenly from \$400 million to \$900 million in the following year, I believe colleagues would look at each item with a magnifier and discuss with the authorities to see why it has increased from \$400 million to \$900 million. Maybe the Secretary did not know that many government officials, even those of the Secretary's Bureau, had requested this Council's supplementary approval of their funding applications due to an increase in the costs of construction material by 10% to 20%. They had to go through stringent and detailed examination before an additional \$10 million or \$20 million would be approved. This is how we avoid the Parkinson's symptom by preventing a bureau from expanding indefinitely without control or escaping from the supervision of any independent body in respect of whether money spent is value for money.

Another question which I had debated with the Secretary is, assuming that the amendment moved by Mrs Regina IP is passed today, whether the Government will continue to grant an annual funding of \$900 million or even allow an annual growth of 100%. I can assert that this is definitely impossible. Two years later, the Secretary may say that the amount of spending is subject to the availability of funds and the economic situation, whether it is a priority spending or certain parts of the retraining scheme warrant further review. Sorry, Secretary, you will probably put on another face saying that it all depends on the availability of resources from Government Headquarters. If there is not too much money in the "envelop", the Government will spend more cautiously. There are innumerable examples and this is not the first. So, Secretary, do not change the topic by saying that there are more important issues without giving any reasons.

Deputy President, the last point I wish to make is, the passage of the amendment today hinges not on colleagues who have indicated their support in the Subcommittee, but those who have yet to indicate their stance, including Members of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) and the Hong Kong Federation of Trade Unions (FTU). I believe the amendment would be passed by Members returned through direct elections. The Government is now vigorously lobbying Members returned by functional constituencies, including two from the FTU and three from the DAB. If the five of them support the amendment, I believe it will stand a chance of being passed. I hope that the middle class will bear in mind that such a levy on foreign domestic helper is an injustice. While the DAB is the largest political party, the FTU is a political grouping which always claims to care about the interests of the grassroots and the middle class. They are therefore obliged to openly explain why they still refuse to support the majority view of the Subcommittee, that is, to lift the levy on foreign domestic helper indefinitely.

I have listened to the views of Mr IP Kwok-him and Mr WONG Kwok-hing of the FTU, and that of Mr IP Wai-ming or someone else, which I am not quite sure, but I failed to understand their logic. In case they support the Government's proposal to temporarily suspend the levy for five years, what is the logic behind this? If calculations show that the balance is \$4.5 billion, which will be used up in five years after spending \$900 million a year, what will happen five years later? Is the approach adopted by the DAB and the FTU fair to the middle class? If these two political parties and groupings listen only to the Government's view, thinking that the \$4.5 billion balance is enough to survive for five years (or a total of six to seven years including the time required for the necessary procedures), after which the collection of levy will resume, I am really very doubtful if they are aware of the anger vented by the middle class against the levy.

I have recently been to Kwai Chung and Tsuen Wan to distribute promotional leaflets and listen to the residents' views. Frankly speaking, one would feel the great anger in the hearts of employers of foreign domestic helpers after visiting the communities. Just as I said earlier, they feel angry because the Government bullies them. I did not make it up myself, but was told by someone from the middle class. He said that the Government bullied him because the population of the middle class is not large and they lack organization. That is why the Government bullies them.

I hope that the DAB and the FTU would not become accomplices and bully the middle class as their five votes would decide whether the levy would be abolished indefinitely. If they stand on the Government's side, Members returned by functional constituencies cannot secure enough votes to pass the amendment moved by the Chairman of the Subcommittee even if the pan-democratic camp and other independent Members all support the abolition of levy on foreign domestic helper indefinitely.

Deputy President, the last point I wish to make is that the approach adopted by the Government has actually reflected a governance problem. A government official once told me in private that no one knows what the world would be like five years later. He was right because even if the Government succeeded in voting down the proposal of abolishing the levy on foreign domestic helper indefinitely through Members returned by functional constituencies, there will still be another political time-bomb to defuse five years later. Perhaps the Secretary would have been promoted to the office of a Secretary of Department or the Chief Executive. Who will be the Chief Executive then if it is not Donald TSANG? Nonetheless, the time-bomb will still exist in the SAR Government, waiting to be defused. Do the authorities think that the time-bomb will disappear forever if the proposal to abolish the levy on foreign domestic helper is negated today? Will this issue not be hotly debated in the Legislative Council or among the public four or five years later?

Deputy President, one last remark, I hope that colleagues of the DAB and the FTU will support our amendment so that the levy on foreign domestic helper will be abolished indefinitely. Thank you.

**MR IP KWOK-HIM** (in Cantonese): Deputy President, the financial tsunami has swept across the globe. People from both the middle and lower classes are subject to different degrees of financial pressure. The levy on foreign domestic helpers under discussion today is precisely the measure announced by the Chief Executive to achieve the target of alleviating people's difficulties. At that time, a suspension of the levy for two years was announced with a view to alleviating the financial burden of middle-class families. There are currently more than 250 000 foreign domestic helpers in Hong Kong — I am one of the employers of these 250 000 foreign domestic helpers, so I would like to declare an interest — and the employers of these foreign domestic helpers are mainly the middle-class families. It can therefore be said that the foreign domestic helpers are an important mainstay of the families of working parents who can rest assured to go

to work by leaving the elderly and the infants to the care of foreign domestic helpers. The foreign domestic helpers are very important to them.

Deputy President, as at September 2008, the Employees Retraining Board (ERB) has accumulated more than \$4.9 billion. Calculating on the basis of an estimated expenditure of \$900 million for 2008-2009, it is believed that the existing balance can maintain the normal operation of the ERB for five years. Therefore, at the first meeting of the Subcommittee to discuss the relevant notice, the DAB proposed to revise the existing levy suspension period from two years to five years. The DAB considered it a pragmatic proposal to extend the period from two years to five years for the proposed extension of the suspension period by three more years does not only benefit the middle class, thereby relieving their financial pressure, but also enables the ERB to maintain normal operation and continue to perform its functions. Given that the Government's amendment to extend the suspension period was proposed after taking on board the suggestion of the DAB, the DAB certainly supports it. Mr LEE Wing-tat, the DAB has already made itself very clear on the point that it will support the Government's proposal to suspend the levy for five years.

Given that the main objective of the existing labour policy of the Government is to protect the interests of local workers, employers of foreign low-skilled workers are therefore required to bear part of the costs for training and retraining local workers. The DAB considers this logical. As the employment of "two-low" workers (that is, people with a low level of educational attainment and skills) has adversely affected the job opportunities of local "two low" workers, so employers of foreign domestic helpers would have a role to play by bearing part of the costs of retraining local "two low" workers. The DAB is therefore supportive of the proposal. Here, I have to respond to Mr LEE Wing-tat's question of why the DAB would support the proposal. In fact, the DAB had conducted a survey in April 2007 concerning the suspension of levy on foreign domestic helper and the findings showed that the majority of the 1 200-odd respondents supported the suspension of levy temporarily.

The DAB supports the imposition of the levy on employers of foreign domestic helpers because, just as I said earlier, this levy is a sustainable and stable source of income for the provision of training to local workers, through which local workers are encouraged to upgrade their skills. As a result, the rate of unemployment would be lowered and the local "two low" workers would have better prospects. On the premise of securing a reliable source of funding for the

ERB, the DAB has reservations about the abolition of the levy on foreign domestic helper indefinitely. For this reason, the DAB will not support Mrs Regina IP's amendment.

Being struck by the financial tsunami, cases of closures of enterprises and layoffs were heard incessantly. Even the Chief Executive and government officials have called on Hong Kong people to face the cold winter and prepare for the worst. The DAB also hopes that the ERB will provide targeted training courses for the laid-off workers so that they can be re-employed within the shortest time, which may include the provision of short-term internship programmes. We can see that victims of the tide of layoffs triggered by this financial tsunami are often employees of the service sector. How can they be enabled to land a job expeditiously once the retraining courses complete? I hope that the ERB would pay more attention to this respect.

The DAB is also very concerned about whether the design of courses offered by the ERB in the future can cater for the needs of "two low" workers. In the Subcommittee, a Member expressed the concern that the deployment of considerable resources to co-operation with various universities would reduce the services provided to its primary targets, that is, the "two low" workers". The DAB shares this view. We request that the ERB address Members' concern in this regard in providing relevant information in the future. As for the plan to increase the expenditure from \$400 million to \$900 million in 2008-2009, we eagerly hope that the resources will be properly and prudently used. We will support the reasonable use of money to enhance the necessary services, but if the ERB turns out to be a "spendthrift" and spends for the sake of spending, I believe no Member would tolerate this.

Lastly, I eagerly hope that public discussion on the foreign domestic helper levy can continue, and I also hope that this Council will have an opportunity to further discuss the Government's commitment in this regard. I so submit. Thank you.

**MR WONG YUK-MAN** (in Cantonese): Deputy President, we in the League of Social Democrats (the League) support the resolution proposed by Mrs Regina IP.

For reasons of social justice and equality, we support Regina IP's resolution, which proposes the permanent abolition of the employees retraining levy. We naturally understand the position of the DAB. We also hope that the

so-called pro-establishment force (actually just three functional constituency Members in addition to those belonging to the DAB) can be true to their conscience and realize that they should support the permanent abolition of the employees retraining levy today.

The reason is very simple. The resolution under debate today can give all the young students who are here today a very good opportunity to distinguish between right and wrong, to tell the honest from the dishonest, and to see clearly who are actually the real apologists of the Government's unpopular and unjust policy despite their avowed upholding of people's interests. I must of course point out that we support Regina IP's resolution because we want to uphold justice and equality.

We also hope that if the resolution is passed, the Government can consider the idea of returning all the levy proceeds collected in the past to foreign domestic helpers. Just now, Mr LEUNG Yiu-chung mentioned a document prepared in 2003 by the present Chief Executive (who was then the Chief Secretary for Administration). I have a copy of this document now, and it is the Report of the Task Force on Population Policy. At that time, he said that since it was necessary to launch employees retraining programmes, the levy must be imposed. He added that the wage of foreign domestic helpers had to be reduced. He lumped the two issues together for discussion.

Some thought that these were two separate issues. They argued that on the one hand, the standard wage of foreign domestic helpers was reduced by \$400 and employers were required to each pay a levy of \$400, but employers did not actually have to pay the \$400, because the levy would come from the deducted wages of foreign domestic helpers. And, the authorities then went on to give all sorts of high-sounding justifications for the wage deduction of \$400. They also referred to the poor shape of the economy and advanced an even more ridiculous argument, that there was a need to reduce the unnecessary employment of foreign domestic helpers and their impacts on the employment prospects of local workers. These are all absurd arguments, aren't they? They are pure nonsense, aren't they? How do foreign domestic helpers affect the employment prospects of local workers? But then, everybody must follow their insane arguments.

Honourable Members, I must tell you that this is an unjust policy. The justifications advanced at that time were so grand and lofty. But all the

apologists can no longer be seen in this Chamber now. Should the \$400 be regarded as a tax? Buddy, please give us no more nonsense. It is not a taxation item. It is called the employees retraining levy, and it should not be imposed anymore. What has the Employees Retraining Board (ERB) achieved anyway?

Frankly speaking, the Government is unable to tackle the disparity between the rich and the poor and to ease the unemployment problem. Years ago, on the excuse that the unemployment rate was high, the Government targeted on foreign domestic helpers, forcing them to bear the costs of retraining local workers. Is this reasonable?

Deputy President, I want to tell the students in the public gallery that today, 10 December, is the Human Rights Day. They must remember that men are all born free, with equal dignity and rights. Hong Kong has no right to call itself an advanced and civilized city. What is the wage of a foreign domestic helper in Hong Kong now? A foreign domestic helper must assist in looking after the children of her employer and must also prepare meals for the family. Before 1 April 2003, their standard monthly salary was \$3,670. But on 1 April 2003, the standard salary was reduced by \$400, down to \$3,270 (The previous salary was \$3,670, as I have just mentioned). And, in the same year, a local employees retraining levy was imposed on employers of foreign domestic helpers. The levy and the wage deduction are exactly the same in amount, both being \$400. Honourable Members, how can anyone still deny that the wage deduction is not meant for helping employers to pay the levy? The relationship is all very clear. But then, he still argues that they are two separate issues. I also think that they are two separate issues. And, I also hope that Mrs Regina IP can support the proposal of returning all the previously deducted wages to foreign domestic helpers.

What is the discrepancy now? Let me tell Members ..... The authorities have been claiming that there have been continuous adjustments of foreign domestic helpers' standard wage. According to the authorities, the standard wage was increased by \$50 on 19 May 2005, up to \$3,320; on 30 May 2006, it was further increased by \$80; then, on 6 June 2007, the standard wage was again increased by \$80, up from \$3,480. And, on 1 July 2008, there was yet another increase of \$100, bringing the standard wage up to \$3,580. It is said that there has been a total increase of \$310 during 2003 to 2008. It is shameful, Honourable Members. It is really shameful.

Some people now argue that rather than just reducing foreign domestic helpers' standard wage, we have also been giving them pay rises. Their wages were cut years ago because of what the incumbent Chief Executive said ..... He was then the Chief Secretary for Administration, and I must say that there is really no justice on earth. How can such a person become the Chief Executive? He said at that time that since the standard wage adjustment for foreign domestic helpers in 1999, all local economic indexes had been dropping. As a result, he went on to say, the standard wage for all foreign domestic helpers whose employment contract was signed on or after 1 April that year would be reduced by \$400.

But how has the Hong Kong economy been doing since 2005, that is, during the period between now and the standard wage deduction for foreign domestic helpers? In 2005, our economy grew by 5% to 5.8%. And, it was followed by a growth of 6.8% afterwards. In 2005, the average wage of local workers increased by 1.7%, which was quite a high rate for the period from 2002 to 2005. On the other hand, the local employees retraining levy imposed on employers of foreign domestic helpers has never stopped, so money has all the time been taken from the pockets of foreign domestic helpers to retrain all those low-qualification and low-skilled local "unemployed persons". And, since the economy started to show some slight improvement in 2005, how much in pay rise has the Government given to foreign domestic helpers? As Members have already heard from me, the standard wage has just been increased bit by bit, by only several dozen dollars each time.

Honourable Members, are foreign domestic helpers not also human beings? We often say that there is no racial discrimination in Hong Kong. But are foreign domestic helpers not also human beings? To put it bluntly, this is nothing but withholding of wages. The Government has been ill-treating foreign domestic helpers. What is more, it has also put in place such a policy, one which has benefited the political parties so much. I was not in the Chamber when some Members spoke just now. But I must ask, "Did they declare their interests?" The Chairman of the DAB was once the Chairman of the Employees Retraining Board. How much money has the DAB got? And, the FTU? The Hong Kong Association for Democracy and People's Livelihood? The Neighbourhood and Worker's Service Centre? And, LEE Cheuk-yan? When they speak later on, they must remember to declare their interests. I must tell

them that they are all the beneficiaries of the policy. I really mean what I say. As for the League, it is not a beneficiary.

"Eat not the crops of Zhou". Do I have to explain this idiom? To put it very simply, if the Government does not increase the wages of foreign domestic helpers or adjust their standard wage, we will certainly oppose this policy. Therefore, we will definitely support Regina IP's motion today. There is no room for bargaining, and we are not trying to oppose whatever the DAB supports. We support this resolution, which upholds justice. To the middle classes, the passage of this resolution will also be a form of relief. But we are more concerned about the interests and rights of foreign domestic helpers.

Honourable Members, foreign domestic helpers must toil and sweat away from their home countries in order to earn only some \$3,000 a month. This is the standard wage. Over all these years, and having spent so much money, how many people have the Employees Retraining Board retrained? How has it alleviated the unemployment problem? All its reports are nothing but big lies. Most ridiculously, they have even lowered the age of retraining to 15. These retrainees are just 15. They should continue their studies in school. More school places should be provided to them, so that they can continue their studies, right? How can they be asked to receive retraining and work as labourers when they are only 15? How can they be regarded as low-qualification, low-income and low-skilled workers when they are only 15? Do Honourable Members know how large the development potentials of a 15-year-old are?

Deputy President, all the students here must shape up. They must not thus think that they are really low-skilled, low-qualification and low-income workers. They must not thus enrol in retraining programmes and then use the travel allowance given by the Government to patronize karaoke establishments. Basically, this policy is a failure. The Government's unwillingness to ease the unemployment situation aside, the worse thing is that while it does not do anything itself, it has even targeted on foreign domestic helpers. It has shamelessly done so for many years. And, when the economy is in bad shape, it just proposes to waive the levy for two years. Following this, it puts up a show in conjunction with the DAB, talking about waiving the levy for five years.

I must tell Members that we will definitely support Mrs Regina IP's motion. We are rarely on her side, frankly speaking. Any Member who puts

forward a resolution that upholds justice and equality will certainly have our support. But we are always outraged by all those political parties which resort to eloquent sophistry, fabricated justifications and various excuses to back up the Government.

I must tender a piece of advice to those political parties which are against Mrs Regina IP's resolution. There is still a couple of hours to go before voting. They might as well move aside to the outside of a toilet, where there are fewer people and then think it over calmly before deciding how they should vote. Some of course think that this resolution will certainly be negatived. Let me do some vote counting here. How many directly elected Members will support the resolution? How many functional constituency Members will also do so? The Liberal Party has three votes. I am counting the votes now. Some Members are not in the Chamber now, but this does not matter, for they will return later to cast their votes. The "Three L's" are not here. I reckon they will be on the side of the Government. There are three other Members over there. As for the FTU, I really do not know its position. Let us wait and see whether the FTU will uphold the rights of workers. They will certainly argue that this resolution has nothing to do with the interests of workers, right? They will argue that these are separate issues, and that only the retraining levy is under debate. So, they will then argue that the FTU supports providing retraining to local low-income, low-qualification and low-skilled workers, right? But, how about foreign domestic helpers? Middle-class people, who are the employers of foreign domestic helpers, are so miserable now. The middle classes are about to slip downwards on the social ladder. How about them? If the middle classes run into trouble, the grassroots will suffer equally greatly. Therefore, all will simply suffer together.

Therefore, if the FTU stands on the side of workers and we can get their votes, the passage of the resolution will be very much a certainty. I have been doing a rough vote counting for the Government. Let us wait and see whether my guess is correct. By the way, the "fat guy" sitting next to me will probably support the Government. I am trying to count the votes for the Government. Therefore, the passage of the resolution is not a total impossibility. Honourable Members, it is because we can still "coerce" some Members outside the Chamber. Where is "Hulk" now? "Hulk" is strong enough to coerce people and prevent Members from entering the Chamber to cast their votes. Can we do that? Is it against the law? As long as there is no contravention of the Rules of Procedure, it will be alright. But if it is against the law, we must not do so.

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

**MR WONG YUK-MAN** (in Cantonese): So, it is really shameful, very shameful, that we must still argue over this issue today. I find this very shameful. Why have we fallen into such a state? Why do we still need to discuss this matter in the Chamber? I remember that in 2003, when this policy was launched, I chided them on the radio. But even though I chided them day and night, asking for reasons and justifications, no one paid any attention to me. This Mr Donald TSANG did all this within the same day. I hope that his popularity rating will drop below 50% next week. This will probably be the case. This should be the case. Honourable Members, there can be justice on earth only when this is the case. His current popularity rating is 50.2%. As a result of this incident, and if one or two more incidents occur later, his popularity rating should drop to just 40% or so. In that case, he can call it a day, right? With such a low popularity rating, how can he still serve as the Chief Executive?

The Secretary for Security's popularity rating has dropped from 69% to 49%. Just now, I said to him, somewhat jokingly, that he once even outdid his boss, so it was only proper and reasonable for his popularity rating to drop below that of "Bow Tie" now. After the "chartered flight" incident (in which Hong Kong was the last to charter a flight), his popularity rating plummeted by 20%. Public opinions are really something. I think people are really very smart, so the drop of 20% is a foregone conclusion. In the case of "Bow Tie", his popularity rating will certainly drop below 50%. I can actually give Members my word. Following this incident, his perverse acts ..... I am using the expression used by DAB Chairman TAM Yiu-chung to criticize Donald TSANG. TAM Yiu-chung chided Donald TSANG for his "perverse acts". But he did not realize the severity of this expression. If he was really speaking honestly against Donald TSANG's misdeeds, and if he still uses the same expression again in similar cases in the future, I would say that he is really something. This present policy is truly a perverse act, right? Members and most Hong Kong people think that the levy should be abolished permanently. But he has acted against public opinions, sticking to his perverse act. I must therefore say, "The DAB is guilty of this perverse act. 'Bow Tie' is guilty of this perverse act." Full stop.

**MR LEE CHEUK-YAN** (in Cantonese): Deputy President, WONG Yuk-man said that a declaration of interest was the most important thing. Therefore, on behalf of the Hong Kong Confederation of Trade Unions (CTU), I am going to make such a declaration. We are a retraining institution, but we do not receive any government funding. Rather, we are genuinely engaged in the provision of retraining to workers. Having said that, I must add that our status as a retraining institution will not make us support the Government's imposition of the levy on foreign domestic helpers. I believe that the CTU, its member unions and trade unions of foreign domestic helpers are all opposed to the levy and will support the resolution on permanently abolishing the levy moved by Regina IP on behalf of the Subcommittee.

(THE PRESIDENT resumed the Chair)

I support the resolution mainly because the levy is based on an unreasonable principle and it was imposed in an inglorious manner years ago. Why do I say that the levy is based on an unreasonable principle? Members must realize that a middle-class employee or a middle-class person who employs a foreign domestic helper has already paid his salaries tax, so it will be double taxation for him when he is required to pay the levy.

Actually, the middle classes are in a very miserable situation. The reason is that while they must pay taxes, they are denied some government services. For example, they are denied child-minding and elderly care services because the services provided by the Government are inadequate. However, they must still work (There are many dual-income families in Hong Kong), so they are forced to employ foreign domestic helpers. Admittedly, as a result of the employment of foreign domestic helpers, women or even entire families in Hong Kong can be released to join the workforce. But the employment of foreign domestic helpers is actually the result of their being denied government services. Since they must take on foreign domestic helpers because they are denied government services, it will be most unfair to require them to pay a levy in addition. If the Government can improve its services and provide adequate elderly care and child-minding services, if the practices of other countries can be adopted in Hong Kong ..... For instance, in some countries, employees can bring their children to work because child-minding services are available in their workplaces or nearby areas. In that case, they will not need to employ any foreign domestic helpers. But

there are no such services in Hong Kong, so people are compelled to employ foreign domestic helpers. It is very unreasonable to impose a levy on them for employing foreign domestic helpers, because this will amount to double taxation. Therefore, we hold that the Government should first free the middle classes from double taxation.

Second, the Government often mixes up foreign domestic helpers and imported workers in all the discussions. I think the two are completely different. The rationale behind the importation of labour is to enable employers to make profits and engage in a commercial operation. But since the required workers are not available locally, there is a need to import workers. A levy was imposed on the employers concerned because it was thought that since the required workers could not be hired locally, local workers must be trained up for all the jobs. As a result, for every imported worker, a levy must be paid to finance the holding of training programmes. Here we are talking about profit-making economic activities, which may be a factory or an airport-related works projects requiring the imported labour. In contrast, the employment of foreign domestic helpers has nothing to do with any such economic activities. Rather, foreign domestic helpers are just hired to look after small children and the elderly. The employment of these helpers has nothing to do with any profit-making economic activities. Therefore, foreign domestic helpers and imported workers are completely different. However, in 2003, the Government treated foreign domestic helpers as no different from imported workers. In the end, a levy was also imposed on employers hiring foreign domestic helpers.

Another major point, as I have mentioned, is that the tactic of the Government was most inglorious. Secretary, I did point out at that time that it could not have been a mere coincidence. Employers were required to pay \$400 in levy, and the standard wage of foreign domestic helpers was reduced also by \$400. The Secretary may argue that the standard wage of foreign domestic helpers has always been on the increase, and the only reduction was made in the year concerned. He may also explain that the reduction was caused by changes in external factors which led to the decline of the economy and the decreasing incomes of the middle classes, and that it was only because of all these factors that the standard wage was reduced. But was it really sheer coincidence? The strangest thing was that it was \$400 for both sides. This gives people the feeling that the Government wanted to impose a levy on employers, but it also wanted to make foreign domestic helpers bear the \$400, so it decided to slash their standard

wage by \$400. The intention was most evident. Not only did everybody think that way but they were also very upset.

In effect, the Government has targeted on foreign domestic helpers, who are the most vulnerable group in Hong Kong, and made them to pay the levy. As can be expected, the Secretary will surely deny this, as he often argues that these two measures must be discussed separately. However, any observant person will be able to see that the Government has obviously shifted the levy to foreign domestic helpers. This vulnerable group of foreign domestic helpers have to leave their home countries in order to earn merely \$3,000 or so a month, but the Government has still reduced their standard wage by \$400. This is very unreasonable. I know the Secretary will surely give us all sorts of justifications later on. But his justifications will never change the fact that the Government has targeted on the foreign domestic helpers. Therefore, the Government's tactic was inglorious.

Another inglorious aspect of the Government's tactic was that it did not ask Legislative Council Members to formally vote on this measure. In 1996 or 1997, when the Government explained the definition of "imported workers" in the relevant legislation, we questioned whether the term would also cover foreign domestic helpers. At that time, the Government replied in the negative. But then in 2003, the Government made a U-turn in its attitude, saying that the definition also covered foreign domestic helpers. On the basis of this, it managed to include foreign domestic helpers in the ambit of the legislation. In this way, it could impose the levy without securing the Legislative Council's approval. This was inglorious.

If the Government really thought that society as a whole would support the imposition of the levy, it should let the Legislative Council vote on the proposal and endorse it. But it did not do so years ago. We therefore strongly questioned the motive behind its tactic. Why did it make the special effort of bypassing the Legislative Council? The Government's tactic at that time was extremely inglorious. To sum up, the Government did two inglorious things. First, it shifted the burden of the levy from employers to foreign domestic helpers. Second, it bypassed the Legislative Council. That being the case, when we now have the chance to vote on the matter in the Legislative Council, we must start from the very beginning to see whether it is right to impose the levy and whether we should render our support. I really wonder why the DAB

should support waiving the levy for five years. Actually, we should be looking at the question of fundamental principles rather than any number of years. As a matter of fundamental principle, should the Government impose the levy in the very first place? As a matter of principle, should it target on the employers concerned? And, I am not even talking about the fact that it should not have targeted on foreign domestic helpers and slashed their standard wage by \$400 then. However, I have not heard any clear explanation from the DAB. Why do they think that the levy should be imposed as a matter of principle?

And, from what perspectives should we look at the needs of the Employees Retraining Board (ERB)? I have always supported the work of the ERB, and I have always supported the idea of retraining, too. That is why I do not quite agree to a point made by WONG Yuk-man just now. He thinks that 15-year-old youngsters should stay in school and receive education. This we all agree. But what are all those people who cannot do well academically going to do? This is the problem. If all 15-year-old youngsters can do well academically and even enter university, there will of course be no problems in Hong Kong. We may criticize the education system for its failure. But the fact remains that there are truly some "non-engaged" and "hidden" youth who drop out of school at the age of 15. The fact that they have dropped out of school does not mean that they do not have any talents or prospects. Only that school education is not suitable for them. As a matter of fact, there are really such people. What is so wrong with tasking the ERB to train them and assist them in developing their career? The ERB has just been trying to salvage these youngsters. Providing 15-year-old youngsters with retraining is after all better than letting them remain "hidden" and "non-engaged". Retraining can give them chances of securing employment and assist them in developing their careers on the basis of their interests and aptitude. I am not saying that the present system of retraining is already the best. I think the best system should be one under which a youngster can first get a job in the form of a two-year training contract in an enterprise, so that they can receive training and pursue studies at same time. This is the ideal system. Although the present retraining system may not be the best, I am strongly opposed to any argument that it is not necessary for 15-year-old youngsters to receive any training. I maintain that training is very important to 15-year-old youngsters who cannot do well academically.

Mr LEE Wing-tat referred to the increase of funding for the ERB from \$400 million to \$900 million, questioning whether the ERB was supposed to

expand indefinitely. When I was a member of the ERB, its funding was around \$400 million. I have been urging the Government to provide the ERB with more resources because the demand is actually very great. Some may doubt the effectiveness of retraining. Many a time, I have challenged such an argument. Anyone who doubts the effectiveness of retraining should realize that a retraining programme offered by the authorities is of two weeks' duration only. Can the retrainees thus become very, very well-equipped? The most they can do is just to change their jobs after retraining. They may take up new occupations. They may become security guards, domestic helpers, hotel room attendants or personal care workers. But they cannot possibly be retrained to take up any high-skilled or clerical jobs because only very limited resources are provided by the authorities. If more resources can be provided, it may well be possible to significantly upgrade their skills, or they may be able to find much better jobs. But while the demand is very great, the resources provided by the authorities are very limited. Even if \$900 million is allocated for the purpose, the resources available will still be very limited. Maybe, training programmes of longer durations can be provided, but in any case, the longest possible durations will just be five weeks or six weeks. Can a training programme of five weeks or six weeks in duration make a retrainee extremely well-equipped? Even a university student is not so well-equipped after completing four years of studies. So, what can be expected of retrainees?

For this reason, I hope that anyone who questions the effectiveness of retraining can ask themselves how much has been devoted to assisting unemployed workers wishing to change their occupations. If the resources provided are limited, the results are bound to be limited. One simply cannot expect too much. However, it does not mean that we should have no demand. The important point is that a retraining programme meant for helping the retrainees to switch to the guarding occupation should already be considered satisfactory if it can achieve this very aim. We cannot expect the retrainees to take up any high-skilled jobs. Years ago, I pointed out to the Government that a funding of \$400 million would not be enough, and that the admission age for retraining should be lowered to 15, so as to give "non-engaged" youngsters one more alternative. I also advised that the level of programmes eligible for subsidy should be raised from Secondary Three to Secondary Five.

I may quote an example to illustrate my point. Someone once rang me up, asking whether I was aware that Lingnan University had recently launched a Health Care Assistant programme (HCA programme). He told me that the

tuition fee was more than \$4,000. He said that he could not afford the cost and asked me why the ERB did not provide any subsidy. I then enquired with the ERB, which replied that the targets of retraining were Secondary Three students, so Secondary Five level programmes would not be offered any subsidy. It also explained that the HCA programme was intended for Secondary Five students.

The question of whether Secondary Three level programmes should be given subsidy had dragged on for several years. It was not until very recently that the level of programmes eligible for subsidy was raised to Secondary Five. This is reasonable. The Government must of course increase funding provision, so that HCA programmes can also receive subsidy. If not, how can some people afford the tuition fee of more than \$4,000? And, this is not to speak of the fact that the salaries offered by such jobs are not very high, just about \$7,000 or \$8,000. A person looking for a job offering just \$7,000 or \$8,000 a month will find it very hard to bear a tuition fee of more than \$4,000. The present arrangement is therefore satisfactory, and it is reasonable to increase the funding from \$400 million to \$900 million. Members should not query why the ERB should use so much public money.

Despite my support for retraining, I still think that the provision of retraining should be the responsibility of the Government. The Government should bear the responsibility hundred percent. If the Government is really as committed to retraining as I am, it should increase the required funding. Even if the levy in question is abolished, it should still provide funding for retraining. It is only by doing so that it can call itself a sensible government, a government with a sense of responsibility. Therefore, I hope that the Secretary can refrain from arguing that if the levy is abolished, there will be a shortage of funding for retraining. What is involved is just a question of priority. If the authorities think that retraining is really important, they will naturally provide resources. I hope that the Government can continue to show its commitment and provide resources. But the resources should not come from foreign domestic helpers and the levy imposed on their employers. President, I hope Members can support Mrs Regina IP's amendment today. It is a reasonable request. As a matter of principle, no levy should be imposed on employers hiring foreign domestic helpers.

Lastly, I must call upon the Government to return the money to foreign domestic helpers. The Government reduced the standard wage of foreign domestic helpers by \$400. Their present standard wage is still \$90 short of the

original amount. After several years of hardship, they are still unable to receive the original wage before the reduction of \$400. There is still a shortfall of \$90. The Government should restore their minimum wage to the original level as soon as possible. This is the reasonable action it must take. Thank you, President.

**DR PRISCILLA LEUNG** (in Cantonese): President, many people in Hong Kong like to call themselves middle-class. The middle classes are supposed to be the stabilizing force, the pillar, of Hong Kong society. We the middle-class people bear the heaviest tax burden but enjoy no social welfare at all. I can observe that many middle-class people have recently lost their jobs. Journalists each earning less than \$15,000 a month will still regard themselves as middle-class on the basis of their job nature. They still want to work even when this means that they must spend the salaries they earn on employing foreign domestic helpers. This exemplifies Hong Kong people's spirit of industry. However, middle-class people are not rich people. Families employing foreign domestic helpers are not necessarily wealthy. Foreign domestic helpers are not a luxury, but just a necessity. We have been hearing many news reports on layoffs day after day, telling us how some large corporations have laid off 5 000 employees and 10 000 people worldwide and how UBS and Asia Television Limited have also laid off staff. The talents who have been laid off are mostly middle-class people.

In the past, whenever middle-class people heard the mentioning of the employees retraining levy, most of them would raise objection. They were discontented because they queried why they must be the ones to pay the levy. The situation then was not as bad as the situation now. The situation today is even worse. Today, thinking that they may not hire any foreign domestic helpers in the future, they may grumble why government policies always fail to take account of their situation. We oppose the employees retraining levy. But I believe no one is against the provision of retraining. This point must be made very clear. The reason for our opposition is the unreasonable rationale behind the levy. The wine duty was totally waived so very quickly, but the foreign domestic helper levy has been discussed for so many years, and the Government still refuses to withdraw it. Why? Many middle-class people will also ask why they have all along been ignored. The middle classes will soon become proletarians. The majority in Hong Kong will soon become "middle bankrupt classes". This stabilizing force in Hong Kong may well turn discontented and cynical.

I was the first one in the past two years to initiate discussions with the public on the levy. At that time, I too declared my interest because I hired a foreign domestic helper. I have been employing a foreign domestic helper because there are two children in my family. Since I must work, there must be someone to look after them on a full-time basis. Honestly speaking, although I am somewhere between the upper and lower middle classes, the annual levy of \$4,800 still makes my heart ache a little bit, so to speak. The \$4,800 can otherwise be spent on buying more story books for my children or on their social life. In the case of some less well-off middle-class families, the \$4,800 may even be all that they can spend on their children's social life. I am one of those employers in Hong Kong who have not reduced the wages of their foreign domestic helpers. I have not done so because I must depend on the helper to look after my children. I fear that she may be unhappy. So, I have not reduced her wages. I believe that many responsible employers in Hong Kong have not deducted the \$400 levy from their foreign domestic helpers' wages. In other words, the whole burden is borne by employers in such cases.

Most people want to employ foreign domestic helpers basically because they cannot afford the market wages of local domestic helpers. For this reason, they can only employ foreign domestic helpers. People do not employ foreign domestic helpers for business or money-making reasons. For this reason, they should not be the targets of the employees retraining levy. As a matter of principle, I must say that the Government has hurt our feelings. This is not a new problem. As far back as three or four years ago, when everybody first heard of the levy, they were already very discontented. At that time, when I conducted my district work, I went to many places, such as some large-scale middle-class housing estates like Laguna Verde, Whampoa Garden and Mei Foo Sun Chuen. The women I talked to in these housing estates ranged from professionals to middle-class housewives. They all requested me to include the abolition of the levy on foreign domestic helpers in my political platform, promising me that they would then support me. Why did they make such a major and personal demand? I believe they were simply discontented. They all thought that despite all their efforts, no one understood the situation of housewives. So, they felt that the whole thing was simply unfair.

We agree that the Government should allocate \$100 billion to support medium and small enterprises. We agree that the "fruit grant" should be increased. But when we ask for the abolition of the \$400 levy, the Government simply gives us the runaround. The Government now explains that the levy is

meant to provide funding for retraining. We agree entirely that there must be more resources for retraining. This is especially true these days, when the unemployment army is seen just right round the corner. We must make preparations for the transformation, enhancement and re-employment of the unemployed, because they may be required to take up jobs with which they are not conversant. I agree entirely that we must commit more resources to all these professionals and high-calibre talents. We even agree that all social strata must make concerted efforts. We must provide funding not only to universities and training institutions but also to non-governmental organizations, so that they can offer a full range of training courses. However, employers of foreign domestic helpers should not be made the only ones to foot the bill of retraining. Having exchanged views with government officials on several occasions, I note that they all seem to regard the present policy as only natural and logical, that is, they all seem to think that the levy should be paid by employers of foreign domestic helpers. I must ask, "Why? Why? Why?" Members may actually visit these families and see for themselves what their situations are like. Some of these families are living in public housing estates, and all the six family members, maybe, are crammed inside a small unit. But since they must all work to earn a living, they must employ a foreign domestic helper. A levy of \$400 is already a very great sum of money to these families.

People have been receiving their tax demand notes recently. But some of them lose their jobs precisely at this moment. Their tax bills are a true mockery of their situations. But then, they also hear that the Government will not abolish the levy on foreign domestic helpers. Honestly, we middle-class people are very docile in a way. We will not take to the streets. Basically, we are a sensible group of people. Unless the situation has really reached an extremely unreasonable state, we will not refuse to pay the \$400. If the \$400 is meant to cater for some very urgent needs, we will certainly make payment, and even if the sum is as big as \$800, we will still comply. But all is so unreasonable now.

We have been hit by the financial tsunami, but the middle classes are not eligible for legal aid. And, while they are not eligible for any welfare benefits, they are also denied child-minding services. Honestly, our hearts are broken. I have talked to many families, and they all say that they are no longer discontented. Rather, their hearts are simply broken and they no longer cherish any more hopes, because they think that the Government is just trying to rub salt into their wounds. This is no exaggeration. They really find the whole thing very unreasonable. Secretary, I do understand that we must consider where all

the required resources are to come from. But still, I must say that the deployment of resources must always be reasonable. Should the burden of retraining be borne by this group of people alone? Why can't we try to find out how the overall government expenditure can be distributed more reasonably, so that all in society can share the costs? I so ask because retraining should be a common responsibility of all in society.

The middle classes are the pillar of our society. Politically and work-wise, we are all results-oriented and pragmatic. Most of the time, we want to be a force of social stability. But the Government must still care for our feelings. People's feelings are very important. All sorts of mixed feelings will well up in people when they receive their tax bills, knowing at the same time that they are nonetheless denied any welfare benefits. Expressions like "the most miserable classes in the middle" and "the middle bankrupt classes" are not invented by me. Rather, I heard them from two of my friends rendered jobless recently, who rang me up to ask me to make their voices heard. For this reason ..... Their families ..... These two professionals have recently lost their jobs. The levy on foreign domestic helpers may no longer be their concern because they may be unable to employ any foreign domestic helpers, and their wives must stay home to look after their families.

President, I remember that when I campaigned in the streets two years ago, the levy proceeds had already amassed to \$3.26 billion. The sum is even as big as \$4.9 billion now. I suppose this is still not enough to meet the needs of the unemployed ranks that emerge from the financial tsunami. I agree that more resources should continue to be provided for the purpose of retraining. We should also draw on the abilities and intelligence of all in society and consider how the Government and society as a whole can solve the present problem. But we must remember that uneven distribution, rather than scarcity, of resources is the fundamental problem. If the middle classes cannot detect even the slightest trace of concern in all policies, they will certainly despair and start asking questions. They will start asking why they have still not been given any attention and care, now that they have fallen from the middle strata of society to the poverty line. Therefore, I must make an appeal to the Secretary and the Government once again. We are a typical group of middle-class people. We very much hope that the Government can hear our voices. Whatever we are talking about — the employees retraining levy or any other welfare benefits that can be considered ..... All those who have recently lost their jobs, all those who

have recently become proletarians or bankrupt must need a job again. They need morale, confidence and hope. I hope the Government can give them some confidence and hopes. I support Regina IP's amendment on the total abolition of the levy on foreign domestic helpers. Thank you.

**MS MIRIAM LAU** (in Cantonese): President, as early as 2007, the Liberal Party already advocated that the Government should permanently abolish the levy on foreign domestic helpers. On 11 July 2007, Members belonging to the Liberal Party asked an oral question on the employees retraining levy, questioning whether the Government would consider a reduction or even abolition of the levy. In August the same year, when the Liberal Party put forward its expectations regarding the 2007-2008 policy address to the Government, it again requested the Government to abolish the employees retraining levy.

President, the imposition of the levy on foreign domestic helpers is actually a very unreasonable policy. Just now, Mr LEUNG Yiu-chung said that he had examined the relevant records, and he also described what happened then. In 2003, the Chief Executive in Council issued an executive order on the imposition of a levy relating to the employment of foreign domestic helpers. Without any prior consultation, and without checking whether employers of foreign domestic helpers had any particular views, a levy was imposed on them to finance retraining programmes. Besides, the Government did not hold any discussions with the Legislative Council either. According to the files and information we have examined, in 1995, that is, before the reunification, the then Secretary for Education and Manpower, when referring to the importation of labour schemes, remarked that since the employment of foreign domestic helpers fell under a category different from that of the importation of labour schemes, the former would not be subject to the payment of any levy. However, eight years later, in 2003, the Government suddenly said that a levy must be imposed on employers of foreign domestic helpers. It even included the employment of foreign domestic helpers in the importation of labour schemes, so that it could require all employers of foreign domestic helpers to pay a monthly levy of \$400. But it must be pointed out that at present, no levy is imposed on the employers concerned in the case of at least two importation of talents schemes, namely, the Quality Migrant Admission Scheme and the Admission Scheme for Mainland Talents and Professionals. This can show that the Government has not been adopting consistent standards and policies. It has only been doing things at will.

Therefore, the Government's argument that employers of foreign domestic helpers should have the responsibility of paying the levy is nothing but a mere pretext. Its only wants these employers to help relieve its financial burden. And, it even wants their help indefinitely. This is very unfair to these middle-class employers, who have already paid all their share of taxes.

Frankly speaking, as a result of the prosperity over the past few years, the fiscal reserve of the Government already amassed to \$455.6 billion as at 31 October this year, far higher than the \$234.4 billion at the end of October 2003. The Government's financial position has improved very greatly. Even though it is expected that a fiscal deficit, or even a far more serious deficit, may surface again in the time to come, the Government must still explore how our public money can be used effectively to boost the economy. It must never continue to put the responsibility of easing the fiscal deficit on employers of foreign domestic helpers.

The Liberal Party does not agree that employers of foreign domestic helpers should be made to bear all the responsibility of retraining. Even if all factors are brushed aside, it must still be noted that the amount of levy has already amassed to \$4.9 billion, which is more than enough to enable the Employees Retraining Board (ERB) to operate on the existing basis, that is, with an annual funding of less than \$400 million, for a decade or two. There are no justifications for continuing to require employers of foreign domestic helpers to bear the burden.

Following its recent repositioning, the ERB has extended its services to all working age groups (covering all those between 15 and 59 years of age). And, all people, including ethnic minorities, new arrivals and rehabilitated offenders, with an educational attainment of sub-degree or below can enrol in training programmes. It can be said that the ERB now provides vocational training to the entire working-age population of Hong Kong. This means that the nature of the employees retraining levy has changed. Rather than simply providing training to those local employees affected by the importation of workers, the ERB is now running a "talents development programme" for all Hong Kong people. Its funding has at the same time risen from \$400 million to \$900 million a year. The Liberal Party naturally welcomes this change because more people are now eligible for training. But should the responsibility of upgrading the quality of our population fall on the middle classes? Should this be the responsibility of employers of foreign domestic helpers? We maintain that this should be the

unshirkable responsibility of the Government. The required funding, as in the case of education, public security and social welfare, should be met by the Government's general revenue. Employers of foreign domestic helpers must not be made to foot the bill. But under the existing system, the Government throws a banquet, and the middle classes are made to pay.

President, the Government seems to think that its present proposal to suspend the levy on foreign domestic helpers for five years is already a very big favour to people. But such a mentality is indeed very ridiculous. The Government should realize that to all employers of foreign domestic helpers, the levy on foreign domestic helpers is unreasonable as a matter of fundamental principle. Even if it is suspended for five years, it is still very much like a sword of Damocles over the heads of the 200 000 or so employers of foreign domestic helpers, for the problem has not yet been tackled.

Another thing is that at one time, the Government talked about a suspension of two years, but later, owing to lack of popular support, it made further concessions. The Government's ally, the DAB, in particular, has even proposed to suspend the levy for five years. What actually are the justifications? This really baffles everybody. I think the only explanation is that the Government is unwilling to let the middle classes go, is downright greedy. It still wants to oppress the middle classes. As a matter of fact, the burden on employers of foreign domestic helpers has turned increasingly heavy. Since 2005, the standard monthly wage of foreign domestic helpers has been increased for three years in a row, rising from \$3,270 in 2003 to \$3,580 in July this year. The accumulated increase amounts to \$310, and the cumulative rate of increase is 9.5%, which is even higher than the increase rate of 8.3% for the Composite Price Index during the same period. This has added to the burden on employers of foreign domestic helpers. The Liberal Party therefore maintains that the monthly levy of \$400 must be abolished, so as to ease the burden on employers of foreign domestic helpers, especially middle-class families.

Another pretext often cited by the Government is that the levy on foreign domestic helpers is the main source of funding for the ERB. But I must point out that the levy proceeds were actually frozen until 1 December last year. In the past few years, however, the ERB still managed to function very smoothly, showing that the Government has simply been bluffing. This is hardly tenable

as a justification for ruling out the permanent abolition of the levy on foreign domestic helpers.

Mr Ronny TONG said just now that the Civic Party had conducted an opinion poll, which showed that 69% of the respondents were in favour of abolishing the levy on foreign domestic helpers. The Liberal Party has also conducted a random telephone opinion poll. The findings are similar to those of the Civic Party survey. More than 60% of the respondents were strongly against the levy, maintaining that it should be abolished.

President, since there is such a public outcry and everybody maintains that the Government should abolish the levy on foreign domestic helpers, I hope that the Government can pay heed to public opinions and take immediate actions to abolish the levy permanently. I also call upon those political parties, groupings and Members who are on the side of the Government to support Mrs Regina IP's amendment today.

With these remarks, President, I support the amendment put forward by Mrs Regina IP.

**MR WONG SING-CHI** (in Cantonese): Since the levy on foreign domestic helpers is the main source of revenue for the Employees Retraining Board (ERB), the Government has all along emphasized that the levy must be retained, so as to maintain the provision of retraining. Established in 1992 by virtue of the Employees Retraining Ordinance, the ERB aims to provide skills training and job referrals for qualified employees through a number of appointed training institutions, with a view to meeting the needs of Hong Kong's economic transformation and social development. It is established mainly to meet the needs of economic restructuring, but employers of foreign domestic helpers should not be made to bear the consequences of economic restructuring. The ERB also aims to cater for the needs of social development, but, once again, why should employers of foreign domestic helpers bear the responsibility of social development?

The targets of retraining used to be those unemployed persons aged 30 or above, with an educational attainment of Secondary Three or below. However, in December 2007, the ERB relaxed the eligibility requirement, extending enrolment to those aged 15 or below with an educational attainment of sub-degree

or below. We have been criticizing this policy, questioning why 15-year-old youngsters should be allowed to enrol in retraining programmes. What kind of retraining are we talking about here? They have never had any jobs, nor have they ever had any chances of working in society. So, how can anyone talk about giving them retraining? Is it because of such youngsters' poor academic results that people think that they are incapable and thus want to let them try working? This is training, obviously not "retraining". Mr LEE Cheuk-yan remarked just now that even 15-year-old youngsters needed training. Yes, I agree. I believe all those Members who support Mrs Regina IP's motion today will agree that even 15-year-old youngsters need training. But should employers of foreign domestic helpers bear the responsibility? The answer is clearly in the negative. All youngsters must receive some training when they start working in society or even before they actually do so. But the costs of such training should be borne by society as a whole. Therefore, it is unreasonable to make employers of foreign domestic helpers bear the additional costs arising from lowering the eligibility age to 15. Such extra costs should be borne by the Government.

What does all this show us? The answer is that the ERB has changed its direction of work. According to the consultative document published by the ERB in January 2008, the direction of employees retraining should change from equipping the unemployed with timely vocational skills to the development of talents. In other words, the focus has shifted from vocational skills to the development of talents. Therefore, it is alright for the Government to include 15-year-old youngsters as retraining targets. But should the responsibility be borne by employers of foreign domestic helpers?

We still have one more worry. There is actually no lack of vocational training and support services for youngsters in Hong Kong. There are such services, provided by the Labour Department, and funding for such purposes is available to different organizations. There is even co-operation with the business sector. One example is the Youth Pre-employment Training Scheme, an integrated pre-employment training scheme for youngsters. When I worked as a social worker, I also assisted some organizations which participated in the Youth Pre-employment Training Scheme. My observation is that one cannot dismiss the scheme as useless. It is certainly useful. And, I also think that it is enormously helpful, as it can provide youngsters with more development opportunities outside the mainstream education system.

Another example is the Youth Work Experience and Training Scheme. In the past, the Democratic Party already advised the Government that actual job subsidy should be provided to youngsters, so that they could give full play to their abilities through working. The Youth Work Experience and Training Scheme provides on-the-job training to young people aged 15 to 24 with below-degree educational attainment, with a view to equipping them with skills necessary for working in society after leaving school. But the ERB has relaxed its enrolment requirements. We have looked at the course contents provided by the ERB, and found that they may overlap with the programmes under the aforesaid two schemes. If this is indeed the case, how should resources be utilized? Will the Labour Department continue to meet the costs of running the Youth Pre-employment Training Scheme and the Youth Work Experience Training Scheme? Is it the right time for the Government to lower the age of retraining to 15 now? Does the Government actually want to shift the expenditure on youth training to the ERB, because the ERB can bypass the Legislative Council and does not need to obtain its approval even when it wants to organize more activities? We cannot help asking such a question.

Some youth employment training organizations or youth service centres have recently told me that they want to apply for permission to become employees retraining institutions. They have all been providing youth training. But, according to these organizations, the Government or the ERB has told them that there will be no problems with their applications, but they must make sure that the programmes they are going to offer will not duplicate the ones run by existing retraining institutions. This is where the problem lies. The reason is that the organizations concerned have always been using the funding from the Labour Department or elsewhere for the provision of such services. But then, when they want to become retraining institutions, they are not permitted to duplicate the programmes run by other institutions. This will certainly limit the range of youth training services to be provided by these youth organizations. If they continue to provide such services, where can they obtain the required resources? I believe that in the end, because of the duplication problem, these organizations may lose government funding support for the services they provide. It is obvious that the Government wants to shift part of the responsibility to the ERB.

If this is really the case, many youth service organizations may run into difficulties in their youth training work. They all have rich experience in providing training programmes, but if they are rendered unable to offer any

training programmes in future, the abilities of these experienced organizations will all be wasted.

We must add that the causes of youth unemployment are slightly different from those of general unemployment. Young people do not have any special skills. They only possess low skills and are thus easily replaced by others. But, apart from all this, young people nowadays still face a shortage of educational prospects. As a result, it is very difficult for them to upgrade their skills.

Under the existing education system of Hong Kong, the annual university intake is limited to 14 500. The Government has been encouraging institutions to offer associate degree programmes, but the recognition of associate degrees is still a big problem. Many associate degree holders are still given the cold shoulder. For this reason, associate degrees cannot give young people too much help. We can therefore see that while young people face a shortage of educational prospects, they also have even fewer job opportunities than ordinary unemployed persons. That is why it has become increasingly difficult for them to enter the labour market. It is alright for the ERB to provide funding in all cases. But the point is that there are no justifications for making employers of foreign domestic helpers bear all the expenditure incurred by the ERB. Our observation is that this problem actually involves the commitment of society as a whole in the course of its development.

Naturally, the ideal situation for all employers is that all employees can settle into their jobs and work with the highest efficiency as quickly as possible. But inexperienced young people must need more time for adaptation and learning. Young people are not the ideal targets of employers. Therefore, in order to tackle youth unemployment, we must provide them with more opportunities of employment and continuing education, in addition to training. It is only in this way that we can achieve the objective of talents development as advocated by the ERB.

We are worried about one more thing. In case employers of foreign domestic helpers must continue to finance the operation of the ERB, what will happen if a shortage of funding arises? Therefore, we must not look at the issue from this perspective. If the ERB really runs into funding problems while it must still undertake youth training work, the Government must inject the necessary resources and bear the responsibility. We hope that the Government

can show sincerity in tackling the issue of youth employment, and that it can discharge its responsibility, rather than shifting the responsibility to foreign domestic helpers and their employers. If the authorities want to use the levy on foreign domestic helpers to provide retraining programmes, then they must also consider the idea of making extra efforts in respect of employment and education (The levy must not be used for such purposes either). The Government must cease to pass the responsibility of training the youths to the ERB, lest there will never be any sound development of youth training.

With these remarks, I support Mrs Regina IP's motion.

**DR PAN PEY-CHYOU** (in Cantonese): President, on 24 November, an Indonesian domestic helper who had just arrived in Hong Kong for employment leapt to her death from the flat of her employer. According to the newspaper coverage of an interview with some people from her hometown, the new arrival was not given breakfast and dinner by her employer. After investigation, the police attributed her death to homesickness.

It is impossible for us outsiders who do not know anything about what had really happened to jump to any conclusion. However, it is actually very sad for Filipino and Indonesian maids to travel miles from their homes to Hong Kong to work around the clock at their employers' service in order to make just \$3,000 or so a month. Some unlawful employers even pay them \$1,000-odd a month. I believe it is not easy for many people to understand their plight. Doubtless, a person away from this native place is considered worthless. This is why over the past six decades, the FTU has been focusing its attention on the employment rights of wage earners in Hong Kong. We do not deny that we are most concerned about the interests of wage earners in Hong Kong. Although we do sympathize with the plight of Filipino and other domestic helpers, our greatest wish, after all, is to see wage earners in Hong Kong live and work happily here so that they will not need to go overseas to face such plights. We fully understand that if we do not protect our wage earners in Hong Kong, no other people will offer them assistance.

It must be borne in mind that, when a \$400 levy was imposed on employers of foreign domestic helpers years ago, \$400 was deducted from the wages of each foreign domestic helper. As a result, the monthly salary of foreign domestic helpers was reduced from \$3,860 to \$3,670, whereas no additional burden was imposed on their employers despite the deduction. Even though the salary had

been deducted, the income foreign domestic helpers brought with them when they returned home was still substantial.

After collecting the levy, the Government would hand it over to the Employees Retraining Board (ERB) as training expenses. I greatly appreciate Mr LEE Cheuk-yan for telling us the actual situation earlier. There is indeed a need for 15-year-old teenagers who have quitted school to receive training. The levy will not be wasted. Over the years, the ERB and other organizations financed to organize courses — I have to declare here that the FTU is one of the 50-plus funded organizations, though the amount of training expenses received by the FTU is quite small. Personally, I am an employer of a Filipino domestic helper. Therefore, I would like to say a few words about the relevant situation — the training programmes organized by the ERB have indeed helped a lot of people, especially middle-aged workers. In the wake of the industrial and economic transformation in Hong Kong or the closure of their factories, they can acquire a new skill through retraining programmes in order to find a new job and start afresh. I believe these programmes have actually helped a large number of Hong Kong people. People receiving these benefits will understand deep in their heart what I mean.

Each employer can now save \$24,000 as a result of the Government's suspension of the foreign domestic helper levy for five years. If they act according to Secretary Matthew CHEUNG's instruction, they can even enjoy a seven-year waiver and, in other words, save a total of \$33,600. The amount of money waived, however, will not be passed onto foreign domestic helpers, though no additional burden had been imposed on employers in 2003. I believe the sum of money thus saved can help a large number of employers. It is also an excellent initiative for cushioning the impact of the current financial turmoil.

Some Members have suggested the Government allocate funds from the coffers to replace the foreign domestic helper levy as training expenses for the ERB. The problem is that the money from the coffers comes from revenue, and a very large proportion of the revenue comes from the middle class. At present, the foreign domestic helper levy is imposed only on employers of foreign domestic helpers. If this sum of money is to be obtained from the coffers, the funds that can be used by the Hong Kong Government for other purposes will then be reduced. Moreover, even people who are not employers of foreign domestic helpers will be required to pay, and they will then get involved. Is it fair to people who prefer doing their own household chores without employing foreign domestic helpers? Many Honourable Members here share the view that foreign domestic helpers will not snatch away the rice bowls of local workers. I

find this view not entirely accurate. Actually, the trade union of local domestic helpers under the FTU has once pointed out that the abolition of the foreign domestic helper levy has led to the dismissal of some local domestic helpers, with their employers employing foreign domestic helpers to undertake their cleansing duties. Similar views have also been reflected by other trade unions of local domestic helpers. An article published in *Sing Tao Daily* on 4 November reads, "The Hong Kong Domestic Workers General Union (a workers' union set up under the Hong Kong Confederation of Trade Unions that some employers of local domestic helpers have switched to foreign domestic helpers, due to the waiver of the foreign domestic helper levy, and ceased employing local hourly workers." It is thus evident that dismissing local domestic helpers and employing foreign domestic helpers to replace them is not an isolated case.

Every one of us, including local domestic helpers and foreign domestic helpers, are wage earners in the same boat. When the foreign domestic helper levy was introduced years ago, no extra burden was imposed on employers as the wages of foreign domestic helpers had already been deducted. Furthermore, given the economic downturn at that time, there was no extra burden was imposed on employers subsequent to the deduction of the levy. If the levy is now abolished for good and yet the money is not passed onto foreign domestic helpers, with the coffers made to meet all expenses as a result of cutting all resources for organizing training programmes for local workers, then even wage earners who are not employers of foreign domestic helpers will be involved, thus creating a lose-lose situation. Will it do any good to Hong Kong? Is it fair to the society as a whole? With regard to this question, I hope Honourable Members can think twice.

With these remarks, I oppose the amendment.

**DR MARGARET NG** (in Cantonese): President, I speak in support of the motion proposed by Mrs Regina IP.

President, foreign domestic helpers have for a long time been making enormous contribution to Hong Kong — it would not have been possible for so many women to go out to work had they not been able to employ foreign workers so easily — foreign domestic helpers have not only contributed to the economy, but also rendered great assistance to families. President, we can often see wheelchair-bound elderly people being pushed along by foreign domestic helpers in the mornings and evenings. If not for these helpers, the life circle of these elderly people will definitely be even more restricted. Many of the teenage

offspring of Members here today have been raised by foreign domestic helpers. Some children of friends of mine have already grown up, with some of them having become professionals. They were raised by foreign domestic helpers, too. Therefore, the contribution made by foreign domestic helpers to Hong Kong is tremendous.

However, nowadays, discrimination against foreign domestic helpers is still evident everywhere. A most prominent example is that foreign domestic helpers can never acquire the right of abode status in Hong Kong, regardless of the length of their residence or employment here. Even if the children taken care of by them have already grown up, they can still not acquire the right of abode. Today, even inmates have the right to vote. However, foreign domestic helpers who have spent over half of their lifetime in Hong Kong still do not have the right to vote because they are not permanent residents.

Some Honourable colleagues pointed out earlier that when the poorly written population policy was unveiled by Donald TSANG when he was the Chief Secretary for Administration, he made a lot of derogatory comments, close to saying that the population growth of foreign domestic helpers in Hong Kong had to be curbed because they as workers with low skills and poor knowledge were not helpful to our economic transformation. Actually, these comments smack of not only class and racial discrimination, they are in fact flawed because not all foreign home helpers have a low educational attainment. Many of them actually have a high educational standard. They have come to seek employment in Hong Kong just because they can hardly find jobs in their own countries.

Another flaw of Donald TSANG's analysis lies in its failure to see the fact that Filipino maids, Indonesian maids, as well as other expatriate home helpers are playing a significant role in promoting the economy. However, based on the hollow population policy report, the Government created the "levy on foreign domestic helpers" by, on the one hand, lowering the wages of foreign domestic helpers and, on the other, imposing an additional levy of \$400. We can instantly see that the levy should really be called the "levy on foreign domestic helpers".

Hence, the "levy on foreign domestic helpers" should be scrapped even purely on the principle of fairness. The introduction of the levy at that time was unjust. Why did employers not voice strong opposition at that time? The voice of opposition was not very strong because the Government had lowered the wages of foreign domestic helpers simultaneously and hence there was not an increase in the amount of money payable by employers. Furthermore, the voices of opposition of foreign domestic helpers fell on deaf ears. Therefore, this

policy is not only extremely unfair, it is also an act of bullying the vulnerable. Even if this policy is scrapped today, it is still too belated in my view.

President, an even stronger reason for scrapping the "levy on foreign domestic helpers" is that the entire incident reflects the Government's dishonesty and lack of credibility. When the provision relating to the "labour importation scheme" of section 14 of the Employees Retraining Ordinance (ERO) was invoked by the Government in 2003 in putting forth its request for a levy to be imposed on foreign domestic helpers, two reasons for objection were raised by us. Actually, the two reasons were already cited by me when the issue was discussed by the Panel on Manpower in 2003. My first ground for objection was, with the number of employers in Hong Kong exceeding 200 000 at that time, why was the monthly levy of \$400 collected from each employer for employing one foreign domestic helper not accounted as revenue?

We were then told by the Government's counsel categorically that the levy collected should not be counted as revenue. We were advised by the Administration that, from the legal point of view, the Employees Retraining Levy income brought by the labour importation scheme under the ERO was not for the purpose of general revenue but for the purposes specified under the ERO, and therefore did not fall within the head of revenue in its normal sense for the purposes of Legislative Council procedures. However, President, we were told by the government officials appearing before this Council today that Mrs Regina IP should not be allowed to propose amendments on behalf of the Subcommittee on the ground that it has charging effect. Therefore, my first reason is that they are dishonest.

The second reason is that the ERO was passed in 1992. At that time, importation of workers was needed because of the inadequate supply of workers for the types of work required for the construction of the new airport. In response to the need raised by contractors responsible for constructing the airport for importing workers, the Government came up with a labour importation scheme and a quota for applications to be made by interested parties. A levy was also introduced alongside the quota.

President, the Government's act was, first of all, a political deal. In response to labour groups' concern that the employment opportunities of local workers would be undermined, the Government explained that the importation of workers was necessary because there was a lack of such workers in Hong Kong. As Hong Kong could not tolerate a lack of such workers for a prolonged period

and rely on importation of workers on a long-term basis, it had to rely on the levy to train local employees to enable us to have adequate manpower to cope with these different job types.

At the same time, it was pointed out by the Government back then that the importation of workers would not affect local workers. It was precisely due to the lack of skilled workers for these types of work that importation of workers would on the contrary enable construction projects to proceed more smoothly, and in turn to employ more local workers. Hence, the goal of the so-called "labour importation scheme" under the Employees Retraining Scheme (ERS) is very clear. It is designed for the imposition of quotas for importing workers for industries, whereas the levy is imposed to retrain workers and help their transformation. From the political point of view, the scheme is actually designed to encourage labour groups to accept the importation of workers.

President, at a meeting of the Panel on Manpower, we pointed out then that the ERO did not cover foreign domestic helpers because foreign domestic helpers worked in a family environment, and each employer in general would not employ more than one foreign domestic helper. Even if some employers hired two foreign domestic helpers, they were in the minority. Therefore, foreign domestic helpers had absolutely nothing to do with the quota and, what is more, involved no profiteering, as alleged by other Honourable colleagues. Even if we look at the Ordinance itself, it cannot possibly cover foreign domestic helpers, as it is basically not used for the purpose of handling foreign domestic helpers.

If Members are still not clear, they may wish to refer to a formal question raised in the Legislative Council in 1995 concerning whether the levy imposed under the importation of workers scheme covered foreign domestic helpers. At that time, the Government spelt out very clearly that foreign domestic helpers had existed in Hong Kong for decades before the labour importation scheme was introduced in 1992. Therefore, the ERO should not cover foreign domestic helpers. Despite the clear elaboration given by the Government at that time, a "levy on foreign domestic helpers" was suddenly introduced as a result of a discriminatory population policy report.

President, what was the political environment at that time? As Members are aware, the economic environment of Hong Kong in 2003 was very bad. As a result, some local labour groups queried whether the scheme should be scrapped in view of the employment of so many foreign domestic helpers in Hong Kong. This was the rationale advanced by the Government at that time to make it easier

for labour groups to accept the levy. The levy has become clear evidence demonstrating that even if local workers are willing to work as home helpers, they can still not replace foreign domestic helpers because foreign domestic helpers live under one roof with their employers. There is indeed such a need if they are required to take care of children or elderly people. Therefore, the scheme for importation of foreign domestic helpers is entirely different from the labour importation scheme.

Therefore, the first issue raised by the Government concerns *ultra vires*, meaning that the Government would exceed the original power conferred on it by doing something which is completely irrelevant to the Ordinance. President, the second issue concerns revenue. Mr IP Kwok-him mentioned earlier that he would support the retention of the "levy on foreign domestic helpers", as well as its suspension for five years, on the basis of protecting local workers. However, if he really wishes to protect local workers, he should express total opposition to the abolition of the "levy on foreign domestic helpers" in order to punish employers employing foreign domestic helpers in Hong Kong for not employing local workers. However, the imposition of the levy is presently not treated as a kind of punishment.

President, the reason for my opposition to this issue in particular is that the reasons put forth by the Government for opposing Mrs Regina IP's amendment (the President has of course ruled against the Government's reasons) — I think the reasons put forth by the Government precisely reflect its attitude, which is very frustrating indeed. The first reason put forth by the Government is that the amendment is *ultra vires*. Members referring to paragraph 9 of the President's ruling will find that the so-called *ultra vires* argument mentioned by the Government is very technical. The Government has merely played on words. However, that was considered appropriate when the Government resorted to exploiting the loopholes years ago. Today, it has used such technical reasons, which do not make any sense at all, to oppose the amendment proposed by an Honourable Member.

The second reason concerns the public money issue mentioned by me earlier. Now the Government is arguing that this amendment has a charging effect. However, its reason is even more laughable. The Government advises that it is pointed out in section 27 of the ERO that if the assets are no longer required by the ERB, the assets may be transferred to general revenue. However, the assets are simply not general revenue. It is too early to describe the assets as government revenue before it is transferred to general revenue. Therefore, it does not make any sense at all. Of course, the President has not

subscribed to the Government's arguments either. Therefore, the Government's opposition has failed. However, when we see that the HKSAR Government can even put forth such unconvincing and technical reasons in handling this issue, we will definitely feel that the Government is acting in bad faith. Should we allow the Government to continue to act in this manner, it will surely incur more losses than gains. The Government should regard itself being blessed should our amendment be successfully passed today. If our amendment fails today, it would only mean that the Government has received a time bomb. The issue will simply not end here. Thank you, President.

**MR LEUNG KWOK-HUNG** (in Cantonese): To start with, President, I must apologize to the foreign domestic helpers because I have forgotten to move an amendment to Mrs Regina IP's motion. Actually, the stance of the League of Social Democrats is that the wages withheld from foreign domestic helpers by a *de facto* discriminatory act in the past should be returned to them today. Though I have no idea what the representatives of foreign domestic helpers who are listening to today's meeting upstairs have on their minds, they told us when I met them that they should be earning a monthly salary of \$3,980 today, because \$3,580 plus \$400 is \$3,980. However, I do not believe this will happen in reality.

Honourable Members, I have already declared my interest. My mother, who used to be a domestic helper, has passed away. Therefore, she would not be able to see what is happening today. I have no idea how she would feel had she been able to see the attitude of the FTU. However, she would usually consider anything said by the FTU right. This is why I am going to say a few words, in particular, about the fallacious arguments of the FTU.

What should be done to protect local workers? Five major principles have to be observed: Unemployment assistance should at least be provided. The current Comprehensive Social Security Assistance (CSSA) Scheme must be reformed to prevent the unemployed who have no savings because of their low wages but are suddenly thrown out of work from lowering their wages in panic in order to find a job, thereby pushing wages further downward. Is the FTU in favour of the provision of unemployment assistance? They should raise the proposal if they are in favour of it. Only in doing so can the people be saved, right?

The second principle concerns the right to collective bargaining. If the employers' side abruptly alters the terms and conditions of labour as well as remuneration without going through collective bargaining, what can the employees' side do for self-protection? President, you were a renowned Member of the Provisional Legislative Council era. The first thing Mr TUNG was most concerned with was abolishing the right to collective bargaining, to be followed by minimum wage and maximum working hours, right? A minimum wage will soon be established. I have fought a number of legal battles for it and lost more than \$1 million, and yet maximum working hours has yet been imposed. This is why we should continue to fight for it.

Does Hong Kong have any law punishing unfair dismissal? The answer is "no". Why is nothing done to fight for these ordinary rights? Another point I wish to raise concerns legislation punishing default on wage payment without reason. Why are these five major principles missing? Now the Government has suddenly come up with the idea that it has to do something for Hong Kong workers. As a result, other workers who are considered inferior to Hong Kong workers have to be made sacrifices for exploitation. This is not going to work.

The FTU accepts Communist leadership. President, do you know the last sentence of the Communist Manifesto? Of course, you do not admit you are a member of the Communist Party. I remember that sentence, and I think you should also know it. I will now read it out to you, though I might get it wrong, "Workers of the world, unite!" Is this call on all workers to unite not going to work in Hong Kong? In order to work in Hong Kong, some of the foreign domestic helpers have to travel abroad by sea, sacrifice their youth and romance, and yet we seek to take the lead in discriminating against them by supporting the Government slashing their "minimum wages" under various pretexts in order to compensate employers. Should we act in this manner? I really do not understand.

Honourable Members, my mother had worked for the British for a long time. This is why I would feel unhappy about maids or women being bullied and humiliated. Many people describe me as a vulgar person and say that I will say such vulgar words as "仆街" (literally meaning "dropping dead in the street"). I would behave better today. I have to tell Members that "仆街" is not foul language. I have looked it up and found that the expression is used to curse someone to die suddenly on the street without having a son to arrange a

funeral for him or her. In other words, the person is cursed not to die a good death. So, let me deal with this from easy to difficult.

In 1932, Mr LU Xun wrote a poem entitled 《所聞》 (literally meaning "Listen") in an attempt to belittle CHIANG Kai-shek, but it is very appropriate for me to cite this poem today. It reads, "Elaborately lit mansion of rich and powerful family, works a young maid serving wine on guests. Sudden flashes of loved ones buried in scorched dirt, well up tears in eyes." The poem was written at a time when the Kuomintang was concentrating all its effort on eliminating the Communist Party instead of fighting against the Japanese army. At that time, workers and peasants were suffering terribly. A young girl, from a village or a poor family, was working as a maid in a rich family. As the saying goes, "While ordinary people are living in dire straits, government officials are still leading an extravagant lifestyle". When the evening lights were lit, she witnessed a lavish feast being enjoyed by the rich and the powerful (I believe the Chief Executive must have had a lot of experience like this). The young girl, who was decently dressed, was serving wine with an elegant wine bottle. However, when she thought of her parents in Dongshan province who might have been killed by the Japanese soldiers, she was so worried that she wanted to cry. However, she was afraid of offending the noble ladies and gentlemen who were enjoying the feast. As a result, she could only pretend that she was looking at her own socks to hide her tears.

I often came across Filipino and Indonesian maids gathering in groups and found that they were always in a happy mood. What we are talking about is that they are being slandered and deprived of their rights. On 26 March 2003, Donald TSANG ..... at that time, the attempt to enact legislation on Article 23 of the Basic Law was in full swing in Hong Kong. Regina was here in this Council seeking to make a big show of her strength. She had not only campaigned for Article 23 legislation, she had even described Filipino maids as low-skilled. She was really sick at that time. How did she know? At that time, the then Secretary asked, "Do you mean we should consult employees of fast-food restaurants and taxi drivers on the Basic Law?" Let us look at the then Secretary. Realizing her mistake, she is now trying to rectify it. She may probably be sincere. If this is the case, I certainly have to give her credit for her transformation. However, he is still referring to his old imperial book, and even makes such comments as these people deserving to be humiliated and discriminated against.

Honourable Members, I have been to the Philippines investigating cases involving people being killed by the government and the rich. I learnt from the

newspapers there that the Philippines might probably be the only country in history where the amount of money generated from foreign exchange is larger than that possessed by the country itself. There are more than 200 000 foreign domestic helpers, including Indonesian foreign domestic helpers, in Hong Kong. Do Members realize that without the service delivered by foreign domestic helpers, men and women in Hong Kong would not have the opportunities to contribute to society? The FTU does not see it even though the reason is so simple. Is the FTU sick? The FTU seems to be very sick. It is running against the mainstream global trend of human rights. Have you forgotten that proletarians of the world should unite? I am now wearing a badge featuring Karl MARX. Have you forgotten?

Following the words of LU Xun, I would now like to cite a Tang poem, which is familiar to Members: "From humble home, she never knows the fragrance of silk. She longs to be a bride, but it seems hopeless. Who would recognize her noble qualities beneath her plain appearance? Her fingers can do incomparable embroidery, but not eyebrow painting. Year after year, she has bitterly sewn gold thread, on the wedding dresses of other brides." This is precisely what the female domestic helpers have been doing — "Year after year, she has bitterly sewn gold thread, on the wedding dresses of other brides." Don't they have any relatives? Don't they want to be with their boyfriends? Has the FTU ever seen this? Does the FTU know where they will go during their holidays when it is raining? Why is the ground underneath the footbridge of Victoria Park uneven? The ground is deliberately rendered uneven for fear that the helpers might gather there. Even though their butts will hurt when they sit on the uneven ground, they have no alternative but to cower there when the wind and rain come pounding. During its leisure trip to Manila, the FTU complained that the trip was not cheap enough, despite the fact that women in the Philippines are subject to exploitation. Actually, they have not been exploited, even if they want to, because there are simply no employment opportunities in the country. This is why they have to come to Hong Kong. And yet, Donald TSANG has taken the lead to discriminate against them. Despite our labour group's claim that it has to plead for the people, it has on the contrary rubbed salt into the wounds of these helpers. Is it right to do so? "Year after year, she has bitterly sewn gold thread, on the wedding dresses of other brides." This is indeed a true portrayal of the helpers.

Let me put it in a more popular way because someone complained that Tang poems were not good enough. I remember I have seen a Cantonese opera named "Shou Shu Yuan", or "The lost kite". After coming into power, the Communist Party produced a film with the same name. It was about the love

between a peasant girl and a gifted scholar. There was also a song describing the scene in which the young girl was found sighing in a firewood storeroom. I know how to sing the song, too. This song would definitely appear in the entertainment programmes organized by the FTU. HONG Xiannu sings it very well. What is this song all about? It reads, "I do not believe that you are poor and I am rich, or you are rich and I am poor as fate dictates". Right, Honourable Members, here it is. Is Cuilian, the young peasant girl, not like a Filipino maid? In the past, the size of a firewood storeroom might even be bigger. Nowadays, a Filipino maid working in a relatively poor family might not even get a chance to sleep in a firewood storeroom. They really have no time at all to see their boyfriends. Honourable Members, what are we talking about? We are talking about some miserable people. Actually, they should have dignity. Have any investigations been carried out if it is said that they are of a low educational standard?

Honourable Members, I have got it wrong. The lyrics should read "I do not believe there is such distinction as rich and poor, just like everyone would have enjoyed the loving care of their parents for years". Cuilian has indeed asked a good question. I wonder if colleagues from the FTU have forgotten the film "Shou Shu Yuan" shown more than 30 years ago. What movies are they seeing these days? Would it be "Saving Private Ryan" or Dark Eagle or what? To watch such operas as "Shou Shu Yuan" more frequently can help one nurture one's feeling towards their own class. Am I correct?

Honourable Members, let me turn from China to abroad. John RAWLS, the author of *A Theory of Justice*, explains what distribution means. There is indeed a great variety of things, including money, resources, and so on, for distribution. However, a sense of justice is considered by him to be the most important. Only with a sense of justice can consensus be forged in society and an orderly justice system come into being. John RAWLS, albeit not a communist, knows how to say something like that.

Honourable Members, what are we talking about today? Today, we are going to rid Hong Kong of a stigma, which is the result of a stupid trick conceived by Donald TSANG when he was not in total control of power. Now that he has become the Chief Executive of Hong Kong, but he no longer remembers how frustrated he was when his power had fallen into someone's hands at that time. In order to make Mr TUNG step down, he invested his political capital by adopting the policy of bribing various parties through driving home the message among the people from various strata of society, such as the

middle class, labour unions, and so on, that Filipino, Indonesian ..... and Thai maids are all demons.

Honourable Members, what are we going to do today? We are going to remove this stigma. In the past, even Mrs Regina IP maintained that taxi drivers and flower couriers were not up to standard. Now, she is no longer saying anything like that; instead, she is speaking up for Filipino maids. Can our Council not recognize her change? As the saying goes, "Avoid no good deed, however minor it is". However, they are not acting in this manner. They have even stood firm on the big sin, buddy. President, you are a man of eloquence, and your debating skill is unrivalled. I will surely attack you should you are on this side today in support of the FTU and the DAB. However, I will not do so today. I know you are listening, and you do know how to distinguish between right and wrong. I believe you will agree with what I have said.

**MR WONG YUK-MAN** (in Cantonese): The President, being so brilliant, has made a right ruling.

**MR LEUNG KWOK-HUNG** (in Cantonese): President, this is a quote from El Che GUEVARA: "If you tremble indignation at every injustice, then you are a comrade of mine." I hope all of you will act in the same manner. If you do, you will be my comrade and go to heaven. Thank you, President.

I hope Filipino maids can get back their deducted wages. I hope the Government will follow up this matter. Thank you, President.

**MS LI FUNG-YING** (in Cantonese): President, last week I received a letter from the Secretary for Labour and Welfare expressing his thanks to me for supporting the Government's extension of the suspension period of the Employees Retraining Levy imposed on foreign domestic helpers and employers of foreign domestic helpers from two to five years. I am not sure if I should accept the Secretary's gratitude. Although I do not support the amendment proposed by a Member, I do not subscribe to the Government's current practice either. Actually, the levy, commonly known as the "foreign domestic helper tax" is no stranger to the majority of Honourable Members. In April this year, a motion debate was

moved by Mr Tommy CHEUNG proposing "That this Council urges the Government to immediately cease the imposition of the levy on employers of foreign domestic helpers." During the debate, I already made my stance very clear, that I opposed the Government's abolition of the levy. This stance of mine has remained unchanged.

Today, let me quote part of the speech delivered by me on that day: "In 2003, there was a Report on Review on the Policy on Foreign Domestic Helpers, according to which the first justification for the imposition of the levy is: 'Given that employers of foreign domestic helpers are enjoying services offered by foreign workers, it is reasonable that they contribute towards the training and retraining of the local workforce (especially those with relatively low work skills) and promotion of job opportunities for local employees'. In other words, it is an obligatory duty for employers of foreign domestic helpers to pay foreign domestic helper levy" (end of quote). This precisely demonstrates that the purpose of the imposition of the levy is two-fold: first, to train the local working population and, second, to commit to promoting job opportunities for local employees. When some people in society hold that there is no need to collect the levy to support the operation of the ERB when it has abundant resources in excess of \$5 billion, regardless of whether this judgment is right or wrong, these people have undoubtedly overlooked the fact that the foreign domestic helper levy is intended as a commitment to promoting job opportunities for local employees.

The unemployment situation in Hong Kong has become increasingly critical as the territory is being hit by the financial tsunami, and how to vigorously create employment opportunities has thus become a consensus in society. Given that the foreign domestic helper levy is committed to creating job opportunities for local workers, I find it even harder to abolish the levy at this stage. I have to admit that the middle-class people have to face an enormous pressure in living during the economic downturn. However, compared with grass-roots people living from hand to mouth, the middle-class people have more resources to cope with the economic adversities. At present, we should focus our study on ways to better utilize the foreign domestic helper levy as resources to create more employment opportunities for local workers, instead of considering the suspension of the levy or even its abolition for good.

The policy on foreign domestic helpers in Hong Kong has a history of more than 30 years. During the past 30-odd years, Hong Kong society and economy have seen drastic changes. The nature of foreign domestic helpers has

also changed accordingly. The labour sector has all along appealed to the Government for an in-depth and comprehensive review of the overall foreign domestic helper policy for the purpose of providing more job opportunities for local workers. The Government's decision in 2003 to impose a levy on employers of foreign domestic helpers can actually be seen as a confirmation that foreign domestic helpers are institutionally part of the labour importation policy of Hong Kong. Therefore, the foreign domestic helper policy must ensure priority employment for local workers. This major principle of the labour importation policy is among the commitments made by the Government to the labour sector. However, this principle is not manifested in the current foreign domestic helper policy. I hope the Secretary can give an explanation regarding this when he responds later. Actually, it is impossible for the Government to evade a comprehensive and in-depth review of its foreign domestic helper policy. This review should definitely include the levy issue. However, the present isolated proposal of suspending the levy or even abolishing it for good is simply not right.

Lastly, President, the Secretary pointed out in his letter that the Government's decision in 2003 to impose a \$400 foreign domestic helper levy and the lowering of the statutory minimum wage for foreign domestic helpers by \$400 was just a coincidence in terms of figures, and that the levy imposed on employers and the wages of foreign domestic helpers are two separate issues. In my opinion, there is a close link between the two. Had the Government not lowered the minimum wage for foreign domestic helpers by \$400, it would simply not be impossible for the measure of imposing a levy on employers be implemented. This is the tricky point behind the so-called coincidence in figures. On second thoughts, if the Government really has to suspend or abolish the foreign domestic helper levy, it should restore the minimum wage for foreign domestic helpers to at least the 2003 level before the imposition of the levy, that is, \$3,670. This approach is at least fair to foreign domestic helpers.

With these remarks, President, I oppose the amendment.

**MR IP WAI-MING** (in Cantonese): President, I believe we as people serving trade unions are obligated to protect the interests of workers. Theoretically, all workers, be they local workers or labourers from abroad, must be protected. Under the present circumstances, we are often required to work outside Hong Kong, and we might similarly be subject to certain limitations. If our construction workers have to work outside Hong Kong ..... actually, some trade unions in Macao are quite unhappy about some of our workers working there.

Am I correct? If we go working in such places as Britain, the United States, France, and so on, our workers will similarly be subject to certain restrictions, and they may not necessarily be welcomed by trade unions in those places.

I am not going to discuss the so-called departmentalism here. If we as a local labour group cannot do anything to protect the interests of local workers, how can we afford to make indiscreet claims of protecting the interests of foreign labourers? The stance of the FTU on this is very clear. Since 1989, or the end of the 1980s, all labour groups in Hong Kong, including the FTU, be they leftist, rightist or middle-of-the-road, opposed the Government's importation of workers on the ground that the job opportunities of local workers would be jeopardized. I believe so far, no labour group considers this point of view problematic. Therefore, under such circumstances, I hope some Honourable colleagues can state their views with greater fairness and impartiality. I believe all labour groups, including the FTU, do not have the slightest intention to ostracize or exclude foreign workers. Foreign workers are considered, on their arrival in Hong Kong for employment, as part of us. We in the FTU will surely protect their interests, regardless of what damage they might suffer. Over the past decade or so, we have put our views in this respect in implementation in concrete terms. Therefore, I hope Honourable colleagues in this Council can speak with greater fairness in their speeches.

Since the announcement of the suspension of the foreign domestic helper levy, a number of foreign domestic helpers have been dismissed, with some employers renewing contracts with the same foreign domestic helpers or replacing their existing foreign domestic helpers with new ones ..... this has earned huge profits for many foreign domestic helper companies engaging solely in this type of business. Under the financial tsunami, other trades and industries have, to a certain extent, been affected. However, foreign domestic helper companies are making huge profits. Some of them have even indicated that there is an inadequate supply of foreign domestic helpers to meet demand owing to the abolition of the levy. In brief, employers can pay \$4,800 less a year as a result of the Government's waiver of the levy. As a result, more local people are now going for foreign domestic helpers. We have seen some families which used to need no foreign domestic helpers have now changed their mind because the wages of foreign domestic helpers are now relatively lower.

According to some surveys conducted by business organizations and domestic service providers, it is found that, since the waiver of the foreign domestic helper levy, a number of local domestic helpers, such as home helpers,

have been dismissed because their employers have changed their mind to employ foreign domestic helpers instead. Under such circumstances, many of our members have personally paid us a visit to reflect the present circumstances.

Perhaps I can say that the Government is at fault. However, I think local home helpers can still play a certain role. While many of my friends employ foreign domestic helpers to take care of their children or elderly family members, there are also many who employ local home helpers to take care of their children, as they and their spouses have to go out to work. During the day time, their home helpers will take care of their children, escort the children to school and, in the evening, prepare meals and wait until they come back from work before leaving. Basically, these home helpers help them raise their children since they were babies. In this respect, I believe the performance of home helpers is comparable to that of foreign domestic helpers. From our angle, it is therefore not impossible to employ local home helpers to take care of children. However, an employer is now required to pay only \$4,000 to \$5,000 a month in wages, miscellaneous charges, and the levy required for employing a foreign domestic helper. It is actually very difficult for local domestic helpers to compete with foreign domestic helpers. Now with the waiver of the \$400 levy, an employer is only required to pay \$4,000 or so a month for employing a domestic helper to work around the clock. This incentive is actually very strong. It is simply impossible for local people to compete with foreign domestic helpers. Therefore, I hope Honourable Members can appreciate the feelings of local domestic helpers.

It is only reasonable that employers prefer employing foreign domestic helpers with lower wages in order to balance their household income. However, before introducing policies, the Government should consider the rice bowls of local workers. Has it ever occurred to the Government that many grass-roots workers are now looking for jobs? We are now faced with the so-called financial tsunami. The economy might probably remain in the doldrums in the next year or so, and the unemployment rate (especially the unemployment rate of the grass-roots workers) will definitely soar. In some families, the male breadwinners might have lost their jobs. Their wives, probably housewives, might then be required to go out to look for jobs to support their families. Working as home helpers to help others to take care of their children, do household chores or prepare meals might be a better option. In this respect, they can learn from the retraining programmes offered by the ERB the skills of disciplining children and ways of maintaining good hygiene. After they have acquired all these skills, I believe they can definitely rival foreign domestic helpers.

Most importantly, will the Government tilt towards foreign domestic helpers in terms of policies? Has the Government provided local domestic helpers with a platform for competition? Some trade unions of local home helpers have actually proposed that the Government should provide tax concessions for employers of local home helpers and revive the \$50 transport allowance previously granted to home helpers required to travel outside their own districts to work during particular time slots to enable them to find jobs more easily.

Lastly, the introduction of the foreign domestic helper levy was originally intended to enhance the employment opportunities of local workers. Some home helpers might now lose their jobs as a result of the waiver of the levy. Therefore, we hope the Government can seriously consider this matter. Apart from continuing with the imposition of the foreign domestic helper levy, should the Government not make preparations with another hand? Should the motion be passed today so that the foreign domestic helper levy will really be abolished for good, we hope the Government can provide tax concessions for employers of local home helpers for the purpose of encouraging local employers to employ local home helpers. Therefore, from the angle of protecting the employment of local workers, the FTU does not support abolishing the foreign domestic helper levy for good.

Lastly, I wish to add that, President, I have to declare my interest. The FTU is one of the 57 retraining institutions in Hong Kong. I so submit. Thank you, President.

**MR PAUL CHAN** (in Cantonese): President, I have to declare that my family has employed a foreign domestic helper.

I support the Government's proposal of suspending the foreign domestic helper levy for five years as a relief measure to enable the middle class, who has been badly hit by the financial tsunami, to gasp for breath.

After serious consideration, I consider that I cannot support Mrs Regina IP's proposed amendment to abolish the foreign domestic helper levy for good because the abolition or otherwise of the levy involves the Government's retraining initiatives and the source of funding for implementing these initiatives. Before deciding whether or not the foreign domestic helper levy should be

retained, we are duty-bound to review the Administration's retraining initiatives and listen to public views before making a careful decision.

In considering this motion on the foreign domestic helper levy, I have examined the whole story about the introduction of the levy.

In 2003, the Chief Executive in Council endorsed the Report of the Task Force on Population Policy and decided to introduce a foreign domestic helper levy. When the foreign domestic helper levy directive was tabled before the Legislative Council at that time, a considerable controversy was aroused. Regarding the imposition of levy through the Employees Retraining Ordinance (ERO), some people considered that the legislative intent of the ERO is not to bring foreign domestic helpers under the definition of foreign workers under the labour importation scheme. There were questions about whether the Government could impose a levy on employers of foreign domestic helpers by virtue of the power conferred by the ERO without enacting legislation.

At the same time, it was pointed out by opponents that the foreign domestic helper levy was inappropriate as the amount of money generated from the levy would be used for training local workers but not spent on foreign domestic helpers.

The Report on Manpower Projection published by the Government in 2003 projected a serious mismatch up to 2007 between employment requirements and qualifications of human resources in Hong Kong, with an oversupply of manpower in excess of 130 000 people with lower secondary or below education. Therefore, retraining needs and pressure were enormous. At the same time, the targets of the ERB, established in 1992, were unemployed people aged 30 or above with Secondary Three or below education. Therefore, the ERB aptly met the needs for retraining.

However, I think the Government's relaxation of the eligibility criteria of retraining programmes is open to question.

Last year, the Government revealed that the unemployment rate of young people between the age of 15 and 29 with an educational attainment below the associate degree level would reach 9%. Given that there are also other unemployment people and the disadvantaged, the demand for retraining was therefore keen. As a result, the eligibility criteria were relaxed last year. However, I really doubt whether better channels for receiving education or acquiring new skills other than retraining are available to these young people?

According to the data provided by the Census and Statistics Department in 2007, after discounting the number of people enrolling in the Yijin Project and the Hong Kong Institute of Vocational Education programmes, the number of people enrolling in the Vocational Training Council (VTC) programmes is around 60 000 on average per annum. Insofar as the labour market dominated by services industries is concerned, the training programmes offered by the VTC, such as design, tourism and cookery programmes, might be even more suitable for young people who are unsuitable for or dislike conventional education. As many of them lack working experience, how can they receive "retraining"? Acquiring a new skill may prove to be even more useful to their future development. This is why I consider a review of the retraining initiatives is necessary.

It is unsatisfactory to rely on the foreign domestic helper levy to fund the ERB because from the angle of financial laws, there must be a certain link between a levy of this sort and expenditure. For instance, the levy from the construction industry is used for training construction workers.

Therefore, regarding whether the source of funding for the ERB should come from the Government or other sources, I think we should give detailed consideration and make a pertinent decision having regard to the review of the retraining policies. This is because serious discussions must be conducted in society and in this Council, and the matter must not be rushed. Therefore, I support the suspension of the foreign domestic helper levy for five years to allow the Government and society to conduct in-depth discussions on the abovementioned policies and matching measures and reach a consensus before finding a permanent solution to the problem of foreign domestic helper levy.

The contribution made by foreign domestic helpers to Hong Kong is indisputable. We must not sacrifice principle for profit. This is why I consider it worthwhile to seriously consider the point raised by some Honourable colleagues, that there is a need to raise the wages of foreign domestic helpers because they are too low. However, I think that the issue can be discussed separately through another motion debate. From the angle of justice, this issue must be addressed squarely irrespective of the abolition of the levy.

President, I so submit.

**MR FREDERICK FUNG** (in Cantonese): President, the motion today mainly involves two issues: first, the source of funding for retraining; and second, whether the amount of the so-called minimum wage reasonable.

I believe Members are aware that training programmes are being launched in many places and different countries, though the ways of launching them might be different. The way currently adopted in Hong Kong is that a \$400 levy is imposed on employers of foreign domestic helpers as part of the Employees Retraining Fund (ERF) to finance the retraining programmes operated by the Employees Retraining Board (ERB). According to the information provided by the Secretary, the amount of money accrued in the ERF so far can meet expenses for approximately five years. This is why the amendment today is based on a five-year period. In other words, this sum of money would have been exhausted in five years, and a levy will need to be imposed by then.

This logic is based on the prevailing circumstances and the logic stated by the Government. However, there is another logic concerning whether the levy should be regarded as the only source of funding for the ERB. This will hinge on the operation of the ERB. President, according to my understanding, when the levy was first imposed on employers of foreign domestic helpers in 2003, the minimum wage for foreign domestic helpers was \$3,670, which was subsequently slashed by \$400 to \$3,270 for some unknown reasons. Later, after a relatively short period, a levy of \$400 was injected into the ERF. This has at least given me an impression that the Government, whatever explanation it offers, has taken \$400 from the minimum wage of \$3,670 originally paid to Filipino domestic helpers, or foreign domestic helpers, for injection into the ERF.

Actually, there is nothing the Government can do to deny this, despite its claim that the two are separate issues. There is indeed no denying that \$3,670, the previously published figure, was subsequently reduced to \$3,270. This is why I hold that the Government has purposefully lowered the wages of foreign domestic helpers for injection into the ERF. It is more or less like getting \$400 from each imported foreign domestic helper to meet the expenses of training one local worker.

Insofar as training is concerned, I think this is essentially the Government's job. It is also the Government's responsibility to do so. If there is not a single foreign domestic helper in Hong Kong, does it mean no training is required or no resources will be injected? Actually, this is not the case. Even if there is no importation of foreign domestic helpers into Hong Kong, the Hong Kong

Government is still obliged to provide training. In particular, during this transformation period, we must provide training for people in their forties or fifties and with low educational attainments or low skills to enable them to ..... and even help them seek employment upon the completion of their training programmes to enable them to achieve self-reliance. This is the underlying purpose of the training programmes. Therefore, I think this is also the underlying purpose of the Government's establishment of the ERB.

Theoretically, and insofar as this purpose is concerned, the relevant expenditure should be borne by the Government. It may even be said that the expenses of the ERB should be borne by tax revenue. Regarding the arrangement made at that time, as pointed out by me earlier, the Government, regardless of what it said, cannot possibly convince me, despite its claim that this levy of \$400 has absolutely nothing to do with the reduction of \$400 from the wages of foreign domestic helpers. Under such circumstances, the Government is still obliged to meet the expenses for retraining, even if there is no contribution or levy from foreign domestic helpers coming to Hong Kong for employment. This is the Government's responsibility. This is the first issue as well as my personal view.

As regards the second issue, is the amount of the so-called minimum wage received by foreign domestic helpers reasonable? Their wages, once set at \$3,670, were subsequently reduced to \$3,270 — this amount was set in 2003. Now the minimum wage for foreign domestic helpers is \$3,580. Compared with the original amount of \$3,670 set in 2003, this means the present wage level of foreign domestic helpers has not yet been reversed to the 2003 level prior to the adjustment. Is the so-called minimum wage of foreign domestic helpers too low?

Therefore, it is only reasonable that — if judged from the angle of our arguments and ideal — first, the expenses of the ERB, as government expenses, should be borne by the Government's recurrent expenditure; and second, the minimum wage of foreign domestic helpers should at least not be lower than the amount of \$3,670 set in 2003. This means, in order to address these linked issues, the levy of \$400 on foreign domestic helpers should be delinked from the source of funding of the ERB and, second, the minimum wage of foreign domestic helpers should at least (I am talking about at least) be raised to \$3,670. This is my personal view.

In my opinion, the adjustment made at that time was actually something of a means to take advantage of foreign domestic helpers. It is my fundamental

view that foreign domestic helpers were immorally treated at that time. Given this stance and principle, I will therefore support Mrs Regina IP's motion. Technically, the Government has still used a cunning tactic by withdrawing an amendment originally proposed and tabling another amendment again. This gives me an impression that the Government purely wishes to technically win this battle by preventing the amendment proposed by Mrs Regina IP from being passed or even getting us into its chariot by tying us up. In other words, if ..... of course, I am in support of Mrs Regina IP's resolution ..... it will be fine should the resolution be passed. What will happen if the resolution is not passed? Will the *status quo* be kept? Or does it mean no amendment will be made in the coming five years? Of course, it is better to have no amendment in the coming five years than keeping the *status quo*. Under such circumstances, the change, that is, the change introduced by withdrawing an amendment and then tabling another amendment, is actually intended to tie us up. This is indeed an "open plot", which is absolutely immoral. Why has the Government often acted in such an immoral manner? I am speechless. I can really not tolerate the Government's act.

President, regarding this motion debate today, our stance is very clear — the Government's approach is absolutely unacceptable. However, I must declare an interest here. A similarity between the FTU and the Hong Kong Association for Democracy and People's Livelihood (ADPL) is that the ADPL also has a retraining centre. But our position is entirely different from that of the FTU. I hope that the difference in our stances is not attributed to the fact that some of our work is subsidized by the Government. My entire speech has absolutely nothing to do with government subsidies. I have purely stated my position towards the entire incident, my view on the wages of foreign domestic helpers, and ways of handling the incident considered by me as reasonable. Therefore, I will support Mrs Regina IP's motion.

**DR LAM TAI-FAI** (in Cantonese): President, in the wake of the Government's announcement in mid-July this year of the two-year suspension of the Employees Retraining Levy, different voices were heard as a result of many heated discussions conducted in society.

The Government originally hoped to ease the financial burden of middle-class families. Actually, many middle-class families appreciate the Government's motive and sincere efforts. However, it is shared by many that the two-year suspension for the purpose of alleviating the financial burden of the

middle class is not vigorous enough. Some consider it most preferably for the suspension period to be lengthened, and some ask for permanent abolition. It can be said that views are divided, and arguments are also varied. In short, a consensus cannot be reached because of the absence of a proposal supported by the vast majority.

As far as I understand it, the Government has over the past several months deliberated in detail the relevant Amendment Notice and conducted public consultation, studies and analyses. Finally, the Government decided on 11 November to extend the suspension period from two to five years. According to my understanding, the Government has given full consideration to the possible impact the financial tsunami would have on the financial conditions of middle-class families and the financial position of the Employees Retraining Fund. President, we in the commercial and industrial sectors will be extremely pleased if the Government could have taken such resolute measures to support small and medium enterprises (SMEs).

Many people consider the amendment, after its introduction, a pragmatic approach which is able to balance the aspirations of various parties. They are of the view that the decision can not only answer the aspirations of middle-class families where the financial position of Employees Retraining Fund permits, but also ensure, in the long run, stable and sufficient financial resources for the Employees Retraining Board to enable it to provide continuous training and retraining services for local workers and ensure the sound competitiveness of the territory. This is, after all, a rational and less controversial approach, in line with the middle course.

President, the foreign domestic helper policies have operated in Hong Kong for years. I believe Members are well aware of the history of evolution of the policies, so I am not going to repeat it. According to my understanding, over 250 000 foreign domestic helpers are currently working in Hong Kong. If comparisons are made in terms of working hours, job nature, workload, and wages of foreign domestic helpers, I believe Members will agree that local home helpers or workers can hardly substitute foreign domestic helpers in all these aspects. The tie between foreign domestic helpers and us has become so closed that we are literally inseparable. From yet another angle, this means that local workers have lost their competitive edge in securing employment on this front. Without training or retraining, these workers, who have lost their competitive edge, could lose their jobs very easily or very soon. Actually, employing foreign domestic helpers to perform household chores can simultaneously release

female manpower, so that more women can work in society wholeheartedly. In doing so, not only will family income be raised and the living standard of families improved, the rapid development of Hong Kong economy and all other aspects will also be promoted. In fact, the number of strong women in Hong Kong is particularly overwhelming. This is why many families which have employed foreign domestic helpers see it absolutely reasonable for them to shoulder part of the ER Levy. They find it acceptable for them to make some contribution to society, as they feel it is their responsibility towards society to act in this way. For them, the five-year suspension is excellent and agreeable.

President, it is actually impossible to expect all matters, policies, measures or ordinances to be so perfect that everyone will agree with, applaud or accept them. I have also heard some voices of adamant opposition. Actually, they all agree with the importance of training, only that they disagree that employers of foreign domestic helpers should be asked to bear such expenses because it is unfair. They have requested to abolish the levy for good because they consider the responsibility should be borne by the Government.

President, in the face of the current unsatisfactory economic situation and bleak prospects, the Government's suspension of the levy is, in my opinion, an extremely beneficent measure. It should be put into immediate implementation without delay. However, as a consensus in society on the suspension period is lacking, the Government must conduct a review expeditiously and seriously and discuss in an in-depth manner its general foreign domestic helper policies and study the training and retraining initiatives for local workers before deciding on the best way forward. However, we must not act rashly and blindly, before the matter is reviewed, analysed and consulted in a detailed and comprehensive manner, by taking the drastic approach of abolishing the levy permanently in a sweeping manner.

President, actually, five years are not a short period. It takes five years for primary school graduates to proceed from Form One to Form Five. In other words, one needs five years to develop from a child into an adolescent. As the popular saying goes, things and people changed many times over in 10 years. I believe things would have changed at least two times in five years.

It is often said that "happy time flies". President, in the face of the economic doldrums, it is not at all easy to endure five years. Should the Government fail again to come up with appropriate assistance measures, SMEs

would really have no idea how to endure the next five years. Therefore, five years can be very long. The term of the Chief Executive is only five years. Do you think he has got by very easily in the past few years?

President, at the present stage, I consider a five-year suspension period acceptable. In short, there is no need for Members to go too far. As the saying goes, "Making allowance can bring harmony in the future". Members might as well accept the five-year suspension period before conducting a joint study on foreign domestic helper policies and training initiatives. Now that the environment is not entirely good, and there are a lot of controversial issues in society. Most preferably, greater tolerance should be demonstrated between the Government and the people, as well as among the people, by understanding and sympathizing with one another and demonstrating such virtues as mutual assistance, mutual love and mutual understanding. If we can play a part in these endeavours, we should act accordingly; if we can take one more step, we should act accordingly. It is very often difficult to draw a clear line between fairness and responsibility. We can live more happily as well.

President, finally, let me state my position again: I do not support Mrs Regina IP's motion which proposes to abolish the levy for good at the present stage. However, I would like to urge the Government to make good use of the \$4.9 billion on hand to provide proper training and not to waste employers' support and my support for and contribution to the Government. Actually, there are plenty of examples, past and present, demonstrating the blunders made by the Government in its training initiatives and its room for improvement.

President, I so submit.

**PRESIDENT** (in Cantonese): Ms Emily LAU.

**DR LAM TAI-FAI** (in Cantonese): What is so funny?

**MS EMILY LAU** (in Cantonese): President, (*someone said, "Don't you laugh."*) ha ha, President, we are not even allowed to laugh now. President, we should be more relaxed in the legislature, should we not?

I speak in support of Mrs Regina IP's motion. I think that after listening to the brilliant ideas expressed by many Members, Mrs Regina IP probably has got some idea. President, I hope Mrs Regina IP will also taste the bitterness of separate voting stipulated by the Basic Law and that she will join our ranks and strive to bring about amendments to the Basic Law, so as to introduce universal suffrage as soon as possible.

President, I agree very much with many of the comments made by Mr Frederick FUNG in his speech just now. I believe many of his views are very similar to those of the Democratic Party. Sometimes, I also think that the authorities are really over the top in the way they handle some matters. The public announcements made recently have kept changing, so President, sometimes, the public simply do not know which one is definite.

The stance on "fruit grant" has changed, the position on whether airplanes should be chartered to bring people back has changed and the decision regarding the levy has also changed. For this reason, that day, when I was in a taxi, when I talked with the taxi driver, he also said, "Just tell him to change again.". Can this also be changed? If things go on like this, President, how possibly can the Government have credibility?

This time, in the middle of the meeting, when the meeting was about to end (Mrs Regina IP was the Chairman then), we suddenly learnt that that morning, the Executive Council had convened a meeting and issued a new notice. I then said that they really had gone too far. Our work process had reached the stage of scrutiny, so why was it necessary to draw up a new notice again? If any change had to be made, an amendment could be proposed immediately to take an action of self-repudiation. But they did not do so, for they wanted to issue a notice instead. As a result, our subcommittee had to be dissolved and another one had to be established. President, do you not think that this is a waste of public funds?

For this reason, I believe that in messing up things this way, the authorities are dithering and the impression on the public is that the authorities have not thought long and deep before taking each measure, still less have they discussed it with various political parties. If we have discussions together and make announcements only after securing the agreement of various quarters — not the approach of "getting only humiliation but no credit" as described by you, President, because now someone has said that "the palm is flesh, the back of the

hand is also flesh" ..... President, I do not mean "humiliation (辱)" — what I mean is that it is necessary to deliberate thoroughly together with the legislature and all of us should share the power and responsibility, discuss together, then draw a conclusion. In this way, we will not go round and round in each instance when we deal with something, thus wasting our time for no good reason.

President, in view of the forthcoming Christmas, the authorities want to give the public a big present. As early as eight o'clock this morning, we held a meeting of the Panel on Commerce and Industry because the Chief Executive had said a couple of days ago that he wanted to allocate \$100 billion to help SMEs and that any company, big or small, in sum, so long as they were not listed companies, could apply for loans. President, after a marathon meeting by the Finance Committee on Friday, the proposal will be passed.

The Finance Committee will also increase the amount of CSSA payment and increase the "fruit grant" to \$1,000. Many things of this kind will come one after another. In fact, they are all desirable, just as today is, because today is the International Human Rights Day. President, this year marks the 60th anniversary of the United Nations Universal Declaration of Human Rights. In view of this, I agree very much with the Honourable colleague who said that we should also express our gratitude to the foreign domestic helpers for leaving behind their families to come and make significant contribution to Hong Kong throughout these years. Just now, an Honourable colleague pointed out that their wages had been reduced several years ago but so far, the lost ground had not yet been recovered. I consider this most improper, so the Secretary should make a gesture.

However, I do not agree with the view of the FTU. I simply do not understand the view of the FTU, that even as we protect people from other places, we also have to accord priority to protecting local people. This is particularly so with regard to Dr PAN and just now, I also told him about my view outside. I heard him say that in 2003, on the one hand, a levy of \$400 was introduced; and on the other, the wage of foreign domestic helpers was reduced by \$400, so he believes that they are related. Of course, the authorities say that they are not related, but all people think that they are. The FTU said openly that in order to collect the levy, the wage was reduced by \$400. Does the FTU find this acceptable? As a huge organization — it has more than 200 000 members? Over 300 000? I am sorry, I have cut the number by 100 000 — does it find this acceptable?

President, since the FTU is such a huge organization upholding the rights of workers, I hope very much that irrespective of nationality and whether the workers are imported workers or local workers, the FTU will protect them regardless. Why is it that when they talk about this matter, they would think that by making a reduction of \$400 on the one hand and collecting a levy of \$400 on the other, it means that no one has suffered any loss? Should the authorities do so? Why was the wage for foreign domestic helpers reduced by \$400 and even up to now, in 2008, the reduced amount has not been restored for them? I really do not quite understand the view of the FTU. Who actually does the FTU now represent, President?

Ms LI Fung-ying said (often, I agree very much with Ms LI Fung-ying's views but this time, I do not. This time, our views are different) she believed that when people in the middle class hired foreign domestic helpers, they should pay a levy for retraining purposes. She also said that the middle class had more resources to cope with adversities. This may be true of some people in the middle class but President, at present, not only have a lot of people in the middle class run into difficulties in living, some of them have even told us that they are stuck. They are not entitled to a lot of welfare benefits, for example, CSSA, and they are not qualified to apply for public housing. In addition, their wages are not very high. For this reason, I hope Ms LI and other Members will understand that at this stage, we really should do something to help the middle class. A lot of people in the middle class have asked me why we have to make it five years, then raise it again after that?

Talking about retraining, President, I also support it very much. I believe that this is the ultimate responsibility of the SAR Government. However, where does the money come from? I hope it comes from the coffers. Just now, someone said that we had to take into consideration the middle class and in fact, some members of the middle class are leading a very hard life. Sometimes, some foreign domestic helpers may have to sleep in the living room, President. This is because the abodes of their employers are too small but their employers still have to hire foreign domestic helpers because there are probably elders, people with disabilities or kids in the family who have to be taken care of. Therefore, members of the middle class may not necessarily be very well off. In that case, where does the money come from? What we can consider is, for example, to increase profits tax, that is, to increase the tax payable by those people who make a lot of money by 1% to 2% and in this way, we can already get a great deal of tax revenue. President, some wealthy people have also told me

on a number of occasions that on seeing the situation of the socially disadvantaged groups in Hong Kong, they do not mind paying more in profits tax. Of course, it does not mean that the tax rates should be brought on a par with welfare states, but if paying 1%, 2% or even 3% more in tax can lead to improvements in education, health care and welfare, a lot of people are prepared to do so. Many people can see the considerable wealth disparity in Hong Kong society and think that this is a disgrace. Therefore, I believe that training has to be provided, but public funds should be used to pay for it. President, if the funding is provided by the coffers, such an absurdity would not arise. We may as well look at how much money was spent on retraining last year. The amount was \$400 million, and it was the amount spent in 2007-2008. How much money will be spent in 2008-2009? President, it will be \$900 million! If the authorities table papers to apply for funding from the Finance Committee and the amount has more than doubled all of a sudden compared with \$400 million for the previous year, I would not say that the application would definitely be rejected, but the Finance Committee will look into this very thoroughly. However, concerning the levy, we cannot ask any questions (of course, they will tell us) but the money should be formally credited to the coffers, then the person-in-charge of the coffers has to come to the Legislative Council to apply for approval. This is one point.

Moreover, President, just now, many Honourable colleagues have made declarations of interest on their relationships with the levy. I also declare that I am not eligible for applying for a waiver of this levy and I also declare that I do not employ any foreign domestic helper. However, President, in future, some organizations will use this new source of revenue for retraining purposes. What organizations are they? They are known as the City University of Hong Kong, The Chinese University of Hong Kong, the Hong Kong Baptist University, The Open University of Hong Kong, Lingnan University and of course, some schools of continuing education as well. President, these are universities and as the Chairman of the Panel on Education in the previous Legislative Council, you know that in fact, many ..... for example, Ms Starry LEE will propose a motion on this for debate later and we agree that more resources should be committed to this area, so that young people in Hong Kong can receive an excellent education, including university education. Therefore, universities should not vie for these funds with trade unions, the Neighbourhood and Worker's Service Centre or the Hong Kong Association for Democracy and People's Livelihood. Has something gone wrong? This is all too confusing. President, universities should do what befits them to do. However, the universities have now downgraded themselves to organize retraining. This is not within Secretary

Matthew CHEUNG's ambit but really, has something gone wrong? How can I support such a practice?

President, sometimes, if too much money is allocated to some organizations, some people would say (of course, they may not be entirely right) that this is just like hush money because if money is allocated to these organizations, they will support us. I believe many Honourable colleagues among us would not agree with doing so. However ..... please do not laugh ..... President, is my speech very funny? Anyway, we have to adhere to a principle and it is: We should respect the rights of foreign domestic helpers and we should not reduce their wages. If we want to provide retraining, we should apply to the coffers for money and if the money is not enough, we can increase the taxes. Applications for funding approval should be made to the Finance Committee, but one cannot ask for \$400 million today and \$900 million the next. As the Chairman of the Finance Committee, I think this is unacceptable.

Finally, I also agree with the point made by Dr LAM Tai-fai just now, that we have an inalienable relationship with foreign domestic helpers — at first, I thought he was talking about the relationship between Hong Kong and the Mainland or between Taiwan and the Mainland but now, even foreign domestic helpers have an inalienable relationship with Hong Kong people. But it does not matter. I know that many members of the Hong Kong public want to hire foreign domestic helpers. I think if they want to hire local domestic helpers, this is not a problem either. In view of this, I do not understand what the FTU was talking about just now. No matter what they say, their request is that the Government provides tax concessions to employers, so that they can hire local domestic helpers. If they want to hire such helpers, they have to offer attractive terms. Then, some people will be willing to take such jobs. However, President, as you know, even if local women are willing to work as domestic helpers, most of them are unwilling to live in their employers' homes as they also have their own families to take care of. If some local workers want to work as part-time domestic helpers, I hope very much that a transport allowance and even a good work environment can be provided to them, so that local workers will be in a position to compete if they want to work in this trade. However, I hope the authorities and Honourable colleagues will understand that many members of the public prefer to hire foreign domestic helpers. If a review is to be conducted in this regard, I will not object to it. However, we certainly must not enact any legislation that gives people the impression that Hong Kong, as a world city, is discriminating against foreign domestic helpers.

For this reason, I am afraid today's debate will not bring the more than 200 000 foreign domestic helpers in Hong Kong a nice Christmas present. They have really worked very hard. The performance of a small minority of them may not be satisfactory, but most of them have made contribution to Hong Kong for many years. I can thank them on behalf of my constituents and many other voters. I also hope that they can continue to serve Hong Kong diligently.

If the Legislative Council cannot give them some good news before the festive season or deliver the positive message that we respect the rights of socially disadvantaged groups to the international community on the International Human Rights Day, this is regrettable. Now, some people have even voiced other views. I do not understand what the FTU is talking about. I hope some Members from it can give an explanation. Why have I mentioned the FTU so many times? Precisely because it is the Federation of "Trade" Unions. If it is the Federation of "Employers" Unions, I will not ask questions. Precisely because it is the FTU, the largest organization representing the working class in Hong Kong, my constituents and I want very much to know clearly how the FTU will offer protection to workers irrespective of their nationality. Moreover, what is the position of the FTU in protecting their rights? I hope there is no element of discrimination in it.

I wish Mrs Regina IP good luck. President, there is no need to "take a long view" and the results will be known very soon. I fully support this amendment. Thank you.

**MR ALBERT CHAN** (in Cantonese): President, just now, when Ms Emily LAU spoke, I laughed a few times and she told me not to. But if I do not laugh, then I have to rise and speak.

I laughed just now, in fact, it was one of scorn, contempt or ridicule because she said just now that she did not believe the existence of "hush money". President, I will provide to her some figures concerning the funds obtained from the Employees Retraining Scheme. In 2007-2008, the total amount of allocation was \$230 million. Six organizations received allocations of more than \$10 million and they include the Hong Kong College of Technology, Caritas-Hong Kong, Christian Action, the Hong Kong Confederation of Trade Unions — an organization that we are familiar with — the Hong Kong Young

Women's Christian Association and the New Territories Association Retraining Centre. They obtained over \$10 million in a year. Many other organizations, for example, the Neighbourhood and Worker's Service Centre, the Hong Kong Association for Democracy and People's Livelihood, the Hong Kong Workers' Health Centre Limited, the Hong Kong Federation of Women Limited and the Hong Kong Federation of Trade Unions, also obtained considerable funds each year. I believe over these past many years, they have obtained over \$1 million and even over \$10 million from the Employees Retraining Fund.

I think that to receive money from this fund is just like "getting rice from a beggar's bowl". I was also sued for libel because of this remark and the proceedings lasted nine years. President, of course, it is an unjust and unreasonable arrangement to target foreign domestic helpers by reducing their wages by \$400, then put the money into the retraining scheme for local workers.

Just now, Dr LAM Tai-fai sounded very big-hearted, calling on us to be more accommodating and generous, saying that we had to help each other. In that case, why not get the money from those big bosses? Why not get it from the profits tax or HSBC which makes hundreds of billions of dollars each year? Why is it necessary to collect it from ordinary "wage earners" — it is not just people in the middle class who hire foreign domestic helpers; so do ordinary "wage earners". In the case of some "wage earners", both husband and wife have to work, so often, they also hire foreign domestic helpers — why is it necessary to squeeze the hard-earned money out of these people earning low wages, then further squeeze money from the wage of those foreign domestic helpers and use it to provide retraining, thus fattening those so-called worker service organizations?

During elections, many of these worker service organizations would mobilize their employees to canvass for votes. Therefore, this is a downright blatant transfer of political benefits. Without these retraining centres to help them canvass votes, I do not think some Members can get so many votes. Therefore, this is part of the transfer of political benefits, so do not tell me that this is not "hush money".

President, the resolution today seeks to right a historical injustice and make justice prevail for foreign domestic helpers. If we want to be generous and if we

want to be generous like Dr LAM Tai-fai, we call on the Government to require large corporations and tycoons with the means to show their generosity. The Government can restore the estate duty or the duty on wine. If it can waive the duty on wine and if it can abolish the estate duty, why does it have to squeeze the foreign domestic helpers and "wage earners" of their hard-earned money?

In view of this, when casting their votes today, Members have to ask what the causes and principles underlining the formulation of this policy at that time were. If the Government wants to implement retraining schemes, it can allocate or redistribute the public funds received by the coffers. If there are still problems, other items of tax revenue can be considered, instead of suppressing workers' wages and squeezing money from them in such an unjust manner.

President, concerning the voting result of this resolution today, just now, Mr WONG Yuk-man has already counted the votes for the Government in the Ante-Chamber. In respect of functional constituencies, the Government has secured 18 to 19 votes and it may even get 20 votes. In view of this, it is basically impossible for Mrs Regina IP's amendment to pass. However, even if it cannot be passed, the proposal is still a win-win one — Mrs Regina IP and the Government will both win. It can be said that after Mrs Regina IP has joined the Legislative Council, this motion has burnished her reputation. Following the astute ruling of the President, the go-ahead was formally given for her to move such an important amendment — initially, all of us were very concerned that the President may not allow it.

What is even more valuable is that in this legislature, it so turned out that this motion proposed by Mrs Regina IP has won the full support of Mr WONG Yuk-man; Ms Emily LAU has also voiced her support and so did "Long Hair" and the "Hulk". Hence, it has been a case of historical irony and this also explains why it is said that "in politics, there are no permanent enemies". I hope that her insistence on this motion, on justice and her stance on equality can also be found when it comes to political issues, in particular, that the same steadfastness can also be found in her position regarding the development of democracy.

President, just now, many Members have spoken. I do not know if each and every one of them has declared his or her interests when speaking. I know

that some did not but they actually have vested interests because they belong to the organizations that have obtained funds, as I pointed out just now. If the organization to which one belongs is one of the recipients of the funds, I believe one should declare one's interest before voting.

President, I hope you will make a ruling on this because if a Member speaks without declaring his interest throughout his speech, to some extent, this has violated the basic requirements. I hope that before the formal voting, the President will remind Honourable colleagues again that even though they have the right to vote, Members with a conflict of interests must also declare their interests and must not keep quiet after receiving the benefits. If they still talk about fairness after receiving their "hush money", in fact, the benefits they have obtained are derived from exploiting and milking the workers.

Thank you, President.

**MR RONNY TONG** (in Cantonese): President, it is right for the Member to say that those Members who have hired foreign domestic helpers should declare their interests.

**PRESIDENT** (in Cantonese): Mr Ronny TONG, according to Rule 83A of the Rules of Procedure, a Member shall not speak on a matter in which he has a direct or indirect pecuniary interest, except where he discloses the nature of that interest. Since this question involves the collection of levy payable by employers who have hired foreign domestic helpers, I consider that to Members who have hired foreign domestic helpers, there is a direct or indirect pecuniary interest. According to Rule 83A, Members should disclose the nature of that interest in their speeches.

**MR RONNY TONG** (in Cantonese): President, I forgot to disclose my interest just now, so I will do so now.

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

**MR CHIM PUI-CHUNG** (in Cantonese): President, I declare that my family has also hired a foreign domestic helper. However, it is not me who hired her but my wife. This probably cannot be considered to be my interest. (*Laughter*)

(*Someone said, "You pay the money."*)

**MR CHIM PUI-CHUNG** (in Cantonese): No, it is my wife who pays. The contract was also signed by her and I have nothing to do with it. Therefore, I will comment on this matter impartially.

President, Members' views are divergent. They think that many middle-class families in Hong Kong have the means to hire foreign domestic helpers but in fact, they simply have no alternative. They do so only because they have to work, not for the sake of their comfort. Since both husband and wife have to work, they have to leave the household chores to other people. However, I personally believe that since the Hong Kong Government claimed that when unemployment was at its worst, the number of unemployed stood at some 100 000 to 200 000 people, whereas the total number of foreign domestic helpers in Hong Kong, irrespective of their countries of origin, now probably stands at over 250 000. If no one hires foreign domestic helpers, no one will be unemployed in Hong Kong. But these are but figures.

If the Government mandates that any family with the means to hire domestic helpers should pay a levy of some \$200 to \$400, no matter what use the levy is put to, I personally believe this is not all excessive because the law has long since stipulated that employers who are qualified to hire helpers or domestic helpers have to pay such a levy. There is no impropriety here and I consider it fair.

Secondly, we have to know that many domestic helpers, after coming to Hong Kong, will really use the public facilities in Hong Kong, including the HSBC Building and many other buildings. We can see that on holidays and Sundays, these places are all occupied by them. To the general public in Hong Kong, is this not depriving them of their right of access and ownership? Of course, these foreign domestic helpers came to serve the Hong Kong public and a close relationship exists between both sides. Both sides can use or enjoy these

public facilities. For this reason, these helpers should also bear some costs. President, this is the second point why the levy is absolutely fair. Therefore, on this issue, we should make this clear and people should not one-sidedly accuse Hong Kong people of depriving foreign domestic helpers of their rights.

Thirdly, we understand that in a competitive environment, local workers have to take on any challenge, so why should we discriminate against foreign domestic helpers? On this point, as Members of the Legislative Council, we should comment on it fairly and everyone can state their views. If I take a particular position, I cannot say that other people are absolutely wrong. As colleagues, you can say that your position is absolutely justified but never should you say that those of other people are not. This matter should be debated by the legislature and Members can maintain that they are right, but they cannot say that other people are wrong. This is mutual respect.

Just now, an Honourable colleague said that Hong Kong people were exploiting imported workers, in particular, the rights and interests of Pilipino workers. We must know that they also have the right to choose and they can work in various parts of the world. If they think that the wage in Hong Kong is too low and are not satisfied, they will not choose to work in Hong Kong. We all understand that the working conditions in Singapore are far poorer than those in Hong Kong. It is a highly representative country both in Asia and the world, yet the wage offered there is far lower than that in Hong Kong, so in what way are we exploiting them? We will legislate on a minimum wage soon. President, the hourly rate being discussed by us now is \$30 or \$33. I ask Members to do some computation. \$33 times eight is \$264 daily. I do not think anyone would work 30 days a month. If one makes the days less, let us make it 20-odd days and basically, the amount will already be over \$6,000. However, these workers still have to pay transport fares. For this reason, their wage is in fact even lower than that of domestic helpers.

Therefore, I do not quite understand it at all. Various people have voiced different views. However, please give the matter its fair deal and do not incite these domestic helpers, who have become the mainstay of every family in Hong Kong, making them think that they are really being exploited. If they add any "extra ingredient" to the food this evening, this will not be good to any family, so we really must not incite them, making them think that they have been

maltreated. In that event, they will turn back on you and their young masters and make society topsy-turvy. For this reason, if one wants to canvass for votes, express their views and feelings, they should just stay at that. Everyone must paint an accurate picture of the situation.

President, we understand that there are now many workers in Hong Kong but it is undeniable that the wages in the United States and Europe are higher. In that case, if workers in Hong Kong want to work in the United States, will the Government of the United States allow them to do so? Or if they want to work in Europe as the wages in France and the United Kingdom are higher, will they be permitted to do so? Hong Kong is already the freest and the best place. I have not heard the working class criticize Hong Kong as being the worst place. Although the wages in Hong Kong are lower, these domestic helpers enjoy the freedom in Hong Kong. It has been made clear that there will not be democracy in Hong Kong but it is an extremely free place. A lot of domestic helpers enjoy the freedom in Hong Kong tremendously. In these circumstances, some people, in order to prove that they are smart and awesome, are advocating something unfavourable to Hong Kong. Is it worthwhile to do so? Originally, I did not intend to speak because labour is not my concern, as are many other issues. President, I wish to drink some water.*(Laughter)* In view of this, it is really necessary for various parties in Hong Kong to unite and support one another. We ought to criticize the Government for any impropriety, but we should not incite the public here, in particular, members of the working class, to struggle with each other. What good will this do?

I am convinced that today's amendment will attract over 20 negative votes from the functional constituencies. Of course, if the result is 28 votes against 28 votes, the two votes from Paul TSE and me will be decisive. If a division is called ..... Mrs IP, I think I do not have to give any reply to the note you gave me because I am sure the amendment will not be passed. If my vote had any effect, I would support you. However, anyway, it is beneficial to the whole Hong Kong society to raise this issue for discussion.

President, now, I have to direct my criticism at the Government. The Government has indeed done something improper. What is improper? Because there must be a holistic operation. Just now, many Honourable colleagues said that to allocate the levy to other organizations was a transfer of

benefit, so declarations of interest must be made because the funds received will be allocated to other organizations. However, do they have any unified standard on training? Otherwise, this is only "crying up wine and selling vinegar". As a responsible government, it really has to do what should be done. Even though we oppose this amendment today, it does not mean that the Government has done the right thing. We are only obligated by the circumstances to do so. Why? Because the votes of the functional constituencies are limited. If a division is called, the result will be 28 votes to 28 votes. In that case, the two votes from us will be decisive and may lead to a different outcome.

For this reason, the Government actually has to review its policy on retraining. I am not saying that the Government is not right. It is not entirely wrong but in fact, on many matters, it still retains the bureaucratic mindset that has evolved from colonialism. So long as there are enough votes, there is no need to heed how many opposing votes there are. Of course, the chances of not having enough votes are slim. In any event, after going through this today, there will be five years of time — the reason that I oppose this motion is that the original motion gives Members five years of time, after which we can have further discussions. However, five years later, we will have all retired. Moreover, there is nothing in the world that can never be done. Therefore, I oppose the permanent abolition of the levy, as this is not possible. But, anyway, doing so will give the Government an opportunity to use these five years to do something beneficial to Hong Kong as a whole, including retraining. This is what the public wish to see.

I personally believe that the domestic helpers should not be incited by some of the Legislative Council Members, thinking that we are abusing and exploiting them. "Exploitation" is a word used by the Communist Party in the past. In fact, in this free society, all of us are equal. If you think that your working conditions are poor, you can quit in accordance with labour laws at any time and no one will point a gun at you to exploit you. For this reason, I hope that the people or groups that have heard some incendiary remarks at home must deal with and face this calmly, so that people who are willing to work in Hong Kong will be realistic. I also wish to call on Members to be realistic and make rational judgments.

President, I so submit and oppose the amendment.

**MR PAUL TSE** (in Cantonese): President, Mr CHIM Pui-chung has just stated most of my observations. But since I am going to vote against this motion, I would like to add a couple of points for the record.

Firstly, today's motion does not aim to discuss whether or not the foreign domestic helpers should enjoy permanent right of abode after living in Hong Kong for seven years, for instance, or to provide for a minimum wage or other benefits for them. If these are the questions to be considered, I may probably support the motion after thoroughly considering the situation. In fact, I strongly support that all foreign domestic helpers in Hong Kong should enjoy the same legal status and human rights protection as local residents. Here, I wish to declare interest that I have employed a foreign domestic helper.

Furthermore, as I live in Causeway Bay, just next to the Victoria Park, I always have frequent contact with many foreign domestic helpers. While the Park has become the base camp of Indonesian maids, the World Wide House where my office is located is the base camp of Filipino maids. I can therefore see them and meet them very often. In fact, they have a lot of strengths that Hong Kong people should draw reference on, especially when the economy is in the doldrums. Little improvements in the condition can make them very happy, and that is why we can always see them laughing, singing and playing. Their happiness will not decrease because of the poor environment or some very humble conditions. Hong Kong people are actually more fortunate in this regard, so we should do some soul-searching and not to whinge.

Coming back to the question, we are not discussing their benefits today, but whether or not the Government's proposed measure of suspending the levy temporarily for five years should be supported under the existing economic situation. I personally consider that given the present circumstances, the Government's proposal can be supported and we should shelve all discussions for the time being. We can then make use of these five years to revisit proposals that need to be reviewed, particularly when we are fighting a battle with enemies coming from all directions. If the Government can secure more resources and options, we will be able to put ourselves in a more advantageous position in a battle.

Despite that we always criticize the Government, it should be supported if it heeds good advice and does whatever it ought to or changes whenever it is necessary. The Government should not be denied a chance to make rectification when it implements measures to review any mechanism in response to the

requests made by Members or the public. I think that these measures should be supported.

Here, many people from the legal sector have a good tradition of not stretching the matter too far and taking the discussion to the political plane when a decision on other issues is not necessary at that moment, so as to avoid deviation from the original topic and making decisions irrelevant to the original subject, and even influencing the future inclination. If the suspension period is only five years, I think it is worth supporting and considering. There is no need to make a yes or no, yea or nay decision right away, for we have the right to postpone our decision. I therefore support this government measure.

However, on the other hand, I also eagerly hope that the Government will properly conduct an overall review of the ERB's mechanism relating to the source of funding, so that better arrangements can be made in the future.

Furthermore, another point that I wish to make is regardless of whether a Member of this Council agrees or disagrees with a motion, I think that other Members need not belittle him as a demon because of what he said or thought. Earlier on, Mr WONG Yuk-man said that Members who agree with the amendment are human beings, and those against it are demons. Perhaps I will have to turn myself into a demon today, but I should make myself very clear before becoming a demon.

I do not consider it necessary for Members to present themselves as so righteous. I have a nickname "Superman Lawyer" because I have all along attached great importance to justice. Yet, I do not think that we are now making a decision in the interest of justice. We simply need to express our own views. While there are people who wish to stretch the matter far and take the discussion to the political plane in order to achieve some other purposes, there are others who want to deal with the matter in a more impartial, sensitive and pragmatic way. And yet, this does not mean that Members who vote against this motion are demons. Today, just let me be the demon!

President, thank you.

**MR CHAN KIN-POR** (in Cantonese): President, I originally did not intend to speak today, but having listened to the speech of Mr CHIM Pui-chung and that of

Mr Paul TSE — mainly the speech made by Mr CHIM Pui-chung, I really do share their feelings. Hong Kong is a free society where everyone absolutely has the right to express their own views. Even if we may not see eye to eye with each other, we should ensure that nobody is held to ransom, that nobody is threatened and that nobody is attacked.

I believe the Legislative Council of Hong Kong should all the more respect this basic right. If a person vehemently advocates democracy on the one hand but arbitrarily attacks other people or attacks others on the other in a "Cultural Revolution" manner, I think this will be a gross insult to democracy. I did not intend to speak initially, but I very much agree with what the two Members have said today.

I am also new to this Council, and strangely enough, in this Council, if I hold a different view from those of other Members, I would be driven to feel as if I should be ashamed. Why does it have to be like this? I have my own views; I have my reasons, and we made this decision in the long-term interest of Hong Kong. We have given much thought to the matter and we have carefully considered it. We are not shortsighted. Rather, we made the decision after considering the interests of all sectors of the community. We can absolutely answer our conscience in making this decision.

Therefore, I think the Legislative Council must really re-establish an order to ensure that we respect each other and do not bite into others like sharks do. I think we absolutely should respect our colleagues. If we oppose other people's views, let us just voice our opposition. Why do we have to attack other people? I think this is an entirely wrong culture. I hope that Members, who are persons of integrity, can change this culture from now on.

Moreover, I very much agree with what Mr CHIM Pui-chung said about the issue of Filipino domestic helpers. My Filipino domestic helper often asks me, "Sir, do you have any financial problem? I am worried that you may dismiss me. I have a large family to support and my several children have to go to school and so, I am very worried that I would lose my job." So, let us not go so far as to create an impression in them as if they are really being exploited in Hong Kong. In fact, we are helping out thousands or even tens of thousand families.

An organization under the WTO has conducted a survey — as also pointed out by Members earlier — and found that the Philippines relies on the export of

domestic helpers as its major source of income. Filipino domestic helpers certainly hope for a reunion with their families back home, but the money that they can make from working in Hong Kong is several times higher than what they can otherwise earn in their country. Therefore, it will be a greater help for their families if they come to work in Hong Kong and so, we are actually helping each other. While the children of many Hong Kong people are raised by Filipino domestic helpers, we are helping them to provide support to their families. Hong Kong is a harmonious society. We must help and support each other in order to ride out the difficulties. Meanwhile, from a world perspective, all countries should also help each other.

Mr Paul TSE has a point. The international organization EAIC always holds its meeting in Southeast Asia and towards the end of the meeting, each city will always give a performance on the stage. Although the Filipinos are the poorest, they are most devoted to their performance and always win the grand prize. I have a profound feeling about this, as I do not quite understand why in such a poor country as the Philippines the people can be so happy.

Compared with the people in other countries, Hong Kong people have very good conditions. But why do we still have to attack each other, thinking so lowly of ourselves? I think this is a big problem. I have deep feelings about this. So, I cannot help getting this off my chest.

Let me come back to the question under discussion today. First, as I said just now, Filipino domestic helpers are very worried about losing their jobs. They do not think that their wages are low. They are only worried about losing their jobs.

Another point that I wish to make is that this question today has a very important meaning and that is, the Employees Retraining Board (ERB) must be provided with funding and if funding is stopped hastily, serious problems would arise. So, I think it is absolutely necessary to give the Government five years' time for it to consider whether its operating expenses should be met by other sources or government funding should cease. We should give the community more time to discuss and think about this issue. Therefore, I will certainly oppose Regina IP's amendment today. I will support the Government's proposal, but do not think that whoever supports the Government is a bad guy. Why must we be labelled in such a way? I personally consider this view most objectionable.

With regard to the ERB, I hope that the Government will give some consideration to it, because there have been more and more voices expressing concern about public money not being put to good use or being abused by using it as transport allowance. I think government resources must be utilized with great care and so, I hope that the Government can earnestly consider this and seriously review the use of public money.

President, I so submit.

**MS MIRIAM LAU** (in Cantonese): I declare an interest. I have employed a Filipino domestic helper to work at my home.

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

**MR WONG KWOK-KIN** (in Cantonese): President, I originally did not intend to speak as my two colleagues had already spoken. But many Members have given much weight to us in the FTU as they often mentioned the FTU in their speeches. For this reason, I have to add a couple of points for elaboration purposes.

Certainly, I have to declare an interest first. We are one of the 57 training bodies. There are other training bodies (meaning training bodies that have been allocated with funding) with representatives in this Council. Let me make a declaration in one go according to this table here: The first on the list is the Hong Kong Confederation of Trade Unions (CTU), which was allocated some \$19.4 million in 2007-2008; the second is the Federation of Hong Kong and Kowloon Labour Unions which was given some \$8.9 million; the third is the Neighbourhood and Worker's Service Centre which was given some \$6.7 million; the fourth is us the FTU, which was given some \$5.7 million, and the fifth is the Association for Democracy and the People's Livelihood, which was given some \$5.6 million. I hope that Members can have a better picture of this background.

Another declaration that I wish to make is that I have not employed any Filipino domestic helper, but I have hired a local domestic helper to help with the housework. This question today is, in fact, very simple. As we have admitted at many meetings, training is very important to upgrading the skills of local workers. The question is: Where will the money come from? The current

practice is that since the admission of foreign workers has affected the employment opportunities of local workers, employers of foreign workers are, therefore, required to bear part of the responsibility by paying a levy as a contribution to the training fund of the Employees Retraining Board (ERB). The amendment proposed in the resolution agrees to upgrading the skills of local workers through training but suggests that this responsibility should be taken up by all the taxpayers, which means that people who do not employ foreign domestic helpers should also share the responsibility. This question is just this simple. The most basic question is who will pay for the cost of training.

In this debate today, I must say that as I go on listening, I feel more and more puzzled and a bit confused. Many speeches made earlier stressed the need to alleviate the burden on the middle class and therefore hoped that this levy can be waived permanently, so that the middle class can be given more leeway financially. It means that after this levy on foreign domestic helpers is abolished, the \$400 will be pocketed by the employers and so, the employers will become better off. However, while there is another view that we are exploiting or maltreating the foreign domestic helpers, there is no suggestion about whether or not the \$400 should be given to the foreign domestic helpers. In this debate today, nobody has made it clear as to whether or not the \$400 would be given to the foreign domestic helpers after the abolition of the levy. If we are so just and righteous as to make such comments on the moral high ground, should we not state explicitly that the \$400 should be given to the foreign domestic helpers if the levy is abolished? If that is the case, the FTU will support the resolution but, regrettably, nobody has ever said so.

In other words, if we support this resolution as it now stands, the \$400 will only serve to alleviate the burden on employers of foreign domestic helpers by reducing the cost of employing foreign workers and this will directly affect the employment of local workers. Some people do not agree that this will affect the employment of local workers, arguing that these are two different markets. Let me just cite a simple example. I grew up in public housing estates and cottage resettlement areas. Some of my neighbours back then were housewives who would, at home, take care of other people's children. Some middle-class couples with the ability to work would ask these housewives to take care of their children as both the husband and wife had to work, and these housewives could make an income of about some \$3,000 monthly. But now, one can employ a foreign domestic helper who is at one's service 24 hours a day and who does all the household chores at some \$3,000. As a result, this type of child-minding job which could have been taken up by housewives otherwise no longer exist.

At present, the wages of a local domestic helper are about \$50 to \$60 per hour, and they are in no position to compete with foreign domestic helpers, considering the current wage level of foreign domestic helpers. Under such circumstances, if we would further reduce the burden on employers in employing foreign workers, we are actually encouraging more people to employ foreign domestic helpers, and this will make it all the more difficult for local domestic helpers to find a job. This has actually happened now. Both the FTU's domestic helper union and the CTU's domestic helper union have pointed out that after the suspension of the levy, there have been cases of employers dismissing their local domestic helpers in order to hire foreign domestic helpers. This is an indisputable fact.

Therefore, insofar as this issue is concerned, we must point out that the FTU's position is very clear. Financial provisions for training are not our major concern, because the FTU has been providing training courses to workers since the 1950s. We have been doing this for decades, and we had not provided training courses with government resources before, as it was only until the establishment of the ERB that we became one of its training bodies.

Some Members said earlier that participating as a training body is a transfer of political benefits. This does strike me as strange. Can the Secretary tell us why they transfer benefits to the CTU? Why do they transfer benefits to the Neighbourhood and Worker's Service Centre? Furthermore, all organizations, including the Democratic Party, can apply for becoming an approved training body. It only depends on whether or not they are willing to do so and whether or not they are willing to serve the community. Therefore, I think this is fair. If they did apply to the ERB and their application is rejected, then perhaps there is a problem and they should lodge a complaint to the Secretary and then to the ERB. On this issue, our position has been clear and consistent and that is, local workers must be protected by according priority to them in employment.

Moreover, there is another point that I wish to clarify. Ms Emily LAU mentioned earlier Dr PAN's comments on the \$400. I wonder if she did not listen clearly to what he had said, or there is some problem with her comprehension. We have said this very clearly and that is, when the \$400 levy on foreign domestic helpers was imposed, the wages of foreign domestic helpers were reduced accordingly. In other words, the burden of the levy was not directly borne by the employers. Rather, the burden was actually borne by the foreign domestic helpers. If, on the contrary, the levy were abolished today and the \$400 given to the foreign domestic helpers, we would not oppose it, because

the employers have to pay for that cost of \$400 anyway. The cost is the cost, whether it is paid to the fund or into the pockets of foreign domestic helpers. There should not be any changes in the cost and so, we will support it. Therefore, I wish to make clear our position and the view long held by us here.

President, I so submit. The FTU will persevere with our position that we do not support a permanent abolition of the levy on foreign domestic helpers.

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

(No Member indicated a wish to speak)

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I thank Mrs Regina IP for proposing her motion today and the 25 Members for expressing their valuable opinions earlier on. First of all, I must clarify once again that the Employees Retraining Levy (the Levy) is not collected from foreign domestic helpers or imported labour. The collection of the Levy and the adjustment of the minimum allowable wage of foreign domestic helpers are two entirely independent and unrelated decisions. The Government has adhered to an established mechanism to regularly review and adjust the minimum allowable wage of foreign domestic helpers, taking into account a basket of economic indicators, such as the overall economic situation, employment situation and price changes at the time. Although the minimum allowable wage of foreign domestic helpers was reduced by \$400 to \$3,270 per month in April 2003, the Government adjusted upward the minimum wage in accordance with the established mechanism in 2005, 2006, 2007 and 2008. Starting from 10 July 2008, as Members may be aware, the minimum allowable wage has been pitched at \$3,580 per month. In fact, for some 30 years in the past, the minimum allowable wage of foreign domestic helpers has been increased on 21 occasions in accordance with this mechanism and reduced twice only in recent years. I hope Members will understand that the imposition of the Levy and the wages of foreign domestic helpers are two separate issues.

Let me stress once again that the proposal made by the Government of suspending the Levy for five years is a most pragmatic measure which can truly strike a balance among the aspirations of all sectors. This decision has answered the aspiration of many middle-class employers within the financial limits of the Employees Retraining Fund (ERF) while ensuring steady and sufficient financial

resources for the Employees Retraining Board (ERB) in the long run to provide continued training and retraining services for local workers and ensure Hong Kong's economic competitiveness. This arrangement is also in line with the established policy of the Government that employers hiring low-skilled imported labour should pay a levy to contribute towards the training and retraining of the local workforce, in order to ensure the stable and sustained development of the training and retraining services of the ERB, with a view to enhancing the employability of the local workforce in Hong Kong.

Since the proposal to suspend the Levy for two years was announced in mid-July this year, we have extensively listened to the views of various sectors of the community through a diversity of channels, including the relevant subcommittees of the Legislative Council. I wish to emphasize that the suspension is the most expedient way to respond to the concern of employers and foreign domestic helpers to the greatest possible extent under the existing legal framework. I must stress once again that the Government has taken care of the rights and interests of employers and foreign domestic helpers with the greatest sincerity and flexibility. We have subsequently accepted the views expressed to us and decided to extend the Levy suspension period to five years in the light of the impact of the financial tsunami on the economy and having regard to public opinions and the financial position of the ERF, in order to further provide relief to the financial burden on the middle class and at the same time ensuring continued provision of training and retraining services by the ERB to meet the demand of the local workforce. Therefore, the proposed five-year Levy suspension is a pragmatic and responsible decision in response to the aspirations of all sides. I hope that Members will appreciate and support the decision of the Government.

I have briefly explained to Members the need to maintain the imposition of the Levy. Now I will further explain the roles and functions of the ERB, as well as how the ERB will utilize the Levy to provide more comprehensive and diversified services to the local labour sector. I understand that Members are very concerned about the roles and functions of the ERB and also whether or not resources have been truly well-spent. I would like to spend some time giving Members a more detailed explanation in this regard.

It has been the Government's established policy that employers hiring low-skilled imported labour should contribute towards the training and retraining of the local workforce. In line with this policy, the Employees Retraining

Ordinance (Cap. 423) was enacted in 1992 to provide for the imposition of the Levy, the setting up of the ERF with the Levy and the use of the ERF to support the operation of the ERB, to enable the ERB to perform its statutory function of providing training and retraining to local workers.

Since its establishment in 1992, the ERB has offered more than 1.3 million training places, assisting over 620 000 local grass-roots employees to adapt to the changing labour market, thereby maintaining the stable development of the local workforce while enhancing the skills of local workers or enabling them to acquire new job skills to rejoin the employment market. As a funding and co-ordinating body, the ERB partners with its 71 approved training bodies in offering over 290 training courses in 23 industries at about 280 training centres. I wish to stress that these training bodies are subject to stringent approval and vetting procedures before they can be provided with funding for their courses. There is absolutely no question of transfer of benefits. Indeed, the course contents as well as their standards and quality are also subject to our regulation.

In view of the rapid development of our economy and technology and also changes in manpower needs, the ERB has adjusted its position and service orientation, focused more on "sustainability" to provide forward-looking training or retraining services. Starting from July 2008, the ERB has rebranded its services under the Manpower Development Scheme, striving to make further commitments and contribution to the manpower development of Hong Kong.

Due to resource constraints, the service targets of ERB courses used to be comparatively narrow as they only covered unemployed persons aged 30 or above with education level at Secondary Three or below. In view of a high unemployment rate among the youth, coupled with increasing training and retraining needs from unemployed persons in other groups and among the disadvantaged, including the ethnic minorities, new arrivals, persons with disabilities and people recovered from industrial accidents and rehabilitated offenders, the Chief Executive in Council decided in October 2007 to relax the eligibility criteria under the Employees Retraining Scheme (ERS) to respond to the relevant aspirations. In fact, Mr LEE Cheuk-yan, being a former member, earlier on clearly explained what the problem was. Starting from 1 December last year, eligible persons aged 15 or above with education at sub-degree level or below can apply for the courses under the ERS.

After the limits were relaxed in respect of age and level of education, the targets of ERB services are no longer confined to unemployed persons with a low education level, but all members of the labour force who meet the eligibility criteria and as a result, the number of people eligible for courses under the ERS has increased substantially. In respect of unemployed workers alone, the number of people using the services of the ERB has substantially increased from 50 000 to about 140 000. Insofar as the overall workforce is concerned, the number of eligible persons has increased from some 900 000 to about 2.7 million. The ERB provided about 87 000 training places in 2007-2008 at a cost of about \$400 million. To meet the increasing training needs of the original and new service groups, the ERB plans to provide over 120 000 training places in 2008-2009 at an estimated budget of about \$900 million. So, Members will understand that the increase in the budget from \$400 million to \$900 million is well-justified and well-planned.

The ERB has insisted on a market-led, career-oriented approach in providing free and suitable vocational training courses and employment follow-up services for the unemployed. Not only training courses will be provided, but also employment follow-up services which are very important, and efforts will also be made to provide the talents required by employers. All the full-time courses provided by the ERB are placement-tied which aim to assist trainees to successfully seek employment and obtain after graduation the recognized qualifications under the Qualifications Framework (QF) in Hong Kong, thereby enabling them to truly achieve sustained development. We do not wish to see trainees becoming out of job again or requiring retraining or support from the Comprehensive Social Security Assistance (CSSA) after completing the training courses, for that would be meaningless. Therefore, sustained development is very important. New arrivals can also access the services provided by the ERB and enrol in various training programmes.

To enable trainees to become quality staff of their employers, the ERB will reconsolidate and improve the training courses in 2008-2009 by including training to enhance personal attributes, which include work attitude (which is of great concern to Members), professional ethnics and integrity, emotion management, interpersonal relationship, personal financial management, team spirit and adversity management, in the hope that trainees can better adjust their orientation in employment and develop a positive attitude towards life and good attitude at work as well as skills in getting along with others.

In view of the wave of globalization, employees must acquire the ability of self-learning and lifelong learning, so that they can continue to update their job skills to avoid being eliminated by the market. However, some people who have low education level and low skills — people whom we describe as "two-low" — are more difficult to adapt to the pace of the development of society as they cannot effectively grasp the foundation skills. In view of this, the ERB will enhance the training of foundation skills in 2008-2009 by including business Chinese, vocational English, vocational Putonghua, business numeracy, and information technology applications, on the basis of the skills required in the employment market, with a view to facilitating trainees' upward mobility.

To resolve the manpower mismatch resulted from economic restructuring, the unemployment problem among people with low skills and low education and the problem of working poverty, the Government must start from education and training. At present, in our working population there are about 1 million middle-aged workers with low education level at Secondary Three or below, who constitute the major group of the unemployed and the working poor. If we cannot provide timely training and employment services to them, they will easily become discouraged and depressed or even fall into the CSSA net, hence being considered as adding to the burden on society.

With a new service orientation, the ERB will provide services not only to grass-roots workers, but also the non-engaged youths who lack working experience. As the Hong Kong population ages, the productivity of the young people has become all the more important, for they are the resources on which the sustained development of society will rely. The ERB endeavours to serve as a strong backup to these non-engaged youths, in order to help them give full play to their talents. The ERB has provided a diversified range of new courses to this target group aged 21 to 29, and also the Youth Training Programme for non-engaged youths aged 15 to 20. In addition to providing training on vocational and foundation skills, emphasis will be placed on personal attributes and nurturing of positive attitudes towards life, confidence, discipline and pursuit of excellence. The ERB is now partnering with the Vocational Training Council in this area of work. Let me stress once again that we are working side by side with each other, and there is no question of overlapping in our work. Courses are provided on a pilot basis and referrals will be arranged for trainees upon graduation for further studies or employment. This is different in nature from the other pre-employment and on-the-job training programmes for youth. Therefore, there is no overlapping at all.

A total of 120-odd new placement-tied courses were launched in September 2008 to meet the career aspirations of the group of unemployed workers who are younger or with a higher education level. These courses are pitched at QF Levels 1 to 4 and cover a wide spectrum of industries including tourism, exhibition, hotel, retail, logistics, information technology, design, merchandising, health care, leisure and sports, beauty care, and catering. Courses provided by the ERB in the past were mainly pitched at the lowest QF Level 1, while the courses provided now range from QF Levels 1 to 4.

In Hong Kong, being an international metropolis and a knowledge-based economy, certification mechanisms have been put in place for new entrants in various job types, such as financial services/insurance practitioners, financial consultants, jobs in the accountancy profession, and tourist guides. Pinpointing the need to obtain the required professional qualifications in order to enter these trades, the ERB will gradually provide courses designed on the basis of the relevant professional qualifications or entry requirements, while also focusing on preparing trainees for the relevant professional examination, in order to meet the changing manpower needs and optimize the use of resources, with a view to truly nurturing talents for the labour market in Hong Kong.

As the impact of the financial tsunami on the economy and employment market of Hong Kong has gradually surfaced, Members may already be aware that the ERB immediately reacted in November by relaxing the eligibility criteria and restrictions for the half-day or evening courses for people in employment to take generic skills programmes to upgrade their skills and better equip themselves, while people from the low-income group can even enjoy a waiver of the course fee.

The ERB plans to provide half-day or evening vocational skills training courses for people in employment to take outside office hours, so that they can prepare themselves for switching jobs in future. The ERB also plans to provide half-day or evening vocational skills training on a modular basis to assist in-service workers to upgrade their professional skills or develop multi-skills step by step, so as to equip them for future challenges and opportunities.

The ERB will continue to closely monitor changes in the employment market and flexibly adjust the allocation of training places in the light of the market conditions, while expeditiously respond to the latest market development

and employers' needs, with a view to facilitating the employment of graduated trainees.

I wish to draw Members' attention to the fact that some social groups, such as persons with disabilities and workers rehabilitated from occupational injuries, ethnic minorities, and new arrivals, lack job-relevant skills because of poverty, or face difficulties in integrating into society and in building up their community network or even in finding a job due to certain prejudices against them. The ERB is committed to helping these disadvantaged groups by providing suitable training and employment services to them, in order to truly help them. Particularly, a total of 5 000 training places have been earmarked for people from these groups in 2008-2009.

We will provide, among other things, 1 000 places under the "Employment Set Sail" in Tin Shui Wai and the nearby districts, as well as in Sham Shui Po and West Kowloon where there is a high concentration of new arrivals and ethnic minorities, or the so-called "hard-hit districts" as many Members may be aware, in order to facilitate their participation in and adaptation to the local labour market, while 2 000 training places will be set aside for ethnic minorities to take vocational and generic skills courses to help them broaden their employment horizons and integrate into society.

In the meantime, we also attach great importance to co-operation with the industrial and commercial sectors as well as employers. Many Members in this Chamber come from the industrial and commercial sectors. We will ensure that the training courses can keep a close tab on market needs and changes. Employers' participation and acceptance of our graduates are keys to the success of the training schemes. To this end, it is essential for the ERB to establish a close partnership with employers in different sectors, so that the services of the ERB will be exposed to and utilized by more employers. In the coming days, the ERB will further enhance co-operation with the industrial and commercial sectors, especially the small and medium enterprises and social enterprises, in order to gain a fuller understanding of their manpower and training needs. The Industry Consultative Networks will also be set up to collect views from stakeholders, including employers and professional bodies, on the development of their industry, future manpower demand and development of ERB courses. Moreover, starting from July this year, the ERB has invited employers' organizations and professional bodies to nominate experienced practitioners of their industries for appointment by the ERB as Technical Advisors who will

participate in course design and quality assurance on a regular basis to ensure that the courses are practical and widely recognized.

On the other hand, the courses tailor-made for employers serve to provide free recruitment and pre-employment training services for employers. The courses are designed according to the skills required for the relevant jobs and through the provision of one-stop recruitment, pre-employment training and employment follow-up services, we hope to ameliorate the problems faced by employers in staff recruitment and assist job seekers to find jobs, thereby truly achieving a win-win situation. These services are very flexible as employers can participate in selecting applicants for the courses to ensure that the trainees who attend the courses can meet the requirements of the employers. The ERB will design the training courses according to the needs of employers, and trainees can become familiarized with the working environment during training. To ensure effective use of the valuable training resources, the ERB will require employers to take on at least 80% of the graduates. So, a mechanism is certainly in place to ensure that the trainees can find openings.

Apart from various training and retraining courses, the ERB also operates two Training Resource Centres which provide free facilities to enable its graduates and potential trainees to pursue continuous training and self-learning. Through the provision of self-learning and interactive learning support services, job seeking and market information, recruitment seminars, skills enhancement workshops, the Training Resource Centres serve to enhance trainees' employability.

In 2008-2009, as a pilot scheme, the ERB converted one of the Training Resource Centres into a Training cum Employment Resource Centre (TERC) to offer apt and multi-faceted training and employment support services to people in need of training and employment services. The TERc serves as an information hub for ERB's training courses and services where the public can enquire about and enrol in ERB's courses. They may also attend briefings that are held regularly on different industries and courses, in order to better understand the course features and development of relevant industries to facilitate their choices of training courses. The TERC offers personalized service by professional social workers — the involvement of social workers is also included — to persons who have been identified as having training and employment needs after assessment. Through professional intervention and career guidance, the Centre will help job seekers understand their career aspirations, set their career goal, and

plan for their future career and study directions. The TERC also provides continuous assessment for job seekers as well as employment services.

Furthermore, the ERB plans to rebrand the Integrated Scheme for Local Domestic Helpers into a "One-stop Integrated Household Services" in 2008-2009 to expand and provide one-stop referral service for different household services. Apart from household cleaning, cooking, laundry service, and stand-in service for foreign domestic helpers who are on leave, emphasis is also put on personalized care services, including post-natal care and child care, support for attending medical appointments, and care for discharged patients, to meet employers' diverse demands for household services. The ERB also provides graduates of the health care massage training course with referral services to expand their employment horizons.

President, since its establishment the ERB has endeavoured to provide holistic training and employment support services to the unemployed. Under different economic conditions or when social problems occurred, the ERB has always been able to flexibly utilize its resources in a timely manner to assist those groups of people in the community who lack resources but are most in need of assistance to face up to difficulties.

The ERB conducted a strategic review of its future roles and functions early this year and published a consultation document, putting forward a range of proposals on training and retraining services for skills enhancement and self-improvement of the local working population. To achieve various work objectives and provide appropriate services, it is essential for the ERB to be provided with steady and sustainable resources to maintain its future services and operation. Following the expansion of its service groups and scope of training, the ERB will assume new strategic roles and functions in the future. Apart from increasing the provision of training places to meet the needs of the original and new service groups, the ERB will also implement the recommendations made in the report of the strategic review. Meanwhile, as I have just explained, the ERB will enhance the contents of its courses on a full scale, upgrade the quality of the courses, expand the scope of services, and so on. In this connection, the resources required by the ERB in this financial year are estimated at around \$900 million. The current balance of the ERF is expected to be able to sustain the operation of the ERB during the suspension period in the next five years. As an independent statutory body, the ERB is accountable to its Board through the

statutory governing framework, and will report its work to the Legislative Council Panel on Manpower from time to time. The ERB will, as in the past, maintain close communication with Members of the Legislative Council and other stakeholders to ensure that its services are truly appropriate and effective.

Lastly, I wish to reiterate once again that in order to provide more suitable and comprehensive training and employment support services to the workforce in Hong Kong, we consider it necessary to resume the Levy after the expiry of the five-year suspension period, so as to ensure the steady provision of recurrent resources to support the sustained development of training and retraining services. In fact, the unemployment rate in Hong Kong is expected to further increase in the short term. Since September this year, there has been a significant increase in the number of applicants for ERB courses, as the number has substantially increased by 30% compared with the corresponding period last year. In view of the impact of the financial tsunami, we expect that the demand for training and retraining is set to rise continuously, and the role of the ERB will hence become all the more important in these trying times. The motion proposed by Mrs Regina IP will result in the loss of a stable revenue stream from the Levy to the ERB, which will deal a severe blow to the long-term planning of ERB's services. Given the importance to ensure steady and sufficient provision of financial resources to the ERB, I urge Members to continue to fully support the work of the ERB and vote against the amendment proposed in the motion. I undertake that in the coming days, we will further and more carefully monitor the operation of the ERB to ensure that resources are genuinely put to good use.

Thank you.

**PRESIDENT** (in Cantonese): I now call upon Mrs Regina IP to reply. This debate will come to a close after Mrs Regina IP has replied.

**MRS REGINA IP** (in Cantonese): First of all, I also have to declare an interest. I have also employed a foreign domestic helper. President, I very much thank the 20-odd colleagues who have spoken in this debate today. Apart from expressing my thanks to the Members who support me, I also thank those Members who oppose this motion because their speeches have given me a fuller understanding of their views.

Some Members said earlier that Members who had severely criticized me before are supporting me today. This is really a miracle. I think this is a good sign, too. First, it is proof that there is no permanent enemy in politics. It also proves that many colleagues target issues, not individuals, and they vote on the basis of justifications in respect of the motion. Although a number of colleagues reminded me that I do not have enough votes and even many good friends of mine cannot support me, including Mr WONG who is sitting next to me, as he said that he had his word to the Government and so, he would not support me and this, I do understand. (*Laughter*) In spite of this, I still choose to attempt the impossible even knowing that I will not succeed, and I will continue to lobby support from Members in this Chamber for my motion.

Why? Because I think the levy on foreign domestic helpers is a bad and fruitless policy. The sooner a bad and fruitless policy comes to an end, the better. There is no reason for us to spend five years on further public consultation or further consideration and studies before putting an end to it. From what I have heard in this debate, it is a consensus among Members that the SAR has many problems: There is a problem with education, there is a problem with the economic restructuring, and there is the problem of wealth gap; and we have plenty of problems to handle. Then why should it take five years to consider just this levy on foreign domestic helpers? If it is a bad policy, why should it not be ended expeditiously?

Why do I say that it is a bad and fruitless policy? Can Members tell me what exactly is the objective of this policy? The objective of this policy is ambiguous. We understand that this policy was introduced because it was a recommendation made in the context of the population policy of the then Chief Secretary for Administration. Does it aim to increase the cost of employing foreign domestic helpers, so that more foreign domestic helpers will be dismissed and the low-skilled workforce in Hong Kong can then be reduced? But this has not been achieved. After the introduction of the levy and despite an economic downturn, the number of foreign domestic helpers has increased from 215 000 back in 2003 to over 250 000 now. If the purpose of the levy is to suppress the foreign domestic helpers or drive them away by increasing the cost, then the levy has never served its purpose. If the SAR Government is genuinely committed to drawing up a sound population policy and if it has the courage to do so, it should follow the practice of the Singaporean Government in carrying out "social re-engineering" and drawing up a policy to expressly state that as the Singaporeans shun the low-skilled jobs, foreign workers have to be imported to take up such jobs but they would be driven away once an economic recession takes place, stressing that what Singapore needs is elites and so, the target should

be elites with high education level and they should be brought to Singapore. We, however, are not bold enough to take such drastic actions.

I must ask: Is the policy on the levy introduced for the protection of local workers, just as Members from the FTU said that the local domestic helpers are in need of protection? If so, why is it that the \$400 levy is offset by a corresponding reduction of \$400? This would only counteract the effect and could not provide protection for local domestic helpers.

The middle class is the most innocent of all. Many Members as well as the Secretary have said that it has been the Government's policy to require employers of low-skilled imported labour to pay an amount of money as contribution towards the training of local workers. But many colleagues already pointed out that since the enactment of the legislation on retraining in 1992, the Government has ..... in 1995 it was clarified that the target was not domestic helpers and that the main target was companies relying on imported foreign workers to make a profit. This has penalized the middle class and goes against another policy objective pledged by the Chief Executive concerning family. Has he not been talking about "integrity of family" all the time, always stressing the importance of family and the need to strengthen and assist families? The objective of promoting family cohesion has not been achieved and on the contrary, it has led to pent-up anger among the middle class. They think that they have paid the \$400 and while they can see an expansion of training courses of the Employees Retraining Board (ERB), they queried why there is only a small proportion of courses for training local part-time domestic helpers. No matter what the objective of the policy is, it has never been achieved and on the contrary, it has led to pent-up anger among the people.

Implementation is all the more a fiasco, for a court case arose as soon as the policy was launched. As we all know, five foreign domestic helpers took the Government to court and the proceedings lasted three years. It was only at end-2006 that the Government finally won, and the levy was defrosted only then. Even if the original underlying intention ..... If the true intention of the Government is to benefit the ERB, the ERB still could not gain any benefit during those years because it did not dare to spend the money. When the public began to question why billions of dollars were accumulated and not put to any use, the ERB then hastily pooled efforts from all sides to start things all over again and give itself a new packaging. The eligibility criteria in respect of age, education level, and so on, were relaxed drastically to benefit more people. But regrettably, the glory is short-lived because eight months after the scope of

service was expanded on 1 December last year, a levy suspension of five years is now proposed as a result of the Government giving in to Members. The Government then said that it is short of money and would not be able to appropriate \$900 million to sustain its operation and that it did not know where it could get this \$900 million. So, everything may go back to square one. If the Government really thinks that retraining is so important, as mentioned by other colleagues, I hope that the Government will continue to make commitments for this \$900 million, so that the glory of the ERB will not last for a mere eight months.

Moreover, with regard to the process of implementation, as pointed out by many colleagues, the Government has acted in a most dishonest and dishonoured way, telling too many lies and putting forward too many contradictory arguments. During the hearing in Court, the Government insisted that this is not tax revenue. That the Government could finally win is attributed to a comment made by Justice HARTMANN, that this is not tax revenue and involves only an extremely small number of people with privileges, or the privileged as referred to by Mr CHIM Pui-chung ..... adding that one can choose not to employ a foreign domestic helper and no one would make you employ a foreign domestic helper, and that since these people have the privilege to import foreign domestic helpers, they have to pay a fee. This is what Justice HARTMANN had said. But when the Government was trying to convince the President to rule against my motion, it said that this is part of public money. Fortunately, the President made the wise decision to follow the tradition of the Legislative Council of not adopting such a wide definition of public money.

In other words, what I consider most intolerable is the Government's most inaccurate exaggeration of the functions of the ERB. I entirely take no exception to the need for retraining in every society. Retraining is provided whether in European and American societies or Asian economies, but retraining should not be stated as a means to eliminate unemployment. This can be seen very clearly from the statistics that I have just cited. Before the expansion of the retraining courses by the Government ..... they were expanded only on 1 December this year, and the unemployment rate had already dropped for a few years back then. That was because the economy was good, but what happened over the past few months despite the expansion of the courses? The unemployment rate has been climbing, because the economy has taken a turn for the worse.

I have examined those retraining courses. Even the tertiary institutions have organized such courses as diploma in fashion merchandising and diploma in

management of clubhouse recreational and entertainment facilities. If the Government admits that its education policy is a failure and as a result, many non-engaged youths who need to find a job at the age of 15 do not know what they can do and so, training courses have to be provided for them to acquire job skills, I would raise no objection, so far as the Government can honestly admit. But the Government should stop saying that retraining courses can eliminate unemployment to the full. Now that the economy is in the doldrums, and even retail fashion chains have to close down. What jobs will there be for a trainee after completing a course in fashion merchandising? For instance, I have also seen courses on the making of cocktails, Japanese sushi, and so on, but many sushi shops have folded up, as one can see when dining out at night. Apart from bistro cafes and fast-food restaurants where business is still good, high-end restaurants only have 20% to 30% of the tables taken up by patrons. What happened after training is provided? Workers still cannot find a job. But if the Secretary can say honestly that it is because the education policy is a failure — it seems that the Secretary used to be responsible for education matters — and as our youngsters who start working at the age of 15 do not even have the skills to survive in society and they are psychologically vulnerable and it is therefore necessary to teach them how to face up to adversities and it is necessary to spend some money attending to their needs, I would actually consider throwing weight behind the Government.

Although I know that I do not have enough votes, I still call on colleagues to support my motion, so as to put across a message to the Government: Although a five-year suspension can help many middle-class people, the Government should still face the reality and should not pass the problem to the next government. Moreover, I hope that the intention of the Government has nothing to do with personal or face-saving considerations. In fact, when I talked about this with a number of colleagues, some of them advised me not to go too far, just as Dr LAM Tai-fai said earlier, that it is always better to make friends rather than enemies. I hope that colleagues or government officials will not be so narrow-minded as to consider me as their enemy just because I proposed this motion today.

However, some colleagues have also told me that a five-year suspension is actually equivalent to suspension for seven years and it is also equivalent to a permanent suspension because nobody knows what the next SAR Government would think about this. If the next government would answer public aspirations,

or just as what happened in the democratic government of the West, as we can see that while the incumbent government insists on fighting the war, a new government could withdraw the troops right away, there could possibly be a big change. If a five-year suspension will turn out to be a permanent suspension, why does the Government not act more promptly by abolishing it altogether in a forthright manner? As regards the policy on foreign domestic helpers, I would like to say this to the Government: The problem should not have emerged had it not been the Government stirring up troubles for itself. The controversies have persisted for five years and they are all created by the Government. Had the Government been more generous when it introduced the relief measures in July by immediately abolishing the levy on foreign domestic helpers, we would not have to spend five hours debating this issue today. Well, I might hence lose the opportunity to make a name for myself but I could not care less, for abolishing the levy would be much better for the people.

As Mr Ronny TONG has said, it is quite rare that a tax reduction proposed by the Government would have caused so much controversy. It is because the Government has adopted a very nasty tactic. I hope that the Secretary and other colleagues in the Government will reflect on themselves. President, let me once again make an appeal to colleagues here. Please vote according to reason and facts, not in response to the lobbying by the Secretaries of Department and Directors of Bureau. With these remarks, President, I urge colleagues to support my motion. Thank you.

**PRESIDENT** (in Cantonese): This debate has come to a close. But before I put the question to you, there is still one thing that I need to take care of. Rule 83A of the Rules of Procedure provides that when a Member speaks on a matter in which he has a direct or indirect pecuniary interest, he is required to disclose the nature of that interest. I will not stop any Member from speaking on the ground that he has a pecuniary interest in the relevant matter, but the Member should disclose the nature of that interest in his speech, and should be responsible for the consequences of not disclosing such interest. Since I have already allowed two Members to disclose the nature of their pecuniary interest involved after they had delivered their speeches, and another Member has also requested that he be allowed to do the same, in order to be fair to all Members, I would allow Members who have already spoken on this motion to disclose their pecuniary interest now.

**MR LEUNG KWOK-HUNG** (in Cantonese): President, I have not given anyone my word. I am a member of the working class. I support the working class.

**PRESIDENT** (in Cantonese): Let me reiterate that the debate has already come to a close. But if any Member who has spoken would wish to declare any direct or indirect pecuniary interest, I would allow them to do so now.

**DR LAM TAI-FAI** (in Cantonese): I only wish to declare that I have employed a foreign domestic helper.

**MR ABRAHAM SHEK** (in Cantonese): As we are going to vote later on, should those Members who have not spoken also disclose their interest?

**PRESIDENT** (in Cantonese): I will deal with this point later on.

**MR PAUL CHAN** (in Cantonese): President, I have earlier on disclosed that I have employed a foreign domestic helper. But when Members declared their interest, I looked through the dozens of training bodies on the list again. I declare that I am a member of the Council of Hong Kong Caritas, and Chairman of the Friends of Caritas. From what I have seen on the list, Caritas is a provider of these courses.

Thank you, President.

**MR CHAN KIN-POR** (in Cantonese): President, I declare that I have also employed a foreign domestic helper.

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

**MR LEUNG YIU-CHUNG** (in Cantonese): President, I have not employed any foreign domestic helper, but my organization has provided retraining courses and

applied for funding from the Government's Employees Retraining Fund. I do not know whether or not this constitutes direct or indirect interest. I just wish to let Members know.

**MR FREDERICK FUNG** (in Cantonese): President, my wife has employed a foreign domestic helper.

**MS LI FUNG-YING** (in Cantonese): President, the Federation of Hong Kong and Kowloon Labour Unions to which I belong is one of the 57 training bodies of the Employees Retraining Board.

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

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese): Rules 84(1) and (1A) of the Rules of Procedure stipulate that a Member shall not vote upon any question in which he has a direct pecuniary interest or shall withdraw when a vote is taken on the question. However, the same provisions also stipulate that where the Member's interest in the question is in common with the rest of the population of Hong Kong or a sector thereof, or his vote is given on a matter of government policy, then the Member does not need to withdraw and can vote on the question. I think with regard to the question on which we are going to vote, the relevant bodies involved in the interests as declared earlier have fulfilled the conditions mentioned in Rules 84(1) and (1A). Therefore, I do not think that any Member shall withdraw and be disallowed to vote.

**DR PAN PEY-CHYOU** (in Cantonese): I have also looked up the records. I am the Vice Chairman of the Executive Committee of the Mental Health Association of Hong Kong. Besides, I am a permanent member of the New Life Psychiatric Rehabilitation Association. These two associations have, in fact, received funding for providing training courses.

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

(Members raised their hands)

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

(Members raised their hands)

Mr Albert CHAN rose to claim a division.

**PRESIDENT** (in Cantonese): Mr Albert CHAN has claimed a division. The division bell will ring for three minutes, after which the division will start.

(While the division bell was ringing, Dr LAM Tai-fai further declared an interest)

**DR LAM TAI-FAI** (in Cantonese): I declare that I am the Chairman of the Clothing Industry Training Authority.

(The division bell continued to ring until it came to a stop)

**PRESIDENT** (in Cantonese): Will Members please proceed to vote.

**PRESIDENT** (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

**PRESIDENT** (in Cantonese): Voting result: Among the Members returned by functional constituencies, seven were in favour of the motion and 21 against it; no Member abstained .....

(Mr WONG Yuk-man spoke loudly in his seat)

**PRESIDENT** (in Cantonese): Mr WONG Yuk-man, the meeting is in progress.

Functional Constituencies:

Dr Margaret NG, Mr CHEUNG Man-kwong, Ms Miriam LAU, Mr Tommy CHEUNG, Mr Vincent FANG, Dr Joseph LEE and Mr CHEUNG Kwok-che voted for the motion.

Dr Raymond HO, Mrs Sophie LEUNG, Dr Philip WONG, Mr WONG Yung-kan, Mr LAU Wong-fat, Mr Timothy FOK, Mr Abraham SHEK, Ms LI Fung-ying, Mr Jeffrey LAM, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Prof Patrick LAU, Dr LAM Tai-fai, Mr Paul CHAN, Mr CHAN Kin-por, Dr LEUNG Ka-lau, Mr IP Wai-ming, Mr IP Kwok-him, Dr PAN Pey-chyou, Mr Paul TSE and Dr Samson TAM voted against the motion.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr Andrew CHENG, Mr Albert CHAN, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO, Miss Tanya CHAN, Dr Priscilla LEUNG, Mr WONG Sing-chi, Mr WONG Yuk-man and Mrs Regina IP voted for the motion.

Mr CHAN Kam-lam, Mr LAU Kong-wah, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Ms Starry LEE, Mr CHAN Hak-kan and Mr WONG Kwok-kin voted against the motion.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 28 were present, seven were in favour of the motion and 21 against it; while among the Members returned by geographical constituencies through direct elections, 29 were present, 21 were in favour of the motion and seven 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 motion was negated.

**PRESIDENT** (in Cantonese): Motion on the appointment of a select committee.

I now call upon Ms LI Fung-ying to speak and move her motion.

## **APPOINTMENT OF A SELECT COMMITTEE**

**MS LI FUNG-YING** (in Cantonese): President, in my capacity as Chairman of the Subcommittee on Preparatory Work for the Appointment of the Select Committee to Inquire into Matters relating to the Post-service Employment of Mr LEUNG Chin-man, I move that the motion, as printed on the Agenda, be passed.

On 1 August this year, New World China Land Limited announced the appointment of Mr LEUNG Chin-man, former Permanent Secretary for Housing, Planning and Lands (Housing) and Director of Housing as executive director and vice-chairman, which aroused wide public concern. Mr LEUNG emphasized that the relevant application to take up employment had been made in accordance with government procedures, and the appointment involves real estate business only on the Mainland and has nothing to do with the real estate business in Hong Kong. However, the New World Development Company Limited is the parent company of New World China Land Limited (NWCL), and another subsidiary of New World Development Company Limited — NWS Holdings Limited — was one of the developers involved in the Private Sector Participation Scheme flats in the Hunghom Peninsula, and in 2004 when Mr LEUNG was working with the Government, he had been criticized by the public for his involvement in the sale of the Hunghom Peninsula development to the developer concerned. So, the public doubted if there were conflicts of interests between the appointment of Mr LEUNG by the company and his former government duties.

In view of public concerns over the incident, the Chief Executive had requested the Civil Service Bureau to submit a report on the whole process of application processing. The Secretary for the Civil Service submitted a report to the Chief Executive on 15 August. The Civil Service Bureau had not mentioned this fact nor analysed the public perception of Mr LEUNG's involvement in the Hung Hom Peninsula development when processing his post-service employment application and it had also not brought Mr LEUNG's involvement in the development to the attention of the Advisory Committee on Post-service Employment of Civil Servants (the Advisory Committee) when it sought its advice on Mr LEUNG's application. Therefore, the Chief Executive requested the Secretary for the Civil Service, on 15 August 2008, to obtain the assessment from the relevant Policy Bureaux afresh on Mr LEUNG's post-service employment application with due regard to his involvement in the Hung Hom Peninsula development and to present the relevant information to the Advisory Committee for its further advice. This was to be followed by a reassessment of Mr LEUNG's application. On 16 August, New World China Land Limited announced that the employment contract between the company and Mr LEUNG was terminated unconditionally, and the Chief Executive announced on the same day that there was no need to reassess Mr LEUNG's application. Also, he announced that the Committee on Review of Post-Service Outside Work for Directorate Civil Servants would be set up to comprehensively review the existing policies and arrangements governing post-service outside work of directorate civil servants.

The Legislative Council has always been concerned about the policies and arrangements governing post-service outside work of retired directorate civil servants. During past Sessions of the Legislative Council and at the meetings of the Panel on Public Service, debates and discussions were respectively held on the policies and mechanisms for the regulation of the post-service outside employment of retired directorate civil servants and the vetting and approval for retired directorate civil servants to take up post-service outside work. Members' concerns include how the fairness and impartiality of the vetting mechanism can be ensured, so as to protect the rights of civil servants in taking up employment after retirement while safeguarding public interests and meeting the public expectations for an honest and clean Civil Service, as well as how the transparency of the vetting mechanism can be enhanced, in order that the public will have a better understanding of such issues as the details of the relevant post-service employment application and the grounds for the approvals granted.

In spite of the fact that the incident has ended for the time being with the termination of the employment contract between Mr LEUNG and New World China Land Limited, and the establishment of the Committee on Review of Post-Service Outside Work for Directorate Civil Servants, Members and the public still have quite a lot of queries about the vetting process of Mr LEUNG's employment application, and the fact that Mr LEUNG had handled controversial housing or land policies while he was in government service, and his engagement in the real estate business after leaving the Government. These include why the authorities had not taken into consideration his participation in the Hunghom Peninsula development when processing Mr LEUNG's application, and whether Mr LEUNG had brought benefits to property developers while he was in government service, which was conducive to his post-service employment with private real estate organizations after retirement.

To address public concerns over the incident involving Mr LEUNG, at a meeting of the House Committee on 17 October, Members voted in support of the appointment of a select committee by the Legislative Council to inquire into the processing of Mr LEUNG's application for post-service work by the relevant Policy Bureaux and the Advisory Committee, and Members agreed to set up a subcommittee to undertake the necessary preparatory work. The Subcommittee held three meetings in November to discuss the terms of reference of the Select Committee, the areas of study and its membership, and subsequently submitted a report to the House Committee.

Concerning the terms of reference of the Select Committee, the Subcommittee agreed after detailed discussions that three main points should be covered. First, to inquire into the vetting process for Mr LEUNG Chin-man to take up post-service work with NWCL and other real estate organizations. Second, to inquire into whether there was any connection between such work and the major housing or land policies which Mr LEUNG had taken part in formulating or executing, and the decisions which he had made pursuant to such policies while serving as Director of Buildings, Permanent Secretary for Housing, Planning and Lands (Housing) and Director of Housing, that caused any potential or actual conflict of interest. Third, based on the results of the investigation, to make recommendations on the policies and arrangements governing post-service work of directorate civil servants and other related matters.

On the areas of study, members of the Subcommittee are generally of the view that they should be determined by the Select Committee, but the Hung Hom Peninsula and the Grand Promenade incidents handled by Mr LEUNG should be covered in order to find out whether the way in which he had handled the incidents involved possible transfers of benefits which made a way for his taking up post-service work with the organization concerned.

Regarding the membership size of the Select Committee, having taken into account the size of other select committees set up in the past and the need for efficient operation, the Subcommittee agreed that the number of members of the Select Committee should be 12.

At its meeting on 21 November, the House Committee endorsed the terms of reference and composition of the Select Committee and agreed that the relevant motion would be moved by me at the Council meeting today. Subject to the motion being passed, the nomination of Members to the Select Committee would be made at the House Committee meeting the day after tomorrow, that is, on 12 December, and the members of the Select Committee would also be appointed by the President.

President, the LEUNG Chin-man incident involves the conduct of directorate civil servants and whether there is any potential or actual conflict of interest between their taking up employment after retirement and their service in the Government in the past. Since there is connection between this and the overall interest of society, the Legislative Council has the responsibility of inquiring into the related matters and exercising the powers conferred by section 9(1) of the Legislative Council (Powers and Privileges) Ordinance, to order the parties concerned to make public internal or confidential information, and, through holding public hearings, let the public know more about the incidents so as to address public concerns. I believe the Select Committee would observe the principles of fairness and openness in investigating the case and making recommendations. The Select Committee would submit a report to the Legislative Council when it has completed the inquiry.

President, next I shall present my views on the motion. In the past, the Civil Service had a good reputation; civil servants were clean, professional, and highly efficient; they faithfully discharged their duties and commanded deep respect from the public. But in recent years, the civil servants' image has been worsening in the eyes of the public. There have been incidents which showed

that directorate civil servants and even accountability officials had work blunders or personal behaviour constituting a lack of moral integrity, which badly ruined the good image of civil servants in the public eye. The LEUNG Chin-man incident has once again exposed that the operation of the bureaucratic Civil Service is not up to the people's expectation. If, as stated in the statement made by Mr LEUNG Chin-man in mid-August, "in taking up any outside work during the sanitization period, he must have followed the due procedures and submitted an application to the Government", there must be problems in the procedures or the enforcement of the procedures, or both.

The major task of the Select Committee is to make recommendations on these procedural defects, and this is also my objective in becoming a member of the Select Committee. Actually, regulating the employment of retired senior civil servants is a very complicated issue, and there is a big difference between professional grade and administrative grade senior civil servants. While the former mainly provides the Government with professional services, the latter is involved in the formulation and implementation of policies. Whilst the community generally calls for tighter regulation of the applications from retired senior civil servants to take up employment, some professional grade senior civil servants considered this unfair because they think that the nature of their work is actually no different from that in the private sector; the only difference lies in the face that their service target is the Government. Any reasonable regulation of the entry of retired senior civil servants to the private sector job market may require a lot of follow-up actions. Even though the scope of work of the Select Committee does not cover an overall review of the measures regulating the employment of retired senior civil servants on a macroscopic scale, partially improving the relevant measures would still be helpful to us when we consider on other occasions how to reasonably fine-tune the regulation of the employment of retired senior civil servants from different grades.

The community's views on the Select Committee vary, with some even feeling concerned that civil servants may be frequently taken to task following the investigation by the Select Committee of the Legislative Council and they will not have the boldness to take actions at work. I appreciate their worries but it is not my intention in taking part in the Select Committee's work to make a senior official step down. I believe that most members hold no such intent. The terms of reference of the Select Committee only cover making recommendations based on the results of the inquiry on the policies and arrangements governing post-service work of directorate civil servants and other related matters. The

terms of reference of the Select Committee have been explicitly specified in order to allay the worries of the community and the Civil Service.

With these remarks, President, I beg to move.

**Ms LI Fung-ying moved the following motion:**

"That this Council appoints a select committee to inquire into the vetting and approval for Mr LEUNG Chin-man, former Permanent Secretary for Housing, Planning and Lands (Housing) and Director of Housing, to take up post-service work with New World China Land Limited and other real estate organizations, and whether there was any connection between such work and the major housing or land policies which Mr LEUNG had taken part in their formulation or execution and decisions which he had made pursuant to such policies while serving as Director of Buildings, Permanent Secretary for Housing, Planning and Lands (Housing) and Director of Housing, that had given rise to any potential or actual conflict of interest, as well as related matters, and based on the results of the above inquiry, to make recommendations on the policies and arrangements governing post-service work of directorate civil servants and other related matters; and that in the performance of its duties the committee be authorized under section 9(2) of the Legislative Council (Powers and Privileges) Ordinance (Cap. 382) to exercise the powers conferred by section 9(1) of that Ordinance."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the motion moved by Ms LI Fung-ying be passed.

**SECRETARY FOR THE CIVIL SERVICE** (in Cantonese): President, the Government is aware that Mr LEUNG Chin-man's application to join and his appointment by New World China Land Limited (NWCL) has aroused public concern on post-service employment of directorate civil servants with commercial organizations. Details of the handling of the whole case and the relevant decisions made have been set out in the report submitted by me to the Chief Executive on 15 August this year, which was subsequently publicized by the Chief Executive. At the meeting of the Panel on Public Service held on 27 October this year, I also gave a detailed explanation of the issues relating to

the application concerned and the existing regime for handling applications for post-service outside work of directorate civil servants.

Despite that Mr LEUNG's application was aborted following a termination of the employment contract between NWCL and him, we are fully aware of the public concern. For this reason, at the end of September this year, the Chief Executive established an independent Committee on Review of Post-service Outside Work for Directorate Civil Servants (Committee on Review) to review the existing policy and arrangements governing the post-service outside work of directorate civil servants. The Committee on Review is chaired by an Executive Council Member and comprised of 10 members, including five incumbent Legislative Council Members, academics, people from the business sector, legal experts and me. The Committee on Review has held eight meetings intensively since its establishment, and a consultation document is expected to be released early next year to kick off the public consultation exercise on the relevant review. I have also relayed Members' views on the existing control regime governing the post-service outside work of directorate civil servants and the vetting and approval of the relevant applications to the Committee on Review for consideration. The findings and recommendations of the Committee on Review will be submitted to the Chief Executive in June next year.

Today, if the motion is passed in this Council whereby a select committee will be formed, we will respect the Council's decision and work with the Select Committee so as to enable it to operate smoothly.

President, thank you.

**PRESIDENT** (in Cantonese): If Members have pressed the "Request to speak" button to indicate their wish to speak but found that the red light has gone off, please press it once again.

**MS MIRIAM LAU** (in Cantonese): President, more than four months ago, Mr LEUNG Chin-man, former Permanent Secretary for Housing, Planning and Lands (Housing) and Director of Housing who had left the service was appointed as executive director and vice-chairman by a private property developer, that is, NWCL. The incident was exposed and aroused significant controversies in the community because the developer (First Star Development Limited) which has

taken part in the development of the Private Sector Participation Scheme flats in the Hung Hom Peninsula belongs to the same parent company (New World Development). More importantly, during the economic downturn in 2003 when the sale of Home Ownership Scheme (HOS) flats was stopped, this developer paid the premium and bought the Hung Hom Peninsula; it later renamed the development Harbour Place and sold the flats in the private sector market.

This caused lots of doubts such as whether there is a conflict of interest and even a transfer of benefits. Are there serious loopholes in the procedural arrangements and vetting and approval standards for the granting of approval by the authorities concerned for Mr LEUNG to take up the new employment? Apart from the Hung Hom Peninsula, were there other problems with the housing and land policies during the time when Mr LEUNG Chin-man was in charge of the Housing Department and the Buildings Department? How improvement can be made and conflicts of interest avoided in respect of the existing policies and arrangements governing post-service work of directorate civil servants in order to meet the general expectations of the community?

The Liberal Party holds that these worries of the public are fair and reasonable, and these are serious and important issues that require a clear account and a response from the Government. So, regarding the question of whether the Legislative Council should set up a select committee to investigate into the case, I must reiterate that the Liberal Party has never raised any objections and we have not hesitated because our former Chairman, Mr James TIEN, is a non-executive director of New World Development (China) Limited. It was our position at that time, and it is still our position today. We support making the public aware of the rights and wrongs of the whole incident. If loopholes are found, corrections should be made; and if mistakes are found, the responsibilities should be affixed.

To achieve this objective, we must have a suitable platform and the scope of investigation can definitely not be excessively narrow, such as being restricted to the vetting process of the employment application of Mr LEUNG, only then can we examine the problems that have been found in the whole system on a macroscopic scale. I trust that the public want most to know more about this, otherwise, the internal report submitted by the Government a few months ago on the vetting and approval of the employment application of Mr LEUNG might already suffice.

The Select Committee that the motion today proposes to set up has very explicit terms of reference, precisely for examining the whole incident from a macroscopic angle. The Select Committee would investigate into Mr LEUNG's post-service employment application, and to find out whether there was any connection between such work and the major housing or land policies which Mr LEUNG had taken part in their formulation or execution, and the decisions which he had made pursuant to such policies while serving as Director of Buildings, Permanent Secretary for Housing, Planning and Lands (Housing) and Director of Housing, that had given rise to any potential or actual conflict of interest, as well as related matters. In addition, the Select Committee would help Hong Kong learn a lesson from this incident, and "based on the results of the above inquiry, make recommendations on the policies and arrangements governing post-service work of directorate civil servants and other related matters".

In order to give the Select Committee sufficient authority to carry out this arduous task, and to make a diagnosis and write prescriptions for the entire system with a view to curing it, we support authorizing the Select Committee to exercise the powers conferred by the Legislative Council (Powers and Privileges) Ordinance to conduct the relevant inquiry.

With these remarks, President, I support the motion.

**MR WONG KWOK-HING** (in Cantonese): President, the position of the Hong Kong Federation of Trade Unions (FTU) on this incident is very clear.

Back on 14 August, FTU representatives presented a letter to Mr Donald TSANG at the Government Secretariat, hoping that the Chief Executive would hold over the arrangements made for LEUNG Chin-man to take up employment with the New World Group. We held that the Government must expeditiously review and thoroughly investigate the incident. We also thought that the investigation and review would best be handled by an independent party. So, we support the setting up of a select committee by the Legislative Council to conduct the review because this would pre-empt the situation of Secretary Denise YUE investigating into matters handled by her. Also, this would avoid a conflict of roles and increase the credibility of the review result.

We went to the Government Secretariat on 14 August and presented a petition letter to the Chief Executive, and then we went to the office of the New

World Group and presented a letter, urging the Group to hold over LEUNG Chin-man's taking up the employment in order to pacify the concerns and grievances of the public, and to make employment arrangements only after the whole issue is clarified after the investigation. The Group subsequently handled the matter and the parties had held over their employment relationship; we welcome this arrangement.

As regards the three suggestions made by Ms LI Fung-ying concerning the terms of reference of the Select Committee, I support them fully and I wish to add that, in the course of the independent inquiry, we really hope that systemic loopholes would be identified and positive recommendations made so that the conflicts of interests and roles can be avoided in the future system for the regulation of post-service employment of retired senior officials. Further improvements in this regard are very important to increasing the integrity and credibility of the political system of Hong Kong as a whole. In connection with this incident, I think Mr LEUNG must, in the course of our investigation, clarify whether various decisions made by a senior civil servant when in office have made a way for his employment after retirement. This is the most important point, and we must carry out a thorough investigation.

Furthermore, I think that the regulatory and approval authorities have to investigate clearly certain points and make corresponding recommendations for improvement. First, when the approval authority discussed the application, why had it not found that there might be a potential conflict of interests? We really want to know more about this. Second, when the approval authority conducted consultations, some senior officials concerned had raised objections and pointed out that there might be problems; why were the objections not given serious and thorough consideration? I think this point is also worth probing into. Third, when the Government approves the applications by retired senior officials to take up post-service employment in future, how will it enhance transparency and credibility? I also think that this is the most important problem for us to solve when we look ahead to the future. Fourth, some have recently doubted if the chairmen of some of our committees have taken up too many official duties such that they may not have the time to handle the applications made by these senior civil servants and directorate civil servants; or, they may not carry out a sufficiently thorough or meticulous investigation, and they may have blundered as a result. Hence, about the point that the chairman of a committee has or has concurrently taken up too many official duties, I hope the Select Committee of the Legislative Council would also take that into consideration.

If we can deal with the matter on its merits, find out hows and whys and the ways to make improvements, it will be helpful to our future supervision of the Government to make sure that it will do better, and to prevent anybody or any senior official from taking advantage of the grey areas or loopholes of the system for personal gains.

With these remarks, President, I support the setting up of the Select Committee by the Legislative Council.

**MR CHEUNG MAN-KWONG** (in Cantonese): President, today, the LEUNG Chin-man incident is finally brought before the Legislative Council, and this Council will officially set up a select committee to investigate into whether LEUNG Chin-man's taking up post-service work with NWCL and other real estate organizations would give rise to any potential or actual conflict of interest. This Council will, based on the results of the inquiry, plug the loopholes in the system for the regulation of senior civil servants to prevent collusion between business and the Government, corruption and degeneration, to ensure that world-class clean politics is maintained in Hong Kong and to defend Hong Kong's pillars of political success.

During the colonial era, expatriate senior officials would usually leave Hong Kong and return to their home countries upon retirement, and they seldom took up employment in the private sector. Therefore, the focus of the regulation of retired senior officials by the Government was to prevent senior officials from taking advantage of the interpersonal relations they had built up to gain benefits from their former subordinates and officials in respect of government policies and contracts. These senior officials could not disclose the confidential information of the Government which might constitute unfair competition and transfer of benefits. The Government regulated retired senior officials through the provision of pension, and it has specified a sanitization period and a control period, to prevent the retired senior officials from taking up employment with unsuitable private organizations and taking up unsuitable employment, which might cause public reproach, collusion between business and the Government, corruption and degeneration.

After the reunification, there has basically been a thorough change in the nationality of retired senior officials. They are no longer colonial officials in transit but locally born and bred permanent residents of Hong Kong. They inevitably have countless ties with the consortia in Hong Kong during their terms of office; even the purchase of flats through private sale arrangements may constitute a transfer of benefit, needless to say the high-pay life employment after retirement. This is an extremely important political change and the benefits are very attractive and tempting. If the senior officials fail to uphold honesty and moral integrity, they can at any time make use of the residual power of their former offices to tilt policies towards individual consortia. Or, they may grant favour to and benefit individual consortia in particular cases. Even though the senior officials may not have any immediate gains, there is a tacit mutual understanding that after they have retired and after the sanitization and control periods, the consortia would return favour for favour, and appoint them to take up high-pay employment, so the retired senior officials would wait for the exchange of interests with the consortia. The characteristics of this sort of recompense for political services are sensibility, secret contacts and doing favours, and this practice is most easily found in finance, housing and land departments that have significant interests. It may even become a new form of corruption after the reunification, which may involve dealings in great secrecy, and nothing can be done even if the rules have been knowingly violated; and eventually, our clean administration may be nibbled and eroded. Thus, regardless of whether the investigation into the employment of LEUNG Chin-man will be getting us anywhere, it is an extremely important milestone for our clean administration. Furthermore, it will call for deep thoughts by the Government and urge it to plug the loopholes as quickly as possible. Otherwise, the new form of corruption would get out of control, ultimately jeopardizing the interests of the Government and Hong Kong people.

Hong Kong people are not sensitive enough to the employment of retired senior officials with the consortia after the reunification. When the list grows longer and longer, and names including LI Kwan-ha, HUI Ki-on, TSANG Yam-pui, Elaine CHUNG and Rafael HUI have gradually appeared on it, Hong Kong people started to address squarely the issue that the senior officials and important political figures can have a second chance to "make real money" after retirement. They can still take advantage of their residual power and enjoy love in the evening of their life. Hong Kong people start doubting if paying high salaries to make officials clean is a myth. Today, we have to deal with the employment of LEUNG Chin-man with New World; the public are utterly angry

but the belated awakening of the Government appears strange. If the media have not found out more and disclosed the details, and if Honourable Members have not been adamant, LEUNG Chin-man would now have an annual salary of more than \$3 million, setting the worst precedent for senior officials who are going to retire. People will ask a question: Even a senior official deeply involved in real estate interests has been openly granted approval within the control period to take up employment with NWCL, who would refrain from doing the same in the future? Would there be any post that requires control? The so-called sanitization and control periods are just formalities or routine practices, and they actually remind us of the saint WONG Tai-sin who never fails to respond to every plea.

The LEUNG Chin-man incident made all of us in Hong Kong boiling with rage, and the farce had finally come to an end with the termination of contract. Yet, the vetting process has exposed that government officials are shielding one another, and the goalkeeper has left the goal unguarded.

On this ground, we need to investigate into the application by LEUNG Chin-man to take up full-time paid employment as an executive director of NWCL. The Civil Service Bureau has consulted three Permanent Secretaries. Thomas CHAN from the Transport and Housing Bureau thought that it was very unlikely that the new work of LEUNG Chin-man would give rise to negative comments by the public or embarrass the Government, and he recommended an approval. MAK Chai-kwong from the Works Branch of the Development Bureau remarked that, though the potential employer of Mr LEUNG carried on business outside Hong Kong, the company was engaged in the business of property development, construction and management, so the application from Mr LEUNG to take up post-service employment was associated with his work as Director of Buildings, which might have impacts on the impressions of the public. And, Raymond YOUNG from the Planning and Lands Branch of the Development Bureau reminded explicitly that a subsidiary of New World Development Company Limited had submitted building plans for development projects (such as the Hung Hom Peninsula development and the redevelopment of the New World Centre in Tsim Sha Tsui).

In other words, among the three Permanent Secretaries, one of them indicated support, another had reservations, and yet another directly referred to the Hung Hom Peninsula. However, Denise YUE from the Civil Service Bureau was indifferent to the mainstream view and granted approval after imposing four

restrictions. When the Legislative Council and the public were filled with indignation, Secretary Denise YUE said that she had not initially considered that Mr LEUNG had taken part in the Government's handling of the Hung Hom Peninsula matters and that one of the subsidiaries of the New World Development Company Limited was one of the developers involved in the development. I am afraid she can hardly justify this remark she made, and this illustrated that, in handling LEUNG Chin-man's application, Denise YUE not only had negligence and omission but also erroneous positions and inclinations. She took the public lightly but was generous towards the senior officials; she allowed LEUNG Chin-man to serve New World and enjoy prosperity and riches, bearing the Hung Hom Peninsula and a possible conflict of interest.

Besides the Civil Service Bureau, there is another goalkeeper in Hong Kong, the Advisory Committee on Post-service Employment of Civil Servants under the leadership of Justice PANG Kin-kee, but the Advisory Committee is just a rubber-stamp of the Government. The public may recall the farce in which PANG Kin-kee admitted after the incident that Chief Executive Donald TSANG had abused his power and made a decision to grant approval for the former Chief Secretary for Administration Rafael HUI to set up a new company with a partner less than one year after he had left the Civil Service. When the application filed by LEUNG Chin-man was put before PANG Kin-kee, he only repeated what Denise YUE had done and added the four conditions, in total neglect of the conflict of interest arising from the Hung Hom Peninsula incident. Furthermore, he played the role of a rubber-stamp and rashly approved LEUNG Chin-man's application. I am afraid even LEUNG Chin-man would have been shocked by such a generous decision of the Government. Hence, I have never worried that PANG Kin-kee's sitting on too many committees would affect the making of impartial judicial judgments because no matter how busy PANG Kin-kee is, he is just a busy rubber-stamp.

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

Deputy President, LEUNG Chin-man's application for employment with New World China was approved because the Chief Executive had basically shielded senior officials. He abused his power and let Rafael HUI go, setting a bad example as the highest ranking government official. It is because Denise YUE took the public lightly but was generous towards the senior officials; she

had superficially racked her brains and imposed four restrictions, but she was practically placing small obstacles but offering substantial help so that LEUNG Chin-man would get what he wanted. While enjoying considerable pensions, he could launch into a beautiful new world and take up a high-pay job offering nearly \$10 million after retirement. This is because the Advisory Committee under PANG Kin-kee is a rubber-stamp that has always accepted all the recommendations of the Government wholesale, without any intention to exercise checks and balances on or supervision over the Government. As a result, the most thick-skinned LEUNG Chin-man easily overcame all barriers, and pounded at the weakest part of the Government and the regulatory regime for the employment of retired senior officials. It was an eye opener for the public and it generated heated public discussions. The LEUNG Chin-man incident also exposed another problem. At present, the scope of regulation of the post-service employment of senior officials does not extend beyond the Shenzhen River, so only employment in Hong Kong but not on the Mainland is regulated. In fact, LEUNG Chin-man retired in January 2007 and he took up employment as a non-executive director of a property holdings company on the Mainland a year later. Although this was a mainland company and the employment did not need government vetting and approval, the planned listing of the company in Hong Kong in the first half of this year has subsequently been suspended because of an unfavourable stock market. Putting it another way, the place of work could be on the Mainland and the work could be superficially unrelated to Hong Kong, but who could glaze into the crystal ball and discover the secret commercial dealings between the parties? So, I have been demanding that the scope of regulation be extended to cover areas outside Hong Kong, and I think that the Government should follow up the changes in the work nature of the officials approved to take up employment with consortia and enterprises. Nonetheless, I am not sure if officials are shielding one another or good advice jars on the ears, my opinions are unheeded. This time, the Legislative Council wants to investigate into the LEUNG Chin-man incident to find out whether he was involved in real estate business in Hong Kong in disguise under the pretext of working on the Mainland with a view to circumventing our vetting mechanism.

Deputy President, I fully support Ms LI Fung-ying's motion on an investigation into the LEUNG Chin-man incident, in order to tighten the mechanism for retired senior officials to take up post-service work in the private sector, prevent collusion between business and the Government, corruption and degeneration, and consolidate clean politics in Hong Kong, as well as uphold fairness and justice in our society. Thank you.

**MR LEE WING-TAT** (in Cantonese): Deputy President, I speak in support of the setting up of the Select Committee.

Deputy President, for almost 20 years in the past, when there were debates in the Legislative Council on the relationship between the Government and the business sector, the expression "collusion between business and the Government" had most frequently been used. This expression may jar on the ears of the officials and I actually do not want to use the expression but, the biggest problem is that, if we ask ordinary people and conduct a scientific opinion poll about whether they consider that there was collusion between business and the Government in Hong Kong, the result of the survey would show that more than half of the respondents considered that there was. As to the word "business", it most frequently refers to the property developers. Why are the property developers so special in Hong Kong? Because these developers have extensive clout and wealth, and there were many other cases of co-operation between them and the Government throughout the years. There are representatives of the property developers in many political bodies, especially the former Executive Council, and many members of the Election Committee that elected Donald TSANG are working under the property developers or the subordinates of the property developers. This impression is very strong among the public.

When I work in the districts or chat with friends, I find that everybody believes that the property developers in Hong Kong have very strong influence on the Government, and people think that the property developers would affect government policies by unlawful and unsuitable means. Throughout the years, there have been too many government policies and examples that made us feel that government policies are titled to or entirely helping the property developers. Some have even used the expression "collusion between business and the Government". Even if we leave aside this expression, we have found that the policies have been titled and a lot of policies are providing the property developers with facilitation. I would like to tell the Secretary that a large number of people have this impression and even the civil servants I am acquainted with share the view.

Over the years, these examples have emerged one after another. Before I joined the Legislative Council, the most widely discussed issue was that some property developers had even made changes in land use, and successfully changed oil depots into residential sites. At the end of the 1970s, the practice

was widely adopted in respect of such developments as the South Horizons, Belvedere Garden, Laguna City and Whampoa Garden. They were good at doing so. Of course, the Government would tell us that that was not any "collusion between business and the Government" because they had paid the regrant premium. Frankly speaking, land exchange is not easy but the property developers are good at lease modification, with the Grand Promenade being one example. There are various previous examples, for example, the property developers successfully asked for the Government's permission for the construction of green balconies although such balconies were not built in the end. The property developers made money but it could not be said that they had made green efforts.

I would like to tell the Secretary that there are numerous similar examples and there are just too many indeed. I have worked for more than 10 years on housing and land matters in the Democratic Party, and I have found innumerable examples. I have a very strong impression that that is the case, so I think the LEUNG Chin-man incident can be described as the last straw on the back of the camel, and the situation is definitely no longer tolerable. How could the Government handle the incident this way? The case was very obvious and simple; how could the Government grant him approval?

Deputy President, we have not yet entered the formal investigation process and I agree that we should not draw any conclusion on the matter. Every person should be given a fair hearing and be allowed to give evidence and information as well as answer questions. Yet, in connection with this incident, it is incomprehensible why approval had been given so easily despite obvious suspicions. Mr LEUNG Chin-man is the former Permanent Secretary for Housing, Planning and Lands (Housing) and Director of Housing and he was in charge of a large number of housing or land matters. Although he is going to handle business on the Mainland, I hope that the Secretary and her colleagues would understand the relationship between the boss and the employees of a company; an employee who belongs to the department handling business on the Mainland will not only handle matters connected with the Mainland. I am not sure if the Secretary is unfamiliar with the operation of the business sector. In my office, even though there is a staff member in charge of the matters related to Kwai Chung, and another staff in charge of the matters related to Tsing Yi; in case there is an emergency in Tsing Yi, the staff member in charge of matters related to Kwai Chung will not look on unconcerned.

LEUNG Chin-man would be in charge of handling business on the Mainland; common sense tells us that, when the boss asks him over a meal, "CM, what do you think about this incident?" he may answer, "as this involves previous confidential information, I should not discuss the matter with you". Though an employee who has made such a remark is certainly impartial, people will find that somehow suspicious. I would like to tell the Secretary that no boss would ever do so. No boss would say, "As you are in charge of handling business on the Mainland, I will not ask you questions about other things." This is really a joke. I do not think the business sector in Hong Kong would do so, or the property developers would not do so. While the property developers are making money desperately and amazingly in the property market and real estate projects, what are their objectives in employing a former official?

I would like to share with the Secretary another point. Why have the employees of the Lands Department, the Transport and Housing Bureau or those engaged in the work aroused public concern? When we handled matters related to land and housing policies, we found that this question was most frequently asked. Although it is very difficult to prove our suspicions, there are too many examples telling us that there are reasonable grounds for our suspicions. First, many property developers prefer employing former senior officials of the Lands Department and the housing authorities. They may employ these people to take up different work; what do they actually want? Of course, they want these people to work for them, but the second objective in employing them is to tap their former government networks, which are very precious. Frankly, after a director has retired, the succeeding Director or Deputy Director will be the former subordinate of the Director. Surely, I am not saying that the retired senior official could influence government policies with a few telephone calls. But frankly speaking, as they know one another, it would be quite easy for them to meet with one another or obtain information on certain issues. This is the first reason why property developers prefer appointing as employees or consultants the former senior officials in charge of housing, land, planning and building matters — most of them actually work as consultants because it is easier to cover up their relationship. This is the first point.

Second, it is the information that can be tapped, certainly. As far as I know, retired senior officials should observe "the sanitization period" but they have in hand a lot of confidential land planning information and they do not have to print out all the documents. Basically, they know the confidential information

inside out; if they are well aware of the details of the developments and strategies, it will be very helpful to the organizations concerned.

Third, I think that the incident has reached a worrying stage. Had the senior official secretly done some work when he was in office, to make a way for his being offered a position after retirement? He does not need to work when he holds the position because he has done the property developer a service and the property developer always remembers that. This rumour has widely spread. If an official worked with the Lands Department, Buildings Department, Planning Department or Housing Department, and he had dealings with a property developer when he was in office or had taken part in certain projects, the property developer would remember him if he was easy going — the property developer would not settle a score and he would remember that the former official had made things convenient for him.

I am sure that the Secretary would ask how this could be prevented. How could we know what he had in mind? That is right, we have to be fair and this can hardly be prevented. But precisely because this can hardly be prevented that we need a specific plan and work system to prohibit such happenings, so that the public will not be suspicious or blame the Government for being indifferent to these matters, granting approval easily and even giving the green light generously. Once the public have such an impression, they will think that there is really "collusion between business and the Government".

Deputy President, the Secretary is present; I respect the Secretary very much because I have known Secretary Denise YUE for a long time. Nonetheless, I do not quite understand one point about this incident. Ms Elaine CHUNG took up employment with Henderson Land Development Company Limited (Henderson) in 2005 and she was in charge of the so-called transport and cultural services — I hope Honourable colleagues still remember this laughing stock. She became a senior staff member of Henderson in charge of transport and cultural services. When Henderson held an exhibition related to the West Kowloon Cultural District (WKCD) development project, she was there receiving guests. However, when other people asked her whether she was involved in real estate matters, she replied that she was just helping out. She was definitely not just helping out, why had she done so? Because the contracts of the WKCD were going to be awarded by single tender at that time, and Henderson had its eyes on that fatty meat of dozens of hectares, and the land value of almost \$100 billion. That is why she was deployed to help out. Evidently, the Elaine

CHUNG incident was a "marginal case" of violation of the rules. Surely, the incident had been dealt with; the Secretary should know that a committee had been set up and it had submitted a very thorough report.

I have read the report and its contents are actually not bad. What I mean is that, taken literally, the rules specified in the report are rather strict. I do not want to read out the assessment criteria (a) to (f) and I only wish to point out point (f), that is, "whether any aspects of the proposed work would cause embarrassment to the Government or bring disgrace to the civil service". This can actually be a very stringent criterion. Any company in the private sector which employs Mr LEUNG Chin-man knowing that he is the former Director of Buildings, Permanent Secretary for Housing, Planning and Lands (Housing) and Director of Housing ..... I am not going to talk about criteria (a) to (e), and I will only consider this criterion. I cannot figure out from all angles why the proposed work would not cause embarrassment to the Government. I would like to use an expression commonly used by ordinary people, that is, "this has blatantly given him benefits". In fact, this really caused embarrassment. I really do not understand why the Secretary had not prudently considered this point in the vetting process. Unlike CHEUNG Man-kwong, I will not criticize the Secretary for generously providing those concerned with convenience, but we would exercise common sense when we make a lot of decisions. Is it that difficult to take these six points into account? Point (e) is "whether the applicant's taking up of the proposed work would give rise to public suspicion of conflict of interest or other impropriety". When we exercise common sense and logical thinking, we would certainly discover problems.

Deputy President, I think the incident made me astonished and a bit sad because, frankly speaking, I wonder why there is such a gap between the attitudes of those who have worked with the Government for so many years towards observing these rules and the views of Legislative Council Members (we may be unimportant) and even those of the general public. The Chief Executive, the Secretaries of Department and the Directors of Bureau should really consider why the way in which such an experienced Director of Bureau applied the criteria differed so much from the general public? There was a big difference indeed.

I recall that when I became aware of the matter, I did some work in the districts and organized a signature campaign on an investigation into the case of

LEUNG Chin-man. Who were those who signed up? They were not ordinary people like uncles, aunties and young women but they were young couples fresh off work and young people aged over 20. These people generally did not like to take part in signature campaigns — I trust that Honourable colleagues would understand this when they worked in the districts. In other words, the incident had reached such a stage that these people thought that the Government was affecting certain core values of Hong Kong; they found it unbearable and that the Government was not doing well, and they wondered why that was the case.

Therefore, I hope the Secretary would ponder over the investigation into the case, and I also think that certain judgments made by the Government, first, concerning the LEUNG Chin-man incident, and next, about the "fruit grant", the chartered flight incident, green taxis and red taxis; all these judgments have made people doubt if the Government is completely out of shape and not as good and different from it was? Why is there a bigger and bigger gap between decisions based on logical thinking and people's views? Also, why has this occurred increasingly frequently?

Deputy President, there is not much time left for me to speak but I think that, besides conducting an investigation, I sincerely hope that those from the Civil Service would consider one point: In the face of these significant incidents, why are the decisions they made so different from people's views? Should they not do some soul-searching. Thank you, Deputy President.

**MS EMILY LAU** (in Cantonese): Deputy President, I speak in support of the motion moved by Ms LI Fung-ying. As Honourable colleagues, including you, Deputy President, have said in their speeches, the LEUNG Chin-man incident has really caused a lot of repercussions. The incident is truly shocking to many people. As Ms LI Fung-ying has said, civil servants used to be clean and professional in the eyes of the public, and they were very dedicated to their work. But in the past few years as many things happened, the public began to query. At times the fault does not lie in the civil servants, but when they come out and speak, the people feel baffled. The LEUNG Chin-man incident makes the people worry, as Honourable colleagues have said earlier, about collusion between the Government and the business sector. That is to say, would certain top officials begin to pave the way for their post-retirement career a few years beforehand?

Deputy President, Honourable colleagues have cited the names of a number of retired top officials and they include a few Commissioners of Police who work for the real estate developers after their retirement. Real estate developers are definitely very sensitive words. I have met countless people who said to me that their whole family had to work hard for decades in Hong Kong only for a few big developers. In the past, that is, before I was returned to this Council, I was a reporter and there was one Member of the former Legislative Council who said to me that the people of Hong Kong were just working for a few big families. Their influence is so huge and all-pervasive. So if something happens and it has got to do with some retired top official who work for the big developers, I am sure the people would be very upset.

Deputy President, the Government gives the civil servants first rate treatment. Recently, Secretary Stephen LAM has even said that the salary of the accountable Directors of Bureau is so high because the salary of the civil servants is high. It is decided that their salary should be linked to that of the civil servants. If the people can see that they are given such high salary, they will think that these top officials would have no cause to worry about their retirement life. It would be all right if they do something that is totally unrelated to their former duties and have no conflict of interest, like teaching which Mr Joseph WONG is doing or working in a bus company which Mr Jack CHAN does because there is no conflict of interest. It would be a different case if they were in certain positions immediately before their retirement and then hold similar positions after retirement.

As I have mentioned the Commissioners of Police, Deputy President, do you recall a few years ago some top official said that since the Government wanted to make money, then why did it not take out the number one licence plate and put it up for auction? This is what the top official said to me. Then many people agreed with the idea. But the authorities were not willing to do it. Why? Just think who owns the "number one" licence plate? It is the "number one guy", that is, the Commissioner of Police. If the licence plate is owned by a God-knows-what person, then what should we do? Would the police be very unhappy? Then people agreed with this view. Actually, this view is way over board, does the rule of law not exist in Hong Kong? But anyway, in the end the "number one" licence plate was not put up for auction. But why can the authorities find it acceptable when the former "number one guys" are working for the big developers in such a high profile?

Mr LEE Wing-tat said earlier that investigations conducted in the past were for the purpose of filing the complete set of information concerned, but even when information is filed, no one would care to follow up. In the past, the information was read by a committee, a Director of Bureau and a Permanent Secretary, and so on. That was the situation. Secretary Denise YUE said when she came out to explain the case that she had not seen the papers about Hung Hom Peninsula. I cannot help but use the remark made by Mr IP Kwok-him at that time and say that I am dismayed to hear that. How can a Director of Bureau be like that? These kinds of committees and Directors of Bureau, and so on, are supposed to be gatekeepers, are they not?

This shows why we must undertake the inquiry, to find out what things are involved, and what kinds of conflicts, direct or indirect, are involved. Ms LI Fung-ying said that the purpose of making an inquiry is not to find out who is to be held accountable. I agree with her. But if the state of things is such that someone has to be held accountable, then so be it. I trust that Ms LI Fung-ying who is to head the Committee will be fair and when the facts prove that one or more persons have to be held accountable, then it will not be the case that since she has said that no one has to be held accountable, then no one will indeed be held accountable. I am sure this is not what Ms LI Fung-ying means. She is saying that because up to now, the inquiry has not begun and so we cannot expect that every person involved will be fired. This is not so. But if the evidence strong enough and beyond challenge that someone has been improper in his or her conduct, then justice has to be done.

Deputy President, I wish to declare interest at my own initiative. I have not joined this Committee but I will give my full support to Members to pursue the case in great detail and unwaveringly, leaving no stone unturned. I only ask that the Committee will act fairly and be fair to everyone. The recommendations to be made in future should be based on facts and if it is found that someone has acted improperly, negligent of his or her duties or has any conflict of interest, then I think this Committee must act fearlessly and make recommendations. Such recommendations should be acceptable to Members themselves and the people. These recommendations should be acceptable to civil servants and the public. The incident is so shocking and, Deputy President, the authorities have a committee in place. But that does not really matter and they can continue with their usual business. I am sure the committee set up by the Government will say that we should look ahead. But we still need to see what has happened and why does the system allow such things to happen.

I would like to make one more remark. Mr LEE Wing-tat referred to investigations into the Elaine CHUNG incident and the many recommendations made. But why do all these recommendations seem to be useless? I have said to many of the voters that since this is the case, then why can we not impose some restrictions and require that top officials be barred from taking up any employment within a certain number of years, such as a ban on taking up any jobs related to their former positions for a period of three or five years.

Deputy President, if a top official has been working in the fields of say, housing and lands which are most sensitive, then they should not be allowed to take up any employment related to these fields for a period of three years or five years. Why? As Honourable colleagues have said, Deputy President, why does the business sector want to hire these retired top officials? Because they can use their personal links. When that top official picks up the telephone and says certain things to the other end of the line or if he says who he is, the other party will say yes and so the matter is settled. If after the top official has retired for three or five years, all such personal links are presumably gone and personnel changes have taken place.

Originally the matter may not have to come to this state, but Ms LI Fung-ying, would you people examine really closely whether or not all the rules are there. There are stipulations in the rules already, but it turns out that people can ignore the rules after reading them. If this is the case, then a provision has to be written down to specify that if the job is about such kind of duties, then no approval shall be given.

Deputy President, I think the way the authorities are handling this incident has broken the hearts of many people in Hong Kong. The people cannot help but ask, "Has anything gone wrong with the system?" I do not want to jump to a conclusion, for we should not do so.

But all the things read out by Honourable colleagues earlier are all facts and they are contents found in documents. It is because of that that it is so shocking to us. I hope very much that Honourable colleagues, that is, those who have joined this Select Committee, will act fairly so that justice can be done. Also, we in the Legislative Council will make some recommendations which the public and civil servants will find very fair such that other top officials will have something to rely on when they retire — frankly speaking, I do not know what kind of conclusion the committee set up by the authorities will arrive at. I do

not want to see this kind of dispute arise again. There is no winner in such things and it is not beneficial to the parties concerned, to the civil service team and to Hong Kong as a whole. So we cannot help but handle the case for if we do not, we will be accused of covering up shortcomings, that we too have a part to play in the collusion.

So, Deputy President, I hope Ms LI Fung-ying and all Members who have joined this Select Committee can be very pragmatic, fair, open, equitable and just in the conduct of hearings. Also, they should pursue the matter with a seriousness of mind and tell the public and civil servants that certain acts are not tolerated in Hong Kong and will not be allowed to happen again either.

I so submit.

**MISS TANYA CHAN** (in Cantonese): I recall during the Legislative Council Election this year, the question of whether or not a select committee should be set up to investigate the LEUNG Chin-man incident was a very hot topic. In the end, most of the candidates, regardless of whether or not they are willing or half-willing, all showed support for setting up a committee to investigate the matter. So I am sure that the motion will be passed today and I will also support it.

Actually, since the issue is settled and earlier on many experienced Honourable colleagues have talked about the reasons for setting up a committee, especially on their intention to find out what is wrong with the existing system, I do not think I need to add to their arguments. But since a lot of problems concerning planning have surfaced lately, I am very worried that if we allow a second, third or more of the likes of Mr LEUNG Chin-man to appear, we may find one mystery after another in planning which no one can decipher.

A popular saying has it that there are two mouths in an official. When a remark comes from the mouth of an official, it can have the power to turn things into whatever the official may like them to be. The implication is, the powers of an official are very great indeed. When there are two mouths in an official, there will be seven mouths in the top officials of the SAR. It can be seen that the powers of officials in the SAR are very great indeed. When I have become a

Member of this Council, I came to realize in a more striking manner the truth of this remark. Take the example of the QRE Plaza case in Wan Chai which I am following up, just one remark by the officials from the Planning Department, a lot of land which is clearly zoned as open space, that is, a piece of land for leisure activities by the public, can be turned into a site for a commercial building of more than 20 storeys. Just imagine how much money the developer will get from this. If we do not have a stringent mechanism for vetting and approving applications made by retired top officials in taking up employment with the private firms, the public will easily have a wrong impression that the SAR Government is condoning collusion with business and transfer of interests. It would not worth it if the Government is forced to bear the blame because there is not enough monitoring.

The scarce supply of land in Hong Kong makes it an extremely profitable undertaking to engage in the real estate business. I am very worried that if the Government does not do a good gate-keeping job, or if there are officials who deliberately pave a lucrative way for themselves after their retirement, then it is very likely that they will exercise the powers they have when in office to give conveniences to the developers. The result is land planning and building construction in Hong Kong will all be messed up. Then the people will have to come out again and make vociferous protests before the Government can hear what the people think. If not, the developers will be erecting screen-like buildings all over the territory and our next generation or the generation after next will suffer.

So we want to set up a committee not just because we wish to find out the truth of the matter, but also because we want to see what kind of loopholes are there in the system. I really do not hope to see a pet phrase used by one of our Honourable colleagues, that is, there is collusion between the Government and business and there is a transfer of interest, become a truth that repeats over and over again. I hope all the more that Members who join this Committee can be like me, to take up a magnifying glass and look carefully at each trace and find out who should be held responsible and whether or not there are any specific suggestions to improve the mechanism for monitoring the post-service employment of retired top officials and thus restore the credibility of the SAR Government.

Deputy President, I trust every senior official is an elite of society and they have beaten so many people in the rat race before they can get these high

positions. If they are barred from working after retirement and have to stay at home, this would be a waste of their talents, which is also a waste to society. So I agree that top officials can work in the private sector after retirement. Only that the Government must do its gate-keeping job well to prevent any conflict of roles or let the public see any conflict of interest. Actually, many private sector companies like to hire retired top officials, for the reason that they have strong personal links and their familiarity with government procedures. Put it plainly, they hope that these officials can help the companies court favours or squeeze a hole between laws and regulations and so help the companies earn more profits. Of course, these big syndicates will definitely not tell the public plainly these things; they will just say that these retired top officials have excellent administrative experience and expertise and so the companies can be helped to scale new heights. But if we only think carefully, we will know that these are only reasons on the surface.

Many of these retired top officials come from the AO ranks. They have served in the Government for decades after graduation. Many of them are graduates in, for example, arts or social sciences and they are laymen in doing business. Also, the management culture in the Government is very different from that in the business sector. Each decision made in the Government attaches great importance to procedures. But in the private sector, it is exactly the opposite. Provided that a better effect can be achieved, procedurally, it can be more lax. So just imagine how relevant a civil servant's working experience is to a private firm. I think that is plain enough.

I am sure each one of these retired top officials is smart. They should know very well the role and value they have in a private firm. Such being the case, they should all the more be careful when choosing post-service employment and prevent any conflict of roles, in order not to subject their credibility and that of the Government to any test and influence.

Civil servants in Hong Kong have all along been well-known for their integrity and high efficiency. In the eyes of the public, our civil service team takes up a very lofty position. I really do not hope to see the excellent reputation of our Civil Service being tarnished because of the apprehensions in society caused by the post-service employment of top officials in the private sector. For so many years, the reputation of the Civil Service is maintained because civil servants in Hong Kong have held onto a neutral stand and they would avoid suspicions of any misconduct. When retired civil servants consider

taking up employment in the private sector, they should consider the reputation of civil servants in Hong Kong.

In the case of Mr LEUNG Chin-man, I do not in any way oppose Mr LEUNG finding another post to serve the community after he is retired, but why should a retired Permanent Secretary in the Housing, Planning and Lands Bureau have to be employed in a large real estate corporation? Has he forgotten what his teacher taught him when he was young, that a person should not pull on his shoe in a melon patch or adjust his hat under a plum tree? Had only these top officials thought carefully, then many of these disputes in society concerning the post-service employment of top officials would have been avoided. And the popularity ratings of the SAR Government would not have made such a big nosedive.

When the retired top officials are supposed to be bearing the untarnished reputation of the Civil Service, they should act in a manner that is cleaner than this piece of paper in my hand. I have especially chosen a piece of paper that is truly white in colour. That is, a piece of paper that is whiter than white. The kind of paper I use normally is recycled paper which is yellowish. Only such conduct without blemish would convince the people and make this excellent civil service team go from strength to strength. Apart from self-discipline enforced by the retired civil servants themselves, the Advisory Committee tasked with approving the post-service employment of civil servants should also do its gate-keeping job well according to the procedures. Many incidents which caused disputes in the community in the past, plus this case of Mr LEUNG Chin-man now, are caused by insufficient gate-keeping work on the part of the Government. This accounts for the public outrage. So even Secretary Denise YUE has to come out and bow in apology. Therefore, I think that the Government must review this state of affairs and even make the system governing the post-service employment of top officials in the private sector more stringent. It must do its gate-keeping job well and adopt a strict approach in vetting and approving such applications in order to prevent any conflict of roles.

Actually, the LEUNG Chin-man case is not unique and many disputes have arisen in society because of the employment of top officials in the private sector. Mr CHEUNG Man-kwong has cited many such examples earlier. The case at hand can only be the tip of the iceberg, for the public is really outraged because of it and so the case is brought to the attention of the Legislative Council and a demand is made to set up a committee to inquire into the case. The case implies

the existence of loopholes in the present system. The Select Committee on this occasion must take a serious approach and propose practicable measures and recommendations for improvement.

(THE PRESIDENT resumed the Chair)

President, I hope the Select Committee can commence its work quickly. I also hope all the more that the Government can collaborate with the Select Committee well and it must be more proactive instead of being so passive. I so submit. Thank you, President.

**MS CYD HO** (in Cantonese): President, I speak in support of the proposal that this Council should appoint a select committee and exercise the powers conferred by the Legislative Council (Powers and Privileges) Ordinance to inquire into the major housing or land policies which Mr LEUNG Chin-man had taken part in their formulation or execution while serving as Director of Housing, and Permanent Secretary for Housing and Planning and Lands, and his taking up post-service work with NWCL that had given rise to any potential or actual conflict of interest.

As today is not the occasion to commence the work of the Select Committee prematurely, so President, I would not criticize how Mr LEUNG performed his duties, for such is the work to be handled by the Select Committee later. Today I wish to raise three points on the system and political culture which the authorities have yet to answer.

The first point is the offer of attractive salary cannot achieve the aim of maintaining a clean Civil Service. Actually, the pay of civil servants in Hong Kong cannot be compared with top-notch salaries offered in the business sector and this is definitely true. However, the fringe benefits of civil servants are not bad at all. Generally speaking, civil servants who have housing allowance in service would have their own property after retirement. They would have a home of their own, coupled with the substantial lump sum pension they get, and the monthly pension they receive which amounts to one third of their terminal salary which is lifelong and can be enjoyed till their death. So with respect to retirement protection, the kind which civil servants enjoy can be considered very

comprehensive in Hong Kong. Even if the salary they get while in service may not be very good, if that is added to the pension they can get during a retirement life of 30 years, it is not bad at all. With an extra assurance of job security, the advantage which civil servants enjoy is incomparable.

Recently, Members of this Council who have their offices in the Citibank Tower are all left with a strong impression when they see the people working there. Last year, those in the finance industry got a bonus equivalent to 24 months of their salary. Now when we see these people dressed in dark suits, we can find they are all wearing a long face, filled with anxiety and overwhelmed with uncertainties in life because they do not know when they will get the sack. At a time of economic downslide, the work and pay of civil servants are remarkably stable. They do not experience much financial pressure now and they even have the means to drive consumption because of the stable pay which the public gives to officials of the SAR. So I believe officials should not attach so much importance to interests and they should pay back the public with integrity at work.

Although this system of maintaining integrity with attractive salaries is in place, we are seeing more and more officials hastily joining the private sector after retirement. This gives people an impression that they are hopping from one attractive job to greener pasture elsewhere. What kind of loopholes have contributed to this situation? The loophole lies in the fact while these officials are in service, as they make a decision or enforce a policy, there are chances for them to transfer benefit. Of course, when policies are formulated, they may not get any interest instantly, but would such interest translate into an attractive job after retirement? If we can perfect the system and when this goal of maintaining integrity with attractive salaries loses its effect, if the loopholes can be plugged, hence raising the cost of corruption, making officials rethink and better able to resist the temptation, it would benefit Hong Kong.

Those officials at the topmost levels who take part in formulating policies should not join any commercial organization upon retirement. As I have just said, their retirement benefits are not bad at all. If we are to dispel qualms about the transfer of benefit, we should minimize the incentive for them to transfer benefit while in service. This will uphold the good reputation of civil servants. Therefore, the authorities should consider expressly prohibiting officials at the topmost levels from taking up employment in commercial organizations after they have left the Civil Service.

Apart from the numerous bad examples which Members have talked about, we do have some retired top officials who have won acclaim from the public. Those who have retired for a longer time include Ms Shelley LEE. She has been caring for the SARS orphans. Then there are the former Directors of Bureau, Mr Frederick MA and Mr Joseph WONG. Mr WONG now teaches in a university and he is a conscientious critic of current affairs. He now gives people a pleasant surprise that he can be such a lively and lovely person. Also, the former Commissioner of Police, Mr LEE Ming-kwai, now is a voluntary worker and he teaches people how to enjoy good food. He also earns respect from the people. When these people have such good retirement protection, they should have a lofty character because they are not short of anything. They can enjoy life and win public applause. More importantly, they can accomplish the last task of retired top officials and, that is, to uphold cleanliness and integrity in public administration.

If we say that civil servants from the top echelons who took part in formulating policies should not take up employment in commercial organizations, then what about civil servants at the middle levels? We can consider extending the "sanitization period", thereby dismantle the personal network they have built up while in service. This reduces the incentive for commercial organizations to offer them attractive salaries. As for civil servants who do not get a hefty pension and only live on an income of say, some \$4,000, we should adopt the existing mechanism and, that is, if they still have children in school, they may choose to take up any job to care for the family and earn a living. This is our proposal for the moment.

The second point is, now, do civil servants still insist that justice be done? Many Honourable colleagues have mentioned a point earlier, that is, in the course of vetting and approving post-service work of Mr LEUNG Chin-man, the Civil Service Bureau had consulted a number of Permanent Secretaries, but only Mr MAK Chai-kwong pointed out clearly that it would not be too appropriate if public queries are caused when Mr LEUNG takes up such a post. For other civil servants, although they did point out some facts, they thought that it would be fine and there would not be any serious problem with that. So we are very worried for we do not know if civil servants have become insensitive to such things and that they no longer insist on upholding justice. President, as you have talked about political sensitivity, we are worried that officials no longer take public suspicious seriously. This is our first worry.

Our second worry is that these civil servants are coming to the defence of each other, for they may take the same course of action later on. Therefore, if they condemn or obstruct other people to take such a course of action, they may be unable to do the same later on. This is what worries us more.

I urge the executive authorities to rethink seriously the question of why certain officials are so inadvertent when it is said that the integrity of civil servants should be upheld. I think the Secretary is obliged to undertake a more thorough review of that and she should discuss with the Administrative Officers how best to rebuild this culture of insistence on doing justice.

Actually, we want not only to inquire into the personal acts of Mr LEUNG Chin-man but also to undertake a review of the loopholes and find out what should be improved in the entire system by referring to Mr LEUNG's case. Then the loopholes can be plugged and a clean political culture can be rebuilt. Through this inquiry, a warning should be issued to society, serving civil servants and commercial organizations; a reminder should be given to the politically appointed officials that they must stay clean and any collusion with the business sector or transfer of benefit will be denounced by the public.

The last point, President, I recall in our election forums, we discussed the issue of transfer of benefit by people other than civil servants like politically appointed officials such as Directors of Bureau, Under Secretaries and Political Assistants, and so on. All these people may get involved in a transfer of benefit. However, the regulation of officials under the political appointment system is weaker than that for civil servants. Moreover, the executive authorities have said that there should be a revolving door to enable them to serve as officials under the political appointment system, to stand in a Legislative Council election or to take up employment with commercial organizations, thus allowing them to work in various positions. But should democratic elections be used to achieve effective monitoring of the exercise of checks and balances? How are we to dispel suspicious of collusion between the Government and business? This is crucial, and so I ask the Chief Executive and his team of officials under the political appointment system to make a positive response early so that public confidence can be restored and the public demand for clean administration met.

I have spoken in support of setting up this Select Committee. Thank you, President.

**DR PAN PEY-CHYOU** (in Cantonese): In this free society, everyone should enjoy the right to work. Some people may think that work is a chore and it is right that work is hard. But on the other hand, work can give us a lot of things. It can bring us money as income and enable us to come into contact with many people and maintain close ties with society. It is through work that we make friends with people. So work is indeed a right and in a free society, everyone has the right to choose work and even when they retire, provided that they want it and are physically fit enough, they can choose to continue to work.

However, when civil servants want to continue working after retirement, they will be subject to certain restrictions which are unavoidable. First, the remuneration and benefits of civil servants in Hong Kong are in line with the principle of offering attractive salary to maintain cleanliness and integrity. Therefore, civil servants in Hong Kong enjoy very attractive retirement grants and pension. And they also enjoy a certain amount of health care benefits after retirement. All these are superior to those enjoyed by the ordinary wage earners. That is why it is right to impose restrictions on the employment taken up by civil servants after retirement.

The second reason for imposing restrictions on the choice of jobs which retired civil servants want to take up after retirement, which is also the most important reason, is that civil servants, especially senior civil servants, are responsible for formulating and enforcing government policies. It must be remembered that government policies affect all kinds of activities undertaken by various communities and groups from all sectors across society, as well as the life of each and every member of the public. So government policies are inextricably linked to various groups in society. This applies especially to the big syndicates. There will be changes to their business and profits due to changes in government policies. The changes in government policies might imply colossal profits for them or alternatively, they might bring them losses.

Perhaps the Government is, after all, unwilling to admit, but for those of us who have been living in Hong Kong for decades, we all know the high land premium policy of the Government. Under such a policy, it can be said that the financial interest of the developers are inseparable from government policies. Any decision to build a new highway or to change the land use in a certain district will affect the interest of the big developers.

Since government policies are executed by civil servants, so civil servants, especially those senior civil servants, with their familiarity with and knowledge of government policies, are a treasure for the big syndicates. No wonder these syndicates are very much attracted by these top officials about to retire. The following analogy may not be too apt but it does carry some truth: When the mother-in-law sees the prospective son-in-law, her mouth is dripping with water. She is very much attracted to him. So when society protects the right to post-service employment of civil servants, it should ensure that the work of civil servants will not compromise equity and fairness of public administration. It is when this is ensured that the post-service employment of civil servants will work and it will not bring any undesirable effect on society. In order to avoid the possibility that senior civil servants will incline towards the big syndicates in policymaking, the Government has set up the Committee on Review of Post-service Outside Work for Directorate Civil Servants (Review Committee). The procedures for applying for permission to undertake outside work by retired civil servants and procedures to vet and approve applications for employment from retired top officials are very clear and meticulous. It is unfortunate that, despite the existence of the system, it cannot achieve a good gate-keeping effect.

The motion topic today is about the employment undertaken by LEUNG Chin-man after his retirement and the case serves to illustrate the above point. Before Mr LEUNG retired, he had taken part in handling the Hunghom Peninsula development project. A subsidiary of the New World Development Company Limited was one of the developers in that project. The Hunghom Peninsula incident caused a lot of heated debate and controversies in society at that time. In fact, even today, whenever mention is made of the name LEUNG Chin-man, even if a search is made on the Internet, it will be linked to Hunghom Peninsula. A very close relationship thus exists between the two. As New World Development is a developer, these three parties are indeed very close. At that time people questioned whether or not Mr LEUNG had exercised his powers in an inappropriate manner in that incident. Upon his retirement, Mr LEUNG applied for permission to undertake employment with NWCL to be in charge of the company's mainland development projects. His application had been vetted by the Review Committee and the Civil Service Bureau. Unfortunately, the people in charge of gate-keeping failed to sense the gravity of the issue and the gates were flung wide open for the granting of an approval to Mr LEUNG's application. It was only when public uproar arose after the news had been

broken that the Government woke up from its dream and knew that a disaster had happened.

There is a saying which goes like this: past experience, if not forgotten, is a guide for the future. The case of LEUNG Chin-man is in the same vein of the case of Ms Elaine CHUNG in 2004. When Ms CHUNG was in the Civil Service, she had handled the West Kowloon Cultural District project. She joined the Hong Kong Ferry Limited upon retirement, given charge of tendering work for the West Kowloon Cultural District project. The incident had caused great controversies in society at that time and the Government should have learnt a lesson. But it seems that history is always repeating itself. Although the Government had a painful lesson at that time, it did not learn it well. The same mistake is made and great harm is done to its prestige in governance when mistakes are always repeated. We also have great regrets for it.

The manner in which LEUNG Chin-man handled the Hunghom Peninsula case was controversial enough and when he joined a subsidiary of the developer concerned upon retirement, how can the move stop people from harbouring the thought that the developer is paying him back in gratitude? How can people not suspect that a tacit understanding has long existed between both parties? This incident has also reminded us of a proverb: Do not pull on your shoe in a melon patch and do not adjust your cap under a plum tree. Even if a person does not pluck a melon in a melon patch or plums under a plum tree, the fact that his action arouses suspicions is not a good thing either.

The New World Group announced on 16 August that it had discharged the contract entered into with Mr LEUNG, our impression at that time was it seemed that Mr LEUNG had not yet reported duty. But the Legislative Council as a watchdog is certainly justified in setting up a select committee to study whether or not there was any omission in the procedures, handling and vetting and approval with respect to applications for post-service employment from top officials and how similar cases can be prevented from recurring in the future. We hope that some remedial action can be done.

So President, the FTU agrees to the setting up of a select committee to inquire into the case of Mr LEUNG Chin-man. I so submit.

**MR LEE CHEUK-YAN** (in Cantonese): I speak in support of the setting up of a select committee to inquire into the LEUNG Chin-man incident.

When the incident happened, the whole community was outraged. Why? Because people thought that it must be a mistake. Members of the public, including I myself, were somewhat disappointed at that time with the Secretary. I thought that the Secretary could be a good gate-keeper, and she used to be a good one. But why on this occasion she made this sudden move of giving an approval to allow him to work in New World?

The connections in the incident are clear enough. LEUNG Chin-man was in charge of the Hung Hom Peninsula project and he took part in it. He was the former Permanent Secretary of the Housing, Planning and Lands Bureau. He had close connections with the developers because of the post he held. Every decision he made had implications on the interest of the developers. He started working in New World as soon as he had left the Civil Service. Of course, his taking up employment with New World is compliant with all the procedures. He did apply and the authorities had also vetted and approved of his application in accordance with all the procedures. But what surprises us is that an approval is given to his application.

During the vetting process, some civil servants had pointed out the sensitivity of the issue but, despite the reminder, an approval was given. Then the community was outraged, thinking that something must have gone wrong. The connection is crystal clear, why did the authorities give an approval? Why did the authorities not do something to avoid arousing suspicions but instead gave the approval to let LEUNG Chin-man work for New World? Why was society so outraged? The most important reason is that the decision made by the Government on this occasion has undermined the lynchpin for which we are so proud of and on which our success is built — cleanliness and integrity.

We often ask why we have to offer attractive salaries to civil servants to ensure their cleanliness and integrity. Because we have to be sure that there is no corruption in Hong Kong and so attractive salaries are offered to civil servants. But the incident has undermined this principle. I am not saying that there is necessarily corruption in LEUNG Chin-man. So where is the devastating impact created? It is for opening up people's eyes to a brand new and potential form of corruption. When we looked at the issue of cleanliness and integrity or offering attractive salaries to foster cleanliness and integrity, it has never occurred

to us that there can be such a new and potential form of corruption. It is because we always think about the question of whether they have received any gains while in service. Where is the devastating impact now? The LEUNG Chin-man case shows that there may be a new and potential form of corruption and, that is, an official may use his powers to transfer benefits while in office, pick a boss to work for and pave his way for the future. This will enable the person to make money afterwards. They are not getting any gains immediately, only that they are making the arrangement to have someone taking care of them in future. If this is the case, then it is really a new form of corruption which is most unnerving.

I am not saying that this is what happened in the LEUNG Chin-man case, for it would be unfair to him. That is why we have to conduct an inquiry. But this is the impression which the incident gives to people. And the same thing goes for the Elaine CHUNG case mentioned earlier. She used to be in charge of the administration of the West Kowloon Cultural District project and when she had left the Government, she joined one of these syndicates and came back, in charge of tendering matters. So she also gave this impression to people.

Now the LEUNG Chin-man case is giving us the same impression again. It makes people wonder whether or not a new mode of corruption has emerged in which officials transfer benefits in advance in return for a favour in future. If this new mode does exist, and if we do not stamp it out, even if the inquiry is finished and the conclusion so reached is that no such direct relationship exists, there will still be a meltdown of the confidence of the people in the civil service system provided that people think that such a potential conflict of interest exists.

So first, I hope that the inquiry can ascertain whether or not there is any potential conflict of interest and whether or not the official has transferred any benefits while in service to pave the way for his future.

Second, we hope that there can be a system, a kind of firewall to ensure people that no such things will happen in future and they will not be under the impression that the system is flawed and allows this new form of corruption.

I think this suggestion is crucial. In my opinion, the easiest way is that if civil servants can make applications within three years and the kind of employment they take up should be different from the work they used to do and it must be different from the kind of work they did while in power. An example is

working as a university lecturer. Even if he wants to work in the business sector, he should not be involved in housing work and have any relationship with the syndicates. An example is the applicant may have been in housing work all the time, and after he has left the Civil Service, he can switch to another field like aviation. Then at least such a relationship will not exist. And if he wants to apply for permission to do the same kind of work, then he must undergo a very long sanitization period. Then the public will have confidence and they will think that officials will not indulge in any fancy about finding a boss to work for in future and giving favours beforehand. It would be disastrous to extend favours. So I hope there can be a system to stamp out such acts and suspicions of giving favours and looking for a future boss. Only by doing so that public confidence in the Civil Service can be restored.

Lastly, I wish to point out that we do not object to civil servants taking up employment after retirement. But we are against the kind of job which retired civil servants do that will lead to any suspicions of transfer of benefit owing to the powers they can exercise while in service, or any conflicts that may result. Thank you, President.

**MR PAUL CHAN** (in Cantonese): President, first of all, I have to make a declaration of interest. I am a member of the Committee on Review of Post-service Outside Work for Directorate Civil Servants.

I speak in support of the motion moved by Ms LI Fung-ying. My speech has two main points: First, I agree that the scope of inquiry of the Select Committee should be confined to the policy decisions made by Mr LEUNG Chin-man when serving as the Director of Buildings, the Permanent Secretary for Housing, Planning and Lands and the Director of Housing, and Mr LEUNG Chin-man's relationships with the New World China Land Limited (NWCL) and other real estate companies after his departure from public office.

Here, I wish to point out that in the course of inquiry by the Select Committee, if it is suspected that the decisions made by Mr LEUNG Chin-man during his service for the Government may have involved other private organizations and they have to be included in the scope of inquiry, this should be done only if a considerable amount of evidence has been obtained or the test of reasonable doubt has been fulfilled. We should not do so with the mentality of going on a fishing expedition. Otherwise, we will cause unreasonable

disturbance to other people and hinder the operation of the business sector unnecessarily. Even though the Select Committee is protected by the law on powers and privileges, if this matter is not handled appropriately, the credibility of the Select Committee and that of the report prepared after the completion of the inquiry will surely be affected.

The second point I wish to raise is that in view of the past incidents relating to Ms Elaine CHUNG, the Grand Promenade and the Hung Hom Peninsula, coupled with the fact that the amounts of money involved in property development projects are huge and that the property market in Hong Kong is controlled mainly by several major property developers, I understand that it is easy for the public to harbour doubts about collusion between Government and businesses.

Since the public is so very much concerned about this issue relating to Mr LEUNG and he was also previously involved in the incident relating to the Grand Promenade, while the outcomes of the public hearing conducted by the Public Accounts Committee and the investigation carried out by the independent committee appointed by the Government did not affirm in concert that he was entirely blameless, if the Legislative Council launches an inquiry according to the procedures, the doubts of the public can be dispelled on the one hand, and if Mr LEUNG Chin-man is blameless, this inquiry will also be able to vindicate him on the other.

President, I so submit.

**MR LAU KONG-WAH** (in Cantonese): President, I speak on behalf of the DAB in support of this motion.

In the course of discussing this motion, Members have outlined carefully the areas into which the Select Committee should explore. I recall the wording in the final version of the motion was amended by the DAB, the Democratic Party and the real estate sector together. This shows that the inquiry and motion wording are the result of a consensus reached by all parties and groupings.

In the past when this Council formed committees of inquiry — I have joined this Council for 10 years and I have taken part in many inquiries, including the two reports on the deliberations made by the Public Accounts Committee of

this Council compiled every year. I think that this Council has a fine tradition, and that is, when an inquiry is made, we hope that there is a direction and as we probe into the facts, we would be fair in our arguments.

As we hear the speeches made by some Members today, I feel a bit worried about the fact that if we are to approach the LEUNG Chin-man case ..... of course, we are well aware of public feelings about that. As a matter of fact, since the incident happened in August, there have been great repercussions in public opinion and the incident has indeed caused damage to the prestige of the Government. But since we are about to start the inquiry, I hope very much that Honourable colleagues who join this Select Committee can bring along questions, not answers as they start with the inquiry.

If it is with answers that Members join the Select Committee and if they have certain preconceived ideas about the incident, the public may query if our opinions are fair enough. Since the purpose of this inquiry is very sensitive and it touches on the image of cleanliness and integrity of the Civil Service, Members of this Council should make the public see all the more that we are handling the matter with impartiality.

So with respect to this platform of a select committee, I would think that for the parties involved, be they the Government, the Director of Bureau, LEUNG Chin-man and even NWCL, they should all examine facts and evidence in this Chamber openly and in broad daylight, so to speak, so that everyone can tell what they think and the reasons behind it. I think that is a very important tool and when it is used, Members must be impartial.

I agree very much with some Members who think that it would not be proper to come to conclusions so quickly such as, like some Honourable colleagues have said, officials come to the defence of one another, there is collusion between the Government and business, or there is transfer of benefit or corruption. Of course, questions can be asked, but then, at the end of the day, all discussions must be based on facts.

So President, I think this incident is truly a regrettable one. With respect to problems associated with the retirement of civil servants, especially the senior ones, they were reviewed once in great detail in 2005 — as I found out after checking the records. If we look at the contents concerned, we can see that a balance is struck generally and that is, if retired civil servants want to work —

actually, we now encourage employment after retirement and grey hair life, and so on — consideration must be given to public interest and the Government's image. With respect to this balance, it was thought during the discussions in this Council then that there was no problem and the key provisions were written as well. But provisions are, after all, provisions. What is more important is gate-keeping work. Is there anything in the gate-keeping procedures on this occasion that should be subject to a review? I am sure we can find some answers in the course of the inquiry.

President, I hope in the end that when this Select Committee is to draw some conclusions, all parties and groupings should make their views heard and we will also make reference to the review now being conducted by the Government and findings of public consultations. I am sure that Honourable colleagues in the Select Committee can also make reference to these views expressed and then come to a final conclusion.

Thank you, President.

**DR PRISCILLA LEUNG** (in Cantonese): I support the setting up of a select committee to investigate the LEUNG Chin-man incident.

Actually, the incident has begged questions related to institutions and facts. Generally speaking, if we are to ask whether an event would arouse suspicions in other people, in law we would normally use a standard, that is, whether a third party — a reasonable man — would think that a conflict of interest may be involved.

Often times in the end, the incident may actually not be a breach of the law or a contravention of it and no criminality is involved. The findings of the inquiry in the end may not include such scenarios. But with respect to the mechanism and the events that took place, the public does have such apprehensions. When apprehensions are found in the public, if a thorough inquiry is conducted into all the parties concerned, a real answer on the facts and all related parties can be found. In so doing justice can be done to them. If these persons are found to be at fault, I think an account must be made to the public. If no offence in law is involved and only loopholes in the system are found, I would think that the Select Committee of this Council would have a great responsibility, that is, to make recommendations to remedy these omissions.

Under the existing mechanism, civil servants are actually allowed to join some commercial organizations and the scope of business of these organizations may be directly related to the previous jobs of the persons concerned. The existing mechanism allows such things. My opinion is that such a situation should be prevented and I hope these retired top officials will not contravene the law out of inadvertence, thinking that they have complied with all the procedures and so they do not see why they are condemned.

I have many friends who are civil servants. They are quite upset. After all, they are not lawyers and do not have any legal background. They think that they have met all the standards and they do not understand why they are attacked so relentlessly. The reason is: If a retired top official joins an organization which he used to have power to make important decisions or approve of its projects, then the relationship will certainly make the public or a reasonable third party think that a transfer of benefit is very likely to have happened.

If no thorough investigation is conducted into this aspect, people will think that it is very likely that there is some problem with the incident and a transfer of benefit or collusion between the Government and business may have taken place. If no thorough investigation is conducted, such a conclusion will be made all the time. Therefore, I think it is a very reasonable step to conduct an inquiry to find out the truth of the matter and the persons who have to be held accountable.

In my opinion, when such a thorough investigation is conducted into the LEUNG Chin-man case, the most important thing is the issue of post-service employment of top officials. I think these top officials should be allowed to continue working after retirement. This I would agree. But in respect of the vetting mechanism, similar problems have happened to retired Judges before. So suspicions must be avoided. Also, the sanitization period should be a reasonable period of time. I think the Select Committee should consider these issues carefully and conduct public consultations to see what the proper practice should be. This will serve to prevent the recurrence of similar incidents.

The scope of investigation by the Select Committee is actually very broad. Some of the subjects may have been investigated before. I think an attempt should be made to avoid duplication in areas already investigated. Members can first discuss this topic. I am sure that Honourable colleagues in the Select Committee will be able to tell the public clearly how loopholes in this mechanism can be plugged and that the truth of the matter can really be found so that a clear

account can be given to the public. I am sure Members will hold very detailed discussions on the scope and procedures of the inquiry.

I would like to state here that I support setting up this Select Committee and I hope that the Government can learn from past experience and strive to prevent the recurrence of similar incidents with respect to the post-service employment of top officials. Thank you, President.

**MR RONNY TONG** (in Cantonese): President, the powers vested in this Select Committee are very important powers of this Council. However, I do not wish to see that these powers are used for political ends in witch hunting. I have always thought the reason why the Council has such strong powers in conducting inquiries is for it to probe into policies or systems that have a great impact on society, find out the loopholes that should be plugged or areas that should be improved. Many Honourable colleagues or even the media say that the action to be taken now is to avenge LEUNG Chin-man for the part he played in The Link REIT and Hung Hom Peninsula incidents, that this is a prank from us. I think it is totally wide off the mark. That this Council decides to exercise this power is chiefly to study the system of post-service employment of civil servants under the civil service system to see whether or not loopholes exist. I think a meticulous review must be taken to avoid the recurrence of incidents like the LEUNG Chin-man case which has caused so much public uproar.

President, I wish to talk about another thing as an opening remark and that is, Hong Kong is quite different from other advanced commercial societies. First, Hong Kong is a highly intensive economy. Like many other big cities, we have many syndicates. But the difference is that these big syndicates hold dominating positions in many trades and industries. Many big syndicates also exist on the Mainland. They hold very important commercial positions. I therefore think that the SAR Government should handle applications from big syndicates with extra care and oversee their conduct.

President, another point I wish to make is, many people think that Chinese have a bad character trait and that is, the importance they attach to face and relationships. If it is because of face and relationships that civil servants deviate from impartiality which they should uphold in the course of discharging their duties and exercising their powers, then something is wrong with our framework of governance. President, when discussing the regulatory regime, the most

important thing may be to make society think that the officials in charge of regulation will not be biased in exercising their powers and they will never deviate from the basic principles of good governance. Another important factor that we should consider is, of course, credibility in a governance framework and this credibility will influence directly the credibility of the SAR Government, too. Given the absence of a democratic election system, the credibility of the SAR Government is all the more vulnerable.

President, when a democratic system is in place, democratic elections are actually a self-correcting mechanism. When after a certain period of time it is found that problems exist in the system or the Government, voters can use the votes in their hands to initiate a change in government. But in the absence of democratic elections, we do not have such a self-correcting mechanism. Once anything has gone wrong, the damage done to the credibility of the Government can only be mended after a very long time. This is more so the case when it can be said that the credibility of this SAR Government is very low indeed. We can see that after the reunification, the popularity ratings of our Government are often far lower than the acceptable level.

President, it is very important for an official in charge of regulatory matters to exercise powers to such an extent as acceptable to everyone, or whether a regulatory body can command the recognition of the people. President, let me cite a simple example. Please take a look at our judicial system. President, all the High Court Judges are definitely not allowed to practise again after retirement. This is not only a principle applicable to Hong Kong or a restriction imposed here, it is practised in all Commonwealth countries and all common law jurisdictions. This is also one of the reasons why I declined an invitation from the British Government for appointment as a High Court Judge in 1993. Because I would be unhappy if I know that I cannot be allowed to practise upon retirement. President, so this is also a very important consideration.

President, what we are discussing now may not imply any direct conflict of interest. We can just imagine, a direct conflict of interest means corruption and even transfer of benefit. However, non-direct or indirect conflict of interest is also important, for the result is an erosion of the system, hence credibility which is of such vital importance is lost. Then what is meant by direct or indirect interest? Direct interest would of course mean interest obtained at once and indirect interest can mean the benefits which an official may get in future.

In other words, President, if an official, especially one in a regulatory body, in the course of discharging his regulatory duties or exercising his powers extends any favour to the big syndicates or if he condones and pretends not to see certain acts of these syndicates, then even if no pledge is made on the part of these syndicates, but if that official has considered the factor or subconsciously thinks that he might have a chance to knock on the doors of that particular syndicate upon his retirement or hopes that he would be given a lucrative job, this would have an undesirable influence on how he would exercise his powers.

President, I think that this kind of indirect conflict of interest is equally unacceptable as a direct conflict of interest. Both can be deemed as corruption or degeneration. This is what we see now. For an official in high ranks and has great discretionary powers, when the subject of what he oversees is a big syndicate in Hong Kong and which takes up a vital commercial position not just in Hong Kong but also on mainland China, he should be extra careful so that thoughts of indirect corruption which I have just described would not affect his exercise of power.

President, if loopholes are found in the system in this regard, they must be plugged as soon as possible. Therefore, I think it is a very proper thing to set up a select committee and an inquiry must proceed at once.

Lastly, President, I would also like to talk about one more thing and that is, the SAR Government stated after the LEUNG Chin-man incident that it was perfectly right for civil servants to take up employment upon their retirement. It even indicated in some of the views or arguments it expressed that it was their basic right.

President, I cannot subscribe to that view fully. This is because I think at times the SAR Government is exaggerating this so-called right to post-service employment. Why? President, first, we must not forget that many top officials are still receiving public money after their retirement and they have pension protection. Since they are recipients of public money, they are duty-bound to uphold the Government's credibility.

President, this is not simply a question of interest, but also ethics. I believe most of the civil servants would agree to these lofty moral values when they join the public service. President, I hope that this inquiry can serve to lay down standards or yardsticks to determine whether or not retired civil servants do

have the obligation to uphold an image of civil servants which we are so proud of and which is clean and impartial. This is vitally important to the credibility of the SAR Government and its quality of governance.

President, I am all for the setting up of this Select Committee. Thank you.

**MR LEUNG KWOK-HUNG** (in Cantonese): President, in fact, concerning this incident relating to LEUNG Chin-man, if the SAR Government had dealt with the problems relating to the employment of senior officials earlier, this state of affairs would not have arisen. The Legislative Council is not trying to criticize and denounce someone *a la* the Cultural Revolution. However, human affairs are related to people. In this world, apart from natural phenomena, social phenomena are of course related to people. We have to ascertain from the developments of events whether those people have to assume responsibility and whether some people are tricked by demons and fate and have no control over their own destiny in the system, such that people with weak morals tarnished their own dignity.

We can see that in the past, Mrs Regina IP defended the legislation on Article 23 of the Basic Law under a bad system. Today, she has regained her freedom. Many of her past remarks were not what she really thought in her heart. For example, she said that 1.67 million people would flock to Hong Kong. Now, she said the Government had exaggerated and that she was also compelled to exaggerate at that time. For this reason, the bureaucracy and the regime are apprehensive due to a lack of legitimacy gained through elections, so they try to maintain that they are always right and this is a problem with the system. In the history of our people, there was also once a period in which the government could never be wrong. If anything was wrong, it must be the fault of the ordinary masses. If one said that the government was wrong, one would be asked if one had certain designs or this or that, or if one had made a mistake in thinking. How could the words of the party be described as wrong?

This time, in fact, it was quite lucky that this incident relating to LEUNG Chin-man was exposed when the Legislative Council elections were being held. Mr LAU Kong-wah raised a question in our election forum, saying that if he was elected, the first person to be investigated would be LEUNG Chin-man. This issue is really hanging by a thread. Otherwise, if the DAB adopts the same ploy again today, that is, the excellent ploy of making an ambivalent gesture by

expressing agreement but actually opposing the motion, that is, to inveigh loudly and then oppose us at the vote, this matter would come to a sorry pass.

Some people accuse me of being rude. In that case, let us look at those senior officials before this incident relating to LEUNG Chin-man happened. A number of former Commissioners of Police scrambled to work for consortia, losing no time. Apart from Mr LEE Ming-kwai, who can still preserve his reputation somewhat, it can be said that the others are really an eyesore, a disgrace and they are still working for those consortia. There are also Elaine CHUNG as well as Rafael HUI who is lucky because although his company has been set up, it is not yet running. I really would like to ask why he established a company without operating it. After it has come into operation, how should it be regarded, buddy? What did he establish that company for? Even before the inquiry, LEUNG Chin-man has already been fired. I also agree that the implication is: "Don't do up your shoe in a melon-patch, nor your hat under a plum tree to avoid suspicions". Is he foolish? Why did he defy the wrath of all people to do such a thing? He has also dragged many civil servants into this affair and Secretary Denise YUE has also been dragged into the trouble. If he is not so greedy, why would it be necessary to have so many people look into this matter? He said that it was wrong for people to suspect him. However, what has he actually done to arouse suspicions? I am the truly innocent one. I often tell people that although there is no evidence, I am often accused of receiving money from the CIA, being anti-China and fomenting unrest in Hong Kong. In fact, it is he who has really done something that arouses fantasies and suspicions.

In 2002, when this old gentleman was the Director of Buildings, he was alleged to have misused \$1.25 million to renovate the conference room next to his office. He also bought a 42-inch television set worth \$70,000 for his office and was criticized by Legislative Council Members as being a spendthrift. That was the work done by this Council. However, of course, after talking about this matter, this Council got nowhere, so that was the end of the matter. In February 2004, things came to a head when he was suspected of selling the Hunghom Peninsula at a dirt cheap price to the New World Development Company Limited and Sun Hung Kai Properties for redevelopment at an ultra-low price of \$864 million. I have not yet taken into account the affair in 2004, when he sat here, all awesome and dashing, to make the Government take the lead in perpetrating sin for the sake of The Link REIT — I must first make it clear that the Chinese standard of some people are not good and they do not know that what

I am talking about is to perpetrate sin (作 "孽"), not completing an assignment (作 "業"), as primary school students do. At that time, he said haughtily that there were roadshows for everyone to watch. Members, I am sorry but I did not know what roadshows were. I thought he was talking about the Roadshow that we could watch on buses, but it was in fact an exhibition about the work done. We wanted to have a discussion with him but he refused. Instead, he told us to ask him questions only in a press conference, so his attitude was arrogant.

Why was his attitude so arrogant? This is precisely because he did not have any grounds, is this not? Usually, people will not behave arrogantly and people with good grounds are very humble. In November 2005, he was once again accused of allowing the Henderson Land Development to build a ground-level public transport terminus, thus making the Government receive \$125 million less in revenue. Subsequently, of course, this LEUNG Chin-man was criticized but strangely, on 24 November 2005, this Council performed its duty by having the Public Accounts Committee held a closed-door meeting to conduct an inquiry and inviting LEUNG Chin-man and Secretary Michael SUEN, my long-time adversary here. On 28th of that month, there was immediately a reaction. Close to 100 people from the architectural, surveying, engineering and planning professions in Hong Kong placed an advertisement in the press to thank LEUNG Chin-man, praising him for his progressive and open style of work and for having the courage to assume responsibility. What sort of responsibility did he assume? That means he assumed responsibility by taking the blame for what he had done and for what he had done for consortia. Therefore, from your friends, one can tell what sort of people you are, can one not? How would people like us have any friends? I believe that if I were sentenced to imprisonment for the offence of assaulting a police officer tomorrow, close to 100 people from the architectural, surveying, engineering and planning professions would say immediately that I ought to be shot on the spot and that the authorities had done a good job, so on, and so forth. However, although many people backed him at that time, it was useless because LEUNG Chin-man did not stand up for himself.

When we wanted to conduct an inquiry on him in 2006, he applied for a judicial review and did not want to attend the meetings of the Legislative Council on the ground that legal action was being taken. He really took our barristers seated here for fools, and so he thought of the Government. Having no alternative, Secretary Michael SUEN could only instruct him to attend the meeting. If he did not, he would lose his pension and benefits. Finally, it was

not because he was obedient but because he had no alternative that he attended the meeting reluctantly. Since so many people backed him and he had the courage to assume responsibility, why did he make an excuse for himself, so that he did not have to talk? In fact, he had the opportunity to give an explanation.

In this incident, he just could not wait because he wanted to get rich. Or perhaps he was eager to serve and he wanted to serve the public by working for a consortium, just as he had served the small traders in the shopping centres of the Housing Department through The Link REIT. In fact, what he did caused the ruin of small traders, just like the culling of chickens in an avian flu outbreak. This also gave his former colleagues, the three Permanent Secretaries, troubles. Among them, Mr MAK Chai-kwong said that the situation may lead to problems in public perception and another of them, Mr Raymond YOUNG, also said so. However, when they were asked if they had any other opinion (just like a mother asking her child if he has any other opinion while holding a rattan stick), of course, they said they had none. Buddy, if they had said anything further, they would have been given a whip.

The other person is Thomas CHAN and he is the best. He often has verbal exchanges with me and he said he could not see any problem. He has great art in being a government official and has been transferred from the Agriculture, Fisheries and Conservation Department to the Transport and Housing Bureau not long ago, so of course, he has to stick to his gun. Otherwise, buddy, how can he survive there? The art of being a government official is to join a camp. This gentleman's performance is at its best in verbal exchanges with us, but when he carries out monitoring, he does not make the grade. His two colleagues said that there were problems but he maintained that there was none. It gave Secretary Denise YUE a difficult time, didn't it? In addition, there is Mr Justice PANG Kin-kee and he once delivered three judgments on a single case as a Judge, just like preparing three dishes with one chicken. What a marvel really. He has so much free time that not only was he appointed to the Electoral Affairs Commission, he also has to monitor civil servants, buddy. What can be done? He cannot even perform his proper duties well, yet he was appointed to several other public posts, so how possibly can he not attract suspicion — just like doing up one's shoe in a melon-patch?

Judging from this matter, is our suspicion reasonable? That is because a poor job has been done in gate-keeping. In fact, let me tell you, I want to probe

into the incident relating to LEUNG Chin-man and I also definitely want to investigate The Link REIT issue. This is not because I harbour hatred towards anyone in particular. That day, when I was accused of fomenting trouble in Hong Kong, the FTU and DAB mobilized a lot of people to take part in a rally, saying that they wanted to hunt me down and chop off my talons. I suggested that we put down our signatures to task the P&P to conduct a survey, but no one heeded me. They even went on to inveigh me. I said a probe had to be carried out but CHAN Kam-lam would not have it. Today, heaven has eyes and LEUNG Chin-man's criticisms of others actually apply to himself. He has to give a account personally to clear his name. Should Members not congratulate themselves? Why do Members still feel so crestfallen? If someone has good grounds, he can put up a defence. Castro said, "Condemn me. It does not matter. History will absolve me." Buddy, I also hope that LEUNG Chin-man can display such a quality.

A lot of people say that we are trying to gain political capital. LI Shang-yin wrote a poem called "The Anding City Tower": "A high tower in a faraway city was hundreds of feet tall/Beside green white poplars were all islands/Young Jia Yi might may have lamented in vain/Wang Can went for a long trip in Spring/I always muse on retiring to the lakes in my old age/And returning to heaven and earth in a small boat." It would be great if our officials are like this. He even chided those people, "The falcon found a rotten rodent tasty/And was afraid that the phoenix would rob him of it." He told people not to think that he wanted to eat a rodent and told people not to look down on him because he was a soaring bird which would spread its wings and soar high, so how possibly would he peck on carrion? In fact, we are all working for the public.

I will also dedicate another poem to Mr LEUNG Chin-man and Secretary Denise YUE. It was "The Cicadas" by LI Shang-yin. Members all know that the fate of LI Shang-yin was very miserable. He was often regarded by the rich and powerful as though he were a famous singsong-girl in a pleasure house, just as Linus CHEUNG said that he was a singsong-girl in a pleasure house. LI was not like this when he wrote his poems. He said, "Pure of heart and therefore hungry,/All night long you have sung in vain — /Oh, this final broken indrawn breath/Among the green indifferent trees!/Yes, I have gone like a piece of driftwood,/I have let my garden fill with weeds ..... /I bless you for your true advice/To live as pure a life as yours." Cicadas prefer to enjoy their freedom on tree branches, therefore, they cannot have enough to eat. Buddy, even cicadas

have a sense of shame — "I bless you for your true advice/To live as pure a life as yours."

Today, in conducting an inquiry relating to LEUNG Chin-man, in fact, the aim is to warn civil servants as well as praise those hardworking civil servants who perform their duties conscientiously without being greedy or involved in corruption. Many civil servants have told me that it is necessary to investigate him because when they performed their duties, they were also lambasted. Members, I do not eat rotting rats because doing so would give one plague, would it not? Members do not have to guess. I am not harbouring any personal grudge, am I? Mr LEUNG Chin-man will be fortunate enough to have the chance to show the panache he displayed when he chaired the conference on constitutional reform in the British-Hong Kong era, when he was under Sir David AKERS-JONES, so that he can again show off his philosophical refinement, so why should Members be so afraid? Why do Members suspect that we, who want to bring about such a desirable matter, are rat eaters? We are not that sort of people.

I also hope Members will understand that without universal suffrage, when there are problems with the bureaucratic system, no one will assume responsibility. A bureaucratic system in the absence of universal suffrage will allow corruption to have its way, so such an approach is wrong. Thank you, President.

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

**MR ALBERT CHAN** (in Cantonese): President, for more than a decade, I have all along been levelling criticisms in this legislature at the collusion between Government and businesses and transfer of benefits. I believe I have done so dozens of times. This is an excellent opportunity to investigate a case that many members of the public consider to have involved collusion between Government and businesses and transfer of benefits, by means of an independent and open mechanism having statutory powers. Whether or not this Select Committee will have the chance to find out the whole truth remains to be seen.

Many of my seniors, in particular, predecessors in the Legislative Council, told me many stories when I first joined the Legislative Council back then.

Many of these predecessors no longer serve in the legislature and some of them have even passed away. At that time, they told me many classic examples of collusion between Government and businesses that made me awestruck.

One example is that a former government official once provided assistance to a certain consortium. Subsequently, after his retirement, this consortium hired him as a consultant and signed a three-year contract with him. The contract stated that if he was sacked within these three years, the person who appointed and signed the contract with him had to pay him an amount equivalent to three years of salary. Three months after signing this contract, the employer unilaterally terminated the contract and paid him an amount equivalent to three years of salary. This is a very shrewd example of collusion between Government and business and transfer of benefits.

No criticism could be levelled from the legal point of view and no evidence could be found to prosecute the parties concerned because that was a matter of contract and nothing in the terms had violated civil service regulations, so there was no evidence on any transfer of benefits, so no criticisms could levelled. I believe such examples could already be found in the British-Hong Kong era. For this reason, I wonder if it was because LEUNG Chin-man had no seniors to enlighten him or the New World China Land Limited (NWCL) did not seek professional advice or counsel that such a dumb method of direct employment was adopted to show recognition for the assistance provided by LEUNG Chin-man to the consortium in the past.

President, the existence of collusion between Government and business and transfer of benefits is a major problem and also a major blot on the entire governance structure in Hong Kong. Civil servants in Hong Kong are often considered to have high integrity and efficiency. However, many people think that these are only the characteristics of the middle-lower or middle tiers of the Civil Service, but they cannot subscribe to this view insofar as the senior level is concerned. If senior civil servants, including the former Financial Secretaries or senior officials in the British-Hong Kong era, particularly those involved in property development, such as many senior officials in the Lands Department, really leave Hong Kong with insouciance upon retirement, they deserve our praise and respect. However, many retirees had no sooner gone through the specified period than they quickly worked for some major property developers. These people once enjoyed the high status of being senior officials and were

well-known for their dominance and commanding presence in the bureaucratic circle. They were relentless when giving their subordinates a dressing-down. However, after joining these consortia after retirement, they were often chided by their big bosses and in the end, they could only leave like fallen angels.

In fact, I think this is most ironical, also a great disgrace. As a departmental secretary in Hong Kong, a simple count will reveal that these people were at least the five or eight most influential persons in the bureaucratic circle in Hong Kong and in it, they really hold great sway. When dealing with public policies, their personal influence was tremendous and their authority was all evident. However, after joining those property developers, they were chided by their bosses like dogs. I have heard of not just one story of this kind, rather, such stories are innumerable. One after another, they could only leave crestfallenly in the end.

President, concerning the arrangements for retired officials, in fact, earlier on, I have already expressed my views on various occasions. As senior government officials, they could receive a generous sum of pension under the civil service system and the intention is to let them have a carefree retirement and lead a comfortable life in old age after being so responsible and showing such great integrity while in office. For this reason, the amount of pension can range from several million dollars at the lower end to as much as \$10 million in some cases. The pensions of senior officials are given to them by the public and taxpayers in Hong Kong and the intention is that since they showed great integrity and took care of the welfare of the public when in office, they should have a carefree retirement and lead a comfortable life in old age.

However, unfortunately — President, I stress "unfortunately" because I am ashamed of them — after retirement, many senior officials do not show respect for the public's trust in them, nor do they respect the tax paid by the public with their hard-earned money, which is used as their pension. They do not appreciate this and think that the money provided by the public is not enough. They still want to fawn on consortia and serve them. Time and again, many senior officials have done so. Even a former Commissioner of Police, who was considered the "Brother number one" in Hong Kong, would rather be other people's "dog at the door". One, two and even three of them have served as the "dogs at the door" of consortia and we are talking about the former "Brothers number one".

Therefore, President, these recurring examples make the Hong Kong public wonder if senior officials in Hong Kong have any sense of shame. Do they still have any respect for their own identities and accept the goodwill gesture of the Hong Kong public in providing pension to them and enabling them to lead a comfortable life in old age? If these senior officials think that the pensions provided by the Hong Kong public are not enough, let us do away with them. The Government can then open up the market and after their retirement, they can cosy up to any consortium they like, help these consortia and serve as the "dogs at the door" of rich people.

Concerning these problems, in terms of the system, I cannot see the Civil Service Bureau has kept the gate properly. The issue relating to LEUNG Chin-man fully exposes a serious shortcoming, that is, there is a serious shortcoming in the arrangements of the Civil Service Bureau for handling post-retirement work of senior officials. Ironically, several senior officials were asked about their opinion of this incident relating to LEUNG Chin-man and most of these senior officials with an Administrative Officer background considered that it was not a problem. As "Long Hair" pointed out just now, Raymond YOUNG did not consider this to be a problem, nor did Thomas CHAN. The person who said that it was a problem is not an Administrative Officer, considered the crème de la crème having political and administrative abilities and talents, but a technocrat who pointed out that this would not do and that there were problems. This opinion is neither related to a works project nor a decision on a works project, rather, this is an opinion relating to political sensitivity, relations and the role of civil servants.

Ironically and also unfortunately, there was no display whatsoever of the influence, wisdom and viewpoints expected of Administrative Officers. In view of this incident, I think the non-Administrative Officer grades in the civil service establishment should be proud of themselves. In future, when Administrative Officers encounter non-Administrative Officers, they really have to lower their heads because they ought to be ashamed.

In the past, Administrative Officers were very awesome and they could rise through the ranks step by step. They were the paragons enjoying every privilege and they held sway over everything in the bureaucratic structure in Hong Kong. Nearly all senior positions were occupied by them, including the posts in some professional departments, as well as those in the Lands Department and many other government departments. Gone now are those good old days. These

Administrative Officers all lack political awareness, so can they assume those positions? In future, technocrats will hold sway and the Administrative Officers can step aside. These Administrative Officers can be so ignorant, incompetent and even negligent. In future, it is possible that the technocrats running some departments may raise the request that such incompetent Administrative Officers be not posted to their departments.

President, in this incident, apart from seeing the negligence and the latitude of the Civil Service Bureau, "Long Hair" has already pointed out that the Advisory Committee concerned is also trash. Maybe even the Chairman of that Advisory Committee is also trash. Earlier on, WONG Yuk-man and I slammed a certain secretary as trash. In fact, the existence of trash is not confined to the Constitutional and Mainland Affairs Bureau alone. The appointments made to the entire structure are not up to scratch, the candidates are not up to scratch and this also reflects the fact that the whole administrative structure or administrative organ is incompetent and partial. Perhaps they do not want to appoint people who are too smart. If the performance of smart people is good, they would affect these incompetent officials, so the appointees are those ..... time and again, such instances have happened frequently in recent years. In the 1990s, when I was a newcomer to the legislature, I felt that the people appointed to certain committees were gifted and talented and that they really delivered. I felt that I only belonged to the ordinary. However, for some reasons, in recent years, I felt that I have suddenly become a lot smarter. When I was in Year One in university, I often heard people say that it is better to be the head of an ass than the tail of a horse and I often tell myself that I would rather be a fool among geniuses than playing the genius before a bunch of fools. When I was studying in Year One in university, I already told myself this. Therefore, I do not want to play the genius before this bunch of fools. "Long Hair" said that there were also many lackeys. I am all the more unwilling to handle public affairs here together with a bunch of lackeys.

For this reason, President, I fully support the establishment of a select committee on this occasion. President, in fact, I have requested the establishment of an independent Commission of Inquiry long ago. As early as August 2006, when problems arose, the League of Social Democrats was the very first group that led ..... more than 100 of us went to the ICAC to make a petition and report. We made a report collectively. After we, a group with more than 100 people, had put down our signatures, we made a report jointly. That was probably the first incident of corrupt and illegal practices in the history of Hong

Kong on which the greatest number of people made a report together. On 6 August, we went to the ICAC to make a formal report immediately. At that time, we accused LEUNG Chin-man of being lax in dealing with matters relating to the Hunghom Peninsula. Subsequently, he was employed and that was precisely a return of favour. At that time, I was very angry about this incident.

Subsequently, President, NWCL terminated his contract but coincidentally, the chairman of the company, Mr CHENG Yu-tung, was awarded the Great Bauhinia Medal this year. I wonder if it is a coincidence in history or if recognition and commendation were given to him for successfully resolving the incident relating to the employment of LEUNG Chin-man. I have not made any mistake, he was awarded the Great Bauhinia Medal.

For this reason, President, concerning this incident, I hope that the Civil Service Bureau will tighten up all its rules on the issue of appointment, both before and after the public inquiry. In particular, concerning the use of public funds, if retired officials can find a senior post with generous pay, this should be a zero-sum game, that is, the more money they earn, the more the pension deducted. They cannot receive money from both sides. How can they receive money from both sides? This is to have a cake and eat it, is this not? After retirement, they receive pensions paid from the public coffers, then they work for consortia and earn another sum of money. What sort of retirement is that? If they do not retire, they should not receive the pension, should they? For this reason, we must condemn this kind of venal mentality and we must defend public interest and the use of public funds. Thank you, President.

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

**MR LEUNG YIU-CHUNG** (in Cantonese): President, the motion today seeks to set up a select committee and authorize the committee under the Legislative Council (Powers and Privileges) Ordinance (Powers and Privileges Ordinance) to summon witnesses and carry out comprehensive investigation into whether the LEUNG Chin-man incident involved collusion between business and the Government and transfer of benefits, and to conduct a review of the current system. In this connection, I fully support the motion today.

When Mr LEUNG Chin-man was a senior official, did he take advantage of his power and get involved in collusion between business and the Government and transfer of benefits? Would his appointment as a senior officer of a real estate consortium this year be a reward for collusion between business and the Government? These are issues of public concern and the truth of the incident is a matter of public interest. So, it is certainly essential for the Legislative Council to conduct an investigation by invoking the Powers and Privileges Ordinance so that the whole truth would come out. For Mr LEUNG Chin-man, I trust that if he is a magnanimous gentleman, he should and must fully support the investigation by the Legislative Council which would prove his innocence.

President, the current disturbance involving the employment of Mr LEUNG Chin-man has caused a significant public reaction, and I think that it is closely related to the fact that the public firmly believes that government operation at present involves collusion between business and the Government. It is also related to the presence of loopholes in the system for the avoidance of conflicts of interest by senior civil servants and politically appointed officials.

President, during the British Hong Kong colonial era, people always said that collusion between business and the Government existed but, at that time, it was mainly stated that the British Hong Kong Administration frequently and obviously benefited English-funded consortia. This did not just involve a small number of officials but the intrinsic quality of the entire colonial government. A majority of senior officials and even the Hong Kong Governor were deployed from Britain, and most of them returned to their home country, Britain, after leaving office. Therefore, there was less risk for individual senior officials to transfer interest to local consortia, and the situation was less evident.

After the reunification in 1997, although the civilian official system of the colonial era has generally been adopted, the structure of senior government administration has actually changed a lot. Also, the Chief Executive is not elected through "one person, one vote", so the seeds of collusion between business and the Government have already been sown structurally.

Actually, the Chief Executive in office, whether he is TUNG Chee-hwa who used to be a businessman or Donald TSANG who used to be a civil servant, is

selected by a small-circle election, and the electors are mainly those from the industrial and business sectors. Even though the Chief Executive has cried out loudly that "the rich and the poor alike are my bosses", the general public can clearly find the relationship between senior government officials and the industrial and business sectors getting closer, and the phenomenon of interests tilted in favour of some. For instance, we have seen that, a year or so after Mr TUNG Chee-hwa had assumed office, there was a scandal of the transfer of benefits in connection with the Cyberport. In fact, we only need to review history to find that these are not occasional incidents but they may be inevitable phenomena under the current regime. From that time onwards, there have been strong allegations of collusion between business and the Government, and it can be said that the situation can hardly be rectified. The then Chief Executive TUNG Chee-hwa made the last policy address before he left office on the excuse of sore legs, and he surprisingly ..... I am not sure if that was what he felt or there were other reasons, he said that the Government certainly opposed collusion between business and the Government. In fact, he seemed to be clarifying that the Government opposed collusion between business and the Government, but he made the general public feel as though a guilty person had given himself away by consciously protesting his innocence. Yet, everybody had a strong impression that there was substantive collusion between business and the Government.

President, recently, besides the Chief Executive, most of the accountability officials appointed by the Government have close relationships with private sector organizations, and they already have such close relationships before joining the Government. Unlike the situation in the past where the senior officials were civilian staff who had been gradually promoted whose affinity to private sector organizations was very different. The senior officials nowadays have much closer relations with these organizations while those in the past were more detached. Given such relationships, the general public would hardly believe that these officials would perform official duties with integrity and set interests aside. Hence, if the system is not changed, I believe collusion between business and the Government and transfer of benefits would be more or less inevitable.

Today, we are asking for an investigation into the LEUNG Chin-man incident. In my opinion, we are not only going to find out more about the incident, more importantly, we have to identify the root of the problem, and consider how to avoid or reduce in the future collusion between business and the Government and transfer of benefits within the whole system, which is the focus

of the motion today. It is also my hope that Honourable colleagues could achieve the stated objectives by invoking the Powers and Privileges Ordinance to facilitate the establishment of a cleaner system.

Certainly, I am only fighting on paper; it is most important that the system must have an element of democratic election. It is a great pity that small-circle elections still exist under the current political system. If the Chief Executive is still selected by a small circle, I believe that making changes would not be easy. The only way to improve the situation is election of the Chief Executive by the public through the "one person, one vote" system, and when the Chief Executive appoints other officials, he has to enhance transparency, legitimacy and accountability; only then can collusion between business and the Government be reduced and avoided.

President, I fully support the motion today and I hope that this motion would help Honourable colleagues identify the root of the problem.

President, I so submit.

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

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese): Secretary for the Civil Service, do you wish to speak?

(The Secretary for the Civil Service shook her head to indicate that she would not speak)

**PRESIDENT** (in Cantonese): I now call upon Ms LI Fung-ying to reply. This debate will come to a close after Ms LI Fung-ying has replied.

**MS LI FUNG-YING** (in Cantonese): President, I am very grateful to the 15 Members who have spoken on this motion. All of them have frankly expressed their expectations and demands on the Select Committee to be formed on Friday. I trust that the Select Committee so formed would certainly follow the principles

of fairness, impartiality and openness, and investigate the case impartially. The Select Committee will not be unworthy of Honourable colleagues' expectations and trust, and we will not let the people down. I hope Honourable colleagues will support this motion. Thank you, President.

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

(Members raised their hands)

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

(No hands raised)

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

Honourable Members, it is now just past 8.40 pm in the evening. I think we shall not be able to finish all the items on the Agenda this evening. Therefore, according to the usual practice, I shall suspend the meeting at around 10 pm until 9 am sharp tomorrow.

Since the mover of the next Members' motion is not in the Chamber now, I suspend the meeting until the Member returns to the Chamber.

8.43 pm

Meeting suspended.

8.45 pm

Council then resumed.

**PRESIDENT** (in Cantonese): Two motions with no legislative effect. I have accepted the recommendations of the House Committee: that is, the movers of these motions each may speak, including reply, up to 15 minutes, and have another five minutes to speak on the amendments; the movers of amendments each may speak up to 10 minutes; and 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: Promoting infrastructure development.

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

**PRESIDENT** (in Cantonese): I now call upon Dr Raymond HO to speak and move his motion.

## **PROMOTING INFRASTRUCTURE DEVELOPMENT**

**DR RAYMOND HO** (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed.

The huge waves of the global financial tsunami are pounding on Hong Kong head-on. Over the past few months, waves of business closures among listed companies and other companies and layoffs across different industries were beginning to emerge, and the unemployment rate of the construction industry, which is already on the high side, will inevitably be pushed up further. With the continuous improvement of the local economy in recent years, the unemployment rate of the construction industry has dropped from the 20% historic high in 2003 to the level of 5.4% in the third quarter of this year, which is, however, still far higher than the overall unemployment rate of 3.5% in Hong Kong. More than 300 000 people, including professionals, technicians and construction workers, are employed in the construction industry. 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.

The current international financial tsunami is strong and fierce, and the crises are still evolving. At this critical moment, besides stabilizing the financial system of Hong Kong, the Hong Kong Special Administrative Region (SAR) Government should also take active measures to increase infrastructure investments, stimulate the economy and reduce the risk of an economic downturn as a result of the global financial crisis.

Infrastructure development mainly comprises various capital projects supporting economic and social development, especially public facilities. It provides an important condition for local economic development and brings more economic benefits through enhancing productivity and competitiveness. A few years ago, the Government's reduction in infrastructure investments due to financial constraints resulted in a further aggravation of the construction industry which was already extremely weak, and an unemployment rate of 20% was recorded in 2003.

The failure of the SAR Government to produce more feasibility reports, conduct more designs and public consultation for public works projects at an earlier time, as many countries will do when the economy is in the doldrums, also caused the lack of projects with preparatory work already advanced to a more mature stage for tendering when the economy began to pick up. On the other hand, some other projects, including the new cruise terminal project, the expansion of the Caritas Medical Centre and the expansion of the Asia World-Expo, were delayed or even shelved for different reasons, including unsuccessful tendering and problems which occurred during the approval process. Just the delay in the commencement of these three projects has caused the failure to materialize more than 10 000 employment opportunities. By the way, non-works departments should consult works departments or professionals on contract matters before project commencement to avoid delays in the progress and impact on the quality of the projects arising from contract problems.

Last year, the Chief Executive proposed 10 major infrastructure projects in his policy address. To date, all of them are still at the planning, research or design stage, and will only be implemented in 2010 or even 2011 at the earliest. If the SAR Government does not implement these infrastructure projects expeditiously, they will not achieve any immediate effect in addressing the continually worsening unemployment problem of the construction industry. In implementing infrastructure projects, the Government must streamline the

cumbersome and complicated procedures so that the relevant infrastructure projects may commence as soon as possible to provide more jobs.

The SAR Government always, for administrative convenience, awarded large-scale infrastructure projects under mega-scale works contracts, benefiting only a few large construction companies in the end. I would like to take this opportunity to urge the Government again to endeavour to award the projects under smaller contracts to enable the participation of more small and medium companies.

In parallel with the implementation of the 10 major infrastructure projects, the SAR Government should also carry out planning for Hong Kong's future infrastructure facilities, including cross-boundary projects, in the light of the future needs of Hong Kong. In the past, the SAR Government adopted a relatively passive approach in infrastructure planning, and would only commence the planning for new projects when infrastructure facilities were inadequate, thereby causing our infrastructure development to be always lagging behind actual demands. Works, unlike magic which is done in a blink of an eye, takes time to complete. The SAR Government is duty-bound to provide a steady volume of work in arranging for infrastructure programmes to facilitate the effective arrangement of manpower resources by stakeholders.

Since the reunification in 1997, there has been increasing economic integration between Hong Kong and the Mainland, in particular the Pan-Pearl River Delta Region, and the demand for cross-boundary infrastructure is ever-increasing. Among the 10 major infrastructure projects, four of them are cross-boundary, including the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the Hong Kong-Zhuhai-Macao Bridge, the Hong Kong-Shenzhen Airport Rail Link and the Hong Kong-Shenzhen Joint Development of the Lok Ma Chau Loop. The smooth implementation of the abovementioned future cross-boundary projects will call for closer co-operation between Hong Kong and the mainland authorities. The SAR Government must not repeat the same mistake in the early years after the reunification when a conscious attempt was made to keep a distance from the Mainland. When Hong Kong's major export markets like the United States and Europe have gone into recession, the economic development in the Mainland is especially important to Hong Kong. Actually, at the end of last month, President HU Jintao, while attending the meetings of the Asia Pacific Economic Cooperation in Lima, Peru, stressed during his meeting with Chief Executive Donald TSANG that, and I quote "the Central Government

will adopt strong policy measures to support the SAR Government to tide over the international financial crisis, maintain the stability of the financial market and promote economic development" (unquote). Therefore, the economic integration between Hong Kong and the Mainland is already an irreversible fact. Hong Kong must seize this opportunity to enhance mutual co-operation.

In recent years, the progress of many infrastructure projects in Hong Kong has been impeded as a result of opposition from the community, including queries on the mode of development, cost-effectiveness, environmental protection and heritage conservation. The Western Kowloon Cultural District (WKCD) development project and the Central-Wan Chai Bypass which have caused a tumult over the past decade are some of the examples. I believe the SAR Government, having learnt a lesson from these experiences, coupled by my continuous encouragement over the years, is beginning to understand that public participation can facilitate smooth project implementation. Actually, the SAR Government should encourage active participation and view expression from the public and stakeholders at the early stages of project conceptualization and planning so as to accommodate their views and aspirations in the design. Environmental protection and heritage conservation are very subjective, and sometimes people may have different or even very divergent views. While attaching importance to such views, consideration has to be given to economic and social development, which is also part of sustainable development that should not be neglected. Therefore, in implementing infrastructure projects, the SAR Government should balance the demands of different stakeholders, public views and various factors, with a view to including a balanced option in the programme.

It is also necessary for the SAR Government to launch more small- and medium-sized works and maintenance works contracts. As projects with a value of under \$21 million are not subject to the approval of the Public Works Subcommittee of the Legislative Council, they can be implemented within a short time. Besides, as these projects are more labour-intensive, they can create more employment opportunities. However, projects of a smaller scale are usually proposed by departments or divisions. As departments or divisions have different considerations and priorities, and may have different views on projects, resulting in the adoption of different approaches, there is a certain degree of difficulty in co-ordination which in turn delays project commencement or implementation. Yesterday, Ms Alice TAI, who has been The Ombudsman for a decade, also criticized government departments for being "fragmented". It is indeed necessary for the SAR Government to adopt measures to achieve a

thorough revamp and improvement. This can only be achieved under the leadership of the Chief Executive with a top-down approach, or else it will not be achieved easily.

Besides, the SAR Government should also commence more public works projects through public-private partnership (PPP) and private finance initiatives (PFI). To my understanding, officials of the SAR Government are becoming more anxious about the development option of PPP because some people in the society tend to equate it with "collusion between business and the Government". Officials of the SAR Government should not retreat for reasons of these unfounded allegations because in advanced countries, many infrastructure facilities were implemented expeditiously with such a mode. Officials of the SAR Government should adopt a pragmatic approach to seek the best mode of co-operation for society and implement more public works projects regardless of unreasonable criticisms. At the same time, members of the community should refrain from looking at PPP through the tinted glasses of "collusion between business and the Government", and judgments should be passed on the basis of the merits and demerits of individual collaboration schemes instead.

As for the implementation of PFI, the SAR Government should rectify past unreasonable practices. For example, some companies were interested in providing public services and they had presented some workable ideas or proposals to the Government after spending money on consultancy study. What the Government had done was that after looking into the feasibility of these ideas or proposals, it would conduct an open tender. The company which had put forward the idea in the first place was not given any preference in the bid and the right to implement the proposal often fell into the hands of other companies, while the company would not be given any compensation. This has made many private companies become disinterested in PFI. However, this mode is often adopted in Europe and the United States.

It is worth noting that, to date, the SAR Government is very positive about expeditiously implementing infrastructure development. The updated government infrastructure spending for this year (2008-2009) will increase from the original \$21.8 billion to \$23 billion, and the block allocation for government minor works will also be increased by 10%, from \$6.86 billion this year to \$7.57 billion next year. I hope that the SAR Government can move in this direction and step up its efforts to implement more public works projects.

To cope with the future demand for public works projects, the SAR Government should also put in more resources on the training of talents, including professional engineers and construction workers. The SAR Government should also, with reference to the future demand of infrastructure development, include contract engineers in the civil service establishment and improve their promotion prospects as soon as possible to boost their morale so that there will be adequate manpower in different government departments to assist in the implementation of public works projects. Besides, the Government should also create relevant professional positions at the high and middle levels, including engineers who can provide the expertise necessary at different implementation stages of works projects, such as explaining to the public the works projects proposed by the Government in the realization of public participation.

The huge waves of this financial tsunami are fast and fierce as well as very devastating, and they may last for quite a long time as well. Not long ago, the RMB 4,000 billion yuan proposal to promote economic growth put forward by Premier WEN Jiabao also includes measures to expeditiously improve people's livelihood and infrastructure development. On the other hand, President-elect of the United States Barack OBAMA also indicated that more efforts would be made on infrastructure investments to stimulate the economy and create employment. The SAR Government should also take immediate actions in a decisive manner and make every effort to promote infrastructure development and create employment in order to achieve sustainable development for Hong Kong.

With these remarks, President, I move my motion.

**Dr Raymond HO moved the following motion: (Translation)**

"That the international financial tsunami is sweeping across the world, striking the economies of various places including Hong Kong and the situation is very acute, this Council urges the Government to promote infrastructure development with every effort at this critical moment so as to stabilize the economy, increase employment opportunities, enhance the overall competitiveness of Hong Kong and attain sustainable development; to achieve the above objectives, the Government should expeditiously adopt the following measures:

- (a) expeditiously implementing the 10 major infrastructure projects;
- (b) formulating forward-looking plans as early as possible, and planning future works projects following the 10 major infrastructure projects;
- (c) enhancing co-operation between Hong Kong and the Mainland in planning and commencing cross-border infrastructure projects which are beneficial to both places;
- (d) implementing public participation and ensuring the smooth implementation of infrastructure projects to achieve sustainable development for Hong Kong;
- (e) enhancing co-ordination among departments to expedite the approval of contracts for small and medium works projects;
- (f) commencing more public works projects through public-private partnership;
- (g) ensuring a stable amount of work through detailed planning, so as to prevent a cyclical imbalance between the supply and demand in the manpower market; and
- (h) strengthening training for young engineers and construction workers."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the motion moved by Dr Raymond HO be passed.

**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 Dr PAN Pey-chyou to speak first, to be followed by Mr CHEUNG Hok-ming, Ms Audrey EU and Mr LEE Wing-tat; but no amendments are to be moved at this stage.

**DR PAN PEY-CHYOU** (in Cantonese): President, I once heard of a story. I do not know whether it is true or not, but let me casually tell this story here to the casual ears. So the story goes that there was a primary school in a remote small town with a very good student in one of the classes. One day, he was caught by the teacher for talking when he was dissuading the child sitting next to him from talking in class. The teacher drew a circle on the playground and instructed him not to leave the circle without his order. Just at that time, a tornado rolled through this small town and all the teachers and students in the school ran for their lives and escaped to a safe place. A few days later, when everybody went back to the school to clean up the place and get ready for classes, they suddenly found that this good boy was lying on the ground inside the circle in the playground, on the brink of his death, as he had not been eating or drinking for a few days. When all the students in the school evacuated, the teacher was so busy looking after the other students that he had forgotten about this good boy and did not order him to leave the circle.

So that is the story and let me come back to the question. When I participated in the procession organized by the Hong Kong Construction Industry Employees General Union last month, I heard many construction workers air their grievances. At that time, the Sands Macao was in financial difficulties and had to suspend the works projects in Macao. A lot of Hong Kong construction workers working in Macao suddenly became jobless and had to return to Hong Kong. A worker who used to earn a daily wage of \$800 in Macao was unable to secure any job 10 days after returning to Hong Kong even though he was willing to accept a 30% wage reduction. According to statistics, the unemployment rate of the construction industry in Hong Kong in the last quarter was 6.3%, which was double that of the overall unemployment rate of Hong Kong. Information released by the Task Force on Economic Challenges (TFEC) on Monday showed that the income of the construction industry had plunged by 33% and vacancies had also decreased by 7.6% at the end of November, which was the most serious among different trades and industries, and this trend will continue.

The situation of the construction industry can be described as being in deep waters. As construction workers live from hand to mouth, they have to secure a job, and they have to do so at once and cannot afford to wait for a year or so. The so-called 10 major infrastructure projects which are far from being ready for commencement are in fact not helpful to them at all now. Small and medium works projects are more flexible and should be able to create job openings.

However, as government departments have to comply with formalities, it is questionable whether they can break away from this bureaucratic mentality and speed up the approval process. The situation is indeed worrying.

Actually, what is most worrying is that the jobs provided by such projects, be they large, medium or small in scale, will not be obtained by the people of Hong Kong in the end. Why? This is related to the extensive use of precast concrete units, the World Trade Organization Agreement on Government Procurement (WTO-GPA) signed by Hong Kong and the Government's attitude towards this Agreement.

Actually, the use of precast concrete units is a desirable means to enhance cost-effectiveness. At present, precast concrete units are widely used in Hong Kong, and the Housing Authority (HA) is a very good example. The modular design, in which construction is carried out by putting different concrete units together in the same way as playing with "building blocks", is adopted in the existing Harmony Type public rental housing (PRH) estates. Not only is the progress fast, the impact on the residents nearby is also minimal. At present, almost all precast concrete units are made in neighbouring areas in the Mainland. Therefore, the extensive use of precast concrete units is actually taking a large number of jobs from Hong Kong people. However, we think that it is actually feasible to make such precast concrete units locally because there are still some vacant government sites which can be used for manufacturing these units.

Another approach is to manufacture precast concrete units on construction sites. Actually, the HA once tried to manufacture precast concrete units on construction sites of PRH estates, and I also conducted inspections of such sites in person. The result was quite satisfactory. Such units were manufactured in the open space of the construction sites and transported to the adjacent spot for assembly. I have reasons to believe that implementing the use of locally manufactured precast concrete units for all PRH estates can further increase workers' employment opportunities. Therefore, the siting of a manufactory of precast concrete units in Hong Kong, be it on construction sites or some other places to be identified, is feasible and can better assure their quality.

However, the Government seems to be indifferent to the fact that such a large amount of precast concrete units used in public infrastructure are

manufactured outside Hong Kong, and indicated repeatedly that it was unable to offer any help. The Government advised that this was the consequence of Hong Kong's signing of the WTO-GPA. Actually, however, is this Agreement really so frightening, and is it the culprit of depriving construction workers in Hong Kong of their means of living?

The WTO-GPA was signed by the Hong Kong Government on its own initiative as a developing area party in June 1997, that is, immediately before the reunification. At present, the WTO-GPA has been signed by dozens of countries or regions all over the world, including the United States, the European Union and Singapore. However, individual countries may decide their own specific details of the WTO-GPA. In Hong Kong, it is stipulated that building contracts with a total value of about \$50 million have to be awarded through open tender. Besides government departments, the relevant requirement is also applicable to non-government public organizations, including the HA, the Airport Authority and the MTR Corporation Limited. Different places all over the world have laid down different procurement thresholds in order to protect their local employment market and industries. For example, some state governments in the United States require that the WTO-GPA be not applicable under certain circumstances, such as when the economy is faltering. Regarding the application threshold of the WTO-GPA, it is required in Hong Kong that building contracts for projects with a value of over \$50 million shall be awarded through open tender, while in Israel, it is provided that only contracts for projects with a value of over \$86 million shall be awarded through open tender in order to protect the employment of local workers.

I cannot help but ask why we set the tender price threshold under the WTO-GPA at such a low level? Why do we not protect the employment of local workers? When many countries and places have stipulated exemptions or provisos, why has not Hong Kong done so?

The truth is that before signing the relevant agreement, the Government actually had the right to decide the details of the agreement, including the minimum value for open tender, and fight for offsets conducive to the development of local enterprises in its capacity of a developing area. However, the then Hong Kong Government before the reunification regrettably acted generously at the expense of the workers in Hong Kong and simply ignored and gave up these rights and benefits which should have been fought for.

Putting history behind us, let us set our eyes on the present and look ahead into the future. According to the requirements under the Agreement, a signatory has to meet three conditions in conducting tender exercises for works projects: first, fair treatment shall be afforded to domestic and foreign companies; second, fair treatment shall be afforded among various foreign companies; and third, subject to special requirements, including the requirement that a certain proportion of the total value of a product shall be produced locally, no offsets shall be imposed.

Back to our infrastructure development, I believe it is not a problem to satisfy the first and the second conditions. As for the third condition, I believe this is the main point about which the Government is worried that controversies may arise. However, if we take a careful look at it, we will find that it actually targets at whether or not the procurement conditions set by the relevant governments will be used to favour local companies. As for workers working for local or foreign companies, they are actually not the focus of the Agreement.

Let me illustrate my point with an often quoted case. In 1999, an American company took legal action against the South Korean Government, which required in the tender exercise for the construction of the new airport that eligible contractors must have built local manufacturing plants and established partnership with South Korean enterprises, for allegedly discriminating against foreign consortia in breach of the Agreement. Finally, the South Korean Government was compelled to give in. Actually, when we take a closer look at it, we will find that the concern of the complainant was that the conditions laid down may cause unfair treatment to some bidding contractors.

At least, the South Korean Government aimed at protecting the benefits of the local economy at the risk of testing the bottomline of the Agreement, what about our Government? Regrettably, over the past 11 years, the Hong Kong Government and public organizations have never adopted a more active approach in tender exercises to protect the employment of local workers. Is our Government like the extraordinarily good boy mentioned by me at the beginning of my speech?

I believe the Government is actually not heartless. In the tender exercise for the construction of the Government Headquarters at Tamar, the Government decided not to use precast concrete units so that the entire project will be completed *in situ* to afford the greatest actual benefits to local workers.

Now, we hope that in implementing works projects of different scales, the Government can require that concrete units, if required, be manufactured locally by contractors at sites provided by the Government. Besides, we also agree that the Government should adopt, whenever necessary, the practice adopted in the construction project at Tamar (*The buzzer sounded*) .....

**PRESIDENT** (in Cantonese): Dr PAN Pey-chyou, your speaking time is up.

**DR PAN PEY-CHYOU** (in Cantonese): Okay.

**MR CHEUNG HOK-MING** (in Cantonese): President, as the global economy is seriously battered by the financial tsunami, the economy of Hong Kong also faces various uncertainties. Many companies have become more cautious in recruitment and some enterprises have even made massive layoffs despite having substantial surpluses. This has not only caused the rise in the unemployment rate but also created a gloomy and pessimistic outlook. Therefore, what members of the public need now is a government with determination and resolve to draw up short-term and long-term plans for the SAR to face up to the adversities arising from the financial tsunami, with a view to boosting the morale of the people of Hong Kong and enabling them to work their way out in the teeth of hardship.

Although the Chief Executive has announced the establishment of the Task Force on Economic Challenges to study the impact created by the financial tsunami on the economy and major industries of Hong Kong and to propose concrete remedies, day after day, members of the public have not heard any long-term or short-term plan which will "bring hope and jobs". Instead, they have just heard various bureaux keep on indicating that they would streamline unnecessary administrative procedures in order to expeditiously implement the 10 major infrastructure projects and create employment. However, members of the public have not seen any action taken by the Government to remove unnecessary regulations and restrictions with regard to administrative procedures. According to the timetable for the 10 major infrastructure projects proposed in the policy address last year, these projects will commence in 2011, and after the outbreak of the financial tsunami, most works under the 10 major infrastructure projects will

still be commenced in 2011. In that case, what efforts have the Government made to expedite the implementation of the 10 major infrastructure projects?

I remember Secretary Carrie LAM once said that government departments might consider shortening the timeframe for policy formulation, but some statutory procedures such as environmental impact assessment and gazettal must be strictly followed. I agree with this, but in the entire process of implementing infrastructure projects, which statutory procedures should not be shortened and cannot be streamlined or modified? The Government must explain all this clearly to the public to enable them to determine whether it is reasonable. Besides, what other work procedures and timeframes in policy formulation can be streamlined and shortened? As various operational procedures within the Government have been established over an extended period of time, how will the Policy Bureaux shorten the timeframe for policy formulation? Even if they are able to achieve this, how can the Government ensure that the executive departments can co-operate and expedite the procedures in a consistent manner?

I have raised these questions not to throw a wet blanket but because the remark of "the Government has to observe the relevant procedures in taking any action" has become some sort of a catch-phrase of the SAR Government, so much so that there is a lack of flexibility in departments, and policies which incited severe public criticisms have even been formulated.

It seems that the 10 major infrastructure projects are a case of them being unable to "put out a fire nearby with the water from afar" because of their large scale, huge investments and the extended construction period. Therefore, the need to implement more small and medium infrastructure projects to immediately stimulate domestic demand and create employment opportunities has instantly become the consensus between the Government and members from various sectors of the community. For example, the Government recently pins hope on the projects of the Central-Wan Chai Bypass and the Wan Chai Development Phase II with a value of over \$100 billion being able to create 40 000 job vacancies. Besides, the Development Bureau made a series of moves earlier, such as reducing the development density of the two "screen-like building" projects at Nam Cheong Station and Yuen Long Station along the West Rail and successfully persuaded the developers into agreeing to reduce the construction floor area by as much as 30% with regard to the Hopewell Centre II development project, to alleviate the concern of community organizations and the public about

the wall effect and the development density so as to expedite the implementation of the projects and create employment. The Government estimates that just the Hopewell Centre II development project alone can create 4 000 job vacancies and there will also be a supply of 900 permanent vacancies upon the completion of the hotel.

The DAB hopes that the Government can further expand more small and medium works projects, including the outstanding projects of the former Municipal Councils, maintenance projects of government buildings and schools, landscaping and greening works and slope upgrading works. I believe these works projects will not involve complicated environmental impact assessment and lengthy tendering procedures, and they can better meet the employment need of construction workers and ease the unemployment pressure of the construction industry. However, the so-called delays in administrative procedures should also be avoided in such small and medium works projects, and the question of whether District Councils (DCs) can perform their supervisory function effectively is also vitally important.

The Government has already concluded its discussions with DCs on expediting their approval process of local minor works projects, and for each project, a task force will be established and a directorate officer will be designated to carry out follow-up actions, while the relevant DC will also endeavour to designate the member who proposed the project to follow up the works so that DC members who have a clear understanding of the project can communicate, discuss or even revise the project immediately together with officials, contract consultants and relevant departments.

However, although the Government will designate a directorate officer to assist DCs in the approval of minor works projects, problems of inter-departmental co-ordination and communication will still exist under the bureaucratic system, and there will still be delays in such minor works projects as street lighting works. Therefore, I think various district offices should be allowed to recruit additional engineers to provide direct assistance to the relevant DCs in the approval of works projects so that the approval process will be effectively expedited without excessive reliance on the responsible department.

On the other hand, due to the lack of experts to assess local works projects, DCs often had to rely on the Home Affairs Department (HAD) to engage an

external project consultant through tendering to assist in the assessment and design of the works projects in the district before proposals could be submitted to the DCs for approval. However, the project consultant fees proposed by many consultants often exceeded the budget of the DCs substantially, which caused wrestling and disputes over the fees between DCs and the consultants. Although the consultants often lowered their fees in the end, the works projects were delayed, unable to commence immediately.

To improve the situation effectively, the HAD should actively consider allowing DCs to engage their own consultant or study the practice of packaging a few minor works projects in a consultancy contract so that consultancy firms can place their bids for several projects at the same time to reduce the cost incurred in multiple bidding. It will also be easier for DCs to grant approval when consultancy contracts involving a reasonable fee are offered, which will in turn facilitate expediting the approval of contracts for and the progress of small and medium works projects.

The impact of the financial tsunami is proliferating and spreading in Hong Kong. I strongly believe that the unemployment rate in Hong Kong will rise gradually within a short time. In face of this grave situation, whether the Government can adopt concrete measures to expedite the commencement of the 10 major infrastructure projects and promote the implementation of more small and medium works projects in order to shorten the lead time and boost public confidence in the faltering economy and provide timely relief for Hong Kong people who are facing unemployment and massive layoffs hinges on whether or not the SAR Government has the determination and resolve to take on board and implement the proposals put forward by us in this Chamber of the Legislative Council today.

President, I so submit.

**MS AUDREY EU** (in Cantonese): President, the focus of both the original motion and other amendments is on the crisis of the international financial tsunami. Besides this crisis, my amendment is also concerned about the climate crisis. To cope with these two concurrent crises, we should respond to the United Nations' call for "Green New Deal". Therefore, I particularly wish to introduce the perspective of environmental protection into infrastructure projects.

A reporter rang me up and asked whether the proposal of including environmental considerations in these projects will cause delays to their progress when the economy is faltering. President, this reflects the conventional thinking that environmental protection and development are in dichotomy. Actually, this old thinking is no longer compatible with the current situation. The United Nations Environment Programme proposed the "Green New Deal" at the end of October this year and called for governments of various countries to attach greater importance to infrastructure investments conducive to environmental protection and the stabilization of climate change. On the one hand, it certainly is able to stimulate the weak economy in the wake of the financial tsunami; and on the other, it will also bring about sustainable development. In this way, we can kill two birds with one stone and solve the two global problems which are bothering us at the moment.

Last month, the Civil Party expressed its views on the budget for the coming year to the Financial Secretary. Besides, I also wrote to the Chief Executive in the hope that he would give consideration to a green economy or a low carbon economy in parallel with revitalizing the economy. When Alan LEONG and I held our press conference, each one of us had a compact fluorescent light bulb in our hand to convey the message that we should implement more minor works projects relating to environmental protection, energy conservation and the switch to energy saving devices. It is such a coincidence that when I woke up the next morning, I heard on the radio that Barack OBAMA, the President-elect of the United States, stated that he would create 2.5 million jobs to rescue the economy — he already mentioned this during the election. Recently, he proposed some concrete measures, including enhancing energy saving devices in schools and government buildings, installing compact fluorescent light bulbs, improving air-conditioning systems and developing infrastructure facilities such as renewable energy facilities. These coincide with the greening projects mentioned by me just now.

It shows that infrastructure projects of the 21st century should not be duplications of the traditional core projects of bridge building and road construction proposed by President ROOSEVELT in the 1930s of the last century. Instead, the concept of sustainable environmental protection should be introduced into our infrastructure facilities.

On Monday, Chief Executive Donald TSANG also proposed various measures to "revitalize the economy" and "create employment", and he also

mentioned the creation of employment opportunities for the white collars and blue collars. I hope that besides being mindful of the white collars and blue collars, the Chief Executive will also make efforts for the "green collars", by which I mean to make efforts conducive to environmental protection, including projects to conserve water resources and energy, and those to develop and maintain renewable energy facilities. I hope the Government can think out of the box and accept the proposals put forward by the Civic Party on eco-friendly infrastructure, such as expediting the implementation of the Harbour Area Treatment Scheme Stage 2B, expediting the maintenance works of fresh water pipes, expediting the provision of cycleway networks in the New Territories and new development areas and providing energy conservation facilities in schools and public housing estates, and of course, there are also many greening and maintenance works.

In May this year, DuPont, an American company, indicated that it would establish a research and development (R&D) centre in the Science Park in Hong Kong to develop the solar thin film photovoltaic technology and also establish a manufactory base in Shenzhen. According to press reports, it was the result of the lobbying effort made in person by the Chief Executive and the Financial Secretary for DuPont to anchor in Hong Kong, and numerous tax concessions were also offered. President, not only do we hope that they will come to Hong Kong to carry out the production processes for environmental protection products, but we also hope that these products can be widely used in Hong Kong, which will help our overall greening and our low carbon and greening economy enormously.

During the onslaught of SARS in Hong Kong a few years ago, we saw that the TUNG Chee-hwa Administration also adopted this old method of expediting the promotion of infrastructure development to alleviate unemployment. However, a few years later, we found that quite a number of these projects had given rise to disputes on environmental protection. For example, the development of the artificial bathing beach at Lung Mei, Tai Po, caused great dissatisfaction among environmentalists, and even judicial review proceedings were initiated. Besides, the decking of Lung Chu Street Nullah at Tai Hang Tung, Sham Shui Po, also aroused disputes on the conservation of trees on stone walls. Therefore, I highlighted in my amendment the need to adopt some precautionary principles which are always mentioned by some green groups and environmental groups, that is, precautionary measures to minimize the impact on the environment.

The existing EIAO, that is, the Environmental Impact Assessment Ordinance, does not require that environmental impact assessment be conducted for all projects, therefore, the Government, in particular departments delegated with duties relating to the environment, ecological matters, conservation and planning, are vested with very important responsibilities, and they should make effective gate-keeping efforts at the preliminary stage.

Besides the need to step up efforts on environmental impact assessment mentioned by me just now, the training of talents in greening and environmental protection is also very important. Front-line tasks as simple as tree trimming or even deciding on what kind of plants should be planted to green Hong Kong require expertise, and we indeed lack talents in this field.

Last week, I watched a television programme produced by Radio Television Hong Kong featuring a professor in Architecture, Edward NG, who led a group of people to build an eco-school on the Loess Plateau. He found that the yellow soil there was actually very good soil because it had the effect of offering shade in sunny weather and keeping the premises warm in cold weather, and was more desirable than traditional bricks. On the one hand, he could make use of the material *in situ* and reduce the need for transportation; and on the other, if the design was good enough, it would even obviate the need to install any air-conditioning facilities, which could also achieve energy conservation with regard to repair and maintenance. From this simple example, we can see that a certain measure of professional knowledge and know-how will bring great help in development and maintenance in the future.

I can still cite a lot more examples. For example, although the platform of the Kam Sheung Road Station along the West Rail is at grade, it is enclosed in glass doors and air-conditioned throughout the year, consuming a lot of energy. However, as the natural ventilation design is adopted at the Sunny Bay Station on Lantau, which is also a rail station, air-conditioning is not required. In promoting infrastructure development, the Government and organizations should consider various issues relating to energy and conservation.

Many Hong Kong people are living in an environment which discourages the opening of windows, and so air-conditioning systems have to be used. In winter, they will surely use the heater, but in summer, they will turn the air-conditioning to a very low temperature and cover themselves with very thick blankets when sleeping at night. President, many of these problems are actually

caused by the absence of thorough consideration before infrastructure planning or building construction.

President, innovation is one of our major focal points today. We hope that the Government can think out of the box and step up education to promote environment protection and the training of professional talents in environmental protection so that when it comes to these issues, people will no longer think that development and environmental protection are in conflict with each other, but realize that they can actually create a win-win situation. Therefore, I hope Honourable colleagues will support my amendment. Thank you, President.

**MR LEE WING-TAT** (in Cantonese): President, proposals similar to this motion debate have been put forward repeatedly in the past couple of months. Therefore, frankly speaking, what other new proposals will the Secretary make? I believe there will not be any new proposal, but I still want to speak on it. My first point is that this is a very important subject. I think expediting the implementation of infrastructure projects is not the only message conveyed in this debate. I believe the Chief Executive, Secretaries of Departments and Directors of Bureaux and their colleagues have listened to lots of views during this period of time and introduced many new measures, some of which are still in progress. Regarding development, I only want to talk about a few points.

First, Honourable Members mentioned that basically these major infrastructure projects could not achieve any significant effect in improving employment because many large-scale projects require detailed planning, the process of which shall not entirely deviate from established regulations and requirements. Actually, projects which can allow the speediest implementation are those which are the least prominent and technical and related to our daily living, that is, the so-called household repairs and maintenance works. Today, my research officer told me that the Chief Executive had mentioned this point in the policy address this year — I might have forgotten about it — that each household would be given \$4,000 for the elderly to repair their household appliances or carry out household maintenance works, which is actually not a bad idea. The Hong Kong Housing Society (HKHS) also carries out household maintenance works in old districts for singleton elderly and elderly people sharing the same flat with another elderly person. Neither environmental impact assessment nor transport assessment is required, and there is no need to engage any large-scale consultancy, and previously the Buildings Department even

introduced a loan scheme to extend loans for maintenance works to ensure household safety. I think the Secretary and the Bureau can give consideration in this direction. These works may involve the least procedures and do not seem to be prominent, yet they can easily and quickly achieve the purpose of creating employment. They can also meet the need of the low-skilled workers in the presently most distressed industry, that is, the construction industry. Currently, only very few building construction projects are in progress and one will not consider carrying out large-scale household renovation when poverty strikes, so where can we get so many maintenance works? Therefore, I hope the Secretary will reconsider the above-mentioned maintenance works.

Initially, we planned to meet with the Financial Secretary last week, but since we have a new member — Emily LAU, we have postponed the date of the meeting with the Financial Secretary. In our latest debate, we proposed creating about 50 000 employment opportunities. Actually, most of them are not related to large-scale works projects. It is very difficult to implement large-scale works projects in Hong Kong because of the need to go through elaborate procedures. Therefore, what we have proposed are all works projects of tiny and small scale without the need for elaborate procedures, environmental impact assessment, transport assessment or the engagement of any consultancy. I think this is the first area of work in which more efforts can be made. Of course, the Secretary can also consider the planting of trees mentioned by Audrey EU or other industries which will create a greater demand for workers.

Just now, we also debated the environmental protection industry. However, this is under the purview of Secretary Edward YAU but not the Secretary for Development. Co-ordination among different Policy Bureaux, which is more often than not ineffective, poses the greatest difficulty in taking forward any project in Hong Kong. Very often, when short term tenancies (STT) of environmental industries are about to expire, the authorities will resume the land as soon as possible. However, when the land is resumed, these environmental industries will cease operation. Fred LI just complained to us that there is such a situation in Kwun Tong. I think that during this period of time, each bureau and department should establish special procedures and give consideration to these occupations. Actually, there is a way to deal with it. The Government will conduct an environmental impact assessment or a transport assessment and consultation, and when it is considered that difficulties exist, the Government or the Secretary should have in hand something called "job impact

assessment". For situations which will cause a significant loss of job openings, the authorities should give them careful consideration instead of giving them up lightly; and for situations which will create a large number of job vacancies, the authorities should consider them actively. Actually, this is the guiding principle for our strategic efforts. However, colleagues in the Government sometimes do not think in this way. For example, colleagues in the Lands Department think that when STTs expire, there is no choice but to resume the Government land; but 50 workers will lose their jobs after the Government land is resumed. I think how different bureaux or colleagues approach an issue is very important.

President, my amendment is mainly on small works projects. Thanks to Permanent Secretary MAK Chai-kwong for teaching me for an hour; I am being frank, teaching is teaching. We were very open in discussing our articles. We thought of whether we should amend this motion to give local construction companies with better chances of participating in tendering. Mr MAK was very nice. He talked to me for a long time over the phone, and of course I was humble in learning. I have been following up issues in this area for a long time, and actually the most important factor is the bidding prices offered by construction companies. From our past experience of handling housing issues, we know that the practice is to allow different companies to bid for different projects according to their scale of operation. Relatively speaking, building construction projects are mostly awarded to local companies, but it is very difficult for Hong Kong companies in general to undertake projects with a value of \$10 billion or billions of dollars because they do not have adequate cash flow and a strong track record, and they are even not eligible for enlistment by the Government. Therefore, the most effective approach may be to give better consideration to the contract cap. Of course, adjusting the contract cap upward can only include more companies in the tender exercise, but this is a good practice because this will increase the bids placed by those companies, thereby improving the employment situation of local companies.

Besides, I talked with the Permanent Secretary about the parcelling out of projects. Last week, colleagues from the Environmental Bureau and the Environmental Protection Department approached me and said that they would discuss a strategic sewage disposal scheme involving \$10 billion to \$20 billion, the value of which probably amounts to \$10 billion to \$20 billion. I do not know whether it will be discussed next week or the week after next. As I had received the tutoring from Mr MAK, I knew what to ask. When I asked him how many contracts this project would be parcelled out to tendering, he said there

would be about 11. I said, "Can it be further parcelled out?" He said, "It is very difficult to do so as we cannot divide the pipe into 10 sections", which is true. After the project involving \$10 billion to \$20 billion is parcelled out into 11 contracts, each contract will account for about \$1 billion or \$1-odd billion on average. I agree that it is very difficult to break down a contract too artificially because it will give rise to a lack of continuity in the project and is technically not feasible. Besides, this approach is also too artificial. However, I hope the Secretary and colleagues from the Bureau can parcel out the projects whenever practicable because it will give companies which are relatively small in scale more opportunities of participation. Of course, I agree that we cannot do so with brute force.

President, besides expressing some minor views, the Democratic Party also hopes that, with the Government's current promotion efforts, various departments will co-ordinate their work more effectively so that the provision applied for each year will be put to the best use. After talking to Mr MAK, I was glad to learn that more money had been spent on small works projects as at the end of last year because it is easier to implement these projects and thus projects which are conducive to efforts at the district level will be implemented at an earlier date. I know that the Bureau and the Department will continue to implement more small works projects at the district level, and more workers will be employed under these projects.

President, there is one point I must make. No matter how promotion is effected, it should never be forgotten that we have to comply with the concept and procedures of sustainable development, which include avoiding building too many "screen-like buildings" and reducing the development density in planning. These are the areas which the Democratic Party hopes the Government will not ignore while taking forward development. I agree with Audrey EU that insofar as these issues are concerned, if we can participate in and handle them well, they may not be in conflict with each other. Thank you, President.

**SECRETARY FOR DEVELOPMENT** (in Cantonese): President, I welcome today's debate on "Promoting Infrastructure Development". Actually, promoting infrastructure development and creating employment have become subjects of considerable public concern in the last few months. For the Development Bureau, it is also the "key of the key" tasks. Today, I attend this meeting together with the Permanent Secretary for Development (Works Branch) and the

directorates officers of the five divisions under the Development Bureau in the hope of, first, showing Honourable Members that promoting infrastructure development is the collective mission of different levels in the Bureau; and secondly, enabling directorate officers in my Bureau to be present here in person to listen attentively to the good ideas of Honourable Members.

For a period of time, promoting infrastructure development can be said to be a "brain-teaser" for us. We have been pursuing all practicable new thinking, new ideas and new items, as Mr LEE Wing-tat put it, in the direction of creating employment. I would also like to respond to Mr LEE and Ms Audrey EU here that I can tell Honourable Members with certainty that the setting up of the Development Bureau reflects exactly the new thinking of the Government of the Hong Kong Special Administrative Region (SAR) that while promoting infrastructure development, we also have to be mindful of the environment, heritage conservation and local culture. This effort to strike a balance can be said to have occupied the thoughts of each of our directorate officers over the past year or so. Now, they have to promote not just infrastructure development but also sustainable infrastructure development; they have to carry out not just works projects but also quality works projects to create a quality living environment for the people of Hong Kong.

I am also very grateful to the four Members for proposing amendments to this motion. Although I have some reservations about Dr PAN's views on precast concrete units and the World Trade Organization Agreement on Government Procurement, I will give an explanation later in the debate. Anyhow, these amendments have enriched our debate today and made it more comprehensive and meaningful.

Many Members who know me are aware that I have worked in the Financial Services and the Treasury Bureau for a long time and therefore I am especially sensitive to figures. For this reason, before the debate, I would like to share with Members some very important figures on infrastructure development.

The first figure is \$29 billion. I intentionally looked in the direction of Mr WONG Kwok-hing because he has repeatedly asked us why we are unable to spend the entire amount of \$29 billion. Actually, this \$29 billion is not any magic figure but an average figure mentioned by the SAR Government. Regardless of our economic situation and fiscal position, we have the capability of allocating an average of \$29 billion as infrastructural spending annually.

However, concerning the speech made by Dr HO just now, there is only one point with which I do not agree entirely. He said that there was a period of time during which we had not put in any resources in infrastructure development due to financial constraints. This is not entirely true. Even when the conditions were at their worst and the deficit was as high as \$70 billion, we were still prepared to allocate resources as infrastructural spending.

Actually, over the past 15 years, that is, since 1993, there were only four years in which the infrastructural spending of Hong Kong was able to exceed \$29 billion. This \$29 billion is the average amount of resources which can be used in infrastructure investment, but anyhow, Dr HO was able to get hold of our actual figures. Since 2004-2005, infrastructural spending has been decreasing year on year, and in 2007-2008, that is, the last financial year, the figure was even a historic low in recent years, that is, \$20.5 billion. At that time, I already said boldly that "the downtrend could be arrested". Therefore, in this financial year, our original estimate was \$21.8 billion, and with the efforts made by myself and my colleagues, now I can say with confidence that the revised expenditure estimate — as mentioned just now by Dr HO — will amount to \$23 billion.

The Chief Executive announced on Monday a very important figure, which did not catch the attention of many people for reasons unknown. The Chief Executive pointed out that next year, that is, 2009-2010, the Government, together with the Hong Kong Housing Authority (HA), will allocate an amount of \$40 billion as spending on works projects. We expect that in this \$40 billion, the spending on government works projects for next year will exactly be \$29 billion, excluding our plan of providing a one-off injection for the Island West extension in the next financial year. I told Mr WONG Kwok-hing during the motion debate on the policy address that he would soon see the figure of \$29 billion. Now, we can see it and Honourable Members will be able to see in the next financial year that our infrastructural spending will reach \$29 billion.

Looking ahead, when the 10 major infrastructure projects approach their construction peak, which is believed to fall on the several years around 2010 and 2011, as pointed out by the Chief Executive, infrastructural spending will follow a rising trend following the allocation of \$29 billion. I think this figure should be able to inspire great confidence in Honourable Members and the general public, especially when the expenditure on small works projects in the \$29 billion infrastructural spending for next year will, just as I totally agree with the comments made by various Members, achieve immediate effect in creating

employment. As the function of these small works projects is effective and immediate, we are actively enhancing our capability in launching such small works projects.

The block allocation for minor works for 2008-2009 amounted to \$6.9 billion, which was much higher than our average figure for the past years. The block allocation for minor works for the next financial year originally agreed and supported by the Public Works Subcommittee of this Council was \$7.6 billion, but I am very glad to announce here that in the above-mentioned \$29 billion infrastructural spending for next year — as I mentioned just now, an additional \$0.9 billion necessary to step up the implementation of minor works projects will be provided. In other words, the block allocation for minor works for next year will amount to \$8.5 billion, representing an increase of 23% compared with that of this financial year.

The minor works to be carried out with this additional \$0.9 billion are totally in line with the "green" concept mentioned just now by Ms Audrey EU. Let me give a brief account to Honourable Members here. The additional minor works to be carried out with the \$0.9 billion involve 22 batches of minor works of two themes: the first one is enhancing the Government's infrastructural asset management, with a total of 14 projects. The exceptionally heavy rainfall in Hong Kong this year has demonstrated clearly the need for better management of the Government's infrastructural assets. We must prevent flooding, landslip and water leakage, which are very important to the general public. Therefore, the projects in this theme include refurbishment of the exterior of 50 government buildings, renovation of the protective surface of 500 slopes, leakage prevention, provision of internal linings, enhancement and strengthening of odor control of sewage facilities, as well as the upgrading of electrical and mechanical installations for various departments.

The second theme of the additional minor works to be carried out with the \$0.9 billion is environmental protection, with a total of 10 batches of "green" construction works. Examples include provision of green roofs in numerous government buildings, retrofitting plumbing with water saving devices in government schools and buildings, and refurbishment of building services installations in 100 buildings to incorporate energy efficient features and installation of compact fluorescent light bulbs. Besides incurring an additional spending of \$0.9 billion next year, these projects will still require additional spending on minor works in the year that follows, that is, in 2010-2011.

The second important figure relating to infrastructure development is \$100 billion. Of course, the increase in infrastructural spending for the coming year mentioned by me just now reflects that there is an increase in the number of projects approved by the Finance Committee and Public Works Subcommittee of the Legislative Council. Here, I would like to give special thanks to Dr Raymond HO, as Chairman of the Public Works Subcommittee, and other Honourable Members for supporting our public works projects over the years. Therefore, Ms Emily LAU may recall my comment last year that even if all government departments were to blame with regard to infrastructure projects, the Legislative Council would not be blamed because it is the organization which provides the strongest support for our implementation of infrastructure projects.

Over the past few years, we have actually witnessed a continuous increase in the approved allocation for works projects. In the 2005-2006 Legislative Session, only 58 projects were approved, with a total value of \$22 billion. In the 2006-2007 Legislative Session, the number of projects approved reached 99, with a total value of \$26.2 billion. In the 2007-2008 Legislative Session, Honourable Members granted approval to 81 projects, with a value amounting to \$47.1 billion, excluding the one-off upfront endowment of \$21.6 billion for the West Kowloon Cultural District. In the current Legislative Session, that is, 2008-2009, we will submit more than 100 works projects to the Legislative Council, with a total value of more than \$100 billion, which is really an exhilarating figure. To date, the Public Works Subcommittee has already agreed to implementing 10 projects. In other words, there are still more than 90 documents to be submitted to the Legislative Council. I have checked that there are 10 more meetings of the Public Works Subcommittee before the summer break next year, and Dr HO may have to take the trouble to arrange for additional meetings of the Public Works Subcommittee.

The third important figure is of course on employment opportunities. Employment of the construction industry accounts for 7% to 8% of local employment, and the industry is very important as far as job creation is concerned. In 2009-2010, the \$40 billion includes the spending on projects under the HA, and the Chief Executive has announced that 55 000 employment opportunities will be provided, which is more than the 12 000 employment opportunities provided by the construction projects this year. In a question raised this morning, Prof Patrick LAU asked how many of these job opportunities created would be for professionals. Among the 55 000 employment

opportunities, 45 300 employment opportunities will be provided by government projects, and among these 45 300 employment opportunities, it is estimated that about 4 400 will be for professional and technical staff and 40 900 will be for labour, with an increase of 10 000 compared with this year, among which 9 400 are for labour and 600 are for professional and technical staff.

Certainly, when it comes to employment, we have to talk about unemployment as well. Unemployment in different trades and industries throughout the territory has begun to deteriorate in the third quarter of this year, with the overall unemployment rate having increased to 3.6% from 3.3% in the beginning of this year. However, as a result of our efforts made in the past couple of years, the latest employment figure of the construction industry is still on the track of improvement. The overall unemployment rate of the construction industry has dropped from 7.5% in the beginning of this year all the way to 5.4% in the third quarter. The Development Bureau and all the departments have adopted these figures as an indicator of our work performance. We cannot bluff here that the figure will continue to drop or even remain stable, but we must conduct our work with reference to these figures.

These important figures definitely reveal our strategies for promoting infrastructure development in recent years, and they also reveal the "three-pronged approach", or proceeding in three directions in parallel, mentioned by me in the motion debate. The first one is implementing the 10 major infrastructure projects with full vigour. I would like to reiterate here that the 10 major infrastructure projects are part of the development plan proposed by the Chief Executive in his first policy address in this term of office, and they are conducive to the long-term development and maintenance of the competitiveness of Hong Kong. They have to go through the necessary statutory procedures and extensive consultation and should not be implemented in haste such that we may have to bear consequences already seen before.

Over the past year or so, the promotion of the 10 major infrastructure projects has indeed achieved very good progress. For example, in the Hong Kong-Zhuhai-Macao Bridge project, tender for the preliminary design and site investigation for the Main Bridge was invited on 1 December. The proposal of the Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link was published in the Gazette on 28 November. The environmental impact assessment report on the Kai Tak Development was submitted to the Director of

Environmental Protection earlier and is available for public inspection, which marks a new stage of our projects at Kai Tak. In the current Legislative Session, we will submit five development projects at Kai Tak to this Council for discussion. The agreement on the integrated planning and engineering study on the joint development of the Lok Ma Chau Loop by Hong Kong and Shenzhen was also signed by both parties on 13 November.

The second area of work is to expeditiously implement other equally important urban development projects other than the 10 major infrastructure projects. Many Members, such as Ms Audrey EU and Mr LEE Wing-tat, also mentioned this point just now. Regarding these projects, first of all, I certainly have to talk about the long expected Central-Wan Chai Bypass. I am very glad that this project was re-gazetted last Friday, together with the Wan Chai Development Phase II. These projects with a total value of \$35 billion can hopefully be submitted for approval within this Legislative Session, that is, by the summer break next year. Other projects conducive to the urban development of Hong Kong other than the 10 major infrastructure projects are on the pipeline. They include projects under the Lai Chi Kok Transfer Scheme with a value of \$1.3 billion and the Replacement and Rehabilitation of Water Mains, stage 3 (mains in West Kowloon).

The third prong involves the minor works in various districts mentioned by Mr CHEUNG Hok-ming. The cost of each of these works projects does not exceed \$21 million and will be provided by us in the form of block allocation. I have already given an account of our efforts in this area, and our next step is to study ways of enhancing the procurement procedures of minor works and streamlining their approval process in order to expeditiously implement such works with the most cost-effective approach, while ensuring that small- and medium-sized contractors will be benefited at the same time.

There are still a lot of subjects mentioned in the amendments proposed by various Members and the motion moved by Dr Raymond HO which deserve our serious thoughts and response. I strongly believe that many Members will also express their views on the relevant subject in the debate to be held tomorrow morning. Therefore, I will give a consolidated reply later. We will listen carefully to the views expressed by Members during the debate today and will take comprehensive complementary measures and make every effort to promote infrastructure development and create employment. Thank you, President.

**MR LEUNG KWOK-HUNG** (in Cantonese): President, as I have to appear before the Court for sentencing tomorrow, the President has allowed me to speak at this juncture, and it will only go a bit beyond the time.

Firstly, just now I heard the Secretary say that green roofs will be provided in government buildings as an environmental protection measure. I think for decorative purposes, this will be useful, but why are we not providing devices powered by solar energy? I really do not understand why we are not providing such devices extensively. Hong Kong is a subtropical place, why are we not adopting this approach? Now that my office is at the CGO, I can see really intense sunlight from there. We all get sunburns by being exposed to such strong sunlight every day, and motorists even have to open the doors of their cars to catch some breeze. Of course, green roofs are actually wishful thinking of the middle class in the concrete jungle, right? I only wish that this could be achieved.

Actually, when it comes to sustainable development in Hong Kong, I think we have to bring up several issues, that is, clothing, food, housing and transport, and in particular, housing, right? Ever since Donald TSANG launched the "nine strokes" — with the addition of one more stroke, there were "ten strokes" — to salvage the property market, the construction of public rental housing (PRH) has basically come to a halt, and so has that of Home Ownership Scheme (HOS) housing. However, with the onslaught of the financial tsunami, the affordability of the public has begun to weaken. Their affordability in respect of housing has also dropped, coupled with the high rentals, the demand for PRH is therefore very great now. I have looked over the interim housing and its facilities at Po Tin Estate and found that they actually do not serve long-term purposes. As such, has the Government drawn up any plans in respect of PRH to enable the people of Hong Kong to have a proper dwelling? If funding is provided in this respect, is it sustainable development? For those who have to bear with a cubicle of only 60 sq ft in Mong Kok with a monthly rental of \$3,000, this sustainable development seems to be very important to them.

The second aspect is school. I noticed recently that the government school, Tai Po Government Secondary School, was "culled" by the Government, and the school will not be preserved anymore. I asked the authorities why such a beautiful school which was built by the side of the river was "culled". They said the case was that they think the land should be vacated for other purposes. When I further asked what purposes the land would be used for, they said it

would be used for educational purposes. I do not know whether they will take the site as a land sale site in five years' time, but we should not unfairly adopt a suspicious attitude without proper justifications. However, after listening to their response, I found it very strange. Why do we have to "cull" a government school and use the premises for other educational purposes? Sustainable development can actually be achieved, and we are talking about education, the development of which should be given an overriding priority; and human beings, not "bricks and mortar", are the most precious software. For this reason, why do we keep saying that we do not have enough funding to implement small-class teaching and the "3-3-4" academic structure? I really find the hardware involved most lamentable.

In my speeches, I have always pointed out that a shopping mall in the bustle of the city is leased for operating The Open University of Hong Kong ..... no, it should be for launching associate degree programmes offered by universities, or encouraging universities to raise funds to construct their own premises, leaving students to repay their debts with high-interest loans. If the Government expends elaborate efforts in multiple directions in this respect, is it sustainable development? If our young people and small children can receive education in a small class or study in a campus with a better environment, is it sustainable development? Or does the teacher-student ratio have to reach 1:30-plus to be regarded as sustainable development? We have to undertake massive construction in this respect as well.

Besides, there is also the issue of hospitals, which has long been under fire. There may be cases in which applicants of homes for the aged did not live long enough to see their applications being accepted, is this sustainable development? Why are more of such facilities not provided? Why are "bricks and mortar" the most important? Why is there no planning at all for sustainable development relating to the well-being of the general public, young and old, or why is such sustainable development below international standard? Are we saying that the implementation of any reform has to take a toll on another reform? This is a grave problem.

Therefore, the 10 major infrastructure projects remind me of the 10 major infrastructure projects launched to celebrate the 10th anniversary of the founding of our nation, that is, in 1959, which were of course magnificent at that time. However, I never talk about subjects I do not know well, and I am not very well-versed in those 10 major infrastructure projects. I think it is only sensible

if sustainable development is carried out in the community in the light of Hong Kong people's needs, their arts and cultural needs, educational needs and housing needs and the need to provide fast and convenient transport networks. Actually, I have made this point plenty of times. If we carry out massive construction now, we are actually seeking to complement the development in the Mainland. Is the development in the Mainland synchronized with that of ours? The Hong Kong-Zhuhai-Macao Bridge which focuses on transport in the western part of Guangdong is already outdated. However, once our Chief Executive "issued the Golden Decree", there is no reason to implement nine major infrastructure projects, which is so piecemeal, right?

Another issue is the funding provision for the West Kowloon Cultural District project. Would it be better if we had not made that provision, which amounts to a total of \$100 billion, and used it on projects like the "M+", but given the money to the poor or used it on sustainable development projects mentioned by me just now to meet human needs? Actually, after listening to the Secretary's remarks, I am overwhelmed by "complete gloominess".

There is one more point which I would like Honourable Members to consider. Do not comply with the all-vicious procurement agreement of the WTO anymore. This is the result of our being bullied by American imperialism, right? The President should also know that Chairman MAO once said, "As we are bullied by imperialism to such an extent, we have to deal with it seriously." So why do we not deal with it seriously and tear this agreement up? I hope that Honourable Members can think about it, only when this agreement is torn up will further development in local employment be possible. Thank you, President.

## SUSPENSION OF MEETING

**PRESIDENT** (in Cantonese): I now suspend the meeting until nine o'clock tomorrow morning.

*Suspended accordingly at three minutes past Ten o'clock.*

**Appendix I****WRITTEN ANSWER****Written answer by the Secretary for Food and Health to Mr James TO's supplementary question to Question 1**

Since July 2002, the Food and Environmental Hygiene Department has imposed the condition that no coffins are allowed inside the licensed premises for display, storage or any other purposes in relation to a total of six Undertaker of Burial Licences.

**Appendix II****WRITTEN ANSWER****Written answer by the Secretary for Food and Health to Mr Tommy CHEUNG's supplementary question to Question 6**

As regards the breakdown of statistics on daily smokers by gender and age groups, attached for Members' reference is an extract of the relevant tables in the Thematic Household Survey conducted by the Census and Statistics Department in 2008.

As shown in the tables, smokers aged between 15 and 19 in Hong Kong decreased from 15 700 (3.5%) in 2005 to 10 500 (2.4%) in 2008. Within this age group, the number of male smokers decreased from 11 300 (4.9%) in 2005 to 7 900 (3.5%) in 2008, while that of female smokers decreased from 4 400 (2%) to 2 500 (1.2%). Meanwhile, smokers who started to smoke at the age below 10 have increased from 8 500 (1.1%) in 2005 to 10 300 (1.5%) in 2008. While the number of smokers who started to smoke at the age between 10 and 19 has decreased from 472 700 to 438 800, the proportion have increased from 59.6% to 64.8%.

WRITTEN ANSWER — *Continued*吸烟情况Pattern of smoking

表 3.3a 按年齡及性別劃分的習慣每日吸食香煙的人士數目  
Table 3.3a Daily cigarette smokers by age and sex

二零零七年十二月至二零零八年三月進行的統計調查  
Survey conducted during Dec 2007 - Mar 2008

年齡組別 Age group	男 Male			女 Female			合計 Overall		
	人數 No. of persons ('000)	百分比 % Rate*	比率* Rate*	人數 No. of persons ('000)	百分比 % Rate*	比率* Rate*	人數 No. of persons ('000)	百分比 % Rate*	比率* Rate*
15 - 19	7.9	1.4	3.5	2.5	2.4	1.2	10.5	1.5	2.4
20 - 29	81.0	14.2	18.4	26.9	25.4	6.1	107.8	15.9	12.2
30 - 39	121.0	21.2	25.7	35.4	33.4	6.4	156.4	23.1	15.3
40 - 49	145.7	25.5	24.2	20.7	19.5	3.1	166.4	24.6	13.2
50 - 59	122.7	21.5	24.2	10.5	9.9	2.1	133.3	19.7	13.2
≥ 60	92.6	16.2	17.3	9.9	9.4	1.7	102.5	15.1	9.2
合計@ Overall@	571.0 (84.4)	100.0	20.5	105.9 (15.6)	100.0	3.6	676.9 (100.0)	100.0	11.8

二零零五年二月至五月進行的統計調查  
Survey conducted during Feb - May 2005

年齡組別 Age group	男 Male			女 Female			合計 Overall		
	人數 No. of persons ('000)	百分比 % Rate*	比率* Rate*	人數 No. of persons ('000)	百分比 % Rate*	比率* Rate*	人數 No. of persons ('000)	百分比 % Rate*	比率* Rate*
15 - 19	11.3	1.7	4.9	4.4	3.9	2.0	15.7	2.0	3.5
20 - 29	93.5	13.8	20.9	28.8	25.2	7.0	122.3	15.4	14.3
30 - 39	149.1	22.0	29.4	34.6	30.3	5.8	183.7	23.2	16.6
40 - 49	176.2	25.9	27.4	20.7	18.1	3.0	196.9	24.8	14.9
50 - 59	126.9	18.7	28.6	9.7	8.4	2.2	136.6	17.2	15.4
≥ 60	122.0	18.0	24.2	16.1	14.1	3.0	138.1	17.4	13.2
合計@ Overall@	678.9 (35.6)	100.0	24.5	114.3 (14.4)	100.0	4.0	793.2 (100.0)	100.0	14.0

註釋 : \* 在個別年齡及性別分組中佔所有人士的百分比。以所有十五至十九歲的男性為例，根據二零零七年至零八年統計調查結果，3.5%為習慣每日吸食香煙的人士。

Notes : \* As a percentage of all persons in the respective age and sex sub-groups. For example, among all males aged 15-19, 3.5% were daily cigarette smokers based on the 2007/08 survey.

④ 括號內的數字顯示在所有習慣每日吸食香煙的人士中所佔的百分比。

④ Figures in brackets represent the percentages in respect of all daily cigarette smokers.

WRITTEN ANSWER — *Continued*吸煙情況Pattern of smoking

表 3.3b 按開始每周吸食香煙的年齡及性別劃分的習慣每日吸食香煙的人士數目  
Table 3.3b Daily cigarette smokers by age started smoking cigarette weekly and sex

二零零七年十二月至二零零八年三月進行的統計調查  
Survey conducted during Dec 2007 - Mar 2008

開始每周吸食香煙的年齡 Age started smoking cigarette weekly	男 Male		女 Female		合計 Overall	
	人數 No. of persons ('000)	百分比 %	人數 No. of persons ('000)	百分比 %	人數 No. of persons ('000)	百分比 %
< 10	8.2	1.4	2.1	2.0	10.3	1.5
10 - 19	379.8	66.5	59.0	55.7	438.8	64.8
20 - 29	164.9	28.9	37.6	35.5	202.5	29.9
≥ 30	18.1	3.2	7.1	6.7	25.3	3.7
總計 Total	571.0	100.0	105.9	100.0	676.9	100.0

二零零五年二月至五月進行的統計調查  
Survey conducted during Feb - May 2005

開始每周吸食香煙的年齡 Age started smoking cigarette weekly	男 Male		女 Female		合計 Overall	
	人數 No. of persons ('000)	百分比 %	人數 No. of persons ('000)	百分比 %	人數 No. of persons ('000)	百分比 %
< 10	7.9	1.2	§	§	8.5	1.1
10 - 19	410.4	60.5	62.3	54.5	472.7	59.6
20 - 29	235.0	34.6	39.9	34.9	274.9	34.7
≥ 30	25.6	3.8	11.5	10.0	37.1	4.7
總計 Total	678.9	100.0	114.3	100.0	793.2	100.0