

# OFFICIAL RECORD OF PROCEEDINGS

Thursday, 11 December 2008

The Council continued to meet at Nine o'clock

## MEMBERS PRESENT:

THE PRESIDENT

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

THE HONOURABLE ALBERT HO CHUN-YAN

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

THE HONOURABLE LEE CHEUK-YAN

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

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

DR THE HONOURABLE MARGARET NG

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

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

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

THE HONOURABLE LEUNG YIU-CHUNG

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

THE HONOURABLE LAU KONG-WAH, J.P.

THE HONOURABLE 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 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

THE HONOURABLE CHEUNG KWOK-CHE

THE HONOURABLE WONG KWOK-KIN, B.B.S.

THE HONOURABLE IP WAI-MING, M.H.

THE HONOURABLE IP KWOK-HIM, G.B.S., J.P.

THE HONOURABLE MRS REGINA IP LAU SUK-YEE, G.B.S., J.P.

DR THE HONOURABLE PAN PEY-CHYOU

THE HONOURABLE PAUL TSE WAI-CHUN

DR THE HONOURABLE SAMSON TAM WAI-HO, J.P.

**MEMBERS ABSENT:**

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

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

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

THE HONOURABLE LEUNG KWOK-HUNG

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE WONG SING-CHI

THE HONOURABLE WONG YUK-MAN

**PUBLIC OFFICERS ATTENDING:**

THE HONOURABLE MICHAEL SUEN MING-YEUNG, G.B.S., J.P.  
SECRETARY FOR EDUCATION

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

**CLERKS IN ATTENDANCE:**

MRS VIVIAN KAM NG LAI-MAN, ASSISTANT SECRETARY GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY  
GENERAL

**PRESIDENT** (in Cantonese): Good morning, Members. Council now resumes and continues with the motion debate on Promoting Infrastructure Development.

## **MEMBERS' MOTIONS**

### **PROMOTING INFRASTRUCTURE DEVELOPMENT**

#### **Continuation of debate on motion which was moved on 10 December 2008**

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

Regarding the issue of local employment, we hope the Government can play a greater role by promoting infrastructure development. The Secretary attended this Council meeting yesterday with six major officers under her. Although not all of them are in attendance today, the Secretary's concern, sincerity and seriousness on this motion are already evident. I believe we will find the Secretary's efficiency very refreshing. I have the following comments on the heed for the Government to expedite and expand infrastructure development:

First of all, I very much welcome the response given by the Secretary yesterday. I welcome her response that in 2009-2010, the Government will earmark \$40 billion each year for expanding and expediting infrastructure projects, so as to create more employment opportunities. I hope that these projects, which are just around the corner — precisely, they are not just around the corner, but have already been finalized for implementation ..... I hope that these projects can give a boost to the local construction industry, benefiting its workers, office staff and engineering and technical personnel.

Secondly, insofar as the World Trade Organization Agreement on Government Procurement (WTO Agreement) is concerned, I maintain that the Government should reconsider the issue with a new mindset. What I mean is that Hong Kong should not impose any difficult task on itself. Whenever the WTO Agreement is conducive to Hong Kong's well-being and can improve local employment, we should follow it; otherwise, we should not rigidly adhere to the old way. If flexibility can help increase local employment opportunities, the Government should not adopt such a rigid stance.

Thirdly, concerning the request for using locally-made precast units, I must point out that if precast units are used in most government works projects, and if the majority of such precast units are manufactured abroad by cheap labour, then even the implementation of the \$40 billion public works projects will not be able to help the local construction industry, which is hardest-hit by unemployment. Members of the Housing Authority and I, led by the Transport and Housing Bureau, had a visit to a public housing estate days ago. We noticed that in Kwai Chung Estate, precast units made on site were used for the construction of two to three newly-completed blocks. Since this is possible with the works projects under the Housing Department, should the other government works projects follow the same practice? The Government, for example, has undertaken to initiate more local construction works when taking forward the Government Secretariat construction project at the Tamar site. This should be further promoted by the Government. I thus hope that when details of projects are finalized, the Government can seriously consider the use of precast units made locally.

Fourthly, when it comes to expediting the launching of projects, I hope that the Government can consider conducting all procedures such as planning and deliberation more quickly at the same time, so as to shorten as far as possible the flow of the preparatory process, including the lengthy procedures of consultation, conducting studies or gauging views, and to condense the time spent on planning and deliberation. A lot of time is unnecessarily wasted on the planning and deliberation of the 10 major infrastructure projects. Although these procedures are necessary, can they be taken forward simultaneously? Can the interval between each procedure be shortened? In fact, there is still room for the Government to shorten the time.

Fifthly, I hope that minor works projects of various government departments can also be expedited and expanded. Although I am pleased to hear the Secretary state that the Government has already put in place many measures and has finalized 100 works projects, I hold that there is still room for making stronger efforts. We, together with the Housing Department and the Transport and Housing Bureau, inspected the comprehensive maintenance works under the Total Maintenance Scheme days ago. The Scheme, which spans five years, can indeed create many employment opportunities. I asked whether there was still room for expediting and expanding the Scheme, and they said that this could be considered. I thus hope that Secretary LAM can discuss with different

departments again whether the minor works projects under these departments can be expedited and expanded, and informs us of the number of projects which can be added. We already know the number of announced projects, but can any ways be worked out to ascertain the number of projects which can be added? I hope the Secretary can figure out a way and tell us the answer.

Lastly, regarding local works projects under District Councils and the Home Affairs Department, some departments are unwilling to take forward these minor works projects because they fear that there may not be resources for repair, maintenance and management after their completion. As a result, some works projects which can be implemented immediately, or which have been delayed for years, cannot be launched. For example, there is a staircase of about 100 steps at Kwong Fai Circuit neighbouring Kwai Chung Estate. Requests have been made by many residents for the construction of a superstructure to shelter pedestrians from rain and sunshine. The project, however, has not yet been launched after dragging on for many years. Can the Bureau designate an official to reassess such projects, so that the problem can be tackled more quickly? This is not only conducive to people's livelihood and employment, but also beneficial to improving the image of the Government. Thank you, President.

**MR JEFFREY LAM** (in Cantonese): President, the economy of Hong Kong has been buffeted incessantly by the financial tsunami. As a result of capital shortage, enterprises cannot continue to operate and are forced to close down or cut staff, thus triggering off a vicious cycle that has proliferated like a contagious disease. There are also some 10 000 construction workers who have returned to Hong Kong due to the stoppage of construction projects in Macao. The economic and employment outlook is indeed critical. As people are now at sixes and sevens, the Government has to expeditiously roll out immediate measures to rescue the market and the people. Promoting infrastructure development is certainly an effective means because one large-scale infrastructure project can solve the employment problem of many, and it can give impetus to the economic development in surrounding areas and promote cross-boundary economic co-operation. This is certainly a timely relief amidst the present recession.

In fact, in the Chief Executive's policy address last year, it is already announced that the implementation of the 10 major infrastructure projects will be expedited. All these projects have been planned for many years. But one year

has since passed, and only the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Rail Link, the Mass Transit Railway West Island Line and the Hong Kong-Zhuhai-Macao Bridge have been scheduled for commencement next year. However, as some of these projects are cross-boundary infrastructure projects, they may only be able to create some 1 000 local employment opportunities. As for the Kai Tak cruise terminal project, it will not commence until early 2010. Regarding the other projects, much has been said but very little has been done. In some cases, such as the Lok Ma Chau Loop, there has even been no progress at all. The progress is indeed too slow. Now, we need to put out the fire, but these projects are just like distant sources of water. How can they put out the already raging blaze of unemployment? We cannot ask workers to wait a year or more for jobs, watching them starve to death on the streets in the meantime.

The Chief Executive announced the day before yesterday that the Government will expedite infrastructure projects and increase the required investment from \$20-odd billion to \$40 billion in the coming year, so as to create 60 000 posts. I hope that the Government can act quickly to fulfil its words. District Councils have been allocated \$300 million for taking forward local minor works projects this year; but while this year will soon come to an end, only half of the funding has been utilized. Why is the progress so slow? Because the public consultation period of a project lasts three months and it takes another nine months for the departments concerned to collate the consultation results. The public consultation period cannot be shortened, but can the departments work more efficiently? Is it absolutely necessary for the departments to spend nine months on collating the results? Can they complete the collation in three to four months? Moreover, I also think that the Government should allow District Councils to engage their own consultants to study the projects, so as to streamline procedures. As for the Government itself, it should also improve the co-ordination among different departments, so as to expedite the vetting procedures. If the vetting of each project must undergo several rounds of exchanges among the departments concerned, much time will be wasted.

President, not only does the Government need to expedite the implementation of the 10 major infrastructure projects and other minor works projects, it should also expeditiously develop other large-scale infrastructure projects which can facilitate economic activities and encourage private enterprises to participate and invest in them. At present, the ratio of private works projects

to public ones is 6:4, but in recent years, developers have rarely applied for land sales from the Application List for the Sale of Government Land, and there have been few development projects. Although many private companies have recently indicated that they will continue to invest in Hong Kong and maintain the progress of their present works projects, some individual enterprises have put their development projects on hold. If the majority of infrastructure projects are undertaken by the Government, the unhealthy development of the overall economy will result. The Government should grasp the present opportunity of falling costs and expeditiously launch projects which can be taken forward with private participation. For instance, can the Government expeditiously finalize the site of the Hong Kong Convention and Exhibition Phase 3 Project which I have mentioned numerous times?

I have repeatedly pointed out that the convention and exhibition industry can generate huge revenue to Hong Kong every year. Not only will it facilitate commercial and trading activities in Hong Kong, but it will also benefit related industries such as the hotel, catering, retail and business travel industries. To maintain Hong Kong's competitive edge, we need to expand our convention and exhibition venues to a total of 100 000 sq m. The Government must make up its mind as soon as possible, put forward a proposal on the Convention and Exhibition Phase 3 Project for public consultation, and give private enterprises the opportunity to invest in and develop the project. Besides, the Government should also expeditiously announce detailed development plans for Lantau Island and the remaining part of the former Kai Tak Airport, so as to revitalize private investment and pave the way for the long-term development of Hong Kong. With respect to Dr PAN Pey-chyou's proposal, I understand that according to the World Trade Organization Agreement on Government Procurement, we cannot rigidly require all precast concrete units to be made locally, but I hope that the Government can provide more incentives for tenderers to use locally-made units.

President, the Central Government has recently announced that \$4 trillion will be spent on boosting the economy, with emphases on engineering, highways and infrastructure projects. We can thus see that infrastructure projects are definitely one of the most important means to develop the economy and create jobs. At present, many Hong Kong people are caught in desperate straits and local enterprises are besieged on all sides. The Government should act decisively and drastically expedite the planning and vetting of infrastructure

projects, so as to provide impetus for enterprises to step up their local investment. That way, Hong Kong can overcome the challenge of the financial tsunami and everyone can have a job.

President, I so submit.

**MR CHEUNG KWOK-CHE** (in Cantonese): President, the subject of motion today is to urge the Government to promote infrastructure development with every effort so as to increase employment opportunities. In fact, we have all along believed that employment opportunities can be created by the promotion of infrastructure projects, therefore the Development Bureau has been launching a lot of projects in recent years. The Secretary also said that she would continue to promote infrastructure projects, with 44 projects to be commenced in the second half of next year and 22 projects to be put to tender soon. I have no doubt about the Government's determination to create employment opportunities through the promotion of infrastructure projects. However, I wish the Government will pay attention to whether "having a job means one can feed his family". At present, since no legislation on the setting of a minimum wage has been introduced, wages of workers must reach a reasonable level for them to feed their families amid the rising prices nowadays. The Government should pay attention to whether the wages of workers employed by contractors commissioned through the tendering have reached a certain standard.

With regard to the 22 tender contracts, I hope the Government will accept the recommendation by requiring bidders to employ a certain percentage of local workers. Under the present financial tsunami, the Venetian in Macao has recently dismissed thousands of workers, and a lot of them have returned to Hong Kong. It is expected that many Macao workers will come to Hong Kong to look for employment opportunities. Under these circumstances, the Government needs to ensure that local workers are able to keep their "rice bowls". Because of the same reason, we therefore consider that, just as Mr WONG Kwok-hing said earlier, the Government should ensure that precast units are locally manufactured, or no precast units should be used at all.

President, what Ms Audrey EU has pointed out in her amendment are environmental protection measures, which include the strengthening of the training for construction workers and the training in the latest developments in

energy conservation and environmental construction, I agree with all of them. The Buildings Department has set up the Building Innovation Unit to promote the construction of green buildings by the construction sector, but the major incentive is to allow green facilities of the building to be exempted from the calculation of total floor area. In fact, we can also exercise our wits on the details of buildings, such as renovating old buildings as far as possible, as it will not only help save a lot of resources and money, but will also help reduce the discharge of wastes generated from demolition works. The Government may also study the possibility of the reuse of construction wastes, which is not only environmental-friendly, but also conducive to the creation of more employment opportunities.

President, I so submit.

**MS STARRY LEE** (in Cantonese): President, the subject for discussion today is about speeding up the infrastructure projects and creating employment opportunities. Earlier, a number of colleagues have spoken on improving employment by promoting infrastructure development. A number of colleagues have also pointed out that the top 10 infrastructure projects have involved scores of procedures, thus they are like far water that cannot put out near fire. Nonetheless, I will not repeat these viewpoints here. Today, I wish to discuss in particular minor works, because the most immediate and effective way to resolve or alleviate the unemployment problem of construction workers is to speed up minor works.

Recently, I have noticed that the Secretary and various government departments are working very hard to speed up works at the district level. With regard to District Councils (DCs), I am also a DC Member and I have once convened an emergency meeting to identify a number of projects which should start as quickly as possible. Some results can be seen now. A few days ago, I also read the news about the creation of new jobs. The Hong Kong Housing Society (HS) and the Hong Kong Housing Authority would strengthen the management of housing estates through the recruitment of additional staff. These measures will benefit the people.

In fact, since the SARS outbreak, no one has ever mentioned the maintenance works in old urban areas. Today, I sincerely hope that the Secretary and the officials present will consider how to speed up the pace of

renovation works in old urban areas, thereby giving impetus to district-based minor works and benefiting construction workers. Many districts, especially those in my Kowloon West constituency, including Kowloon City, Sham Shui Po, Yau Tsim Mong, and so on, are old urban areas. There are a lot of aged tenement buildings. Since the Urban Renewal Authority (URA) will not carry out renewal projects immediately, the only option for these aged buildings is restoration or renovation. However, due to a number of problems, despite the order given by the Buildings Department (BD), the renovation works of these buildings have failed to complete. In fact, the majority of residents in old urban areas are elderly people who cannot afford to move out or the less well-off residents. Secretary, I have confidence in you. I hope you can come up with some new ideas to help these residents in old urban areas, because if we continue to adopt the past practice of forming owners' corporation or the current methods provided by the Home Affairs Department (HAD), the HS or the URA, I believe it will not be able to effectively promote the restoration of old urban areas.

Exactly what problems do they face? First, owners' corporations cannot be formed mainly because of problems relating to the deed of mutual covenant, but this problem is outside the purview of the Secretary, therefore I am not speaking on this particular issue today. At present, besides the HAD, in fact, both the HS and the URA have been exerting a lot of efforts on the building management work. However, I think there are many inadequacies, including the fact that they only provide services to buildings with owners' corporations. For example, a lot of residents such as those living in the 13 streets or the "Wan" streets have not been able to benefit from services provided by the public sector due to problems arising from the deed of mutual covenant and fragmented ownership. In addition, since they are not providing the residents with a one-stop renovation service, even those with owners' corporations established have found themselves rather helpless. Recently, we have been aware that media coverage about building management has been on the increase. Because of the gradual aging of buildings in Hong Kong, if relevant arrangements are not improved and no new approaches are adopted, I believe this problem will "blow up" one day.

Another problem they face — Secretary, you can help them this time around — is the illegal structures of the buildings. I have been a DC Member for nine years, and of the various government departments I have dealt with, in my opinion, the BD is the most bureaucratic department which shares very little of the people's sense of urgency. Please allow me to say that because I have

dealt with a lot of complaints in the past, no matter at the DC meetings or on non-DC or other occasions, every official of that department has been constantly using the same excuse, that is, such illegal structures have posed no immediate danger, so clearance works cannot be expedited. What exactly does "immediate danger" or "no immediate danger" mean? Even if the BD considers that a building is without immediate danger, its owners will be held responsible once it collapses.

Earlier, I have raised a question, and the Secretary has given a reply. My question is about the total number of abandoned or dangerous signboards in the district. I know that they have already been registered, but they have not been dealt with. I really hope that the authorities can demolish these abandoned signboards to safeguard the life and safety of passers-by.

Besides signboards, illegal structures have also been a major cause for concern to residents in old urban areas. For example, on 8 December, the *Oriental Daily News* headlined "Illegal ground floor shops, death traps everywhere" has precisely reflected some real-life problems in old urban areas. Because the department considers that a lot of ground floor shops pose no immediate danger, so no matter how I strongly complain about them, they have not yet been cleared. If it has to rely on property owners to initiate proceedings in the Lands Tribunal, to be frank, property owners in old urban areas are reluctant to do so. However, are these ground floor shops really posing no danger to the public? As reported in that top story, they have actually blocked the fire escape. In addition, as to some overhanging illegal structures, even if the authorities consider that there is no immediate danger after inspection, as we can read in newspapers from time to time that some illegal structures will fall down without any cause or reason and will cause injuries to passers-by. I hope the authorities can review the existing policy on illegal structures. If we do not properly review the relevant arrangements, I believe even if owners' corporations in old urban areas can be formed to carry out renovation works, the problems of many illegal structures will not be addressed at the same time.

I have by and large finished what I have to say. I hope the Government will come up with some new ideas and examine in conjunction with the HS or the URA the possibility of providing residents with one-stop services by making use of the same amount of resources. For those buildings which have been receiving repair orders for decades but failing to carry out renovation, will the Government

take the lead to carry out renovation or demolition for them, and recover the expenses later? The Government may well register a charge against the land title to recover the costs in arrears from the owners. I believe that only through such new ideas or new practices can we actually assist residents in old urban areas to improve their living environment on the one hand, and create immediate employment opportunities for workers on the other.

President, I so submit.

**MR KAM NAI-WAI** (in Cantonese): President, recently, the Secretary has been praised by a number of media, and recently I have read an article entitled "Bravo, Sister Ngor". Will the Development Bureau come up with any new ideas soon? I am glad that last night a lot of officials from the department, including its head, came to this Chamber led by the authorities. However, I wish to point out that if it is a matter of infrastructure development, the Development Bureau alone will not be enough to execute them. The entire SAR Government must change its mindset as a whole in order to promote infrastructure development, no matter whether they are minor works or large-scale infrastructure projects that we have mentioned earlier, overall changes to the entire mindset are indeed necessary. I hope the SAR Government is a *bona fide* team, and "Bravo, Sister Ngor" alone will not be enough.

In today's discussion about promoting infrastructure development, of course we will recommend some projects which we hope the Government can launch. Let me cite an example. I live on Hong Kong Island, and there are a lot of slopes. Yesterday, I heard the Secretary say that repair works for 500 slopes were planned in the coming year. I have just checked the 2007 Annual Report of the Civil Engineering and Development Department on its website, and I found that it had carried out stabilization works of 635 slopes last year, that is to say, it had dealt with more than 600 slopes last year. Then why will it only carry out works for 500 slopes next year? Why is the number on the decrease? I hope that the Secretary will give us an explanation in her response later on.

The issue of slopes not only affects Hong Kong Island, a lot of buildings are constructed along the slope in the whole territory. Therefore, our lives and assets will also be greatly impacted. With regard to these slope works, basically, there is no need to conduct too many rounds of consultation. I believe that all

the District Councils (DC) will support the implementation of these slope works as soon as possible, especially when the weather becomes unpredictable nowadays. We have frequently encountered a downpour which either only occurs once in 50 years or once in a century. Weather changes are getting more dramatic. I hope the Government can spend more effort on slope works.

Second, I wish to discuss the issue of escalators and lifts, which is mentioned in the Democratic Party's amendment. I am living on Hong Kong Island, and there are certainly a lot of such demands. However, a month ago, when I participated in a discussion on the policy address organized by some resident's organizations in Kwun Tong, they also asked whether lifts or escalators could be installed in their housing estates. In fact, this issue is closely related to the people's livelihood. I believe the DCs will give their full support to these proposals. It is hoped that the authorities will implement these projects as soon as possible. There is actually no need to worry about the consultation outcome of these projects. In fact, they should be commenced as soon as possible.

The third aspect I would like to talk about — I have been a DC Member for 10 years, and I believe many of my colleagues have the experience of serving the DCs — is the minor works under the DC's purview. The latest criticism is: Why should consultancy firms be hired to allow them to earn 15% of charges? If the annual spending on works projects is \$10 million, those firms will earn more than \$1 million each year. Why does the Government not consider the secondment of some government engineers, architects or relevant professionals to the secretariats of the DCs? Or why does the Home Affairs Department not assist in dealing with these works projects, that is, to add a number of permanent posts, as they are more familiar with those works projects, thus they may help expedite the projects, and better carry out the projects at the district level?

I wish to say that next to infrastructure development, as often mentioned by the Secretary, the realization of the concept of conservation and environmental protection is equally important. Why has the progress of our infrastructure projects been so slow in the past? Everyone can see that the delays in the projects of the Star Ferry Pier, the Queen's Pier and Wan Chai Bypass are mainly due to the Government's failure in changing its entire mindset. I consider that when these infrastructure projects and the concept of environmental protection and conservation are to be promoted in future, all of these factors should be taken

into account, so that in the course of taking forward these projects, the Hong Kong people's aspirations in this regard could be addressed.

Finally, as far as infrastructures are concerned, I certainly hope that the MTR West Island Line, South Island Line and the Shatin to Central Link projects can be launched as soon as possible. However, in the course of implementing these works projects, we must also carry through the concept of environmental protection and conservation as I have just mentioned. No matter whether they are minor works projects or infrastructure projects, I hope that they can all be launched as soon as possible, so as to minimize the number of unemployed in the future. Thank you, President.

**MRS REGINA IP** (in Cantonese): I am very grateful to Dr Raymond HO for proposing such an important motion. As the scope of infrastructure is very wide, I would only like to speak on three points.

First, the 10 major infrastructure projects may sound electrifying, but if we look closely at the infrastructure projects included, we will find that the timeframe of many of these projects is very long. This especially applies to the development of the Lok Ma Chau Loop and the "Three-in-One" New Development Area comprising Kwu Tung, Ping Che, and so on in the New Territories North. I am very grateful to Secretary Mrs LAM for sending her subordinates, including the Permanent Secretary Mr Raymond YOUNG and some planners to join the first Roundtable on Lok Ma Chau Loop Development organized by our Lok Ma Chau Loop Development Alliance. It was only on that occasion that we had a glimpse of the timetable. It turned out that infrastructure work in the Loop, that is, work related to the provision of tap water, electricity, sea water for flushing toilets, and so on, would only be completed by 2020. On top of these is the project concerning the coverage area. Such a progress is very disappointing considering the ardent expectation from the industry to use the new land to develop information technology, to forge links with the world and co-operation with the Mainland. We are, of course, glad to hear Mr Raymond YOUNG say that this is only the normal procedure for the Government and the work concerned can be speeded up. I can see the Secretary smiling. On that day I could see Mr Raymond YOUNG listen very attentively to what we said. I would think that this is a very exceptional moment, but the Government is using a routine approach to handle the matter and consultation is

conducted at every stage. As many Members have said earlier, a multi-pronged approach has to be used now in order that the new land can be developed as soon as possible. Otherwise, Hong Kong will lose its final window of opportunity to co-operate with the Mainland and forge links with the world.

I wish to emphasize that the importance of land in the Lok Ma Chau Loop and the New Territories North does not lie merely in the creation of tens of thousands of jobs within a short time span in the construction industry, but in the long run, it will help in our efforts to foster a diversified economy and raise our production value in order to forge links with the digitized global economy. Those who took part in the Roundtable last week included the persons in charge of a very successful information technology firm called the china.com. The company is now among the top 10 in the world. It produces software on the Mainland and develops software outsourcing and online games. They are all successfully targeting the mainland market. They asked if a piece of land could be spared in the New Territories North near the border control points and in the vicinity of Shenzhen, and if special immigration arrangements could be provided for visitors, plus special tax arrangements or other special financial arrangements. If so, the place could be developed into a New Development Area. Many Hong Kong companies which have been relocated to the Mainland have now returned to Hong Kong. Some mainland companies are also willing to relocate to Hong Kong because of the better legal system and intellectual property protection here. The Secretary does not have to worry about the difference in labour costs because by 2020, or even 2015, the difference between Hong Kong and Shenzhen will no longer be significant. This is a concept worth exploring into. But if too much delay is caused to the project, we may even lose this final opportunity.

Besides devoting to these projects in order to create job opportunities, the Secretary should also pay attention to our aim of sustainable development. An example is the South Island Line among the 10 major infrastructure projects — I think the Secretary knows about it and the Secretary for Transport and Housing knows even better — the protests from residents that centred on the eastern section are yet to be settled. I am sure Secretary Ms CHENG knows very well that although the railway corporation has put in great efforts to lower the overhead section and dig deeper tunnels underground and as I reckon, half of the residents do not raise objections any more, the residents of Shouson Hill Village Road now find that the eastern section will cut through Shouson Hill Village Road, they are very concerned about the impact of this on developments in the Southern District.

I would think that the case concerning the construction of the Island South Line is very much like the building of a third runway at the Heathrow Airport, to which the incumbent British Prime Minister gives his great support. What needs to be considered is whether or not economic justifications will override sustainable development, environmental protection and public opposition. About the third runway at the Heathrow Airport, I read about a commentary in *The Economist* today. The article points out that although the Prime Minister favours the idea very much, if the relevant data is studied carefully, it can be found that only the British Airways hopes that a third runway can be constructed, for it is the greatest user and beneficiary. This is because many transfer flights cannot currently land at the Heathrow. But will that runway really bring so much economic benefit to Britain? Can a runway be built in the western part of London now when so many of the residents nearby will be seriously affected by the environmental nuisance and destruction? All these are issues worth consideration. I hope therefore that the Secretary when pushing for the construction of the South Island Line and agreeing to the phase two project of the Hopewell Group, she will consider the environmental and transport concerns of the residents. This is because no matter how much we want to create jobs, under certain circumstances, economic justifications cannot be allowed to override people's opposition completely.

Lastly, I wish to talk about the issue of precast concrete units which Dr PAN Pey-chyou mentions in his amendment. I have reservations for that amendment because on the one hand, it may immediately contravene the procurement agreement of the Government and on the other hand, I would also like to hear what the officials will say on the practicability of that suggestion. As far as I know, governments of any countries may include or exclude the procurement agreement if so they wish. But in any case, Hong Kong has become a signatory of this agreement while a number of big countries have not joined in. The United States has its own Buy American Act. That is why their officials choose to travel by the American Airlines unless there is no option available. The idea is to protect the American market.

Previously the trade officials were very keen on joining the procurement agreement. This was because Hong Kong did not have any resources as bargaining chips. The only thing we could put up at the World Trade Organization (WTO) to boost our bargaining power was our untarnished reputation as the poster child of free trade. But now the manufacturing industry in Hong Kong is now on the decline and manufactured products only take up a

very small part of our GDP. So we should play the part of a well-behaved kid at the WTO in order to protect our own market. This is something worth considering. Thank you, President.

**MR FREDERICK FUNG** (in Cantonese): President, in mid-September when the Lehman Brothers went bankrupt, an unprecedented financial tsunami broke out and swept across the world, hitting the economies of various places including Hong Kong. Outlook for the future became uncertain. At that time, the ADPL and I proposed that the infrastructure development should be expedited and various projects should commence as soon as possible in order to boost the economy and create employment. I believe and if the President still remembers, that in my response to the policy address and in my written questions I urged the Government to expedite infrastructure development as much as possible. I also asked that the procedures in the works projects should be streamlined. The Government reacted very slowly at that time. However, it has made a number of proposals now and I would think that it is better late than never.

I welcome the announcement made by the Chief Executive on Monday to speed up government projects, raise the expenditure on works projects for 2009 with the Housing Authority to \$40 billion and offer 55 000 jobs. However, the ADPL thinks that the crux of the problem does not lie in the question of whether there are enough such projects but more importantly, in the planning before construction. This is because many statutory procedures and much co-ordination among departments and bureaux are involved. Hence there are frequent difficulties and delays. We suggest that the Government should set up a committee on infrastructure to be headed by the Chief Secretary for Administration to co-ordinate related work in the bureaux and departments. This is especially needed because of the complexity of the 10 major infrastructure projects and the fact that many departments are involved. So there is a need to engage in a large amount of complex liaison and co-ordination work.

Now the Development Bureau is tasked with the 10 major infrastructure projects. But the greatest problem is that it does not have any real power to override other bureaux. Therefore, we suggest the setting up of a committee on infrastructure in the hope that there can be effective co-ordination among the bureaux and departments. As the proposed committee is to be headed by the Chief Secretary for Administration and it is a high-level body which is empowered to override various bureaux and departments, it is able to play the

co-ordination role and can be tasked with overseeing overall planning. It can also direct the departments to draw up clear workflow and timetable, streamline the administrative procedures and require the departments to execute. This arrangement can solve the conflicts of various departments working on their own and minding their own business.

According to information from the Government, at present, those civil engineering projects of a medium size and subject to the oversight of the Environmental Impact Assessment Ordinance and the statutory requirements of Gazette publication and land resumption, the preparatory time required in project planning would in most cases be more than 40 months, while those minor works projects which are not under the above statutory procedures would require about 20 months as well. I have talked with those in the top management of the Hong Kong MTR Corporation Limited and I find out that with respect to the building of say, the Shatin to Central Link, consultation with more than 20 government departments has to be held. Those departments being consulted would usually submit their views, which would take about three months at the shortest and some nine to 12 months at the longest. Both the ADPL and I think that the time required must be compressed. Considerations can be made by the authorities to set up an interdepartmental committee for the projects and undertake work in conception and strategic planning stages at the same time. Practice can be modelled on the performance pledge and each department should state clearly the number of weeks, not months, required by which a reply should be given. A timetable on work progress should be formulated in the hope that the least amount of time is used to complete the preparation and planning work.

In addition, consultation work should be held in advance and efforts should be made to encompass the concerns of various stakeholders to avoid serious divergences at the latter stages which can cause delays to the works. In line with the commencement of the consultation period in the early stages, the authorities should study whether the consultation time at the later stage can be shortened.

Of course, these 10 major infrastructure projects cannot be launched within a very short time. Even for the Guangzhou-Shenzhen-Hong Kong Express Rail which can commence at the soonest, it would not commence until the end of next year. In these exceptional circumstances, the ADPL and I think that the Government should speed up the launch of more small- and medium-sized works projects, such as completing the projects left by the two former municipal councils, community beautification and rooftop greening projects, and those

minor projects at the district level to improve and upgrade existing facilities, and so on. Besides, in order to match the District Councils' efforts in promoting community minor works, the Home Affairs Department should increase its manpower accordingly. This is because not only money is required. We therefore hope that the Government can do more to smooth things out in these areas.

President, urban decay is a problem that has been disturbing the community for a long time. An urgent solution must be found to it. Now more than 110 000 people are living in very poor conditions. The old buildings in which they live lack management and repair. There are peelings of the external wall, water leakage, damaged sewage pipes, old and dilapidated state of the electric and fire service facilities. Both the ADPL and I think that the authorities should urge the Urban Renewal Authority (URA) and the Hong Kong Housing Society to spare no efforts in promoting building repair and maintenance and especially in offering more subsidy to owners and aged owners of old properties in some poor urban districts in order to encourage this kind of small-scale repair and maintenance works. The Buildings Department should take swift action to remove illegal structures and dangerous signboards. Both the ADPL and I believe that the above measures can create more jobs and also more importantly, improve the living conditions in the old urban areas.

President, I think the URA should make use of its powers and the opportunity of the present downturn in the property market to undertake more work more quickly. We suggest revising the original urban redevelopment plans and timetable, adopt the "acquisition first and planning later" approach. This means the massive acquisitions of the dilapidated old buildings beyond repair in the old urban areas, thereby increasing the land reserves for future development purpose. This move will comply with the principle of prudent financial management. Most importantly, it can improve the life of residents living in the old urban areas. The demolition of old buildings can also create jobs. Both the ADPL and I have all along been urging that the annual production rate for public rental housing units should be increased to 20 000 units. This move can quickly improve the living conditions of the poor families while also create jobs.

Lastly, with respect to precast concrete units used in building and construction, we suggest that the precast concrete units to be used can actually be produced in Hong Kong. According to the experiences of the Housing Authority, precast concrete units can also be produced in many small sites. The

situation is not what the officials have told me that this can only be done in the large sites. We suggest that the Government should provide the land and other concession to the relevant trades in order to foster the development of precast concrete units trade in Hong Kong. In the next few years, many large-scale infrastructure projects will commence. We think there will be good prospects for this trade and a lot of jobs can be created.

President, I so submit.

**MS MIRIAM LAU** (in Cantonese): President, at this time when the financial tsunami is sweeping across the world, one of the measures generally adopted by the global village to revive the economy is to make use of infrastructure to spur economic growth and domestic demand. Earlier on, the Central Authorities have advanced a \$4,000 billion stimulus package. When Premier WEN introduced that package, he made it a special requirement for the departments and local authorities to "punch fast; hit hard; direct measures at the problems, and work to the point". The Liberal Party has always supported the promotion of infrastructure development and at the same time we hope that the authorities can do what Premier WEN has said when promoting infrastructure development and that is: fast, hard, direct and to the point.

The 10 major infrastructure projects are dressed as the major stroke for economic revival. In fact, many of these projects are old wine in new bottles, such as the West Kowloon Cultural District project and the Kai Tak development project. These are old projects which have been delayed for more than 10 years. The South Island Line, the Shatin to Central Link and the Tuen Mun Bypass are all replacement proposals for old projects put forward 10 years ago. The fact that the authorities can "recycle and reuse" these old projects proves that the authorities have been acting too slowly in the promotion of infrastructure projects over the years. It is disappointing that despite the exasperating wait by the transport and logistic industries, the planning and related infrastructure for the logistics park and its backup area are not included in the list.

Apart from the need to punch fast and hard, there is a problem that despite their being heavyweight projects, the 10 major infrastructure projects are not projects that can commence at once and have their effect felt immediately. The authorities must therefore readjust the focus. Besides implementing the 10 major infrastructure projects, they must cut back the bureaucratic red-tape and speed up the commencement of small- and medium-sized projects in a bid to

launch more projects. Last week Mr Tommy CHEUNG pointed out in the motion debate that the public markets in Hong Kong could not attract potential clients and compete with the supermarkets because of their ageing facilities and lack of air-conditioning. The authorities should make use of the current opportunity and undertake a complete overhaul and facelift of the public markets. As for other community infrastructure such as replacing the water supply system, upgrading the works for slopes and completing the projects of the two former municipal councils, and so on, they should commence as soon as possible as well. The advantages about these small- and medium-sized projects are that there is a demand for them, that the numbers are large and they are labour-intensive and can benefit the small- and medium-sized contractors. They can be said to hit two birds with one arrow, so to speak, because they can create a large number of jobs as well as benefit the local residents.

Besides being fast and hard, we must also be direct and to the point when it comes to promoting infrastructure development. By being direct, it means that the infrastructure must be able to target directly to meet the practical needs. The related supporting facilities should also be timely provided so that the projects can really enhance our competitiveness. Take the example of the Shenzhen-Hong Kong Western Corridor which costs \$2.2 billion, the original aim is to alleviate traffic congestion at the Lok Ma Chau/Huanggang border control points. However, as the supporting facilities near the Shenzhen port cannot match the development of the new port, and as the Guangzhou-Shenzhen riverside expressway is not yet completed, cross-boundary goods vehicles using the Western Corridor to cross the boundary end up entering the busy urban areas in Shenzhen. The time taken sometimes could be longer than crossing the boundary by way of Huanggang. It can therefore be said that the new route is no better than the old one.

So while the Government is to plan new cross-boundary infrastructure such as the Hong Kong-Zhuhai-Macao Bridge and the Liantong/Xiangyuanwei new port, apart from co-ordination in the main projects, it must ensure that these large-scale development projects can dovetail other related supporting projects and facilities, so as to enable a smooth flow of passengers and goods.

Lastly, it is equally important to have government departments adopted a pragmatic attitude in vetting and approving projects. Now when government departments vet works projects, especially minor works at the district level proposed by the District Councils, there are often criticisms that the application procedures are cumbersome and inflexible. There is a division of labour among

the departments, but no collaboration. The departments are just shirking their responsibilities. On top of these, the consultants charge a hefty sum for government contracts and the proposals they make are often not practical, hence leading to delays in the works. Earlier, the Sai Kung District Council refused to lend its support because the price of the nursery beds designed by the consultants was too high. As a result, the project was returned and delayed up to the present. The authorities must address and rectify these problems.

President, the Liberal Party supports the motion today. The amendment proposed by Dr PAN Pey-chyou urges the Government that in the 10 major infrastructure projects, it should draw on the approach of the Tamar Development Project and ensure that precast concrete units are produced locally or at the sites. The proposal can hope to increase the employment of local workers and it is a good idea. The spirit behind it is worthy of our support. However, in the case of the Tamar Development Project, can we draw on the approach it takes? As a matter of fact, the Tamar Development Project is different from the other 10 major infrastructure projects because it is a development of the government headquarters. The Government can take a special approach for security reasons and exempt it from being bound by the procurement agreement of the World Trade Organization and its requirements. So if the Government is compulsorily required to use locally produced precast concrete units for the 10 major infrastructure projects, it may lead to a contravention of the international agreement. If someone can persuade me that there is no breach in so doing, I will of course lend my full support to Dr PAN's amendment. But before any such guarantee is made, I do not want to do anything which does not comply with the rules. The Liberal Party therefore has reservations for that.

Lastly, I wish to point out that while speeding up government works can help reduce the unemployment rate, it is not the panacea which can solve the problem of the shrinkage of consumption and the job market caused by the financial tsunami. I think there would still be a need for the Government to introduce some short-term economic revival measures. It does not matter if the suggestion of consumption coupons made by the Liberal Party is not adopted, but we must remain open and discuss any plans that may come up. But if we just sit back and do nothing, we can never get out of this quagmire. This is something which we from the Liberal Party can never accept. I hope the Government can give it serious thoughts.

President, I so submit.

**PROF PATRICK LAU** (in Cantonese): President, both my sector and I are in full support of the motion proposed by Dr Raymond HO on "Promoting infrastructure development". Promoting infrastructure development will not only increase employment opportunities, spur economic growth as a whole and reduce the impact of the financial tsunami on the community, most importantly, the Government should seize the opportunity offered by the shrinkage in private works projects and a large number of construction workers returning from Macao, resulting in affordable prices of materials and wages, in order to speed up the rate of progress of the projects. I would think the most important thing is to build a good living environment for the people and maintain Hong Kong's reputation as an international city of excellence. This is the most important reason.

I think the most effective way to speed up the 10 major infrastructure projects is to subdivide the different work procedures in these projects so that the complicated large-scale projects can be streamlined and subdivided into a large number of separate small- and medium-sized projects. An example is that works like site surveying, investigation and formation, they can be divided into separate projects and commence at once, right? Why do we have to wait? Mrs Regina IP has just pointed out that the project of the border enclosed area will not be completed until 2020. Should we not begin with the preparation work now? We can speed things up by proceeding with different work procedures at the same time. This can shorten the actual construction time and numerous job opportunities can be increased within a short time. Such is a common practice used in private works projects.

I would also like to talk about all the amendments. I agree to many of the proposals. This applies especially to those which affirm the motion I proposed last year. For example, Ms EU raises the issues of green buildings and sustainable development, which are actually very important for Hong Kong. However, with reference to Dr PAN's suggestion of not using precast concrete units, as an architect, I think I must explain that point to Members. As a matter of fact, precast concrete units are the most environmentally-friendly method of construction. Members will know that in building construction, if this approach is taken, there will neither be any big waste of building materials nor a large amount of waste materials produced in the sites.

However, what are the problems found in Hong Kong? The sites are too small. So if precast concrete units are to be made, some land for temporary use

must be found to produce these precast concrete units. If this approach is considered, we can then enjoy an advantage in transportation and a competitive edge, hence enabling local workers to have more job opportunities. We must examine how the precast concrete units can be produced and how workers should be trained in order to tackle this problem.

President, I am glad that Mr CHEUNG Hok-ming and many District Council (DC) Members mentioned the issue of DC of why consultants should be hired. Actually, I do not think DC Members know how to be property owners. They do not even know how to hire consultants. Well, they do not want to pay the fees and they say the consultant fees are too expensive. But they have not told the consultants what should be done. I am glad that many Members mentioned today the point that the districts should identify the problems before the kind of infrastructure project to be undertaken is determined. I have always wanted to find something that I can agree with Mr LEUNG Kwok-hung. Now when I hear what he has spoken, I am in complete agreement with him. We are not only concentrating on the 10 major infrastructure projects, we should also undertake many necessary infrastructure projects in the local community at the same time. This is what architects can do.

I have listened to speeches made by Members and by Mr KAM Nai-wai just now. I have an impression that something is seriously wrong about the DC. The most important work of the DC is to undertake local community planning in the districts concerned, instead of undertaking projects of such a small size as they are doing now. When DC Members make their inspections, they would reject all the works projects in the districts concerned. They would say that this is not part of their work. Miss Tanya CHAN laughed just now. I hope very much that Miss Tanya CHAN — she is the DC Member in the district where I live — can propose one necessary project to the Government and ask the Government to carry it out at once, which can result in a price hike of the property in my district.*(Laughter)* That is very important. It is because these proposals meet the demand in the local community. If DC Members do not handle such work, who will do so? Hence the planning of the local community should be given to the DC Members.

I also wish to talk about design and method of construction. About creating jobs, the most important thing is, let us look at that idea: if a competition is organized on architectural design, many architects will at once put up recommendations on development and many people will be interested in

contracting these projects. They will let their imagination come into full play and submit the best plans to the Government and enable the public to know what the best proposals are. Then the project can be quickly finalized. This is because after a consultative body has picked the best proposal, it can be launched at once. Since a lot of efforts will have to be put in design and construction, all the construction plans should be finished before price can be determined and the project finalized. Therefore, I hope that this approach can be taken.

Lastly, I would like to talk about what Mr LEE Wing-tat has proposed and to which I agree very much. Mr LEE suggests that sustainable development should be speeded up and more environmentally-friendly pedestrian walkway networks, pedestrian streets with greenery, waterfront promenades, cycling trails and elevators, and so on should be built. All these are very important. I just came back on foot. I can see that the pavements in Hong Kong are all concrete slabs and they are just concrete paved sloppily on holes dug up on the streets. These pavements are ugly slabs of concrete, and the covers of drains are all irregularly placed. There is no form and order. With respect to the beautification programme for Hong Kong, the most important thing is to repave all the pavements in Hong Kong. We can sort out the current confusing maze of underground pipes and put them together in one single conduit system, then the problem of pipes posing an obstruction to tree planting can be solved, and more trees can be planted in the street. We can then build a quality city. Thank you, President.

**MR IP WAI-MING** (in Cantonese): President, in the face of the hammering by the financial tsunami, the greatest problem we will face in the future is how to preserve the economy and help wage earners retain their livelihood. In view of this, we support this motion moved by Dr Raymond HO on promoting infrastructure development. We also hope that the Government can do so as soon as possible because infrastructure development can prevent the economy from stalling. For this reason, we were pleased to hear the Secretary say yesterday that many projects would be expedited. However, we still hope that, as many Members pointed out, the Government will strive to compress the time needed for granting approvals or the preliminary work because even though Chief Executive TSANG said that the 10 major infrastructure projects would be implemented, our workers still have to wait until 2010 or even 2011 before they will have work to do. This being so, how are they going to make a living in these several years? In fact, they are really feeling at a loss. In view of this, I

hope that the progress of infrastructure projects and other small and medium works projects can be speeded up.

In fact, many workers in the construction industry are grass-roots labourers who live from hand to mouth. At present, we can see that the number of residential projects is decreasing, so we hope the Government can speed up the implementation of infrastructure projects and minor projects to provide more employment opportunities, since the workers concerned can only live from hand to mouth and if they have no work to do, this may have a great impact on their living.

I wonder if Honourable colleagues have noticed that in recent months, many construction and infrastructure projects in Macao have come to a halt and at present, at least some 4 000 workers have returned to Hong Kong. According to the information provided by the Macao Government, in fact, there are over 16 000 workers from Hong Kong working in Macao. Apart from these 4 000-odd people, I believe more construction workers or workers in other industries will gradually return to Hong Kong. This will exert an even greater pressure on the employment situation in Hong Kong, so I hope the Government will really hasten to create more employment opportunities.

All along, the FTU and even the Hong Kong Construction Industry Employees General Union under it hope that the precast concrete units used nowadays can be manufactured locally. My Honourable colleague, Dr PAN Pey-chyou, also raised this point in his amendment. It precisely reflects the wishes of local construction workers, who hope that the Government can provide assistance to them in this regard. We have exchanged views with the Government on this issue a number of times. The Government has often cited two grounds: First, this may deviate from the WTO Agreement and second, a large site is required for the manufacturing of precast concrete units and the process may even cause pollution. Concerning the first problem, all along, we have requested the Government to come up with other alternatives under the framework of the WTO Agreement, so that more precast concrete units can be manufactured in Hong Kong, so as to create more employment opportunities for local workers. As regards pollution, in fact, as far as we can see, many of these precast concrete units are manufactured on the Mainland. Since they are manufactured on the Mainland, does one mean that no any pollution will be created? Does one mean that if one sees no filth, there is no filth and as long as these precast concrete units can be produced at a low price, one can just shift the

pollution to the Mainland, that how the Mainland deals with the pollution is its own business? Is this what we intend to do?

Therefore, we believe that even if it is necessary to solve the problems relating to the manufacturing of these precast concrete units in Hong Kong, we still hope that they can be produced locally. For one thing, this can provide more jobs to local workers; for another, we can have an even better grasp of the ways of solving the pollution problem. I notice that in Ms Audrey EU's amendment, many issues relating to environmental protection when implementing the projects are raised. I think her proposals tie in very well with the direction of having precast concrete units produced locally: On the one hand, these precast concrete units can be produced locally; on the other, environmental protection and waste treatment projects at such sites can also be implemented. I believe these two areas will create a lot of employment opportunities and protect our environment from serious pollution.

Concerning the motion moved by Dr Raymond HO and a number of amendments, we support all of them. We request that infrastructure projects be expedited and hope that the Government can implement them as soon as possible. We hope that even as the Government implements these infrastructure projects, it can also help workers in the construction industry secure their legitimate rights and interests amid the financial tsunami. Take the construction workers from Hong Kong who have been laid off in Macao as an example, many of them are still trying to recover their wages in arrears. We hope the Government can provide assistance to them. In addition, we also understand that multi-level subcontracting in the construction industry poses a very serious problem. In the construction sites of government projects, problems of wages in arrears have been solved but those relating to the construction sites of private projects have not been solved. We hope the Government can set a trend in the construction industry by extending the Government's approach to all construction sites throughout Hong Kong and regulating contractors and subcontractors more effectively, so that workers can get their wages after sweating for them.

In the final analysis, industrial development in Hong Kong is skewed towards the financial industry and the services industry. This makes the situation in Hong Kong even direr amid the financial tsunami. For this reason, even as the Government develops infrastructure, it has also to take this opportunity to move towards a diversified economy and expand the industrial

structure. At the same time, it has to enable more low-skilled and grass-roots workers to switch to other trades through training and the development of the relevant industries.

President, I so submit.

**MR JAMES TO** (in Cantonese): President, the amendment put forward by Mr CHEUNG Hok-ming proposes that various District Councils be allowed to engage their own consultants for the minor works proposed by these District Councils. The Democratic Party has studied this proposal in depth and we have some reservations about it.

Our ground is like this: At present, the Government has hired four term consultants to serve the District Councils in various districts on Hong Kong Island, in Kowloon, New Territories East and New Territories West. If these District Councils agree in principle to further study the projects proposed by them or by government departments, these term consultants will carry out preliminary planning and design, including defining the scope of a project, preparing the estimate on expenditure, carrying out feasibility studies, design and consultation, and so on. When the District Councils decide to really implement the project and after the Government has allocated funds, the consultants will have to assist further in the work relating to tender invitation, tender evaluation and contractor selection, as well as the provision of assistance in supervising the works. After the completion of the works, their job also includes conducting acceptance tests and overseeing maintenance and repairs. Therefore, the services of term consultants in fact include preliminary planning, design, assistance in tender evaluation, supervision, and so on.

For this reason, if District Councils are to engage consultants for all minor works on their own, we are concerned that this will lead to chaos in administration. First, there is a wide array of minor works that are implemented by the District Councils in the 18 districts. If individual consultants are hired for these projects, apart from not being cost-effective in management, it will also be more difficult to follow up and manage various projects. Moreover, since the District Councils have to invite tenders anew each time a consultant is hired, this will have the opposite effect of prolonging the time it takes to implement these projects. For this reason, will the amendment proposed by Mr CHEUNG Hok-ming help speed up the progress of various projects? Or will the progress

of these projects be slowed down due to the need to invite tenders for consultancy as part of the preliminary work? In view of this, we have some doubt about this amendment.

President, regarding precast concrete units, since a number of Honourable colleagues have already voiced their views on this matter, I am not going to repeat them here. It seems the Government's reply is that there are various constraints under the World Trade Organization (WTO) Agreement. We understand the situation. And we even think that it may not be possible for us to contravene or deviate from the WTO Agreement, as some Honourable colleagues suggested. We think that doing so may lead to even more problems. However, under the premise of abiding by the WTO Agreement, does one mean that there are no other options that can be considered? For example, as far as we know, even in the United States, the policy of giving priority to nationals is adopted in respect of procurements below a certain sum of money. Since the United States, which is surely the major advocate and beneficiary of the WTO Agreement, also insists on implementing a policy of giving priority to its nationals in some circumstances, I hope the Government can also try its best to consider what else can be done under this framework, so as to further promote measures beneficial to local workers.

**MR RONNY TONG** (in Cantonese): President, some people describe this financial tsunami as a once-in-a-century event but the counter-measures proposed by the SAR Government are ultimately limited to two tricks: The first is to induce banks into providing more loans and the second is to expedite the launch of infrastructure projects. President, the impression that the Government gives the public is that, first, it is full of misgivings and fears but in lack of originality; second, all that it does is to provide convenience and benefits to business people without paying attention to the hardship of the Hong Kong public as a whole.

President, I do not oppose this concept of launching infrastructure projects. However, if the Government or a majority of our Honourable colleagues lead the Hong Kong public into thinking that the launch of infrastructure projects is the only or the most important measure in countering the financial tsunami, I think this is somewhat misleading. President, we must not exaggerate the effectiveness of infrastructure projects. First, concerning the 10 major infrastructure projects, the Government has the responsibility to explain clearly to the Hong Kong public that such projects as the one relating to the river loop is

slated for 2020. By then, it is possible that the Chief Executive will be elected by universal suffrage but the project remains to be implemented.

Major infrastructure projects will mainly benefit big international engineering consortia and rarely can local engineering firms benefit fully from them. All the materials will be imported and many of the workers, engineers and professionals will come from overseas, not to mention the fact that a slow remedy cannot meet an urgency, as I pointed out just now. As regards minor works, they are confined to local districts and their effect on various types of jobs is limited. Of course, it is better to have these infrastructure projects than not. In fact, for over a decade, we have been calling on the Government to implement this kind of so-called minor works. It is not until the financial tsunami has broken out that they have been launched all at once. Such a situation is quite ironical.

President, we have to understand that we cannot deal with the whole financial tsunami simply by increasing the number of infrastructure projects or launching such projects. Our efforts should consist of two components: First, the foremost task is to keep jobs instead of merely creating jobs. On keeping jobs, we have to support the small and medium enterprises. Second, it is necessary to boost the power and desire of consumption of the public before there will be an effect on the entire economy to prevent it from contracting. The major element in these two components can be boiled down to just one word, which is confidence. The Government must give the Hong Kong public a boost in confidence. To just talk about launching infrastructure projects or induce banks into providing loans may not be able to achieve such an end.

President, here, I am not trying to douse Honourable colleagues with cold water. However, having sat here and listened for more than an hour this morning, it seems I have not heard my Honourable colleagues put forward their views concerning other areas. I think the danger of this is that the Hong Kong public will be led into thinking that the Government and the Legislative Council are both of the view that by launching infrastructure projects, all or almost all of the problems can be solved.

President, one good example can be found in today's subject matter, that is, Dr Raymond HO hopes that through infrastructure development, the economy can be stabilized, employment opportunities can be increased and the overall

competitiveness of Hong Kong can be enhanced. President, I cannot see how the launch of infrastructure projects can enhance the overall competitiveness of Hong Kong. Quite the contrary, as I said just now, large-scale projects and major infrastructure projects will actually be monopolized by large international engineering consortia and this surely will not enhance our competitiveness. If we want to enhance our competitiveness, we have to create a level playing field. In this connection, we have to examine our tender system and study whether or not a fair competition law should be drawn up for Hong Kong as soon as possible. It is only by doing so that Hong Kong's competitiveness will be enhanced. If we want to truly integrate into the economic development of the Pearl River Delta (PRD), this cannot be done just by launching the infrastructure projects that we are talking about either. I hope the Government will conduct a set of comprehensive and detailed economic studies that will convey to us the impression that the Government has a good grasp of where the economic lifeblood of Hong Kong, the PRD and even that of Southeast Asia and China lies.

President, if we blindly believe that by launching infrastructure projects, we can derive certain benefits or doing so can lead us out of the trough of the financial tsunami, I think this is a very unhealthy way of thinking. I hope the Government can be more pragmatic, gain a good understanding of the lifeblood of the Hong Kong economy, put forward some specific proposals and draw up a fair competition law as soon as possible, so as to enhance Hong Kong's competitiveness. This is the best medicine in countering the financial tsunami.

President, I will not vote against all the amendments or the motion. However, I think it is necessary for Honourable colleagues to reflect carefully on whether or not infrastructure projects should be our only concern. Thank you, President.

**MS EMILY LAU** (in Cantonese): President, I speak in support of Dr Raymond HO's motion.

I believe no one will consider that infrastructure development is the only effort we can make. This time, different groups of Members proposed amendments, which were able to reflect their views. However, the main subject of today's debate is infrastructure development.

President, the Secretary advised in her speech delivered last evening that many additional works projects would be implemented, and the provisions for minor works next year would increase by \$1.6 billion, from \$6.9 billion to \$8.5 billion. Besides, the provisions for other works projects would amount to \$40 billion. Actually, she provided a lot of figures which made everyone ..... now the authorities are like the American Government, announcing hundreds of billion dollars economic bailout plans everyday. From a hearing held in the Congress, I heard someone ask where the money had gone, because people were "hanging themselves" in the street. Therefore, I hope that these provisions can really be made. President, the Secretary said that with the \$400 billion, 55 000 jobs would be created, among which 4 400 would be for professional and technical personnel, while the other some 40 000 would be for workers. I hope it is really the case. Or else we also have to conduct hearings to find out where the money and the jobs have gone. I give my support in this regard.

I would like to mention in particular the amendment proposed by Mr LEE Wing-tat. He proposed "adjusting upwards the contract caps for small projects and splitting into smaller projects for open tender". Prof Patrick LAU also talked about this just now. On Monday, President, the Panel on Development also discussed this subject. Actually, these are the subjects of discussion every time the Secretary comes. During that time, Prof Patrick LAU also asked whether help could be extended to small and medium enterprises (SMEs) — everyone knows that now the Chief Executive is saying that \$100 billion is available. Actually, insofar as the \$100 billion is concerned, a meeting was held at 8 am yesterday morning and another meeting will be held tomorrow, so the Secretary is right to say that we in the Legislative Council never hinder the work of the authorities. However, she might be so relaxed in a particular radio interview that she remarked unexpectedly that everyone knew the Legislative Council was very difficult — this was probably what she said. Subsequently, when I asked her why she made such a remark, she said she was only joking. However, one must not make such jokes.

President, the Secretary was actually very nice to admit that the Legislative Council would not hinder the authorities' work. Sometimes, however, she fell back ..... that was why Mr Ronny TONG mentioned new thinking just now. It had to begin with the Secretary. Her colleagues shared the same thinking as well. Whenever problems arose, they would put the blame on the Legislative Council, saying that everyone knew that those people in the Legislative Council were very difficult. However, the Secretary also said that for issues with which

public consultation had been conducted and consensus had been reached in society, she knew that the Legislative Council would not cause any hindrance. The Secretary is fair on some issues, but I hope that in the future, she will not suddenly fall back to her old thinking and allege in another radio programme that the Legislative Council is to be blamed for certain issues.

President, that day it was said that ..... the Director is not present today. When the Director of Civil Engineering and Development assured Prof Patrick LAU at that time, Prof Patrick LAU was very satisfied. It was only when I subsequently asked the Director what new efforts would be made that he said it was actually very difficult to do so. He could split the projects into smaller ones but it would mean a lot of hassle and also an increase in costs. He then gave numerous reasons to support why it was not feasible. Will the Secretary provide a reply later on behalf of all the heads of departments? I hope it can be implemented. Even if it means that some of the costs may increase, it may bring extra benefits as well as help SMEs.

I have mentioned on various occasions that some local professionals and consultants think the authorities are having too much blind faith in international brands. The World Trade Organization (WTO) agreement is one thing, but the authorities are having too much blind faith to think that local ..... then, are local companies always desirable? I do not think in this way either. However, when scores are calculated, can we give them higher scores? It is not because they are of local origin that we give them higher scores, but can we allow them to undertake some projects under this agreement on such grounds as their local experience?

Regarding this agreement, I also agree with many Honourable colleagues that either we do not sign it or we have to respect it after signing it. What else do we have to respect? President, we also have to respect the free economy and capitalism, which, though not entirely dismantled, are already very problematic, and the entire international order has been disrupted amid the boiling sentiment. What did these professionals and consultants say? They said the authorities respected it so much that it complied with it fully, while the others did not quite comply with it. President, if we are the only one to comply with it indiscriminately, are we being unfair to ourselves?

Therefore, I think the Secretary should explain to professionals and workers that, first, we are not complying with it indiscriminately because other signatories are also complying with it in a fair manner; and while complying with

it — I actually do not quite agree with protectionism — we have to create some opportunities for professionals and workers in Hong Kong. Therefore, I request the Secretary to give us the list of projects involving provisions of hundreds of million dollars awarded in the past so that we will know the number of projects awarded to foreign companies and local companies. That way, there will not be any disputes.

Another issue, President, is bank loans. Regarding whether banks are willing to offer loans, from newspaper reports today, we have learnt that some banks have established more funds with a view to granting loans expeditiously, but President, the Government was complained for being the slowest, right, we can see some professionals nodding yes. The Government is reluctant to pay. I have heard that the MTR Corporation Limited has adopted a better practice in which payment will be made about six months upon the completion of projects for the MTR Corporation Limited. Professionals know the details better. However, there are so many departments within the Government, it is not clear why ..... no, the authorities advised that in view of the scale of the projects, inspections on all aspects had to be conducted until the final stage. Although I think this is a correct approach, the Government is still postponing its payments. Particularly during this difficult time, everyone needs cash flow. I hope that the Secretary and the Heads of Departments present or those who are not present in this Chamber now can listen to our views and conduct inspections expeditiously and make payments as soon as possible upon the completion of the projects. I hope that everyone will agree with this. I will surely support the Secretary, and I would like to call on the Secretary and her colleagues not to criticize the Legislative Council any more. We hope that we can tide over this difficult period.

**MR LEUNG YIU-CHUNG** (in Cantonese): President, in the wake of the financial tsunami, different countries introduced hundred-billion- or trillion-dollar schemes one after another to "salvage the market and create employment" as an endeavour to help solve the unemployment problem. The Hong Kong Special Administrative Region (SAR) Government made the same move, though always at a slower pace than the other countries. Anyhow, it was a good effort because such schemes were introduced after all. For example, a few days ago, Chief Executive Donald TSANG announced before the meeting of the Task Force on Economic Challenges a hundred-billion-dollar scheme to "salvage enterprises and

create employment" and indicated that it would create more than 60 000 jobs for Hong Kong.

President, however, many Honourable colleagues said just now that among these some 60 000 jobs, a lot were old positions, and jobs created under previous schemes were added together to make up this "huge number" in an attempt to appease the community. This practice of "blowing up the figures" is very common within the Government, especially with the Chief Executive. Anyhow, it is better than nothing. Nevertheless, the problem arising from it is that among these some 60 000 jobs, 55 000 are related to works projects. In that case, I cannot help but ask whether these projects are the panacea for the unemployment problem. I have great doubts about this. Why? There are actually several reasons.

First, jobs created by these projects are only for construction workers. For the unemployed from a wide spectrum of occupations at present, little help can be offered. For example, for members of the financial sector who are currently unemployed, how can they join the construction sector? Are we asking them to work with a hoe in their hand? Therefore, the unemployment problem cannot be solved in this way.

Second, even if these projects are taken as means to solve the problem, everyone knows that these large-scale projects will not be completed within a few months. In other words, these tens of thousand of jobs will not emerge right away, instead, it may take a few years, that is, these some 50 000 jobs are jobs for the coming few years. Hence, these some 50 000 jobs cannot solve the unemployment problem of some 50 000 people immediately. Therefore, we should not be too happy because they may only bring false hope.

The third aspect, President, which is more important and which I think the Government must be mindful of is that, now that the Government is pursuing the immediate implementation of large-scale projects, have consultation exercises for such projects been completed? Has the Government carried out adequate consultation regarding the impact on nearby residents, the environment and the ecology, and the concerns of organizations? This is indeed more important. President, I am very worried that the Government's good intentions will bring about catastrophic results. On the one hand, in order to solve the unemployment problem, it has to enable the expeditious implementation of the projects, however, if there is inadequate consultation and the problems remained unsolved, the

Government may become the enemy of some organizations or residents, and the enemy of the people. Therefore, I think these issues definitely call for extra caution.

President, let me try to cite an example. I know that some residents are opposed to certain large-scale projects, such as Container Terminal 10 off Tsing Yi. Everyone knows that the residents already found the impact of the Kwai Chung Container Terminal on the nearby traffic and the environmental pollution repulsive and unacceptable. If Container Terminal 10 is to be constructed off Tsing Yi Island now, no complementary facilities can be envisaged that could solve the traffic problems in the vicinity. Besides, residents are very concerned about air, noise and light pollution. They have already expressed strong opposition to the project. If the Government implements it by force, it is actually acting as the enemy of the people again. Therefore, I hope the Government can be especially cautious about such situations and avoid implementing projects by force. Rather, it should only implement projects which have been proved to be beneficial to the local community and helpful to the Hong Kong economy. Or else another form of dissonance will be created, which will in turn arouse some other forms of public fury.

Besides, the Hong Kong-Zhuhai-Macao Bridge is also a problem. Everyone knows that the project has been discussed for a long time. The problem is that to date, with the significant changes in our economic development, should the Government continue to pursue this project? This is questionable. Everyone knows that as a result of the current economic development, there are already many roads to the Mainland, and many ports, such as container terminals, have also been developed. Should a review be conducted with regard to this project, particularly when the connection point in Hong Kong is at Tung Chung, Lantau, which will bring significant impact to the residents of the district? I do not know how much consultation the Government has made and whether it has consulted residents extensively, but I am very concerned about the so-called established conventional consultation procedures. There will be much opposition when the project commences in future.

President, what is the so-called conventional consultation procedure of the Government? It is to consult District Councils and local organizations such as rural committees, while little consultation will be made with other parties, especially with directly affected residents. I am also very concerned about this. Many projects, such as Container Terminal 10 mentioned by me just now, are

actually strongly opposed by residents. Therefore, to address the impact of the financial tsunami, especially that of the unemployment problem, I hope the Government will not only rely on infrastructure development and works projects, thinking that they are panacea. I hope the Government can consider the matter from various perspectives and come up with jobs suitable for different fields so as to solve the unemployment problem faced by different trades and industries.

President, I so submit.

**MR ALAN LEONG** (in Cantonese): President, several Honourable colleagues have pointed out just now that in the face of the financial tsunami, it seems the Government of the Hong Kong Special Administrative Region (SAR) is just telling the public that all we need to do is to expeditiously implement the 10 major infrastructure projects in Hong Kong and launch additional temporary works projects. However, regarding the implementation of these major projects, from the timetable mentioned by many Honourable colleagues just now, we know that actually these projects cannot be implemented immediately, and even if they can, it takes time for the trickle-down effect to function to benefit the public.

Comparing the measures proposed by Chief Executive Donald TSANG with the RMB 4 trillion yuan plan proposed in the Mainland by Premier WEN Jiabao, I find that the biggest difference is that the 10 major programmes proposed by Premier WEN included not only works projects but also complementary facilities. Let me cite a few examples. For example, his fifth proposal was to enhance ecological construction; expedite the construction of sewage and refuse disposal facilities in the urban areas; regulate water pollution along major river channels; enhance construction projects to protect resources of major shelter forests and natural forests; and support major construction projects for energy conservation and emission reduction. Another example is that his sixth proposal was to expedite innovation and structural adjustment, and he even mentioned tax reform, in order to increase the income of urban and rural residents.

President, I just want to point out that the financial tsunami may provide us with an opportunity to consider what supply and demand give impetus to our economic development. This may be a golden chance for us to think about the issue seriously. Of course, I do not want to go too far because after all Dr Raymond HO's motion today is on the discussion of infrastructure development.

However, there should also be a direction and a consistent policy steer for the discussion of infrastructure development, or it will be like placing concrete without planning, which is bound to give rise to problems.

The leader of the Civic Party proposed a "Green New Deal" and highlighted its complementary measures and approach of implementation. President, as a Member of the Legislative Council returned for the constituency of Kowloon East where the Kai Tak Nullah is located, I only want to point out that members of the public have all along been very concerned about this project. Former Chief Executive TUNG Chee-hwa proposed in the 2005 policy address to deck the 16 nullahs in the urban area in the hope of mitigating the odour nuisance in areas along the channel of the nullahs. This displays the conventional thinking and concept of the SAR Government, that is, works projects are just about placing concrete and bar tendons at different locations, disregarding the noise produced during the installation process. It is crystal clear that his philosophy of governance lacked the perspective of environmental protection, and he thought that the odour would disappear when the nullahs were entirely decked. Fortunately, some environmental groups pointed out, with the strong support of residents in Kowloon East, that we should seek to green the Kai Tak Nullah towards the direction of Cheonggyecheon in Korea, that is, to restore the former Kai Tak River. President, you may be aware that the Kai Tak Nullah was originally a river and has become a nullah as nearby factories have been draining their sewage into it over a long period of time. Fortunately, the Government has changed its mindset now and accepted the suggestion made by these environmental groups and individuals from the local community. Instead of decking it entirely, it will at least revitalize part of the Kai Tak Nullah so that it will become a river.

President, I think this direction deserves promotion, recognition and encouragement because it is a direction which displays not of placing concrete and bar tendons without planning. I hope this thinking can be maintained consistently in the projects to be implemented by the SAR Government under the leadership of the Secretary and unified with the concepts of green living, environmental protection and sustainable development. President, from the example of the Kai Tak Nullah, we can see that environmental protection and infrastructure development are not necessarily in conflict with each other.

To promote infrastructure development and environmental protection in parallel will achieve the value-added effect of one plus one equals more than two,

which is also a global trend. With the onslaught of the financial tsunami, the Government cannot afford to stick to the *status quo*. The Civic Party hopes that the authorities will implement the green philosophy, that is, the philosophy of governance, to enhance the communication and collaboration among different departments, promote green infrastructure development through innovative policies and give adequate consideration to environmental factors in the design and construction processes in order to move towards the objective of stabilizing the economy, improving the environment and creating employment. Thank you, President.

**MR LEE CHEUK-YAN** (in Cantonese): This is a critical time and it is evident to all that a more severe crisis in employment will emerge next year. This is a good opportunity because there is no dispute between the executive authorities and the legislature over this issue, both agreeing that employment opportunities have to be created now. Infrastructure development is very important, and I believe the Government has surely heard many supporting voices during the debate today. However, while I support infrastructure development, I hope the Government can make additional efforts. Regarding infrastructure development, will the so-called 10 major infrastructure projects be implemented? Actually, some of the projects are not ready for implementation yet. In that case, will the Government further expedite their implementation?

Besides, there is an element of exaggeration in these figures. The Government has kept saying that 60 000 employment opportunities and 55 000 jobs will be created. President, however, these jobs in the construction industry are only temporary positions but not permanent ones and workers may only be employed for two to three months or half a year. In that case, how many workers will actually be able to remain employed with these employment opportunities? Workers may become unemployed after having worked in a construction site for a few months. To a certain extent, it is like the situation whereby one job is available while another is gone, and it will go on like this. Now, it is said that more than 50 000 jobs will be created, but actually 70 000 to 80 000 jobs will have already been finished and the workers will have been laid off. Now, workers who worked in Macao are returning. Therefore, the some 50 000 jobs are in fact not a lot because they are only temporary in nature, and many workers are already unemployed or stopped working, while these jobs will only keep them going.

On the other hand, President, we consider that the Government can think of some more methods. I know the Secretary has been trying very hard to launch additional minor works projects and projects to be undertaken by District Councils in order to achieve better results. However, I think more efforts can be made on greening, beautifying and culture. Now, we can beautify our local communities, such as beautifying the tunnels. We are not requesting that they be whitewashed. Instead, can some creativity be fostered in this regard? Can we paint on the tunnel walls? We can implement more culturally rich projects which are not necessarily as simple as tree planting. Tree planting is of course important in achieving greening effect, but we can also think along the line of culture. Are these projects feasible? The Government does not have to plan such projects for each district. Rather, it can leave them to individual districts to come up with their own ideas and decide on their own projects, which can enhance the cultural and artistic atmosphere in their respective community and create employment at the same time. The Government can make more efforts in this respect.

President, I would like to highlight another point, that is, the issue of precast concrete units. I am aware that it was proposed in one of the amendments today that precast concrete units be manufactured locally. Mr LEE Wing-tat proposed splitting up the projects because of the World Trade Organization (WTO) agreement. I strongly oppose the WTO agreement. Ms Emily LAU said just now that she was not a protectionist. But I am a protectionist. Protectionism is actually upheld all over the world. It is just self-deception for anyone to claim that he or she is not a protectionist. Countries all over the world are actually protecting themselves. Perhaps we have to follow the example of foreign governments by claiming that we are not protectionists but supporters of free trade, while actually protecting ourselves. It will do us no harm to play their game. If one is competent enough, one can do business in Japan. Transnational companies in Hong Kong can never do business in Japan because Japan accords strong protection to itself, while claiming that it respects the WTO and supports free trade. Therefore, protection is sometimes very important, and especially in the face of the current financial tsunami, the Government actually has the duty to protect the employment opportunities of Hong Kong people. Of course, I am not suggesting that we seal our doors tightly, just that we can introduce more flexibility in our tendering and contracts for certain projects so as to reserve the employment opportunities for local people and keep the economic benefits for Hong Kong.

Precast concrete units are an example. Why do we not manufacture them locally and reserve the manufacturing process for Hong Kong? If they can be manufactured locally, at least these jobs can be retained in Hong Kong. Honourable Members can imagine what the situation was like when, for example, precast concrete units were used in all flyover projects and many building projects under the Housing Department. I think the Housing Department is more obliged to manufacture precast concrete units locally, and it would even be better to switch to formworks, which are, however, unable to catch up with the current building technique of the construction sector. We very much welcome the approach of the Tamar Development Project of not using precast concrete units. With curtain walls, there is of course not much which can be precast, but the point is that every effort has to be made to create more employment opportunities during the construction process, which is the overall broad direction. Precast concrete units should be manufactured locally, and I hope the Secretary can provide an active response in this regard.

On the other hand, some professionals we contacted recently are concerned about another issue. They think that even if infrastructure projects are implemented, if they are all awarded through open tender, in the end ..... it is not that local architects are not competitive, but very often, they are worried that the Government may be so conscious of the so-called brand names when calculating the scores that it may not respect local experience. Therefore, regarding tendering, we hope the Government can give more weight to local experience. While foreign architects may bring in foreign specialist contractors, local architects will employ local talents for all positions. I know of some local architects who have already established transnational companies and started their business in Dubai and other overseas places, not to mention the Mainland. As these local architects have developed their business in overseas places, they have actually established their brand names. In that case, why is emphasis not given in the tendering exercise for these projects to be led by local architects? This can enable local engineers to remain employed locally, which will in turn retain the economic benefits for Hong Kong. When it comes to the WTO agreement, those with local experience will be given higher scores, and it is just fair to place emphasis on this score. As local experience is crucial, will this approach be adopted? I hope that infrastructure development in general can really promote the development of the Hong Kong economy and local employment. Thank you, President.

**MR ABRAHAM SHEK:** I fully support the motion of Dr the Honourable Raymond HO and all the amendments, with the exception of the amendment of Dr PAN. I fully concur with the sound advice and comments given by my Honourable colleagues in advising the Administration on what it should do and how it should do. I shall not repeat the good words of my colleagues. Rather, I would add my humble comments on what the Administration should not do to discourage developments.

Madam Secretary, the Government is aggressively pushing its infrastructure scheme of 10 mega projects, as well as repair and maintenance works up to the tune of \$40 billion as expounded by the Chief Executive. Such words and intention sound great and comforting, but actions speak louder than words. Then please deliver. We in the Legislative Council, as Emily said, are prepared to assist in every way you put this scheme to us.

Major infrastructural development projects are the key to economic growth of any city. But unlike small-sized projects, large-scale infrastructural projects involve many statutory procedures and co-ordination during the pre-construction period. Therefore, efficient co-ordination and collaboration between various bureaux and departments concerned is crucial. The Secretary for Development stated in October that the Development Bureau would deploy additional resources to enhance high-level co-ordination to resolve this issue, in order to ensure that the 10 major infrastructural projects can proceed without impediment. The Administration should expeditiously provide the details of these measures, so that we can know what it is doing. On the other hand, since small and medium enterprises can hardly benefit from such large-scale infrastructural projects as highlighted by my Honourable friend Prof Patrick LAU, I urge the Government to proactively make feasibility studies on splitting large-scale projects into smaller scale projects for tendering.

President, regarding the 10 major projects, I must warn the Secretary that we have neither the margin for error nor the time to play around with these projects, for these projects are the future of Hong Kong, and we have to ensure that we are to deliver a better, greener and more prosperous Hong Kong for our children.

To promote infrastructural development, the Government's effort alone is inadequate. The investment of the private sector is imperative. I think this is very important that — as highlighted by Jeffrey LAM — up to 60% of our

development investment is from the government sector, about 40% is from the private sector. It is high time that we should encourage the private sector to invest in Hong Kong.

To facilitate investment of the private sector, the Government should play a pivotal role in striving to achieve the best interest of society. As a whole, it should be biased neither towards the developers nor the public. Gross floor area, plot ratio, premium and land exchange are some of the most controversial issues which have often given rise to allegations such as collusion between business and the Government and the transfer of benefits. These accusations are very often biased and unjustified. As long as these procedures are carried out in an open and transparent manner, underpinned by the relevant government policy, there should be no cause for ambiguity.

Madam Secretary, having witnessed the way you work and how you work with your heart, not only for your job, but also for the good of Hong Kong, this is a shining and exemplary example of what a good public servant should be. I do hope your colleagues should follow suit, particularly those in the Lands, Planning and Building Departments, for they are the custodians of development in our city. Our future growth depends on them.

I humbly urge the government departments, particularly the Lands Department and the Planning Department, to review their methods of working, their official attitude between overly bureaucratic and a new trend of "少做少錯，唔做唔錯". This is a very dangerous trend to adopt, particularly nobody wants to be blamed for any official duty. I think the Secretary must have asked some of her directors how many projects and applications they received have been put in cold storage and have been dragging on for years. It is time for the departments to take out their files and investigate how they can find solutions jointly with the applicants, to initiate new projects which Hong Kong badly needs, particularly those to be done by the private sector.

The property sector has been well inundated with adequate funds for developments. Encourage them to invest in Hong Kong as other cities are begging them to go over. They give incentives. But in Hong Kong, we only give obstacles and difficulties. Hong Kong is no longer a city which encourages development, as the planning and lands processes are both cumbersome and obstructive. Engaging public participation in development is important. But being led by a vociferous minority, to go against the overall economic interests of

Hong Kong is another matter. Our Government must strike a balance between finding a solution to protect the environment and sustaining economic growth. Thank you.

**MRS SOPHIE LEUNG** (in Cantonese): President, I have been sitting "tight" here listening to all Honourable colleagues' speeches on discussing this topic from different perspectives concerning particularly ways to increase employment opportunities. We all very much agree to it.

However, I have to speak out after hearing some of their views. As for their criticisms that we should not "puff ourselves up" or issues concerning whether we should maintain our protectionism, I feel obliged to speak out too. If we say that we should not "puff ourselves up", it is more important for us not to "recoil in fear". Am I right? No matter what we do, the most important thing is to know clearly what we basically are. I very much agree to some of our colleagues' amendments. I hope to make it clear that I am not aiming at anyone. Most importantly, we have to understand what we basically are; who we really are. For instance, Sophie LEUNG is neither good at quarrelling nor debating. If you ask me to stand up for an argument, I simply cannot make it. Although I wish to be as eloquent as Ms Emily LAU, I just cannot be, right? So, I think we, first of all, have to understand ourselves.

Hong Kong has always been in lack of natural resources. It is only a small island with a population of 7 million. How can we practise protectionism? How much can we protect? On the contrary, we should go and get the "pie" of our neighbouring regions. I think we should first take a good look at ourselves in this regard. Our economy has all along been externally-oriented. We should embrace the whole world, possessing the mentality of going global. We should equip ourselves to have the ability to challenge the whole world. This is the right thing to do. Recently, I have noticed that many planners and professionals have participated in the development of, for instance, Saudi Arabia. It is worth my encouragement. I even especially treated them to a meal to congratulate them because I think they are stepping onto the international platform. This is what we should do.

I wish to share my views with Members here. If we care very much about our workers, we should generally encourage them to upgrade themselves so that they can take up employment wherever they are. Only in this way will our workers be regarded as possessing professional skills. Not only should we

achieve ..... we should also relinquish the mentality of some of the civil servants, just like what Mr Abraham SHEK said earlier. Our mentality should be like this: Are you capable? I should be more capable than you. Are you conscientious? I should be more conscientious than you. Are you able to look deeper into the problem? I should be able to look more deeply into it. We ought to possess such a mentality.

President, please allow me to cite a small example. Realizing the opening up of the Pearl River Delta (PRD), many people in the garment industry in the late 1980s and early 1990s planned to partially relocate their manufacturing plants to the region for the love of their children. I have no objection to their relocation because proliferation is a right thing to do. They have to grab a foothold wherever they are. This is the right thing to do. However, these factory owners later felt that they did not want their children, after finishing their studies, to come back to Hong Kong to lead a hard life such as facing people like LEE Cheuk-yan and CHAN Yuen-han. They would rather let their children take up a job in the Mainland taking care of the factories there. I told them that, in so doing, they were doomed. This is not a good idea because we, in Hong Kong, are operating with our eyes on the markets worldwide. If we send our children to the PRD in the Mainland to run factories or take up jobs, we are fundamentally asking our children to give themselves up to global challenges. Protecting their children like a "spoiled kid" is not right. I have made my point on many occasions. President, parents who sent their children to the PRD for a stable environment are now regretful for what they have done because their children have not been able to grasp the developments of the markets worldwide for the past decade or so. Do their children still have the opportunity for development now? They do not. I am sorry that they really have lost the opportunity.

President, I wish that this example can serve as a little reminder, showing us that we really do not need self-protection. People have said on many occasions that the civil servants in Hong Kong ..... everybody is fighting for equal pay and equal benefits for the same kind of job, hoping to enjoy the job security as the civil servants. I think this is not the right way either. We should embrace the whole world and challenge the whole world. This is what our spirit should be.

President, I wish to raise one more point. Apart from implementing the 10 major infrastructure projects to create more employment opportunities for the people of Hong Kong, more importantly, the Government should encourage the private sector to participate in more construction projects. Take Hopewell as an

example. Several colleagues have previously been heavily bombarding the company and are still unwilling to let go. Why do they not give green light to the expeditious commencement of the Hopewell's project? Moreover, there are some private hospitals and international schools which possess land. Why do we not encourage them to carry out more construction projects? Workers returning from Macao are those who specialize in building houses, not in road or infrastructure projects.

Many people have either accused me as being an unscrupulous employer or referred me as the employers' class, but I always strongly object to the use of the word "unscrupulous". There are unscrupulous employers as there are certainly "black sheep" in every industry. But there are unscrupulous employees too. There are always unscrupulous people in the world, just as there are even more unscrupulous politicians. I, therefore, would also like to talk particularly about the workers. For those from Macao (*The buzzer sounded*) .....

**MR LEE CHEUK-YAN** (in Cantonese): President, I would like to seek clarification as to who the unscrupulous politicians are. (*Laughter*)

**PRESIDENT** (in Cantonese): Mrs Sophie LEUNG, you may respond to Mr LEE Cheuk-yan's request or you may continue with your speech.

**MRS SOPHIE LEUNG** (in Cantonese): Conscience is in one's own heart. For those who wish to "take one's seat according to the number on the ticket", let them do what they please. (*Laughter*) Everybody is equal before God. Thank you, President.

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

**MR ALBERT CHAN** (in Cantonese): President, many Members said that they supported the 10 major infrastructure projects. But I have no idea whether they have fully understood what these projects are. In fact, some of these projects are still mere paper talk and have yet been confirmed. As the concept is still a castle

in the air, how can we say that we support these projects when their specific details are not yet available?

Take the rail link between Hong Kong and Shenzhen Airports and Shenzhen Metro project as an example. I have no idea how much information Members have. As developments of new districts such as Hung Shui Kiu, Ku Tung, Fan Ling and Ta Ku Ling may involve many significant revisions, planning in various aspects are still pending consultation and study. We cannot indicate our support before any outcome is known. Take the Guangzhou-Shenzhen-Hong Kong Express Rail Link as an example. It is actually not an express rail link because according to international interpretation, the speed of an express railway should be over 250 km/h. But the Hong Kong section will certainly not exceed 250 km/h. We must not deceive ourselves and others. The so-called planning of the Guangzhou-Shenzhen-Hong Kong Express Rail Link is also a mistake. Planning in haste and under the concept of ambitions for great achievements, major errors will certainly occur one after another.

President, I am not objecting infrastructure projects. On the contrary, I have always been supporting the notion of stimulating the economy via infrastructure development. Premier ZHU Rongji once proudly said prior to the end of his term of office that he had left behind quality assets equivalent to \$2,500 billion for the Government. When we go to various provinces and municipals of China, we will be amazed at the leaps and bounds of a new China upon seeing the development of highways and railways. Highways in many places are more beautiful, well-developed and spectacular than those in Hong Kong, especially in landscape engineering.

Before taking office, Barack OBAMA also indicated that he would promote infrastructure and highway projects in full steam, claiming that they would be the biggest investment in public facilities in the United States after the Interstate Highway System by EISENHOWER in 1956. Although investing in infrastructure and construction works seems to be a new trend, I must remind the Government and Members that these infrastructure projects have to be handled carefully because the mistakes committed during the implementation of the Airport Core Programme consisting of 10 connected projects in the past is still a fresh memory. People are still suffering from those mistakes. The planning of Hong Kong International Airport at Chek Lap Kok can be said to be the most obvious error. To our surprise, the environmental impact assessment report came out to be incorrect. There were five NEF (that is, the unit of Noise Exposure Forecast Contour) short in the assessment result. If a certain district

was assessed to have reached a noise level of 12 to 13 at that time, the noise level of that district could actually be as high as 18 or 19 when applying the NEF Contour. The difference between the two was huge. Hence, any mistake arising from the study and planning of some major projects subsequently can cause irremediable losses. We also believe that the so-called Guangzhou-Shenzhen-Hong Kong Express Rail Link will ultimately turn out to be an erroneous planning and, therefore, an erroneous decision.

Problems are many in the construction aspect too. The so-called claims at the time when the Hong Kong International Airport was still under construction amounted to billions of dollars. It was due to the ever-changing blueprints at the time of construction resulting in signing one contract after another. The chaos among contracts created many unjustified expenses and claims.

There are also numerous problems in works supervision. I can clearly remember the dredging work of the West Kowloon project. The barges had hardly left the Victoria Harbor when the operators started dumping the excavated mud illegally into the sea water. The Government was not aware of it until complaints were lodged by the fishermen. The Environmental Protection Department and other relevant works departments awoke as if from a dream. They realized that mistakes were made only after following those barges. At the end, navigation system was installed to ensure that all those barges could only return after arriving at the destination.

Whenever large-scale infrastructure projects are carried out in haste, the resultant problems, losses, claims and mistakes could be astronomical. Ultimately, the general public will suffer. High-ranking officials are always immune to liability. Those who have committed mistakes can still be promoted and receive pensions. Their status remains unchallenged. None of them will be forced to step down because of such negligence of duties. What I have just said is all based on records, information and historical archives.

Now the Government says that it has to develop the 10 major infrastructure projects which all Members will support. I really do not know how much Members know about these 10 major infrastructure projects. Do Members support all of them? Do Members know what they are supporting? In my opinion, President, it is very important for the Legislative Council to play a monitoring role. I hope Members will follow up more closely with the relevant matters of the Government in the course of promoting these 10 major infrastructure projects.

Lastly, with only a little bit of time left, I would like to urge the Government to implement projects which have been proposed many years ago. When implementing the projects, I hope that the Government could understand the people's urgent needs and attend timely to their needs. Take the Ping Chau breakwater which I have long proposed as an example. In windy days, fishermen's boats will capsize. Once they capsize, scores of boats will sink. I have long been requesting the Government to build a breakwater to resolve the problem. But the Government rejected my request on various grounds. I have also been proposing to build an ecological park at Tso Kung Tam for nearly 20 years and the planning of which was already completed in 1989. It is now 2008 and the project has not even started. It was not until recently that the Government indicated that the project would commence in a few years. As for hospitals, I hope particularly that hospitals in Lantau Island and Tin Shui Wai can be completed as soon as possible. I am looking forward to their early implementation. Thank you, President.

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

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese): Dr Raymond HO, you may now speak on the four amendments. You may speak up to five minutes.

**DR RAYMOND HO** (in Cantonese): I would like to thank the four Honourable colleagues for their amendments to my original motion. Their amendments are well-intentioned and consistent in principles, which make the motion clearer and more comprehensive.

Let me talk about Dr PAN Pey-chyou's amendment first. With reservations about the amendment, I also find it difficult to give my support. Despite my effort to seek justifications to support it, I have failed. Why? His wordings are very clear: "ensuring that precast concrete units are made locally or drawing on the approach of the Tamar Development Project of not using precast concrete units, so as to absorb more construction workers".

Any methods which enable the industry to absorb more construction workers are worth our support. But it is technically impossible if we have to ensure this. I will give my explanation later on. Technical problems will also arise if precast concrete units are not used.

The use of precast concrete units is a global trend. First of all, it is beneficial to our environment. While precast concrete units can offer better quality assurance, the production of these components may lead to environmental pollution in respect of air, noise, and so on in areas near the factories. It will be more desirable if these plants are not located in the vicinity of residential areas. However, can we find such places in Hong Kong? The answer is in the negative.

If precast concrete units are not used, the costs may surge and the time required is also longer. I believe these units are used in around 20% of our housing projects, accounting for a relatively large proportion and expediting public housing development. More difficulties will be encountered in civil engineering projects. For instance, bridges may sometimes have to stretch across railways, rivers or the sea. Since it is rather complicated to erect scaffolding over the sea level, the use of precast concrete units will make it easier. Although no project is too difficult for engineers, it is a matter of costs and time and precast concrete units are preferred. Undoubtedly, only precast concrete units will make projects across a valley feasible. Although the method of protrusion can also make it viable, precast concrete units are still indispensable. Otherwise, the erection of scaffolding under a valley is very complicated or even impossible. Practically, it is not cost-effective at all.

In this regard, the first and foremost point is that precast concrete units are indispensable in many cases. According to the current design, if precast concrete units are totally excluded from all works, architectural, building and civil engineering, we will be lagging far behind the global trend. We cannot revert to the practice a few decades ago.

How about setting up plants and producing precast concrete units locally? It is very difficult to find a place without objection by residents nearby. As I said, there will be noise problem, pollution, and so on, apart from busy vehicular flow. These factories will certainly operate 24 hours a day and need a lot of space. Take the building of a bridge as an example. There are different kinds of bridges and roads which need precast concrete units and the quantity required

is also very huge. For instance, for the Western Corridor, Shum Wan passage and the Route 8, more than 12 000 precast concrete units of various lengths have been used for the bridges alone. If these precast concrete units are made in Hong Kong, freight costs can certainly be saved and our advantage in this aspect will not be lost. At least, bridge building in Hong Kong will be smoother.

Concerning Ms Audrey EU's amendment, I agree to her views. Because she has mentioned a lot of environmental factors which are also in line with works project development rather than doing damage to the environment. The purpose of works project development is for improving the environment. For instance, when the Wan Chai Bypass and works on the temporary reclamation area are carried out, the dirty sea water in the typhoon shelter can be treated collaterally. So I support the amendment.

I also support Mr LEE Wing-tat's amendment because he has also mentioned a lot of ongoing work relating to conservation.

Regarding the District Councils, I also agree with Mr CHEUNG Hok-ming's remarks. But engineers' fees may not necessarily be exorbitant. Many of them have now charged fees at an affordable level.

I hope Members will support all the amendments, except Dr PAN Pey-chyau's. Thank you, President.

**SECRETARY FOR DEVELOPMENT** (in Cantonese): President, I am most grateful to many Members for their valuable views on how to promote infrastructure development. Although I come today to this Council without bringing with me "a full array of staff" like yesterday, I will definitely listen carefully and bring Members' views back for detailed consideration at meetings with heads of various works departments.

First of all, let me point out that the current economic crisis provides a very precious opportunity for the Development Bureau to promote infrastructure projects. In the process of promoting infrastructure, we will put the concepts of sustainable development and environmental protection to the top priority. With that in mind, I have worked closely with the relevant bodies, including non-governmental organizations such as the Construction Industry Council (a statutory body set up last year) and the Green Building Council (the first council of its kind soon coming into being). It is hoped that in the course of promoting

infrastructure development, our efforts can contribute greatly towards making Hong Kong a quality city. Among the detailed proposals by Members, if there is anything involving the works projects by the Housing Authority (HA) and the District Councils that fall within the purview of the Home Affairs Department, we will convey them to relevant department heads for their careful consideration.

I would like to begin by responding to two points mentioned by Mr Ronny TONG. Firstly, today's debate is about promoting infrastructure development. We have never blindly thought that the current economic crisis can simply be tackled via infrastructure development. However, since the motion debate today is about infrastructure development, Members' speeches and my response as the Secretary for Development attending the meeting on the SAR Government's behalf should be confined to the promotion of infrastructure development. I deeply believe that Members, with the consent of the President, will propose discussions on how to tackle the economic crisis in other areas in the future. We are neither having blind faith that — Mr TONG has just returned to the Chamber — our infrastructure development can solely rely on the implementation of the 10 major infrastructure projects. In fact, if Members have ever paid attention to my speeches over the past couple of months, you will probably notice that I have been repeatedly playing down the importance of the 10 major infrastructure projects. In other words, we really should not depend solely on these 10 major infrastructure projects that derive originally from the blueprint for development to create more employment opportunities and stimulate the economy instantly. If Members can recall, these 10 major infrastructure projects were put forward by the Chief Executive in October 2007 under the current term of Government. I am sure that at that time, the Government of Hong Kong and even the governments worldwide were unable to perceive the imminence or ferocity of this financial tsunami. The 10 major infrastructure projects were, therefore, an infrastructure blueprint for enhancing Hong Kong's competitiveness and positioning Hong Kong in its long-term development. I have also mentioned over and over again that we will not blindly condense the timetable of the 10 major infrastructure projects in order to rush them into commencement even though we are facing with an immediate economic crisis and there is a need to create a substantial amount of employment opportunities. I very much agree to Mr LEUNG Yiu-chung's remark that sometimes more haste less speed. If these projects are blindly launched, some after-effects will be created and we will suffer the consequences in future.

However, under the current situation, I very much agree that minor works are the timely rain as far as promotion of infrastructure is concerned and should be implemented with greater force. We have made certain preparations in this regard. If Members recall, the first item we sought the Legislative Council's approval last year was to increase the financial cap of minor works projects or the so-called Category D projects of the Public Works Programmes from \$15 million to \$21 million and instant results were got. In the past year, there were 85 projects ranging from \$15 million to \$21 million. If we had not sought the approval of this Council, these projects could not have been implemented in full steam. Apart from their merits of being speedy in implementation and simple in procedures, minor works can also meet Members' request for creating projects and job opportunities for small- and medium-sized contractors and local workers respectively because these works are basically very labour-intensive and workers cannot be replaced by heavy machines. Besides, the effects of minor projects are often more readily seen by the public. Although gigantic bridges, highways, tunnels, and so on can provide much convenience to the public, they are not as tailor-made as minor works on a district basis. Nor are they comparable to minor works in terms of immediate environmental improvement. Hence, I would like to respond in particular to Mr KAM's question about slopes. The 500 slope works I mentioned yesterday involve the rehabilitation and upgrading of slopes carried out in the past while the additional 500 slopes included in the current \$900-million minor works projects involve the protection of slope surfaces by greening and beautification. In the current year, however, we have carried out maintenance and upgrading for 950 slopes which fall within the category of regular minor works. In the coming year, such works will be done for more than 1 000 slopes. The total funding for slope works will reach \$1.1 billion. So, Mr KAM can rest assured that there will be a large number of new projects and no retrogressive step will be taken.

Another example is building maintenance and beautification of old urban districts, as mentioned by Ms Starry LEE and Mr Frederick FUNG, which are also district minor works to be benefited from the current economic opportunity. However, we cannot brief Members on these works today because I am still studying the proposals with the Urban Renewal Authority (URA) and the Hong Kong Housing Society (HS) together for we have to ensure that these proposals are both innovative and feasible without causing any problems in the future. Nevertheless, Members can rest assured of the strength of these efforts as both organizations have committed resources in this aspect. The HS will expedite its action by allocating \$1.5 billion for the next five years while the URA will set

aside \$250 million in its budget on enhancing building maintenance and beautification of old urban districts in joint efforts with us.

Next, I would like to give a detailed response on the employment of local workers and some Members' views on the World Trade Organization Agreement on Government Procurement (WTO Agreement) and precast concrete units. I, like all Members, am very concerned about the employment situation of local workers. I believe Members representing the trade unions also know that I have discussed the issue with friends from the Hong Kong Construction Industry Employees General Union. The Development Bureau will continue to consult the industry, including contractors, trade unions and workers' representatives, in the future.

First of all, the Government's procurement policy and principles have proved to be effectual. We have always upheld fair and open competition, transparent procedures, accountability to the public and cost-effectiveness. These are our important principles which ensure that procurement by our Government is carried out in the overall interests of Hong Kong. In a fair and open competition, all bidders are treated equally. We will not discriminate against any bidders on grounds of the products' place of origin. We will also ensure that the specifications we have laid down will not create any unnecessary obstacles to international trade. These policy and principles were already in existence as early as 1997 when we acceded to the WTO Agreement. At that time, I was responsible for matters concerning Hong Kong's accession to the WTO Agreement in my capacity as Deputy Secretary for the Treasury of the Hong Kong Government. So, I can tell you that there has been no change to the procurement policy of the then Hong Kong Government or the Hong Kong Special Administrative Region Government in future despite our accession to the WTO Agreement. In other words, the procurement policy we witness today is a well-established and effective policy which is not imposed on Hong Kong because of our accession to the WTO Agreement. We need such a policy because we are a free economy. If we are requested to introduce a provision stipulating that local components or locally produced products be contained, it will be a discriminatory provision. At present, the conduct of any procurement which is discriminatory or of low transparency is certainly a violation of the WTO Agreement. But I would like to point out the basic principle, and that is, Hong Kong, as a free economy, will also attach great importance to the fair, equitable and open procurement principles even in the absence of the WTO Agreement. Furthermore, if Hong Kong withdraws from the WTO Agreement

or deliberately acts in violation of the WTO Agreement by stipulating that the employment of local workers should be safeguarded, or local components or locally produced parts be included in the procurement by the Government, I am afraid that Hong Kong's international image as a free trade centre in the eyes of overseas investors would be tarnished. This will also deal a serious blow to overseas investors' confidence in Hong Kong's fair and open business environment, thus affecting Hong Kong's export trade because under the WTO Agreement, other member states will seize such a pretext to discriminate against goods and services exported by Hong Kong.

In the past 14 years, Hong Kong has been rated by the Heritage Foundation as the freest economy in the world. This is a hard-earned reputation. So, we should not give up our most treasured value and our hard-earned reputation when facing this financial turmoil and economic downturn. Let me cite Dr PAN Pey-chyou's example that Hong Kong is like a deserted child. If we adopted an approach which would violate or adversely affect our practice as a free economy, we would reduce ourselves to isolation. When the global economy recovers, Hong Kong will have no part to play because it has closed its own trading door. Members from the construction industry such as Prof Patrick LAU and Dr Raymond HO have mentioned the technical issues of precast concrete units and agreed that the use of precast concrete units should not be abandoned arbitrarily. Besides, a Member has also clarified on my behalf that precast concrete units have not been used at the Tamar government project because of security reason, which is accepted as a special ground for exemption by the WTO Agreement. The use of precast concrete units in public construction works can save costs, apart from the compliance with the WTO Agreement, reflecting the commercial decisions of individual contractors and the practical need in construction. For instance, in the construction of bridges, the use of precast concrete units is very popular. A total of more than 6 000 pieces of precast concrete units have been used in the construction of Shenzhen-Hong Kong Western Corridor and Deep Bay Link.

Owing to the production scale and the impact on environment, it is really impossible to produce precast concrete units in Hong Kong. In fact, there is no company in Hong Kong which specializes in the production of such large precast concrete units locally. Of course, I noticed some Members' remarks that a certain number of precast concrete units were made on site for housing projects under the HA. This is feasible if there is a project need and it is cost effective because it is precisely a reflection of the market force and the commercial decision of the procurer. However, the effect on the employment of local

workers will in fact be insignificant even if we insist on not using precast concrete units or such units being made locally. It is because according to our estimation, expenditure on precast concrete units will account for only 4% of the total value of the public works projects to be commenced in the next 24 months. So, we have to judge whether our important reputation as a free economy should be given up for the sake of 4% of the project value. As I said yesterday, on the premise of promoting infrastructure projects and job creation, we will not sacrifice our consideration for environmental protection. Neither will we sacrifice the statutory procedures nor the room for public participation because it is extremely not worthwhile to do something which is in violation of our inherent values in order to achieve some immediate targets.

Apart from our concern for the employment situation of local workers, we also care for local professionals and local contractors, in particular small- and medium-sized contractors. Some Members, on some social occasions, have heard the complaints of some local professionals or contractors who might have aired their grievances in their witty remarks, as Prof LAU has once told me. In fact, Hong Kong, as an international city, should adopt an open-door policy. Contractors or consultants, be they local or overseas, should be on our approved list before being eligible for undertaking our projects or consultancy contracts. To be contractors or consultants on our approved list, they should be registered locally with an office set up in Hong Kong, regardless of the location of their original registration. They should also have employed a specified number of management and technical staff with sufficient local experience. Having fulfilled these conditions, they will be put on our approved list. So, basically, regardless of whether the company concerned is foreign-funded or locally-funded, the implementation of a large number of infrastructure projects will be beneficial to the employment of local professionals. Many Members have raised this issue. In fact, such an arrangement has already been put in place. Under our scoring system for tender assessment, scores will be awarded for experience, the maximum of which is 10 points for local experience. So, contractors who bid for our projects are required to possess a certain amount of local experience so that local professionals will have more opportunities to participate in local projects.

Regarding our concern for small- and medium-sized contractors, Ms Emily LAU said that there was room for improvement regarding our payment arrangement. I agree with her. However, our payment arrangement in the past was based on our prudence rather than our intention to bully them. As payments

made by our works departments are subject to audit, they are very cautious in making payments for projects. Today, however, we should summon the spirit of "implementing special measures for special times". I therefore have immediately rolled out three support measures for our construction industry, particularly small- and medium-sized contractors, to solve their cash flow problems after my meeting with the Hong Kong Construction Association and five other construction associations on 25 November.

Details of the three measures are as follows. First, relevant clauses have been inserted for projects without interim payment arrangement at present. In other words, payments will be made in proportion to the project stage instead of waiting until the project is completed. Second, the Government will settle the finalized accounts of completed project contracts expeditiously. Third, a measure capable of achieving instant result will place its focus on the retention money, which currently accounts for 0.75% to 5% of the project contract value. According to our previous practice, the whole amount of retention money would be deducted and reimbursement would be made upon completion of the project and expiry of the entire maintenance period. This is also a relatively prudent or conservative approach. Now change has also been made. The Government will propose or implement the following measure: When half of the project's maintenance period has passed, we will decide whether or not part of the retention money should be reimbursed to the contractor, depending on the amount of incomplete project under the contract or the remedial work procedures required, thereby alleviating their cash flow problem.

Another point I would like to respond is about the co-ordination and procedural matters of infrastructure projects mentioned by Members. As I said in my response just now, if the relevant procedures are statutory, they are indispensable and should not be shortened or reduced at will, in particular those involving public participation because we have really suffered undesirable consequences. If a project is carried out without public participation or detailed public discussion, it may be subject to judicial challenge and longer delay in the project will result. Nevertheless, there is room for improvement in administration procedures. Last year, I took the initiative to pledge that we would shorten the time required for completing the pre-construction processes for large-scale projects from 45 months to 40 months as far as possible. Although it is only a short time since then, we can see that, in the past year or so, the complaint handling procedures of several projects can be completed in a compressed period of 40 months. As we all know, concerning the statutory

procedures for all roadworks, sewerage, railway and reclamation works, 60 days will be allowed for the public to raise objection after gazettal of the works. The 60-day period cannot and should not be shortened. Yet the laws provide that works departments should make use of the subsequent nine months, which is the longest period allowed on the basis of the original spirit, to resolve any objections received. But this nine-month period has gradually become a standard deadline, resulting in a situation where the departments often spend nine months on handling these matters. This is unacceptable. So, my Permanent Secretary has recently instructed the relevant works departments that in the future, during these nine months, the departments will target to resolve the objections in four months. If there are too many objections to be handled in four months, another three months will be allowed, that is, a total of seven months. However, such an extension will need the consent from heads of departments and cannot be taken for granted. If seven months are still not enough and the handling has to take all the nine months as allowed by law, each request for taking all the nine months has to obtain prior consent from the Development Bureau.

Similarly, the procedural improvement may sometimes be a "double-edged sword". I have personally studied why the planning lead time for some minor works projects is 19 months while that for the others is only six months. For example, the recent three-hectare site formation works for Tin Shui Wai Area 112 with an estimated cost of \$16 million, which has aimed at job creation, has taken only six and a half months before works commenced on site. After study, two problems have been identified: First, for larger-scale minor works projects, two more procedures are involved, one of which is the appointment of consultants for carrying out the design work because we really do not have so many in-house staff to handle the design of projects which cost more than \$10 million. Second, projects which cost more than \$10 million will not be implemented by our term contractors. If these projects are implemented by our term contractors, the progress will be very expeditious because works can be commenced upon our issuance of works order as they are our term contractors and invitation of tenders is not necessary. At first, I thought it would be very simple and we could do away with all these procedures. But according to my colleagues, this is not feasible at all because of our staffing constraints. Neither should we let our works departments inflate. So, the appointment of consultants is unavoidable due to the lack of sufficient manpower for handling the design work of all the larger-scale minor works projects.

Besides, if contracts are made solely in the form of "term contract", it will put small- and medium-sized contractors in an extremely unfavourable situation

because they are actually incapable of accepting a term contract of a huge value. We are, therefore, trying to strike a balance between the two, hoping that we can act in accordance with the principle that we can satisfy different kinds of contractors and the minor works projects can be launched in the shortest possible time. But I can tell Mr LEE Wing-tat that we will actively consider raising the \$20-million limit for the so-called the smallest Category A projects so that the approved contractors can undertake more contracts with a value of more than \$20 million.

Finally, although the main topic of discussion today is about the Government's infrastructure projects, I have already pointed out that the public infrastructure alone can hardly reduce the impact on the whole construction industry as a result of the shrink in private investment. Take 2007-2008 as an example. Public sector (namely the Government and the HA) accounted for only 30% of the construction output while the private sector accounted for 70%, in a total of \$94.7 billion. So, if the private sector does not invest, we will never be able to resolve the problem no matter how hard we push forward our public works. In this regard, after the meeting of the Task Force on Economic Challenges on Monday, the Chief Executive raised two measures currently implemented by the Development Bureau including the one concerning how to facilitate or expedite private investment on infrastructure. The Chief Executive proposed the setting up of a one-stop ad hoc group within the Development Bureau, as mentioned by Mr Abraham SHEK just now, so as to provide one-stop consultative and co-ordination service in our role as a "facilitator" for private construction projects. I certainly have to bear a great deal of risk taking up this role because this may easily be regarded as collusion between business and the Government. But in the light of the current situation, I think government officials should "implement special measures in special times" with an intrepid spirit. I am now considering possible ways to infuse transparency into the mechanism and promote Members' participation, making it another laudable act after seeking common understanding.

On the other hand, we must not forget that there is a "third sector" between the Government and the private sector, namely infrastructure by non-governmental organizations. The Chief Executive mentioned on Monday the need to have a diversified infrastructure blueprint. In fact, non-governmental organizations, in particular the traditional major charities and welfare organizations, can take this opportunity to implement more infrastructure. Their works are also very beneficial because they are not departments of road or

bridge building. Rather, they are mainly responsible for building houses. The Chief Executive agrees on this and the Development Bureau will also co-operate accordingly. In the past, quite a number of non-governmental organizations, such as the Girl Guides Association, Scout Association of Hong Kong, Tung Wah Group of Hospitals and the Red Cross, as cited by the Chief Executive, have been longing for support from the Government and various funds at this opportune moment so that they could carry out community services more extensively and bring more infrastructure projects beneficial to their service recipients.

In a nutshell, I must thank Members again for their speeches in this debate. I also thank Members for their support and encouragement to the launch of our public works projects in the past years. I hope that I can continue to join hands with Members and make contribution to Hong Kong's infrastructure in the future. Thank you, President.

**PRESIDENT** (in Cantonese): I now call upon Dr PAN Pey-chyou to move his amendment to the motion.

**DR PAN PEY-CHYOU** (in Cantonese): President, I move that Dr Raymond HO's motion be amended.

**Dr PAN Pey-chyou moved the following amendment: (Translation)**

"To add "in facing" after "That"; to delete "is" after "the international financial tsunami"; to delete "," after "across the world" and substitute with "and"; to add "and employment situations" after "striking the economies"; and to add ", and ensuring that precast concrete units are made locally or drawing on the approach of the Tamar Development Project of not using precast concrete units, so as to absorb more construction workers" after "(a) expeditiously implementing the 10 major infrastructure projects"."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Dr PAN Pey-chyou to Dr Raymond HO's motion, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Dr PAN Pey-chyou rose to claim a division.

**PRESIDENT** (in Cantonese): Dr PAN Pey-chyou has claimed a division. The division bell will ring for three minutes.

**PRESIDENT** (in Cantonese): Will Members please proceed to vote.

**PRESIDENT** (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Ms LI Fung-ying, Mr CHEUNG Kwok-che, Mr IP Wai-ming, Mr IP Kwok-him and Dr PAN Pey-chyou voted for the amendment.

Dr Raymond HO, Mrs Sophie LEUNG, Dr Philip WONG, Mr Timothy FOK, Mr Abraham SHEK, Dr Joseph LEE, Mr Jeffrey LAM, Prof Patrick LAU, Dr LAM Tai-fai, Mr Paul CHAN, Mr CHAN Kin-por, Mr Paul TSE and Dr Samson TAM voted against the amendment.

Mr CHEUNG Man-kwong, Ms Miriam LAU, Mr Tommy CHEUNG and Mr CHIM Pui-chung abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Mr Albert CHAN, Mr Frederick FUNG, Mr WONG Kwok-hing, Mr CHEUNG Hok-ming, Ms Starry LEE and Mr CHAN Hak-kan voted for the amendment.

Mr Albert HO, Ms Emily LAU, Ms Audrey EU, Mr LEE Wing-tat, Mr Alan LEONG, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO and Miss Tanya CHAN abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 22 were present, five were in favour of the amendment, 13 against it and four abstained; while among the Members returned by geographical constituencies through direct elections, 19 were present, nine were in favour of the amendment and nine abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

**MS MIRIAM LAU** (in Cantonese): President, I move that in the event of further divisions being claimed in respect of the motion on "Promoting infrastructure development" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

I order that in the event of further divisions being claimed in respect of the motion on "Promoting infrastructure development" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

**PRESIDENT** (in Cantonese): Mr CHEUNG Hok-ming, you may move your amendment.

**MR CHEUNG HOK-MING** (in Cantonese): President, I move that Dr Raymond HO's motion be amended.

**Mr CHEUNG Hok-ming moved the following amendment: (Translation)**

"To add "once-in-a-century" after "That the"; to add ", recruiting engineers for District Offices in various districts, and allowing various District Councils to engage their own consultants for the minor works proposed by them, so as" after "(e) enhancing coordination among departments"; and to add "and the progress of such projects" after "small and medium works projects"."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr CHEUNG Hok-ming to Dr Raymond HO's motion, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

**PRESIDENT** (in Cantonese): Ms Audrey EU, as the amendment by Mr CHEUNG Hok-ming has been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. When you move your revised amendment, you may speak up to three minutes to explain the revised terms in your amendment, but you may not repeat what you have already covered in your earlier speech. You may now move your revised amendment.

**MS AUDREY EU** (in Cantonese): President, I move that Dr Raymond HO's motion as amended by Mr CHEUNG Hok-ming be further amended by my revised amendment.

President, although I also support Mr CHEUNG Hok-ming's amendment, it is a pity that I have to delete a few words from the first part of my amendment since his amendment has been passed. Wordings such as "the climate crisis has

become increasingly acute" and "respond to the United Nations' call for 'Green New Deal' " should no longer be retained.

Besides, as item (e) of the original motion has been amended by Mr CHEUNG Hok-ming, the wordings of my amendment to that item "for projects involving preservation and environment enhancement" should be deleted as well. But fortunately, I can still retain the amendments to items (d) and (h) mainly concerning the stepping up of the work of environmental impact assessment and training. Regarding training, it will enable us to have more special talents in energy conservation, and to deal with the latest developments in green construction so as to meet the latest needs of the community. Thank you, President.

**Ms Audrey EU's further amendment to the motion as amended by Mr CHEUNG Hok-ming is as follows: (Translation)**

"To add ", including educating them on the latest developments in such fields as energy conservation and green construction, so as to meet the latest needs of the community; and (i) stepping up the work of environmental impact assessment to achieve sustainable development for Hong Kong" immediately before the full stop."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That Ms Audrey EU's amendment to Dr Raymond HO's motion as amended by Mr CHEUNG Hok-ming be passed.

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

(Members raised their hands)

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

(No hands raised)

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

**PRESIDENT** (in Cantonese): Mr LEE Wing-tat, as the amendments by Mr CHEUNG Hok-ming and Ms Audrey EU have been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. When you move your revised amendment, you may speak up to three minutes to explain the revised terms in your amendment, but you may not repeat what you have already covered in your earlier speech. You may now move your revised amendment.

**MR LEE WING-TAT** (in Cantonese): President, I move that Dr Raymond HO's motion as amended by Mr CHEUNG Hok-ming and Ms Audrey EU be further amended by my revised amendment.

President, as my amendment is crystal clear, no further explanation is necessary. Thank you.

**Mr LEE Wing-tat's further amendment to the motion as amended by Mr CHEUNG Hok-ming and Ms Audrey EU is as follows: (Translation)**

"To add "; (j) regarding strengthening training for young engineers and construction workers, also strengthening training for architects, planners, surveyors and landscape architects; (k) regarding expediting the approval of contracts for small and medium works projects, particularly expediting the approval of contracts for those projects for the provision of community facilities such as escalators and lifts for pedestrians, waterfront promenades and cycling tracks; and at the same time, having to streamline the approval procedures of District Councils, so that more community projects can be implemented more expeditiously; (l) before commencing the various infrastructure projects, having to make public all information and conduct extensive public consultation; (m) in planning the various projects, having to ensure that the projects complement the surrounding districts, avoid doing damage to the nearby natural and ecological environment and community culture, and strive with every

effort to conserve relics and monuments as well as historical buildings, so as to strike a balance between conservation and development; and (n) subject to not violating the World Trade Organization Agreement on Government Procurement, adjusting upwards the contract caps for small projects and splitting into smaller projects for open tender" immediately before the full stop."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That Mr LEE Wing-tat's amendment to Dr Raymond HO's motion as amended by Mr CHEUNG Hok-ming and Ms Audrey EU be passed.

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

(Members raised their hands)

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

(No hands raised)

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

**PRESIDENT** (in Cantonese): Dr Raymond HO, you may now reply and you have one minute 12 seconds. This debate will come to a close after Dr Raymond HO has replied.

**DR RAYMOND HO** (in Cantonese): President, I am very grateful to more than 20 Honourable colleagues who have made exciting comments and valuable suggestions on the motion I have proposed during the discussion which lasted for three hours. I would only like to talk briefly on the views expressed by two

Members because I think I should say something about them. Mr Ronny TONG said that it would not do if attention was paid only on infrastructure projects. This is what we all know, but the thing is that infrastructure can promote many other trades. If it can do better, it would be of help to such industries as food and catering, wholesale and retail, services and tourism. Also, a lot of foreign investment can be attracted to Hong Kong.

I also appreciate the proposal of Mr Frederick FUNG, suggesting the setting up of a committee on infrastructure chaired by the Chief Secretary for Administration. Actually, I have made a similar suggestion before. The only solution to the lack of co-ordination among departments is to have a higher-level department in charge of co-ordination. An example is the Spanish city of Balboa which we visited some years ago. It has adopted the same approach. It took only as short as 15 year to change a city which was seriously polluted, backward and with an unemployment rate of 35%, into a very popular tourist city. Thank you, President.

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the motion moved by Dr Raymond HO as amended by Mr CHEUNG Hok-ming, Ms Audrey EU and Mr LEE Wing-tat respectively, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

**PRESIDENT** (in Cantonese): Second motion: Raising the limit of university places for publicly-funded bachelor's degree programmes.

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 Ms Starry LEE to speak and move her motion.

### **RAISING THE LIMIT OF UNIVERSITY PLACES FOR PUBLICLY-FUNDED BACHELOR'S DEGREE PROGRAMMES**

**MS STARRY LEE** (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed.

Today, this is the first time that I propose a motion in this Council. I have chosen a subject relating to education because the SAR Government must provide quality and fine education if we want students, parents and Hong Kong to have sustainable development. The key to whether Hong Kong can retain its competitiveness also lies in the quality of our education. Success hinges on our education; so does failure. Therefore, this subject is very important.

In fact, an alarm has been sounded over Hong Kong's competitiveness. According to The Global Competitiveness Report 2008-2009 published recently by the World Economic Forum, Hong Kong has fallen out of the top 10 again, taking the 11th place in the global ranking. Instead, the ranking of Singapore, the competitor that has all along been following us closely, has risen two places and now occupies the fifth place. One of the criteria that the World Economic Forum adopts in evaluating competitiveness is educational infrastructure. One of the criticisms it levels at Hong Kong is that the performance of education (including higher education) in Hong Kong is not satisfactory, thus leading to a decline in its competitiveness. Regarding how the knowledge of Hong Kong people and their competitiveness can be enhanced, I believe raising the number of publicly-funded programmes in universities is an important approach.

We always say that we have to forge Hong Kong into a financial centre in Asia and we compare Hong Kong with the major cities in a number of countries

in terms of status. However, we must also compare the percentage of people holding university qualifications in the labour force. In this regard, the figure for Hong Kong is indeed low. It was 20% in 2006 while those for Japan, Australia, the United States and Canada were 36%, 43%, 38% and 31% respectively. Having looked at these figures, I cannot help but ask myself two questions and Members may also discuss them together: Are Hong Kong students particularly stupid, as a result, the percentage of students possessing university qualifications in Hong Kong is lower than those of other countries? Or are our university programmes too difficult and the admission requirements too stringent, thus resulting in a figure that is lower than those of other countries? Or does the basic problem lie in the rigid thinking of the officials of the SAR Government, who still hold that university education should be an "elite education", consequently, they refuse to make it widely available? I believe the intellectual capacity of Hong Kong students is by no means less. Recently, some news reports also point out that our primary school students have great mathematical ability. Nevertheless, the percentage of people holding university qualifications in the labour force is still very low. I believe that the reason for this is all too obvious.

President, my claim is not a sheer fabrication, and the situation is really a bit paradoxical. Many people say that the education policy in Hong Kong changes frequently, but the number of subsidized year-one university places is the only surprisingly stable figure. From 1994 to the present, it has been kept at 14 500 places and in the past decade, it has witnessed no change whatsoever. As a result, Hong Kong is gradually outstripped by other places.

That the world is changing but the number of university places remains unchanged highlights the rigidity of our policy. I know the Government has all along said that the percentage of students of the relevant age cohort who have access to higher education may be as high as 60% if the places in higher education offered by public and private tertiary institutes in the whole territory are taken into account, and that this figure is comparable to those of other countries. However, I wish to point out that although different approaches may be adopted in calculating the percentages in respect of higher education, the number of publicly-funded university places reflects how committed the Government is to higher education. Obviously, this mark of 14 500 places tells us clearly that the SAR Government's commitment to raising young people's academic qualifications is not enough. Moreover, this number has remained unchanged for years.

Why has the Government all along refused to increase the number of university places, which now stands at 14 500? I remember that I asked the Secretary about this in a meeting of the Panel on Education held earlier on and his reply was that the greatest difficulty lay in the funding. I also believe that this is the truth. Coupled with the fact that we are in a period of economic downturn resulting from the financial tsunami, it is not easy to increase the amount of funds allocated to this area. However, I consider this to be just a good excuse because the number of university places has been maintained at 14 500 for a long time. Our economy has experienced ups and downs over the years. Even though the consolidated fiscal surplus of the Government in 2007-2008 was as much as \$115.6 billion, the Government was still unwilling to increase the number of university places. Even in good times, it is not willing to do so. In hard times, of course, there are all the more reasons for it not to do so.

President, the world has really changed. In the 1970s and the 1980s, the Hong Kong economy took off. Even if one's academic qualifications were low, one could still climb up the social ladder and become successful if one was hard-working. The bosses of many cottage factories made their way step by step towards becoming the chairmen of listed companies through sheer hard work. However, with globalization, such instances of success through sheer hard work are less common. Now, university qualifications have become the basic ticket for entry into the employment market. It can thus be seen that higher education provides a very important channel for social mobility.

President, one of the reasons for my proposing this motion again today is that the implementation of the "3+3+4" academic structure will bring to the fore the seriousness of this problem because the bottleneck of admission into university will become even narrower. Many students long to be admitted into university but under the "3+3+4" academic structure, as all of us are aware, if the number of university places remains unchanged, the percentage of students admitted into university will be even lower. I believe that many students will have to look for other channels and they will experience a great deal of frustration before their wish of pursuing further study in universities can be fulfilled.

What is the most ironic is that one of the objectives of implementing the "3+3+4" academic structure is to introduce a school-based assessment, so as to relieve the pressure exerted by examinations. However, as all of us know, in the new academic structure, the arrangement of sitting two public examinations in seven years will be replaced by that of sitting one examination in six years, that

is, the present arrangement of "having your entire life determined by two examinations" will become "having your entire life determined by one examination". In fact, when some 82 000 Secondary Three students graduate four years later, they will have to compete for 14 500 university places (if the number still remains unchanged at that time) with the results they have obtained in a single examination. That means every six students will compete for one place. The competition will be even keener than that at present, in which every two students compete for one place as there are now only some 28 000 students.

President, two methods can be adopted to ease this problem of a bottleneck. Apart from the one mentioned just now involving an increase in the number of publicly-funded bachelor's degree places, the other one is to facilitate the development of private universities and the provision of self-financing degree places, thereby providing more opportunities for young people to further their study in universities.

On the issue of private universities, although the SAR Government said in the past that there were a number of channels or methods to make a greater number of such university places available in the market to meet students' demand, I think the intensity of these measures is still not enough. Secretary, the public now hope that our officials will adopt a new way of thinking. In fact, is it really necessary to draw such a clear distinction between publicly-funded places and self-financing places? The Secretary said in the past that the difficulty in increasing the number of university places mainly lay in funding as each place would cost \$200,000 each year. If the number of places increases further, a very large amount of money will be required. However, has the Secretary considered providing a partial subsidy even if we do not fully subsidize these university places? This can also further help students ease their burden and it will also be easier for the market to provide more self-financing places to students.

Moreover, earlier on, the Secretary also put forward the new idea of providing subsidy in the form of education vouchers to kindergarten pupils, did he not? Can this approach also be applied to university students? Of course, my foremost request is that the Secretary examines this limit of 14 500 university places because the "3+3+4" academic structure will indeed aggravate the bottleneck problem. Students all think that they will be eligible to pursue further studies in universities upon completion of the Secondary Six curriculum.

However, if this number remains unchanged, the pressure on students will keep increasing.

Regarding how to increase the number of places in private universities and that of self-financing places, I hope that the Government can adopt some original approaches instead of always putting forward the proposal of providing land or loans for the construction of campus buildings or offering financial assistance to students in the form of loans. I think all these measures are important, but the intensity is really not enough. I can see that the problem is already quite pressing. Judging from the present pace adopted by the Government, it seems that several years more will be needed for a review or discussion. If the Secretary wants to truly benefit those students when the time comes, he really has to begin to give consideration to the foregoing measures now.

In fact, the Government has also provided subsidies to some of the private universities or self-financing places before. The Government has also adopted similar measures in other areas, for example, in buying places from residential care homes for the elderly. I think that in respect of education, consideration can also be given to such a direction. Not only can this lighten students' burden, the development of self-financing university places can also be stimulated.

In fact, many school sponsoring bodies also plan to develop in the direction of private universities. For example, the Caritas Francis Hsu College and the Caritas Bianchi College of Careers, which joined forces last year, plan to establish a Catholic university in 2016. In addition, the Hang Seng School of Commerce also plans to carry out an expansion on the land surrounding its existing campus buildings, with a view to upgrading itself to a private university. It can be seen that local school sponsoring bodies are willing to make greater commitment to higher education. However, can the SAR Government provide further assistance? I know that the major difficulty is related to campus buildings, but I still insist that the SAR Government should adopt a new way of thinking when considering this. I fully understand that it may take a long time to identify suitable sites for the construction of new campus buildings but I also know that private organizations are more efficient. They can turn industrial buildings with rather high vacancy rates into hotels because the individual visit scheme has brought prosperity to the hotel industry. Can universities also adopt this idea? I believe many new ideas can be adopted to create more self-financing places and private universities. Of course, when private universities are being developed, the Government has to monitor the quality and

quantity of their programmes. What happened in offering associate degree programmes has already taught us a lesson. If we look at our neighbouring countries, they are also facing the same situation. Many private universities have been established in Korea and Taiwan, but due to over-expansion, their quality varies greatly. This is also an issue that students and parents attach great importance to.

Finally, I wish to talk about the interest-free loans offered to students. Regarding this area, I know some Honourable colleagues will move amendments, so I will not go into details for the time being. As we are now facing a once-in-a-century financial tsunami, will the Government adopt special measures in view of the special circumstances to help these students? Many graduates told me that they were worried about becoming unemployed on graduation. At present, since the interest is charged once a student has graduated, can the Government adopt special measures in view of the special circumstances, so that the interest will be charged only after the fresh graduates this year have secured a full-time job? This measure can really help those fresh graduates.

President, in fact, this subject is not new at all. Recently, this Council has discussed it on two occasions and each time, it was endorsed. This reflects the fact that this Council has reached a consensus on increasing the number of university places for bachelor's degree programmes. This time, I propose the same subject again because I hope that the authorities can be amenable to our suggestions and put the consensus into practice, so as to lay a stronger foundation for Hong Kong in its move towards a knowledge-based economy and prevent any further decline in Hong Kong's competitiveness.

I know that the Secretary has many matters to deal with this year, including the fine-tuning of the medium of instruction and the implementation of the "3+3+4" academic structure. Nevertheless, I believe that a review of the number of subsidized university places and even that of self-financing private universities will actually tie in with the development of the "3+3+4" academic structure. I hope that the Government can adopt a new way of thinking to deal with the problems that our students are facing now. I also hope that the Secretary can bring us good news when giving us a reply.

President, I so submit.

**Ms Starry LEE moved the following motion: (Translation)**

"That, in the face of globalization and being an international city, Hong Kong must enhance the integrated competitiveness of its population and upgrade the academic qualifications of young people, and in order to match the development of a knowledge-based economy, this Council urges the Government to raise the limit of university places for publicly-funded bachelor's degree programmes to allow more students who meet the university admission requirements to enrol in publicly-funded degree programmes, so as to ease the long-standing shortage of articulation places in bachelor's degree programmes for sub-degree graduates, and at the same time, encourage the provision of more private university places to alleviate problems such as the worsening bottleneck in respect of university places available to secondary school graduates upon the implementation of the '3+3+4' academic structure."

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

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

I will call upon Mr CHEUNG Man-kwong to speak first, to be followed by Mr IP Kwok-him and Miss Tanya CHAN; but no amendments are to be moved at this stage.

**MR CHEUNG MAN-KWONG** (in Cantonese): President, the state of tertiary education in the 10 years after the reunification is: There is a "Great Leap Forward" in the number of associate degree places but a "zero growth" in the publicly-funded university places. As a result, there is widespread discontent among students and parents. This human error in tertiary education is entirely avoidable but the SAR Government has persisted in its wrong course. As a result, there is no channel for further studies in universities and the associate degree sector has misled our young people.

Motions akin to the one moved by Ms Starry LEE have been debated in the Legislative Council on four occasions. From May 2006 to April this year, four motions were moved by Members of the Democratic Party respectively because the Democratic Party is very concerned about and strongly critical of the mistakes made by the SAR Government in offering associate degree places in the line of the policy of building 85 000 flats, the harm of the bubble in tertiary education, the pressure at the bottleneck of accessing university education, the difficulties experienced by graduates in pursuing further studies and employment, the financial burden borne by students who have taken out loans and the qualifications and quality of the associate degree sector. Members' stance on increasing the number of bachelor's degree places to meet the needs of society in development is completely the same. For this reason, in this speech on my amendment today, I will put forward proposals that are more specific.

The local university admission rate has for a long time remained far below those of advanced regions in Europe, America and Asia. The figures reveal this situation all too clearly. The university admission rate in such countries as the United Kingdom, the United States, Australia range from 50% to over 80%. Hong Kong's "adversary", Singapore, does not want to be outdone either, so it has announced that the admission rate into subsidized universities will increase to 30% in 2012. However, the university admission rate in Hong Kong, having been set in 1989 at 18%, that is, a target of 14 500 places, will stand still until at least 2012 for 23 years. Even if we take into account the articulation places for sub-degree graduates, the rate is just 19.4%, which is far below than that of Singapore.

President, days ago, Secretary Michael SUEN rummaged through everything, saying that if we took into account the self-financing degree places in Hong Kong, our admission rate was as high as 25%. Does it mean that the SAR Government can be complacent about this or can congratulate itself on this rate of 25%? Does Secretary Michael SUEN feel any embarrassment about this remark? Does he feel any heat under his collar because of the laggard admission rate in Hong Kong? Does he feel any irony in view of the education hub that the Government has been bragging about and perhaps even feel pained by the fact that thousands of eligible young people cannot get any university place each year?

The number of university places has been frozen at the 14 500 mark for a long period of time. It is completely lagging behind parents' expectation and the needs of society. In the present Advanced Level Examination, the number of students whose results meet the requirements stands at about 17 570 but there are

only 14 500 subsidized places. After deducting the number of top students who obtain outstanding academic results in the Hong Kong Certificate of Education Examination and non-JUPAS students from overseas, universities can only enrol 11 000 Advanced-Level students each year. In other words, about 6 000 eligible students cannot get into university. The SAR Government really ought to be ashamed of itself for failing our young people. Just consider this: Local students have worked very hard and overcome many hurdles before they can attain the requirements for university admission. However, due to the Government's lack of progressive thinking, and the number of subsidized places has seen a "zero growth rate", so there are no channels for them to pursue further studies. Moreover, the Government is being partial as it would rather increase the proportion of mainland students and accept overseas non-JUPAS students than allowing more eligible Advanced-Level students to be admitted into university. May I ask how the young people in Hong Kong can reconcile to such a situation? How can the parents of these students be convinced?

The fact before us is that apart from the 6 000 Advanced-Level students each year who can only sigh on being turned away, there are also 20 000 associate degree graduates each year who can go no further in their studies due to insufficient articulation places. In the future, the need of young people for further studies will only on the increase. After implementing the "3+3+4" academic structure, students will no longer have to go through the screening by two public examinations and they can go directly to universities by just sitting the secondary school certificate examination. With over 70 000 high-school graduates competing at the same time for 14 000 places, or even 11 000 places after all kinds of deductions, the admission ratio is close to seven students vying for one place. The competition for places will be more intense and the bottleneck in pursuing further studies will only get narrower. The number of disappointed students will increase significantly and this will add fuel to social discontent. This is definitely a time bomb in the area of education every year.

However, even though the Government is up to the eyes in water, it is still oblivious to the danger. It even totally disregards the fundamental interests of local students. Earlier this year, it announced a relaxation of the Admission of Talents Scheme and the aim is none other than to admit young university graduates from the Mainland. The number of university places for local young people is already insufficient and now, they have to face the competition of university students admitted from other places as well. This has highlighted the deep-seated contradiction in education: Why have candidates who have passed

public examinations become the victims of "zero growth" in university places and "zero funding" for associate degree places? Why are students who are not admitted into publicly-funded universities not qualified for a single cent of financial assistance from the Government? Why does Donald TSANG want to create a regional education hub on the one hand, but the university admission rate of local students is falling behind those in Asia on the other, thus suppressing the aspiration of local students in furthering their studies and leading to a wastage of local talents?

For this reason, the emphasis of my amendment is that the Government must remove this cap of 14 500 places for further studies, so that Advanced-Level students eligible for university admission will not be prevented from furthering their studies due to insufficient places. Even if the Government cannot provide a large number of subsidized places in the short term, it is duty-bound to provide education vouchers with a value no less than that of the cost of matriculation education, which at present stands at close to \$60,000 each year, to students who have passed the examination but cannot get a place, so that they can be subsidized in studying in private universities. In this way, not only will it be able to ensure the level of intake of private universities, it will also be able to raise the quality of the places provided by private universities. Furthermore, this will relieve the pressure on the bottleneck of pursuing further studies and ease the financial burden borne by students. So, a single proposal will serve to achieve four ends.

President, in the Report on Phase 2 Review of the Post-secondary Education Sector published in April this year, the old trick of promoting self-financing degree programmes and the development of private universities through charging nominal land premiums and providing financial assistance to students was used again. This trick of shifting the responsibility to the market and students is exactly the same as the one used by the Government in introducing the policy on associate degree programmes back in those years in the line of "providing 85 000 flats". However, how can universities make the same mistake like the one they made when offering associate degree programmes, that is, by charging \$50,000 in tuition fee, which is lower than the cost of providing matriculation education, and quality bachelor's degree programmes will be offered? How can the Government let students receive inferior university education and let vicious competition in the market drag down the quality of local universities?

Besides, hostels are an important component of university education and be it local or non-local subsidized students, they should all be entitled to staying at

least one year or even longer in hostels, so as to complement the concept of whole-person development in university education. In view of this, I request that the Government increases the number of student hostels correspondingly when it increases the number of subsidized university places. Apart from building more hostels, I hope the Government can also convert some vacant government quarters or properties to meet the longstanding shortfall in student hostel places, so as to solve the contradiction between Hong Kong and Mainland students arising from insufficient hostel places.

President, it is still very difficult to remedy the harm done by the "85 000 education policy" even now. How can the SAR Government forget this lesson and has blind faith in the myth about market forces, imagining that it can introduce another "85 000" policy in relation to university places or private universities without having to bear any additional burden? At present, the local university admission rate is lagging behind other places and the reform in senior secondary education is forthcoming. Does the Government think that by force-feeding private universities, the pressure arising from the need for further studies will disappear automatically and the quality of university education will be guaranteed?

In view of this, I must solemnly point out that even if we want to develop private universities, it is still necessary to provide funding. Otherwise, this will be a miscalculation of public sentiment and even waiting for one's doom. This is just like the policy on developing an education hub back then, when remedial measures were taken only after it was realized that the number of hostel places was insufficient. This is also like the incident of chartering airplanes for Hong Kong people stranded in Thailand, when a host of mistakes were found only afterwards and apologies were made only after the wrath of the public was aroused. We cannot make mistakes time and again in education because the future and well-being of our young people are at stake. So, we must not treat this matter lightly and must take remedial measures immediately.

President, I so submit.

**MR IP KWOK-HIM** (in Cantonese): President, the motion moved by Ms Starry LEE on behalf of the DAB on raising the limit of university places for publicly-funded bachelor's degree programmes expresses the hope of the DAB that more students who meet the university admission requirements can be

enrolled in publicly-funded degree programmes, so as to ease the long-standing shortage of articulation places in bachelor's degree programmes for associate degree graduates, and that more private university places can be provided to alleviate such problems as the bottleneck in respect of university places available to secondary school graduates that will worsen upon the implementation of the "3+3+4" academic structure. Just now, Ms LEE has already painted a picture to show Members how this bottleneck is, in my view, very serious. My amendment is intended to address the inadequacy of the original motion by urging the Government to provide interest-free or low-interest loans to students taking degree and sub-degree programmes.

President, the Student Affairs Office of the University of Hong Kong has conducted a survey on the students in the university and the findings of the survey indicate that students whose family income is less than \$10,000 per month account for 30% of all students and those whose family income is less than \$20,000 per month account for 57% of all students. In other words, these two groups of students account for close to 90% of all students.

Based on the annual tuition fee of \$42,100 for a full-time bachelor's degree programme funded by the University Grants Committee, the tuition fee for a university student is on average \$3,500 per month. Together with living expenses and the expense on books, the conservative estimate is that at least \$7,000 per month is needed for a family to support a child in receiving university education. To a family with a monthly income of less than \$10,000, education expenses already account for 70% to 80% and perhaps even 90% of the total family income. To a family with a monthly income of less than \$20,000, education expenses account for 40% to 50% of the total family income.

Of course, students with financial difficulties can apply to the Government for financial assistance. However, the provision of grants and low-interest loans by the Government to tertiary students is subject to stringent means tests. Families with a monthly income of \$20,000 are already regarded as well-off and are not entitled to a single cent of loan. In these circumstances, they can only change course and apply for non-means-tested high-interest loans from the Government.

I know a graduate from The Hong Kong University of Science and Technology (HKUST) who was enrolled into a bachelor's degree programme of the HKUST in 2004. He made an application to the Financial Assistance

Scheme for Post-Secondary Students but it was rejected on the grounds that his father was working in Japan and overseas proof of salary could not be used as financial proof in applying for financial assistance. In fact, the father of this student was only working as a junior chef in a Chinese restaurant in Yokohama in Japan, earning a monthly income of ¥220,000. It sounded like a great deal but it was only equivalent to HK\$18,000. His family lived in Choi Yuen Estate in Sheung Shui and this family of four was supported by this father who was working in Japan. Seeing that his father had little means, this student applied for a non-means-tested loan to pay the tuition fee and in the course of three years, he borrowed a total of \$126,000 from the Government. The calculation of interest began on the date that the loan was taken out and the interest rate was set at 2.451% below the average best lending rate of the note-issuing banks, plus 1.5% of risk premium. In other words, the interest rate of the non-means-tested loans offered by the Government to students was not much different from the best lending rate offered by banks. Since the lending rate of banks changed constantly, for a period of time, this student had to bear a high interest rate of 8.75%. After graduation last year, he began to repay the loan and at present, he had to repay \$5,000 each quarter over a period of 10 years. At the end of the repayment period, he will have repaid a total of over \$190,000 to the Government. The situation of a senior of this student is even worse. He also borrowed \$126,000 from the Government but due to the persistently high interest rate at that time, the total sum he will have repaid to the Government will be close to \$210,000.

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

At present, the interest rate of non-means-tested loan is even higher than that for the loans taken out by civil servants to buy properties. The pressure exerted by this arrangement made by the Government on students who have to repay loans is not much different from that of borrowing from loan sharks. The DAB urges the Government to lower the interest rate of the loan scheme for students or even waive it altogether, so that the financial burden in the next 10 years borne by graduates who have taken out loans can be eased.

Recently, a student organization conducted a survey and found that 65% of tertiary students did not apply for any loan and 28% said that the main reason was the excessively high interest rate. If one does not want to apply for high-interest

loans from the Government but has no money to fund one's education, what can one do? In that case, one can only find a part-time job. A graduate of the University of Hong Kong told me that the reason she had chosen the University of Hong Kong at the time was that it was located in the urban area, thus making it convenient to work part time. Of course, she was saying so jokingly because it was very difficult to be admitted into the most prestigious university in Hong Kong. However, this also reflects the prevalence of university students in taking part-time jobs. I believe that it is desirable for students to take part-time jobs in their free time to supplement their income if their academic performance so permits. However, if their study is affected due to the need to make a living, this is a loss to the students concerned, to the universities and to society.

We understand that the Government, in providing non-means-tested loans to university students under a high-interest rate policy, wants to guard against the risk of possible bad debts. However, as a far-sighted government, it is necessary to shoulder some risks in respect of education. According to information, in areas near Hong Kong, including in Taiwan, which in the past was regarded alongside Hong Kong as Asia's Four Little Dragons, low-interest loans are provided to students in a very proactive manner. At present, the number of students who have received loans stands at 900 000 and the amount of loan extended stands at NT\$150 billion. When changed into Hong Kong dollars, the amount is not small either, amounting to over \$30 billion.

In view of this, we should see why they have greater success in reducing students' burden.

The DAB hopes that the Government can adopt a low-interest or interest-free policy with regard to the loan scheme for university students to help students with genuine financial difficulties solve their financial problems, focus on their study, give play to their potentials and enjoy their university life, so that they can make greater contribution to society after graduation.

Deputy President, I so submit.

**MISS TANYA CHAN** (in Cantonese): Deputy President, November and December are the time when graduation ceremonies are being held in various universities. Whenever we visit a university, we will definitely see students

wearing graduation caps and gowns with large bunches of flowers or jumbo stuffed toys in their arms while photographing with their friends and family members. Here, in the face of the financial tsunami and bleak prospects, however, may I wish every graduate a starting point for their careers and a bright future!

University students have to study very hard for more than 10 years, from kindergarten to graduation from universities. What is more, they have to pass the Hong Kong Certificate of Education Examination and the Hong Kong Advanced Level Examination, as well as various tests and examinations, big or small, in their schools before entering universities. But then, they have to pay exorbitant tuition fees in excess of \$100,000. As a result, they are burdened with debts. What I mean is the debts incurred by them for payment of their tuition fees. What they aim at is a graduation cap. For the 14 500 students who have been able to enrol in publicly-funded university programmes, it can be said that their luck finally comes after hardship. However, for those who meet the eligibility criteria but fail to obtain a university place due to a shortage of university places, they are really very miserable.

Today really provides us an excellent opportunity to discuss the issue of raising the limit of university places. The Civic Party greatly supports the original motion's principles of raising the limit of university places and encouraging the establishment of private universities. My amendment merely seeks to add some footnotes under these major principles. I will elaborate the footnotes in *seriatim* as follows.

First, the current mechanism for determining the limit of publicly-funded university places is based on the criteria set down by the Government to allow 18% of the relevant age cohort to enrol in publicly-funded bachelor's degree programmes when it was decided years ago that the limit of university places should be raised. However, this target has evidently become outdated as a result of the Government's indication over the past 10 to 20 years that Hong Kong should move in the direction of a knowledge-based economy as well as the competition from our neighbouring regions. The ratios of enrollment in publicly-funded university programmes in South Korea, Taiwan, and our biggest rival, Singapore are way above 18%. Of the "Four Small Asian Dragons", Hong Kong is way behind others in this regard. It is thus imperative for us to hurry up to catch up with others.

The ratio of 18% is not only a "magical headband" preventing the number of publicly-funded places from expanding, it has also acted like a ferocious tiger standing in the way to universities. When the results of the Joint Universities Programmes Admissions System were announced in 2008, 6 000 students, or approximately 5 600 Advanced-Level Examination candidates who fulfilled the admission requirements were barred from publicly-funded university programmes. These students could only opt for the second best by enrolling in associate degree or higher diploma programmes and, consequently, deprived another batch of students who fulfilled the admission requirements of associate degree programmes of their places, thus producing a knock-on effect. Therefore, I would like to appeal to the Government to relax the "magical headband" quickly to ensure that Hong Kong is on a par with our neighbouring regions through the provision of more places.

The second point I wish to raise concerns precisely the point raised by Mr CHEUNG Man-kwong in his amendment of increasing the number of hostel places in universities. Frankly speaking, hostel life is a precious part of university life. Many of the first-time experiences of young people are gained in university hostels, including not living with their parents for the first time, living by themselves or with strangers for the first time, or having fun till midnight without any supervision for the first time. In short, lots of first-time experiences are gained in student hostels or when one moves to live in university hostels. It is indeed a great loss if a student is not given a chance to live in a student hostel throughout his or her university life spanning several years. As I lived very close to my university, I did not have a chance to live in student hostels. Nevertheless, I still managed to participate in some of their activities and found their university life extremely wonderful.

Traditionally, university education puts great emphasis on non-formal education by laying down a solid foundation for university students to enter society through leading an independent life, exchanges and co-operation with other students, and a great variety of extra-curricular activities. Living in student hostels can help train young people who have been spoiled and pampered since childhood to learn independence, communication skills, and ways to get along with others. Is it not a good thing?

Even from the most practical angle, there is an urgent need for the number of university hostel places to be raised. I have heard of students living on outlying islands having to spend at least three to four hours a day travelling to and from their universities because there are no hostel places available to them. As a

result, not only can they not enjoy university life, even their revision time has to be curtailed. Under such circumstances, how can the learning environment be described as good? Therefore, there is also a need to increase the number of hostel places while raising the limit of university places for publicly-funded programmes to give university students, by all means, an opportunity to enjoy a holistic university life.

As the saying goes, "provisions should be ready before any army mobilization". Raising the limit of university places naturally calls for more resources. Of course, our Government is absolutely obliged to approve additional resources for universities and support financial needs after the limit of university places is raised. However, with the continuous expansion of university education and the establishment of more private universities, there will be increasing needs for donations from society. It is indeed imperative to build up a good social atmosphere of making donations to universities in Hong Kong.

Now let me present Honourable Members with some statistics. With a difference of 14 times, The Chinese University of Hong Kong has 56% of its revenue come from government funding and only 4% from donations. Let us look at the National Taiwan University. The annual funding received by the University from the Government accounts for only one fourth of the amount of money received by it from donations. Hong Kong is indeed lagging far behind in terms of donations to universities.

I propose that the Government offers more generous tax concessions to donations to universities by, for instance, raising the tax deduction ratio for donations from 35% to 50%, for the purpose of encouraging more individuals and businesses to make donations to public or private universities. In the long run, this will prevent the Government from falling into the bottomless pit of increasing expenditure as a result of the expansion in publicly-funded university places.

Deputy President, let me quote this saying again, "provisions should be ready before any army mobilization". A student has to spend hundreds of thousands of dollars for tuition fees in order to be graduated from universities. Coupled with three years of living and learning expenses, or four years after the introduction of the "3+3+4" academic structure, and expenses for travelling abroad for exchange programmes, the sum of money needed is really difficult to calculate. Consequently, many students are burdened with debts and have to lead a hectic life after graduation in order to repay their loans.

Starting from next month, this year's university and tertiary graduates are required to begin repaying the student loans offered to them by the Government. However, under the current economic environment, I am worried that it is simply impossible for many university students to find a job. Some of them, who might be laid off amid the wave of redundancy, are simply incapable of repaying their loans. Even if some of them manage to find a job, the repayment of their student loans will definitely become their heaviest financial burden.

Under the current student loan schemes, especially the non-means-tested loan scheme, the interest rates charged are indeed very high, even higher than those charged for mortgage or tax loans. University students, once graduated, have to fork out a large proportion of their income to repay student loans. How can they have extra money to be kept in their savings accounts so that they can purchase a flat and get marry in future? However, the Chief Executive has appealed to every couple to rear three children. Under such circumstances, when can a couple rear three children? I hope the Government can offer assistance to these young people.

I think the Government should review the various student assistance and loan schemes on offer at present, especially the non-means-tested loan scheme. Under this scheme, interest is charged once students are offered a loan — even if they are still studying. Once graduated, these students have to bear three years' interest, and the burdens are not light at all. According to a rough calculation done by Mr IP Kwok-him earlier, a student who has to raise loans to pay for his tuition fees over a period of three years will be required to repay nearly \$200,000, or even more. According to my calculation, the repayment will be more than \$100,000. The amount calculated by Mr IP is even more alarming. It will be around \$200,000, inclusive of principal and interest. How can these students repay their loans?

I propose that the Government examines the relaxation of the asset and income restrictions on applications for student assistance to allow more students to be benefited. At the same time, the Government should also review various loan schemes and the criteria for calculating interest rates. In particular, the risk interest rate charged under the non-means-tested loan scheme is close to 1.5%. The Government should consider lowering it or abolishing it altogether. Furthermore, the Government should not start calculating interest once a loan is approved. The calculation of interest should only begin upon the graduation of the students concerned.

Should we fail to offer such slight convenience to our young people, they would have to be burdened, right at the very beginning, with debts incurred for their studies.

I still wish to say a few words about the proposal of establishing private universities, which is fully supported by the Civic Party. However, there are two points we must deal with properly.

First, the Government must properly perform its gate-keeping role in ensuring that the curriculum, teachers' qualifications, and facilities of private universities meet a certain standard, and that the universities to be established will not become "non-prestigious universities", as they are commonly called. Furthermore, given the Government's emphasis on a knowledge-based economy, it must make greater commitment and demonstrate more sincerity in terms of resources.

"*Sapientia Et Virtus*" is the motto of my alma mater, the University of Hong Kong. Universities are very important places for nurturing cultivated and virtuous young people. I hope the Government and young people alike will work towards this target.

I so submit. Thank you, Deputy President.

**SECRETARY FOR EDUCATION** (in Cantonese): Deputy President, faced with the competition resulting from globalization, Hong Kong must strive to develop itself into a knowledge-based economy. And, since talents are the basis of a knowledge-based economy, we must enhance the integrated competitiveness of our population. This is the consensus of both the Government and society and also the reason for the Government's efforts to develop education. Precisely for this reason, the Government has spared no effort to make investments in our education. At present, the annual expenditure on education amounts to \$50 billion, accounting for 25% of the total government expenditure. Roughly one quarter of such expenditure is devoted to higher education.

In order to cope with the needs of social and educational developments in Hong Kong, we must provide local youngsters in the right age groups with an appropriate, comprehensive and diversified range of educational prospects. This has been the consistent policy of the Special Administrative Region Government.

After many years of development, the higher education sector is now able to provide many publicly-funded and self-financing first-degree programmes, various publicly-funded senior year undergraduate articulation places and self-financing top-up degree programmes. The number of places offered by all these programmes accounts for 25% of the average population in the 17 to 20 age bracket, providing a greater number of opportunities to those who want to pursue higher education. Besides, the percentage of youngsters able to receive post-secondary education already exceeds 60% of the average population in the relevant age group.

The Government's annual recurrent funding for higher education institutions has substantially increased from some \$570 million in the 1980-1981 academic year to more than \$10 billion in recent years. Despite economic uncertainties, we have still striven to maintain the stability of our funding for higher education institutions. Next month, the Government will apply to the Finance Committee for approval to allocate \$34 billion to the University Grants Committee (UGC) in the triennium from 2009-2010 to 2011-2012 for the purpose of providing funding to UGC-funded institutions. This amount is 8.7% larger than the amount for the previous triennium.

When setting the approved student number targets for publicly-funded places (including first-year first-degree places) in the UGC-funded sector, the Government will take account of educational, social and economic factors. Specifically, the estimated number of students in the 17 to 20 age group, the quality of student intakes, the development of the publicly-funded and self-financing higher education sectors, the Government's financial position, Hong Kong's manpower demand and the trends of economic development will also be taken into account. At present, UGC-funded institutions offer a total of 14 500 publicly-funded first-year first-degree places.

At the same time, most UGC-funded institutions have been doing their utmost to provide top-up degree programmes to sub-degree holders with excellent results and others holding equivalent academic qualifications. Since the 2005-2006 academic year, the UGC-funded sector has been phasing in an increase in the number of senior undergraduate places. In the triennium from 2009-2010 to 2011-2012, the UGC will provide funding for the provision of almost 2 000 second-year undergraduate places. Currently, more than 15% of the actual intakes of UGC-funded bachelor's degree programmes are sub-degree graduates.

In many places, the self-financing sector plays a very important role in the provision of higher education. If we are to further develop higher education in Hong Kong and upgrade our population, self-financing programmes must play an indispensable role. At present, the self-financing sector provides a total of some 3 200 first-year first degree places and roughly 2 000 top-up degree places. In order to assist the development of self-financing post-secondary institutions, we have put in place many support schemes. I will discuss this in detail when I speak for the second time.

(THE PRESIDENT resumed the Chair)

Over the past 20 years, higher education in Hong Kong has been developing very rapidly. In the early 1980s of the last century, only about 2.2% of the 17 to 20 age group could enrol in first degree programmes, far lower than the present 25%. While increasing the quantity of places drastically, local institutions of higher education have also succeeded in raising their teaching and research standards, thus attracting many first-class teaching and research talents. Some of the institutions have even ranked themselves among the top institutions in the world. For all these reasons, our young people can simply stay in Hong Kong to receive quality higher education. Giving quality and quantity equal emphasis should remain our objective of developing higher education.

President, I so submit. I will give a reply after listening to Members' views.

**DR LAM TAI-FAI** (in Cantonese): President, basically, Hong Kong is in lack of natural resources. I believe Members will all agree that talents are the largest and most effective resources in Hong Kong. I always say that comparisons among countries, societies, and even enterprises are actually comparisons among people with talent.

With a population of a mere 7 million and its present achievements, Hong Kong definitely occupies a very important position, though not yet a decisive role, on the world stage. I think Hong Kong's success is closely related to the abundance of people with talent in the territory. Therefore, manpower training is vital to the long-term development of the territory in a steady and sustainable

manner. Actually, Hong Kong must develop in the direction of a knowledge-based economy before its competitive edge can be maintained.

I know that the Government has always wanted to develop Hong Kong into an education hub to nurture more talents as well as multi-talented people.

During the TUNG Chee-hwa era when nine-year free education was being implemented, he proposed a new education policy in the hope of enabling 60% of students of the relevant age cohort to acquire post-secondary academic qualifications as well as the target that 18% of students could attend universities.

At present, a total of 14 500 publicly-funded places are provided by eight local universities. Furthermore, the universities may also admit an extra 20% of non-local students. If all places are taken up, this means that a total of 17 400 places will be offered. However, the admission of students to universities hinges on two major factors: First, are there adequate university places? Second, can they meet the university admission standards and requirements in terms of academic performance and other aspects?

Of course, the more university places are available, the greater the chance they will get admitted. With the commencement of the "3+3+4" academic structure next year, will more Secondary Six students make progress and meet the university admission standards as a result? Here I dare not make any rash judgment. The new academic structure must be implemented for a certain period of time before its effectiveness can be seen.

I have noted from some government statistics that, due to a decline in birth rate, there is a chance that fewer students will attend universities in 2014, 2015 and 2016 because of their failure to meet requirements. Although the cost of providing an additional university place is very high, I personally think that it is perfectly right to provide more university places because only in doing so can more talents be nurtured. However, in considering raising the limit of university places, the Government must conduct an in-depth study to examine how many additional places should be provided for the purpose of matching social development.

I greatly support the admission of non-local students by local universities because, with more overseas students coming to study in Hong Kong and learn

with local students, the latter can be benefited, through their interaction and exchanges with the former and inspiration from the former, in various aspects such as culture, mindset, language and even the absorption of knowledge, so that they can broaden their global vision and absorb knowledge of diversified cultures.

However, I find that various universities are putting too much attention to enrolling mainland students during their enrollment of non-local students. Of course, I have no intention to say that mainland students are not up to standard. Actually, if the number of other overseas students coming to study in Hong Kong is too small, such interactive functions as exchange and inspiration, as mentioned by me earlier, cannot be achieved.

Hence, I hope the Government can take this into joint consideration when considering raising the limit of university places in the future and require various universities to adopt a more balanced approach to their student intake.

President, it is a fact that there is a shortage of hostel places, as non-local students coming to study in Hong Kong can stay in hostels for three years (I am referring to the old academic structure). On the other hand, local students can only live in hostels for one year throughout their university lives. This is the case with my alma mater, Hong Kong Polytechnic University (PolyU). Of the 3 000 hostel places available, around 1 200 hostel places a year are reserved for non-local students, with only 1 800 hostel places left. However, the annual student intake for PolyU is more than 2 000. As a result, many local students are not offered hostel places. As I pointed out earlier, it is good for local students to live in hostels because, through living and communicating with overseas students, they can interact with and inspire each other. Should local university students lose the opportunity of living in hostels, they will also lose a learning opportunity.

Therefore, I very much hope that the Government can provide additional hostel places expeditiously to facilitate learning and exchanges among students. President, I so submit.

**DR JOSEPH LEE** (in Cantonese): President, I must thank you for allowing me to jump the queue. I hope to deliver my speech earlier because I must leave earlier to attend the graduation ceremony with my students.

Regarding the motion today, Mr CHEUNG Man-kwong is perfectly right in saying — he has just left the Chamber — we have talked about it for quite a while. For me, as one of the teaching staff of a private university, I was most impressed that the Government ..... of course, I heard Mr SUEN say that the Government would help these private universities to pursue better development, and I am definitely pleased with this. However, generally speaking, if we refer to previous figures, we will note the fact that the number of publicly-funded first-year degree places has remained unchanged during the past decade. In explaining why there has been no change over the past decade, the Government cited numerous reasons, with money probably being one of them. However, apart from money, can the Government justify its decision of not changing the target of having 16% to 18% of students to study in universities with the number of students, the needs of students, and the censuses of students or Hong Kong population? I am not clear about this. I hope after today, Mr SUEN can really go back and look into the matter. Now, a decade on, we have a newly-introduced "3+3+4" academic structure. So, will a comprehensive evaluation and a fresh review of this target be required? I have no idea. Perhaps the Secretary reckons that the population will decline. Despite the Chief Executive's appeal to us to rear several children — he appeals to Hong Kong people, not me, to rear several children — but will it turn out to be the other way round in the future? If people do not heed the advice of rearing more children, then the demand will not be substantial. Should there be a decline in population and the number of young people, the number of people attending universities will shrink and, as a result, the relevant indicator can be lowered further to 14% or 15%. Will this be the case? I have no idea. However, a review is indeed necessary. I hope after the debate today, Mr SUEN will look into the issue, carry out a review expeditiously, and consider what complementary measures can be taken in order to prevent the formation of a bottleneck. This is point number one.

The second point I wish to raise is we can see that each year some 6 000 people are actually eligible for studying in universities. However, as asked by Mr CHEUNG Man-kwong earlier, what about those people who cannot make it to universities? They might probably become non-engaged youths — losing the opportunities of attending universities as well as pursuing associate degree programmes, or even losing their jobs. They are really pathetic. I believe the Education Bureau is duty-bound to come up with ways to accommodate them and provide better training to these future successors in Hong Kong.

On the other hand, we can see from the recently-published figures of 2007-2008 that the number of applicants under the Joint University Programmes Admissions System (JUPAS) was around 35 000, whereas the number of successful applicants was around 15 000. In other words, only about 40% of the applicants under the JUPAS were accepted by universities, while 60% of the applicants were rejected — I also wish to ask: What can these 6 000-odd applicants do? They are considered through examinations and evaluations to be perfectly eligible for admission to universities. Of course, there are also many other students who might not meet the admission requirements. However, President, if we do not really seek to implement an "elite system" or go back to the "elite era", should we take care of all eligible students to provide them with an opportunity to study in universities? Of course, the choice of universities and the countries to pursue studies is a matter of their own choice. But the Government should at least provide sufficient places to enable them to study in universities. I feel most strange that more than 6 000 people have been rejected under the JUPAS, even though they are considered eligible. However, the Government has, at the same time, announced an expansion in the number of places for non-JUPAS, that is, overseas, students. Like Dr LAM Tai-fai (he has just left the Chamber), I am absolutely not opposed to overseas students coming to study in Hong Kong. I think this is good. This is crucial insofar as the social education process is concerned. But worst of all, while raising the number of places for non-JUPAS students — requiring an injection of public fund of \$250,000 for each university place and we do have such resources — the Government has failed to raise the limit of university places for local students having regard to local needs. It is quite strange for the Government to act in this manner.

Let me cite an example by coming back to my own profession — nursing. By the end of 1980s or in the 1990s, nursing education was already included as a university curriculum offering only 100 places. With the lapse of so many years, only 480 places are now on offer. Despite the lapse of 18 years and the major direction recognized by the Government of providing training to nurses in universities, the number of places has only increased from 100 to 480 at present. Yet, the number of nurses required per annum is as high as 1 000. So what can be done? This is a policy blunder. Why? Apart from a possible reason that there is a lack of proper planning in manpower resources, another possible reason is that the Education Bureau has failed to arrange for an appropriate number of nurses to be trained and provide additional resources for training purposes.

Under such circumstances, what can be done? As the Government has failed to resolve the problem, the Hospital Authority can only rush to provide additional nursing schools to operate training programmes for nurses. However, such a situation, which should not have occurred, is actually due to a blunder in overall policies. Insofar as overall training to nurses is concerned, the Government actually agreed 18 years ago that nurses should be trained in universities, and this view was also echoed by Secretary Dr York CHOW. The present situation is simply attributed to the economy, money and poor performance in other policy areas. This is just one of the examples.

I think similar examples can also be found in the social worker, engineer and other professions. The situation precisely demonstrates a substantial demand as well as the need to raise the limit of publicly-funded first-year degree places. However, it is disappointing that the Government has failed to give us a satisfactory account for this. I hope the Government can make better efforts on this front after this motion debate.

As teaching staff of private universities, we can see that private universities should have their intrinsic value of existence in providing an alternative channel for other students. Insofar as tuition fees are concerned, each student studying in The Open University of Hong Kong is required to pay tuition fees of around \$44,000 to \$45,000 per annum, which are actually very close to the tuition fees payable by JUPAS students. In this respect, will the Government consider the earlier proposal raised by Mr CHEUNG Man-kwong of introducing a voucher system to provide eligible students who are not offered publicly-funded university places with an opportunity to study in private universities as an alternative? The Government may probably consider this.

Lastly, I would like to say a few words about the issue of hostels. From the angle of educators, living in university hostels is a vital social education process for students to learn how to integrate into society and get along with others. If resources are available, local students should be allowed to live in hostels for one to two years, instead of one year only, or at least, as suggested by some seniors, the entire three-year period of their university studies. This is very important. I hope the Government can provide additional complementary facilities accordingly to benefit our students before raising the limit of first-year degree places. Thank you, President.

**MR TOMMY CHEUNG** (in Cantonese): President, in discussing the issue of tertiary education, if we simply look at the university admission rate of people of the relevant age cohort, we are lagging behind many advanced regions. For example, the average university admission rate of the Asia-Pacific Economic Co-operation (APEC) economies is 56%, but the rate of Hong Kong is only 18%. There is obviously a big difference between the two. The Global Competitiveness Report 2008-2009 published by the World Economic Forum also indicated that our competitiveness ranked 11th in the world, lower than Singapore and Japan which ranked fifth and ninth respectively. Basing on the university admission rate of Hong Kong students, our ranking in the world dropped to the 63rd, which definitely cannot help enhance our competitiveness.

Let us take a look at the rate of the entire population of Hong Kong with an education at the tertiary level. A document of the Commission on Strategic Development has showed that university degree holders aged 25 or above only account for 12.3% of our total population, far lower than the figures of New York and London which are respectively 30.2% and 22.9%.

A small segment of our population has an education at the tertiary level because the one-way permit quota has for years brought to Hong Kong new entrants with lower education level only. Another main reason is that the supply of university places has been restricted to 14 500 in the past 14 years, and a review or an adjustment has not been made in light of the developing circumstances. If Hong Kong wants to be equally famous as New York and London — we often talk about "catching up with Britain and the United States" — and becomes the so-called "Nylonkong" world city, we obviously should enhance human resources development and rouse ourselves to catch up.

President, it cannot be denied that, the Government has recently tried to vigorously develop the sub-degree sector, mainly associate degree programmes, so that those with an education at the tertiary level would take up a larger proportion of our population. But, as the demand for articulation places in bachelor's degree programmes exceeds the supply, there is a serious bottleneck problem. Although the number of the University Grants Committee-funded second-year undergraduate places have been doubled to 1 927 this year, and the third-year undergraduate places offered for articulation will be doubled to 1 927 next year, as compared with almost 30 000 associate degree places each year, the number of articulation places are still utterly inadequate. A lot of quality sub-degree graduates would ultimately fail to enter universities.

There is a more serious problem that, as the new "3+3+4" academic structure will be implemented in Hong Kong next year, there will be two batches of senior secondary school graduates in 2012. These students will queue up separately for university enrolment. The 37 000 students sitting for the Advanced Level Examination under the old system will compete for the 14 500 university places. The senior secondary school graduates under the new system in another queue will be more miserable. Without the elimination mechanism of the Hong Kong Certificate of Education Examination, more than 85 000 students will concurrently compete for the other 14 000 university places. In other words, almost six persons will compete for a place. The case is similar to that of a powerful army scrambling across a single-log bridge. The competition is not just intense, we may even describe it as "fierce". The authorities must be cautious about the possible blow dealt to the students by intense elimination. Thus, they should plan in advance and make suitable arrangements early.

To solve the problem of inadequate university places, one method is of course to increase the present number of publicly-funded university places. However, the Liberal Party thinks that we can also fully utilize the funding of private universities to alleviate the problem of inadequate university places.

Nevertheless, we have to emphasize that the number of university places must aim to allow senior secondary students or sub-degree students who meet certain requirements to enrol in undergraduate programmes but not just to make up the number or give people an impression that it is merely a means to reduce the unemployment rate. Furthermore, we should not mistakenly think that having the students enter universities and becoming university students would enhance their quality, overlooking the importance of the quality of university programmes and the teaching staff.

We also anticipate that there will be more private universities and community colleges in Hong Kong in the future. But the authorities must play the gatekeeping role to carry out stringent monitoring and quality control to put an end to the previous malpractices. There were such examples in the past as the admission of students who failed in language subjects to associate degree programmes, and the Nursing Council refusing to grant accreditation to the Associate Degree in Nursing Programme offered by the Hong Kong Institute of Technology. These incidents should not take place again, or else it would only result in the wastage of the valuable time and money of the students.

President, the amendments today have asked for reviewing the financial assistance and loan schemes for students so that more students can afford the expenses for pursuing university studies. They have our support. In particular, we have found that the incomes of many lower and middle class families are just above the income level eligible for subsidies. Take a four-member family as an example. Even if they do not have a flat or a car, and they do not have assets such as fixed deposits or shares, so long as their monthly income reaches \$22,433, they cannot get a grant or low-interest loan. However, after deducting their living expenses and the large amounts they spent on housing, these families are not well-off in any way.

These students can only apply for non-means-tested loans with higher interest rates in the end. Yet, the interest rate under the scheme is 4.132%, higher than the interest rate of 3.5% to 4% for a new mortgage after the latest interest rate increase by the HSBC. So, borrowing money to pursue studies can at any time be more costly than borrowing money to buy flats. I believe the Government must think of a way to relieve the burdens of this group of people.

The new "3+3+4" academic structure also brings to various tertiary institutions a more serious shortage of hostel places, and the "hostel rivalry" between local and overseas students has been found all along. Hence, the Liberal Party supports the authorities in proactively assisting the institutions in increasing hostel places with a view to attracting more non-local students to Hong Kong and developing Hong Kong into an education hub in the region.

With these remarks, President, I support the motion and all the amendments.

**DR PAN PEY-CHYOU** (in Cantonese): President, thank you for allowing me to speak ahead of the schedule. The Hong Kong Federation of Trade Unions (FTU) supports Ms Starry LEE's motion and the amendments proposed by several other Honourable colleagues. It was pointed out by several Honourable Members earlier that studying in Hong Kong is really extremely tough, and so is pursuing studies in universities, for hurdles after hurdles have to be overcome. In 2000, the Chief Executive expressed his hope of enhancing the university admission rate of Hong Kong by raising the proportion of tertiary students of the relevant age cohort to 60% within 10 years. However, the limit of undergraduate places has long been maintained at 14 500. Other students

enrolling in tertiary institutions can only take diploma programmes, associate degree programmes, and so on.

At present, the annual student intake of associate degree programmes is around 30 000. It costs more than \$100,000, or \$5,000 to \$6,000 a month, to enrol in a two-year associate degree programme. It is simply impossible for a median income family of Hong Kong, that is, a family with a monthly income of \$18,000, to afford to pay for the tuition fees if it has two children enrolling in self-financing associate degree programmes. As a result, these students can only rely on loans. If they have to continue with their studies, they must apply for loans as their families cannot afford to pay for their tuition fees. This means that they would have incurred a debt of more than \$100,000 upon the completion of a two-year associate degree programme. What happens after their graduation? The Government does not seriously recognize these diploma holders. Of the 400 or so grades in the Hong Kong Government, only dozens of them will give separate consideration to associate degrees. Under most circumstances, associate degree graduates are treated on a par with diploma graduates. The situation is even worse when it comes to the private sector. Associate degree graduates are treated only slightly better than Secondary Seven graduates. Upon the introduction of the "3+3+4" academic structure, I believe more and more young people will have to compete fiercely for places in tertiary and associate degree programmes. By then, they will face even greater pressure in competing for employment opportunities. If these students, upon their completion of the associate degree, wish to pursue further studies, they can only enrol in self-financing bachelor's degree programmes charging more than \$100,000 in tuition fees per annum. Should they wish to secure articulation places in the second year of the undergraduate course upon the completion of their associate degree, they will then have to borrow an extra \$200,000 to \$300,000.

Of course, this is a personal problem. Insofar as the entire society is concerned, we know that the financial services sector, including banks, financial institutions, and so on, is the pillar industry of the territory. These institutions have set a high standard for academic qualifications, with most of them setting their academic requirements at above the tertiary level. Associate degree graduates, only slightly better than secondary school graduates, will not be regarded as university graduates. As a result, even our financial institutions cannot find suitable talents. Such being the case, how can the Hong Kong Government put its grandiose plans of developing the financial industry into implementation?

In my opinion, the problem ultimately lies in the fact that education is regarded by the Government as a liability. But is this really the case? Today, I wish to use a diagram to illustrate to Honourable Members whether education is an investment or a liability. This diagram is very simple. The vertical axis represents per capita gross national product (GNP), and the horizontal one represents the ratio of young people of the relevant age cohort being admitted to tertiary institutions. Here are 12 countries and regions. This star represents Hong Kong. Members will see that such countries as Nigeria, India, and so on, are at the bottom. These 12 countries or regions come from six continents, except Antarctica, because there is no way to calculate the academic qualifications and gross domestic product of penguins. Members can see that there is a correlation between per capita GNP and tertiary admission rates. Let us do some computation. We can use the computer to do simple arithmetic and come up with the Pearson correlation coefficient, which is very commonly used. We have come up with this relatively high value of 0.67. Judging from the angle of social science, this figure indicates great relevance. I would like to point out that Hong Kong is regarded as medium here. According to the Chief Executive's estimate, Hong Kong will reach 60%, that is, be comparable with Britain, Japan, France, and so on. If that is the case, our per capita GNP will rise substantially.

Therefore, it is absolutely a good investment for Hong Kong people, as individuals or in the form of a government, to invest in education, especially tertiary education. When all ordinary people become rich, how will the Government's tax revenue not go up? How will our city and developments not turn for the better? I hope the Government can change its mindset and regard the injection of funds into tertiary education with an open mind. I so submit.

**DR PRISCILLA LEUNG** (in Cantonese): First of all, I would like to declare that I am a university lecturer. Education is the foundation of a country and its very important core value is that teaching staff influence students' lives. Therefore, once the direction of education has been determined, it should be developed in an enduring, devoted, committed and continuous manner. In the past 10 years, I said on various public occasions that our education reform was a failure indeed. I was not saying that it was a complete failure but we had really seen that certain projects had been carried out with undue haste. Many of my colleagues at the university and primary and secondary school teachers consider that, education has experienced the Great Leap Forward to a certain extent, and they wish that would not happen again.

Education is actually something handed down from one generation to another, so we must have the next three steps in mind before making a step. Nonetheless, education cannot be at a stalemate. Today, I especially want to point out that the often-discussed mother tongue instruction policy has been revised and recently fine-tuned. Insofar as the adaptation by the teaching staff, students and teaching materials are concerned, the teachers and students still find it hard to go with the policy. As the Secretary is present, I really want to tell him again that, in the light of the difficulties encountered by front-line secondary schools after the fine-tuning, and another change after the implementation of the mother tongue instruction policy, I believe we definitely do not want another Great Leap Forward in the future.

The second product of the Great Leap Forward is the associate degree, and I sincerely want to comment on this topic. I know many associate degree students who told us that, to be recognized by our society, associate degree holders should be given the opportunities to pursue further studies. If these two problems can be solved, they think that they can still live in Hong Kong with dignity. Why? Quite a lot of people in our society and even some employers may remark that the training of associate degree holders is substandard. Where should the responsibility lie? I think it is because the policy was hastily launched at the time with a large number of associate degree places produced. If we take a closer look at the situation of the associate degree holders, first, their employment opportunities are not good enough; second, it seems that we have produced a group of young people who would very likely be unfit for higher posts but unwilling to take lower ones. In that case, they would not like to do anything and they would rather stay home; they will become withdrawn, unemployed youths who detest the world and its ways. Some students have told me that they do not want to be regarded as rubbish by the community. I am really sad to hear that. I trust that the associate degree sector was introduced at the time with good intentions. I absolutely believe that none of the officials wishes to do harm to our youth or education in Hong Kong. Yet, the helplessness in the eyes of the associate degree students in Hong Kong appears in my mind whenever I talk about education.

I really want to say that, a few Honourable colleagues have just remarked that education is an investment, whether we can convince all that education is an investment or not, education is a responsibility. Similarly, for parents like us, when our children are born, we have the responsibilities to let them receive education and meet their education expenses. The rights or wrongs of the

associate degree policy launched at the time should be for the reality to tell and be discussed again in the future. We are not going to talk about this issue today; we will only talk about commitment. We have made the decision and produced or trained a large number of associate degree students; though most of them cannot fulfil their hearts' desire, they would not accept anything less in respect of further studies and employment. Most of these young people want to be university degree holders but Hong Kong fails to provide them with the opportunity.

At present, the universities in Hong Kong — I am a member of the university teaching staff — attach importance to international vision and increased competitiveness. Many of the students admitted have completed senior high school education overseas. In my teaching department in particular, those students who have completed senior high school education overseas are especially competitive. Of course, we also welcome South Asian students and students who have come to Hong Kong from the Mainland. Yet, an objective fact is that there are limited university places, so the group of students who conventionally pursue their studies in Hong Kong are facing a shortage of university places. Given such a fact, what can be done? Ms Starry LEE has suggested in her motion the establishment of private universities, and I believe this can be considered. But I also agree with Miss Tanya CHAN that there are the problem of the monitoring of standards and quality. However, I pay more attention to and more eagerly want to point out that, regardless of how many more university places we are asking for, moral education is equally very important.

Concerning the "3+3+4" academic structure, we cannot just talk about the hardware and education about skills. Another point that really needs to be considered is the so-called liberal studies and the character training of the new generation of young people. For many years in the past, I found that the most miserable point about education in Hong Kong was that moral education was overlooked. As compared with the university students when we were undergraduates in the past ..... I am really lucky because I have received four-year university education and I have known the advantages of liberal studies. In my view, in the past decade, the university students in Hong Kong lacked such an opportunity. If we are really going to put in more resources, the "3+3+4" academic structure must put emphasis on moral education. Regarding the so-called monitoring, apart from monitoring the academic level, if there are private universities, we cannot hastily sell the degree places. Instead, we should award degrees solely on the basis of actual results.

Amid the financial tsunami, we need even more university places, and we should encourage more unemployed people to study for their second degree. And if we cannot fully subsidize their studies, we should offer them loans. Therefore, I think that education should not be regarded as a burden. Policy-wise, and even in this age, we must encourage people to further their studies. It is because in this environment, we have to pacify the unemployed army and help them rejoin our society. They may have to look for other kinds of jobs. On the other hand, young people are always our precious assets and they deserve our love and care. Hence, I support the motion and the various amendments today. Thank you, President.

**MR CHEUNG KWOK-CHE** (in Cantonese): President, in the past few years, the Legislative Council had debates on motions that urged the Government to raise the limit of university places for publicly-funded bachelor's degree programmes. Although the number of places has remained at 14 500 for 20 years, the Government is still making different excuses and refusing to increase publicly-funded university places. I am really sorry that the Government advocates lifelong learning on the one hand but refuses to help students who wish to pursue university studies on the other.

Based on the information on the Hong Kong Advanced Level Examination in 2007, more than 17 000 candidates were eligible for admission to the University Grants Committee-funded institutions. However, there were only 14 500 university places for publicly-funded bachelor's degree programmes, and some of them were reserved for non-local students and international school students. Making a conservative estimate, more than 2 000 students were qualified for further studies but they could not enter the publicly-funded universities they preferred because of insufficient places. That is why many Secondary Seven students have chosen associate degree or higher diploma programmes. They would like to enter universities after completing the two-year higher diploma or associate degree programmes, and pursuing top-up degrees. But how many students can get what they wish? We know that the number of top-up degree is small. Actually, the number of university places for publicly-funded bachelor's degree programmes has remained at 14 500 for 20 years. In a knowledge-based economy, I believe it is time for a review. The university admission rate of Hong Kong students is only 18%, much lower than those in foreign countries. Now that there are students having talents and the heart, why can we not do better?

President, there are at present two methods only to increase university places: increasing funding for offering more publicly-funded bachelor's degree programmes and encouraging the establishment of more private universities. Now, the Government has not created an environment for the development of private universities, so the Hong Kong Shue Yan University is the only private university we have. I support encouraging the establishment of more private universities. And I think the Government should pay attention to and monitor the quality of private universities in case the existing problems of indiscriminate provision of associate degree programmes and admission of students would be repeated. How is the quality of private universities? How is the teacher qualification? How is the quality of the student intake? We must answer all these questions. If, for the purpose of increasing university places, more private universities are casually established, it will only produce more university students who are not recognized. Then, the enterprises would protest that the university graduates have uneven quality, and the same old disastrous road of associate degree programmes would be repeated. In fact, quite a few school sponsoring bodies are operating associate degree programmes in the hope of expanding their kingdoms — I have used the word "operating" — and they are not providing education for students for the sake of education. In establishing more private universities, similar situation should be avoided. The Government must monitor the quality of student intake of universities and their qualifications for offering professional programmes.

President, about the increase in university places, the Government has kept saying that it has created more opportunities for students of the relevant age cohort to receive higher education by other means. I hope the Government will not play the old tunes again. Facing international and mainland competitions, building a knowledge-based society should not remain or plan on paper. It is my hope that the Government would have the determination to lay a solid foundation for the future development of Hong Kong.

President, I so submit.

**MR LEE CHEUK-YAN** (in Cantonese): President, public discussions in Hong Kong are very often focused on economic affairs, always asking the authorities what economic policies are implemented in Hong Kong. This question is of course very important and an answer has to be found. But the answer is actually very simple: it is a knowledge-based economy. This is known and recognized

all over the world. Today, any region with the intention of developing its economy has the choice of either toeing the low-grade line to make use of low-cost labour to maintain competitiveness or toeing the high-grade line of high value-addedness, which is another extreme. In the latter case, it must have the support of knowledge, which is a very clear principle known to everybody.

How about the situation in Hong Kong? We can definitely not compete with the Mainland. Therefore, many people suggested when they discussed with us the economic situation that Hong Kong should once again engage in the manufacturing industry in the hope of creating more job opportunities. It was distressing for me to tell them that it was no longer possible because we could not compete with mainland workers in terms of costs unless we toed a really high-grade line and focused on scientific research projects, as well as engaged in knowledge-based production or design industries, yet, the productions had to be carried out on the Mainland after all. If Hong Kong goes in this direction, what is its way out? The only way out is engaging in high value-added industries to be sure. Nevertheless, without a foundation and infrastructure for the development of a knowledge-based economy, it would be impossible to take an alternative route.

Therefore, I think it is a great pity that the Government, for some unknown reasons, has always "held back" in this respect. There have not been any changes in the 14 500 university places these 18 years. Now that no changes have been made in such a long period, what changes can we expect? The Government is now boasting that 60% of students can attain tertiary education qualifications but all of us know how much strength there is. The Government has to rely on the introduction of associate degree places to make it 60%. Nevertheless, the number of university places still stands at only 18%. Then the Government can boastfully say that 60% of Hong Kong students have attained tertiary education qualifications.

Nevertheless, we are not asking to blow up the figure to 60% but that 60% of the students can actually achieve the standard. Taking the standards of foreign countries such as Finland into account, there are 80% to 90% of university students, that is, 80% to 90% of students of the relevant age cohort can enter universities. Why is this level not attained in Hong Kong? Why do we have a low percentage of only 18%? In this connection, I am looking forward to the Secretary's reply later on. When I attended a previous meeting of the Panel

on Education of the Legislative Council, Honourable Members asked why we could not attain the level in foreign countries, the Secretary replied that it was not yet the time.

Exactly when would be the time? Secretary, do we have to wait until you consider that there are enough financial resources? How many financial resources are considered enough? When the economic circumstances were favourable, that is, when there was fiscal abundance two to three years ago, there was not a substantial increase in the number of university places, and the number stood at 14 500. Now that the economic situation has turned worse, the Secretary has more the excuse not to consider this matter. This is a long-term policy and the Government cannot be just marking time and doing nothing. If time is wasted this way, our economic transformation would have to be postponed. If there really is an economic transformation in Hong Kong, the policy portfolio of the Secretary would be the most important. So, I hope that the Secretary would give us a more positive answer today. If university education is still regarded as a burden rather than an investment in the future in Hong Kong, the problem cannot be solved after all.

Thus, I really hope that the Secretary would show us zeal and hope. For associate degree holders, I often think that we have failed them. They are unfit for higher posts but unwilling to take lower ones and their qualifications are not recognized by the employers. If they want to articulate to university programmes, there are more than 30 000 associate degree holders but only 1 900 university places. Let us think: How low is the percentage? In other words, only 5% to 6% of them can pursue university studies in Hong Kong. Some of them may pursue studies abroad but many of them do take up employment. In the eyes of the employers, how different are Secondary Seven leavers and associate degree holders? The employers may not find any difference between the two. The students have spent two to three years taking associate degree programmes and paid tuition fees themselves. Yet, they cannot articulate to universities upon completion of the programmes.

On the one hand, we need to change the current practice of only offering 14 500 places; on the other hand, I wonder if additional places could be provided on top of the 1 900 places. More people would then be able to receive publicly-funded university education in Hong Kong. If all these students have to meet the relevant expenses themselves, they will suffer a lot. And it will be a

really serious problem to the poor. If they wish to pursue further studies, they have to pay \$200,000 to \$300,000 as tuition fees. In that case, their parents need not think that over and will ask their children to take up employment instead.

There would also be significant effects on the social mobility frequently mentioned by the Hong Kong Government. Therefore, I really hope that the Secretary would make a big leap forward in respect of university education, and that, unlike the TUNG Chee-hwa era when there was only a big leap forward in respect of associate degree programmes, there would really be a big leap forward in university education.

Lastly, I would like to talk about the issue of loans. I believe the Government does not want to be a loan shark but it has now been criticized as such. The low-interest loans offered by the Government do not charge low interests at all, putting a very heavy burden on university students. Sometimes, these students think that borrowing government loans is more costly than borrowing bank loans, which is too bad. Do government loans really have to be offered at such high interest rates? Of course, the Government has to take bad debts into account. But based upon calculations, does it have to charge such high interest rates? Under the present economic circumstances, would the Government review its overall loan policy and relax it a bit to give students a breathing spell? Then, they do not have to be burdened with debts after entering universities. And even if they have lower salaries, they would not have difficulties in repaying the loans. Can they be less burdened in this regard? Thank you, President.

**MS CYD HO** (in Cantonese): President, I believe Honourable Members would support the original motion and all the amendments today. However, I would like to add something on top of the wordings of the motion because the original motion and one or two amendments have focused on economic competitiveness and the development of a knowledge-based economy in Hong Kong as a world city. As the Chairman of the Panel on Education of this Council, I must strike a balance and seek to put on record a set of education concepts.

Education is a process of nurturing a person's whole personality. It is not entirely about economic results considered from the angle of economic development by employers or the Government. That is why I would like to bring up this point for discussion with Honourable colleagues. If this Council

discusses this topic in terms of money and results, we can hardly blame the Government for merely talking about money with us.

I have just heard Secretary Michael SUEN tell us that the Government has spent a considerable amount of its education funding, actually one fourth of it, on higher education. Information on such a percentage can be found at any time when we surf the Internet. Singapore and Taiwan have invested even more than us. The latest figure has showed that our education funding accounts for 3.8% of the GDP, much lower than those of other competitors of Hong Kong. Both in respect of higher education and basic education, I trust that Hong Kong should rouse itself to catch up.

Many Honourable Members have just referred to the reasons for supporting the motion and the issues such as increasing university places and hostel places and the admission of non-local students. I would like to discuss here how we should expeditiously increase the number of university places. I know the Secretary would certainly say that increasing the number of university places would necessitate site and teaching staff identification, programme assessment and recognition, and so on. To be sure, the completion of the entire process really takes around 10 years. In particular, some prestigious universities in Hong Kong are located in the urban centres, for example, the University of Hong Kong is located in the Central and Western District, and its expansion would truly be very difficult. Thus, we understand very well the obstacles to be met with in campus expansion.

Besides supporting the motion on increasing the number of university places, I also invite various political parties to support universities at the District Council level. For instance, the construction of student hostels at Lung Wah Street in the Central and Western District is extremely difficult. The Centennial Campus project has also encountered strong objections from the residents and all kinds of hurdles. Thus, it is my hope that, while various political parties vote in support of the motion in this Chamber, there should be better communications and contacts within the political parties so that representative assemblies at different levels can also extend greater support to the development of higher education. This is my humble understanding.

In view of the difficulties in campus expansion, the projects can only be implemented almost 10 years later, and since funding applications have to be

submitted to the Legislative Council, do we have more flexible ways to immediately create more university places? Yes, I would like to tell President and Secretary that we do. We have said a short while ago that we can consider giving the 6 500 students who have passed the Advanced Level Examination each year and satisfied the university entry requirements but failed to get university places each a \$60,000 voucher, and allowing them to use the voucher when they pursue university education on the Mainland or in foreign countries. I believe many students and middle-class families eagerly want to have the allowance, with which they can apply for admission to the relevant institutions themselves. In particular, they would like to apply for programmes not yet offered in Hong Kong, such as the arts administration programmes or the more technical aerospace technology programmes. Now that these sorts of programmes are offered in certain institutions in foreign countries, we can consider giving students vouchers. It is also necessary for more places to be created.

In my view, this is a very speedy and flexible way to immediately increase the number of places. Contraction is also very easy. In case we have a smaller population in the future, we do not have to scrap universities. We are now utilizing the international resources available to absorb the small number of 6 000-plus Hong Kong students, which is actually highly feasible. So, I hope that Honourable colleagues would not talk about money any more. Calculating on the basis of 6 000-plus students, to give each a subsidy of \$60,000 in the form of voucher each year, the annual spending is only \$360 million. In this way, the number of university places can increase immediately by a flexible approach.

Nevertheless, even if the Government is willing to pay the money, these students have to pay some of the tuition fees. Apart from vouchers, should we review the current loan schemes for these students? Regardless of whether it is the assets test, interest rate or repayment period, when our economy starts sliding, we should adopt more flexible methods to deal with the loans of the students concerned. Indeed, an interest rate of 4.132% is really higher than the mortgage rate of banks. Also, there is a 1.5% risk adjustment factor involved. We have discussed earlier the support for the small and medium enterprises (SMEs). According to past experiences, the Government is willing to accept 4.7% write-off of debts. For our investment in education and our commitment towards young students in Hong Kong, should we at least give these students the same treatment as that of SMEs?

Lastly, President, I would like to talk about the issues concerning the Lok Ma Chau Loop. I am not sure if the Secretary has to wait until the commencement of the Loop development in 2020 to increase the number of university places. But I hope that the Secretary would later tell us how many places will be provided in the higher education centre in the Loop. Following the development of the Loop, would there conversely be fewer university places provided in the urban campuses? We are highly concerned about the issue. I fully support the development of the Loop into a higher education centre in collaboration with mainland and overseas universities. I also hope that the Education Bureau will not cut the existing resources when developing the Loop. Then, we will have a timetable. We can at least find that the number of local university places will see an increase 12 years later. Thank you, President.

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

(No other Member indicated a wish to speak)

**PRESIDENT** (in Cantonese): Ms Starry LEE, you may now speak on the three amendments. You have up to five minutes.

**MS STARRY LEE** (in Cantonese): President, I am very grateful to the colleagues who put forward their amendments and also other colleagues for rising to speak in support of my motion just now. Many problems faced by students were mentioned in Members' speeches, one example being the high rates of interests. I believe that the interests they have to bear now are higher than the mortgage interest rates asked by banks. Is this reasonable? I hope the Secretary can give some thoughts to this question.

Many colleagues mentioned that if we wanted to develop Hong Kong into an education hub, we must increase the number of university places and implement support measures, including the provision of adequate hostel places. I strongly agree to this opinion because hostel life is a very important support measure required for the whole-person development of students.

Many colleagues also raised the problems faced by associate degree holders upon graduation and their prospect of articulation. If the authorities can

adopt some flexible measures or increase the number of publicly-funded university places, it will be possible to alleviate all these problems.

Some Members have also discussed the distribution of academic vouchers today. This is a measure that offers very great flexibility, one which can be implemented immediately to enable eligible students to complete their university programmes with government subsidy. Another point is that I hope the Secretary can really give some serious thoughts to the matter. The "3+3+4" academic structure will be implemented very soon. The bottleneck will only become narrower. If they cling to their old mentality of relying on increasing the number of self-financing bachelor's degree programmes as a means of tackling the bottleneck, students will only face even greater competition.

I call upon colleagues to support my original motion today. President, I so submit.

**PRESIDENT** (in Cantonese): Ms Starry LEE, you are supposed to use these five minutes for speaking on the three amendments. Do you have anything to add?

**MS STARRY LEE** (in Cantonese): I have nothing to add.

**SECRETARY FOR EDUCATION** (in Cantonese): President, first of all, I wish to extend my heart-felt thanks to Members for their precious advice.

The Government has been sparing no efforts to upgrade the competitiveness of our population, in the hope of assisting Hong Kong in developing itself into a knowledge-based economy. This is also the view held by many Members. Our policy aims to provide local youngsters in the right age groups with an appropriate, comprehensive and diversified range of higher education opportunities, so that they can choose to further their studies or secure employment at different stages in their life depending on their plans or interests. In regard to the development of higher education, our policy aims to ensure both quantity and quality. In the next triennium, the University Grants Committee (UGC)-funded institutions will focus on preparing for the implementation of the "3+3+4" academic structure and maintaining the high quality of our education. In the long run, when we review the number of publicly-funded first-year

first-degree places, we must assess the impacts of all relevant proposals on our overall public finances, as well as teaching and student quality. Self-financing programmes can serve the desirable function of supplementing publicly-funded programmes, so we shall strive to support the development of the self-financing sector and enhance its quality assurance, with a view to providing students with a greater number of quality higher education opportunities. In the following part of my speech, I shall give specific response to several issues.

#### *Number of First-Degree Places*

In the 2008-2009 academic year, the UGC provides 14 500 publicly-funded first-year first-degree places. Statistics about the 2008 Hong Kong Advanced Level Examination indicates that about 17 000 full-time candidates were able to satisfy the minimum entrance requirements of the first-degree programmes offered by the UGC-funded institutions. On the whole, therefore, the existing number of publicly-funded first-year first-degree places and that of self-financing first-degree programmes are basically able to meet the educational needs of most full-time candidates. The UGC-funded institutions are currently making preparations for the implementation of the new four-year first-degree academic structure in 2012. We are of the view that maintaining the number of first-year first-degree places at the existing level during the triennium from 2009-2010 to 2011-2012 will help institutions to prepare for the implementation of the "3+3+4" academic structure.

Some Members have pointed out that the implementation of the New Senior Secondary Academic Structure in the future will see a greater number of students who can satisfy the minimum entrance requirements of the first-degree programmes offered by the UGC-funded institutions. They therefore maintain that the Government should correspondingly increase the number of the UGC-funded places. I wish to reiterate that the policy of the Government aims to provide local youngsters in the right age groups with an appropriate, comprehensive and diversified range of education opportunities. At present, the higher education sector already provides various publicly-funded and self-financing first-degree programmes, as well as publicly-funded senior year undergraduate articulation places and self-financing top-up degree programmes. Besides, the popularization of associate degree programmes has enabled a greater number of students to receive post-secondary education. Moreover, the Vocational Training Council also offers a range of vocational training programmes at different levels. Students can therefore choose different modes and channels of studies according to their abilities and needs. As a matter of

fact, the number of young people who can receive post-secondary education now already exceeds 60% of the average population size of the relevant age groups.

The Government's annual investment in education amounts to more than \$50 billion, or roughly one quarter of the total recurrent government expenditure. Of this, more than \$10 billion is spent on higher education. Any further expansion of publicly-funded first-degree programmes will involve the spending of huge public resources. When considering whether it is necessary to increase such places in the long run, we must carefully assess the impacts of all relevant proposals on our overall public finances and various other factors such as additional teaching facilities, student hostels, as well as teaching and student quality.

#### *Importance of Self-financing Programmes and Government Support Measures*

An over-reliance on public resources will inevitably limit the development of higher education. In many advanced economies, the self-financing sector plays an indispensable role in the provision of higher education. There is a complementary relationship marked by exchanges and competition between private institutions and publicly-funded institutions in these economies.

In Hong Kong, Shue Yan College was upgraded to university status in 2006, becoming the first local private university. The establishment of Shue Yan University has been well received by the public, indicating that the development of private universities is accepted by our society. We recognize that the self-financing sector is capable of very great development in the provision of higher education in Hong Kong, and that with its participation, the resources and strength of the various social sectors can be pooled to promote higher education in our society and bring benefits to many more students. For this reason, the Government has put in place a series of support measures to foster the sound development of the self-financing sector, including the granting of land lots dedicated to campus construction at nominal premiums, an interest-free loan scheme covering various eligible course providers and courses, assistance for institutions in upgrading quality and improving students' learning experience and a Quality Enhancement Grant Scheme to support projects and initiatives that can enhance the quality of post-secondary education.

Furthermore, in order to relieve students' financial burden, we have drastically expanded the scope of the financial assistance scheme for students pursuing self-financing post-secondary education programmes since the

beginning of the current academic year, so that they can enjoy roughly the same financial assistance as that enjoyed by students enrolled in publicly-funded first-degree programmes. Following the expansion of scope, the scheme now also covers associate degree holders engaged in self-financing degree programmes or top-up degree programmes. This expanded financial assistance scheme has benefited more than 7 600 post-secondary students so far. Under the scheme, eligible students may apply for grant and loan (which may be means-tested or non-means-tested) to pay their tuition fees and meet their academic and living expenses. In order to ensure the quality of the programmes students are engaged in, the expanded Financial Assistance Scheme for Post-secondary Students will only cover locally-accredited self-financing degree programmes or top-up degree programmes.

### *Programme Quality Assurance*

In respect of programme quality assurance, the programmes offered by the eight self-accrediting higher education institutions have always been required to undergo the assessment of their internal quality assurance mechanisms. With a view to further improving programme quality, the UGC set up the Quality Assurance Council (QAC) in 2007. Members of the QAC are all famous personalities from the academic and other social sectors. The QAC aims to promote quality assurance in the local higher education sector, with a view to ensuring that the quality of programmes at first degree and above levels offered by UGC-funded institutions can be maintained, upgraded and marked by international competitiveness.

As for those institutions that are not self-accrediting, their programmes must be subject to assessment by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ). The assessment eligibility of a programme is subject to a time limit, and the institution concerned must complete the re-assessment process before the time limit expires, or the programme will lose its eligibility. During the process of re-assessment, the institution concerned must provide evidence to prove that it has attained the admission and graduation standards required by the HKCAAVQ.

With a view to supporting education and training institutions in seeking academic accreditation to ensure their programme quality, and also to encouraging these institutions to include the qualifications they award in the Qualifications Register, the Education Bureau introduced the Accreditation Grant for Self-financing Programmes in May this year. The grant covers the full cost

of Institutional Reviews and 50% or 75% of the cost of Programme Validations. So far, we have received applications concerning 47 programmes offered by five institutions.

### *Members' Amendments*

Let me now reply to the other proposals in the amendments put forward by Members:

### *Student Hostels*

Mr CHEUNG Man-kwong's and Miss Tanya CHAN's amendments propose the Government to increase the number of student hostel places. We agree that hostel life is conducive to promoting the whole-person development of students and realizing the goals of university education. The Government's present policy aims to provide UGC-funded institutions with a certain number of hostel places, so that all first-degree students can live in a student hostel for at least one year during the course of their studies. Besides, all non-local students engaged in UGC-funded programmes, all postgraduate students and all first-degree students having to spend more than four hours on transportation every day are offered places in student hostels. The UGC-funded sector required roughly 30 500 publicly-funded hostel places in the 2007-2008 academic year. Despite the constraint imposed by limited land supply, we have been intensifying our efforts to provide more hostels places over the past few years. At present, together with the hostels under construction and the hostel construction projects already approved by the Finance Committee of the Legislative Council, the UGC-funded institutions can provide about 24 700 publicly-funded hostel places. In addition, we are also formulating plans for four new projects to provide 3 400 hostel places. It is hoped that the shortfall of hostel places can be reduced to 2 400.

Speaking of hostel places, I was very glad to hear Ms Cyd HO appeal to Members that at the level of District Councils, they should advise some District Council Members to render their support for our student hostel projects. As mentioned by some Members and me just now, this will benefit students greatly.

Following the implementation of the "3+3+4" academic structure, we will need an extra 2 100 hostel places. Another thing is that the Government has raised the quotas for non-local students admitted by UGC-funded institutions this

year to 20% of their total intakes. We understand that as a result of the increase, UGC-funded institutions will need to phase in the provision of an additional 6 500 hostel places. We will continue to join hands with institutions to identify suitable sites for hostel construction. We have also launched a study with various institutions on the possibility of constructing "joint hostels", and two sites have been tentatively identified. It is estimated that a total of some 2 500 hostel places can thus be provided. We will continue to hold discussions with institutions on the formulation of concrete options, and we will also consult district personalities and seek funding from the Legislative Council at suitable times.

### *Student Financial Assistance*

In their respective amendments, Mr CHEUNG Man-kwong, Mr IP Kwok-him and Miss Tanya CHAN put forward their views on student financial assistance. I wish to give a consolidated reply to the major points mentioned by these Members.

The Government's student financial assistance policy aims to ensure that no students shall be deprived of education opportunities because of financial difficulties. The Government has been investing huge resources in the provision of student financial assistance. In the 2007-2008 academic year, the actual expenditure on the various financial assistance schemes for post-secondary students amounted to \$2.2 billion, or roughly 52% of the total expenditure on student financial assistance. Overall, of the 128 000 or so post-secondary students in the abovementioned academic year, 49 000, or 39% of the total number of post-secondary students, were offered financial assistance by the Student Financial Assistance Agency (SFAA). And, 32% of such students were given non-repayable grants to meet their tuition fee expenses.

Since I have already mentioned to Members that we have drastically expanded the scope of the financial assistance scheme for students pursuing self-financing post-secondary education programmes since the beginning of the current academic year, I shall make no repetition now. But I still want to explain that the means-testing mechanisms under the various student financial assistance schemes assessed and approved by the SFAA are basically meant to ensure the proper use of public money and to provide appropriate financial assistance to students in genuine financial difficulties. In the 2005-2006 academic year, we completed a review of these means-testing mechanisms. Having considered various factors such as the scopes and natures of the student

financial assistance schemes, we are of the view that the income ceiling for full grant assistance has worked well and should thus be maintained.

I note the concern expressed by several Members about the operation of the non-means-tested loan scheme for post-secondary students. I wish to take this opportunity to give a brief reply. To begin with, we must understand that loans are granted under this loan scheme without any means-tests. And, no assets are required as collateral. The loans are unsecured loans. Therefore, we must realize this major difference when making any comparison. Such a difference may sometimes be reflected in the charging of interests. There is a difference here. Therefore, in order to ensure the proper use of public money, the interest rates for such loans are computed on the basis of "no-gain-no-loss" and full cost recovery. The general principle is that the Government should not make profits from such loans. We do not make any profits, nor do we intend to do so. But on the other hand, we should not suffer any losses, including interest losses. This "no-gain-no-loss" principle was agreed by all Members and clearly set down when the Legislative Council Finance Committee approved the funding for establishing this loan scheme many years ago (that is, 1998). The interests charged to borrowers are meant to offset the Government's capital costs. The Government has never made any profits out of the loan scheme.

Regarding the risk adjustment factor under the non-means-tested loan scheme, the annual interest rate at present is pitched at 4.132%, which is 0.25% lower than the rate in November. This annual interest rate has taken account of the risk adjustment factor of 1.5%, and it is far lower than the interest rates for any unsecured loans in the market. Therefore, if we are to make any comparison, we must compare apple to apple. The interest rate concerned is lower than any other unsecured loan interest rates in the market. The purpose of the risk adjustment factor is solely meant to offset the risks faced by the Government in regard to the granting of unsecured loans. The risk adjustment factor has been pitched at 1.5% since the implementation of the non-means-tested loan scheme in 1998. As at 30 June 2008, the amount of interests generated from the risk adjustment factor of 1.5% under all non-means-tested loan schemes stood at about \$180 million. The loan repayment in default was about \$440 million, which was roughly equal to the \$110 million of late repayments and the \$330 million undemanded loan principal. In the event that the undemanded loan principal is also in default, the accumulated loss resulting from the risk adjustment factor may be as great as \$260 million. The existing risk adjustment factor of 1.5% is unable to entirely offset the loan amount in default. The

Government will continue to consider whether it is necessary to review the risk adjustment factor in the light of the default situation.

*Additional Tax Concessions for Donations to Universities*

Miss Tanya CHAN's amendment proposes to offer additional tax concessions for donations to universities so as to encourage individuals and enterprises to make donations to universities. At present, under section 88 of the Inland Revenue Ordinance, universities are already exempt from tax payment. All donations to the universities in Hong Kong are regarded as charitable donations and are thus tax deductible upon application. In the 2008-2009 Budget, the Financial Secretary has raised the deduction ceiling of approved charitable donations from 25% to 30% of the assessable income or profit. We believe that the raising of the deduction ceiling can encourage individuals or enterprises to make donations to approved charitable organizations (including universities) more generously.

President, lastly, I must once again thank Members for offering so much advice on the development of higher education in Hong Kong. I will study the views of Members more carefully after the meeting, so as to ascertain whether it is necessary to examine these views from policy perspectives. Thank you, President.

**PRESIDENT** (in Cantonese): I now call upon Mr CHEUNG Man-kwong to move his amendment to the motion.

**MR CHEUNG MAN-KWONG** (in Cantonese): President, I move that Ms Starry LEE's motion be amended.

**Mr CHEUNG Man-kwong moved the following amendment: (Translation)**

"To add "the university admission rate in Hong Kong has long been lower than the levels of major countries and regions in Europe, America and Asia, and" after "That,"; to add "competition under" after "in the face of"; to add "and education level" after "the academic qualifications"; to add "and increase the corresponding student hostel places" after "publicly-funded bachelor's degree programmes"; to delete "university

admission" after "who meet the"; to delete "so as to" after "publicly-funded degree programmes," and substitute with "and"; to delete ", and at the same time, encourage" after "sub-degree graduates" and substitute with "; while encouraging"; to delete "private" after "the provision of more" and substitute with "self-financing"; and to delete "to alleviate problems such as the worsening bottleneck in respect of university places available to secondary school graduates" before "upon" and substitute with ", the Government must at the same time provide reasonable allowances and subsidies to maintain the quality and quantity of degree programmes and alleviate the financial burden of students, with a view to solving the problem of the bottleneck in further studies arising from the corresponding increase in the number of secondary students promoting to universities"."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr CHEUNG Man-kwong to Ms Starry LEE's motion, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

**PRESIDENT** (in Cantonese): Mr IP Kwok-him, as the amendment by Mr CHEUNG Man-kwong has been passed, I have given leave for you to revise the

terms of your amendment, as set out in the paper which has been circularized to Members. When you move your revised amendment, you may speak up to three minutes to explain the revised terms in your amendment, but you may not repeat what you have already covered in your earlier speech. You may now move your revised amendment.

**MR IP KWOK-HIM** (in Cantonese): President, I move that Ms Starry LEE's motion, as amended by Mr CHEUNG Man-kwong, be further amended by my revised amendment.

**Mr IP Kwok-him moved the following further amendment to the motion as amended by Mr CHEUNG Man-kwong: (Translation)**

"To add "; to ensure that students have sufficient financial capability to enrol in publicly-funded bachelor's degree programmes, this Council also urges the Government to provide interest-free or low interest loans to needy students of degree and sub-degree programmes" immediately before the full stop."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That Mr IP Kwok-him's amendment to Ms Starry LEE's motion as amended by Mr CHEUNG Man-kwong be passed.

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

(Members raised their hands)

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

(No hands raised)

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

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

**PRESIDENT** (in Cantonese): Miss Tanya CHAN, as the amendments by Mr CHEUNG Man-kwong and Mr IP Kwok-him have been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. When you move your revised amendment, you may speak up to three minutes to explain the revised terms in your amendment, but you may not repeat what you have already covered in your earlier speech. You may now move your revised amendment.

**MISS TANYA CHAN** (in Cantonese): President, I move that Ms Starry LEE's motion, as amended by Mr CHEUNG Man-kwong and Mr IP Kwok-him, be further amended by my revised amendment.

Although I cannot put forward the preamble of my original amendment, I still hope that while the Government encourages the establishment of private universities, it will also closely monitor the quality of our universities. As for the other proposals I put forward, they are some footnotes to the original motion and the other opinions of mine. Thank you, President.

**Miss Tanya CHAN moved the following further amendment to the motion as amended by Mr CHEUNG Man-kwong and Mr IP Kwok-him: (Translation)**

"To add "; and also (a) review the existing target that 18% of the relevant age cohort may enrol in publicly-funded bachelor's degree programmes; (b) offer additional tax concessions for donations to universities and encourage individuals and enterprises to make donations to enable universities to have sufficient resources to meet the expenses arising from the increase of university places; and (c) review various existing financial assistance and loan schemes for post-secondary students so that more students can afford the expenses for pursuing studies in universities" immediately before the full stop."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That Miss Tanya CHAN's amendment to Ms Starry LEE's motion, as amended by Mr CHEUNG Man-kwong and Mr IP Kwok-him, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

**PRESIDENT** (in Cantonese): Ms Starry LEE, you may now reply and you have one minute 14 seconds. This debate will come to a close after Ms Starry LEE has replied.

**MS STARRY LEE** (in Cantonese): President, I was very disappointed after listening to the Secretary's reply. Basically, he said that the existing university places provided by the University Grants Committee were able to meet students' educational needs. His remark completely ignores the educational aspirations of eligible students and associate degree students at present. Regarding loan interests, what he said makes me feel that he even intends to raise the interest charged under the risk adjustment factor. I think that the current interest rate is already very high. I hope that he can take our good advice and consider my motion today from the perspective of students. Thank you, President.

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the motion moved by Ms Starry LEE, as amended by Mr CHEUNG Man-kwong, Mr IP Kwok-him and Miss Tanya CHAN, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

### **NEXT MEETING**

**PRESIDENT** (in Cantonese): I now adjourn the Council until 11.00 am on Wednesday, 17 December 2008.

*Adjourned accordingly at two minutes to Two o'clock.*