

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 15 April 2010

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 LEE CHEUK-YAN

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

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

THE HONOURABLE LAU KONG-WAH, J.P.

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

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

THE HONOURABLE ANDREW CHENG KAR-FOO

THE HONOURABLE TAM YIU-CHUNG, G.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 FREDERICK FUNG KIN-KEE, S.B.S., J.P.

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

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

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

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

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

THE HONOURABLE CHEUNG HOK-MING, G.B.S., J.P.

THE HONOURABLE WONG TING-KWONG, B.B.S., J.P.

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 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.

DR THE HONOURABLE PRISCILLA LEUNG MEI-FUN

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE CHEUNG KWOK-CHE

THE HONOURABLE WONG SING-CHI

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

THE HONOURABLE 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 ALBERT HO CHUN-YAN

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

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

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

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

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

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

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

THE HONOURABLE KAM NAI-WAI, M.H.

PUBLIC OFFICERS ATTENDING:

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

THE FINANCIAL SECRETARY

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

SECRETARY FOR EDUCATION

THE HONOURABLE STEPHEN LAM SUI-LUNG, G.B.S., J.P.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS

THE HONOURABLE AMBROSE LEE SIU-KWONG, G.B.S., I.D.S.M., J.P.

SECRETARY FOR SECURITY

THE HONOURABLE DENISE YUE CHUNG-YEE, G.B.S., J.P.

SECRETARY FOR THE CIVIL SERVICE

THE HONOURABLE EDWARD YAU TANG-WAH, J.P.

SECRETARY FOR THE ENVIRONMENT

THE HONOURABLE MRS RITA LAU NG WAI-LAN, J.P.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT

DR KITTY POON KIT, J.P.

UNDER SECRETARY FOR THE ENVIRONMENT

CLERKS IN ATTENDANCE:

MRS CONSTANCE LI TSOI YEUK-LIN, ASSISTANT SECRETARY
GENERAL

MRS VIVIAN KAM NG LAI-MAN, ASSISTANT SECRETARY GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

BILLS**Second Reading of Bills****Resumption of Second Reading Debate on Bills**

PRESIDENT (in Cantonese): Council will now continue with the debate on the Second Reading of the Appropriation Bill 2010.

APPROPRIATION BILL 2010**Resumption of debate on Second Reading which was moved on 24 February 2010**

MRS REGINA IP (in Cantonese): The Budget submitted by the Financial Secretary this time can be described as fair, and it has been prepared not only in accordance with the principle of fiscal prudence, but also with some administrative characteristics of the present SAR Government built in — "handing out candies". I have said to some colleagues that I do not agree to pleasing the citizens simply by "handing out candies" without dealing with the deep-rooted problems. At that time, Chairman TAM said to me that "handing out candies" was also good as it could make members of the public a bit happier. However, I can see that the effect of "handing out candies" will only make them happy for a while.

I wish to raise a few points. First, we notice that the Government has an unexpected surplus this time, which comes from nothing but the stamp duties and proceeds from land sales — a mode similar to that of the past. Given Hong Kong's narrow tax base, our income has all along been fluctuating greatly, and the surplus can be considered windfall profits, that is, an unexpected fortune. Despite the fact that Government has recorded a surplus, insofar as Hong Kong's many deep-rooted problems are concerned, including a narrow tax base what we have adhered to is the principle of fiscal prudence left behind by the colonial government, that is, public expenditure shall not exceed 20% of the GDP. In other words, the Government does not have much resource at its disposal to deal with other demands in society, including the problems that many members of the public have raised with me, such as the insufficient protection afforded by the Mandatory Provident Fund, the universal retirement protection

that they aspire to securing, some social services that are lacking, and the dropping quality of education, and so on.

I particularly want to talk about issues related to the promotion of new industries by the Government. I need to reiterate that I think the Government is short of new ideas. I wish to raise two points. It is actually an outdated concept if the Government still thinks that it can rely on infrastructure development to drive the economy forward. We have seen the situation in which infrastructure projects were launched in the past few years, and come to understand that the Government has met a lot of difficulties in taking forward many infrastructure projects, including railway projects. As a member of the Subcommittee on Matters Relating to Railways, I have taken part in many discussions on railways in these two years, and seen members of the public As Hong Kong has become a highly developed region, the cost of building infrastructure facilities, regardless of their type, is very expensive. Some members of the public think that the price is too expensive, while some will feel very furious if the ventilation shaft or barging point is placed near them. For this reason, in this highly developed society, I think it is outdated and well past the prime if we still try to launch large-scale infrastructure developments of cement and concrete in a bid to drive the economy forward.

I am very pleased that the Chief Executive has finally proposed to develop the six key industries, of which the innovation and technology industry is mentioned. However, I have to reiterate that the innovation and technology industry is not an independent industry. The SAR Government has made a serious mistake in its basic concept. If the SAR officials can do more reading in their spare time, or attend the seminars organized by the Development Research Center of the State Council on the Mainland so as to listen to the views of experts, they will understand that innovation and technology are actually means to raise output, or to "cut across all sectors", so to speak in English. Technology must be employed — for technology itself is not an industry, be it the financial services industry to which Mr David LI belongs, or the retail industry, heavy industry or information technology industry.

On the issue of promoting the development of innovation and technology, I hold that the Government has not been making enough efforts all along, and perhaps the conservative SAR officials responsible for work in this area also

advocate the Taoist idea of government and positive non-intervention. As trade performed brilliantly in the past, the economy would develop on its own. Then why do we need to do so many things? I notice that many officials in this Chamber, for example, Secretary Denise YUE, who had been responsible for the work on industry and trade for a long time, and once my superior — all the Directors of the former Industry Department had done were just "maximum support and minimum interference". Nowadays, such practice is no longer enough to provide stimulus to the development of innovation and technology in Hong Kong.

Last month, I spent a week leading a Hong Kong science and technology delegation with members including Mr Nicholas BROOKE, Chairman of Hong Kong Science and Technology Parks (Science and Technology Parks), officials of the Innovation and Technology Commission, representatives from GCIO, and many delegates of the technology sector on a visit to Silicon Valley. I would like to share with the Financial Secretary and Honourable colleagues some experience gained in the visit. First, Silicon Valley, a rare place in the world, can be called the "Golden Triangle". We can get there by taking three highway routes, including Route 280 and Route 101, both from North to South, and Route 273 from East to West. There are more than 6 000 companies in the area, including many of the most successful innovation and technology companies in the world. For example, a news report I read this morning stated that iPad had been sold out. What requisites do these companies which are striving continuously for innovations and owning the global market need to have? First, there must be quality universities. We also have quality universities in Hong Kong. However, what Hong Kong lacks is the know-how the research and development results of these universities. We are not doing enough in this aspect of commercialization.

This time, we visited two universities, including the Stanford University and the University of Berkeley. The experience we gained is that Silicon Valley is not created by universities. Despite the fact that universities own the research results, Silicon Valley is actually created by enterprises. What requisites must these enterprises have to create Silicon Valley? First, they must have technologies. As the Financial Secretary, John TSANG, has studied in MIT, he should be aware that many technologies of these science and technology companies actually come from universities. So, these enterprises need to have the spirit of risk-taking and entrepreneurship, which is not to be afraid of defeat.

Besides, they need to have capital, that is, venture capital. In Hong Kong, although we have the GEM Board, its performance has all along offered little to write home about. Actually, there are venture capital funds and private investment funds in Hong Kong, but these funds have described Hong Kong as "below their radar screen", meaning that Hong Kong is invisible to them. This can be said to be a chicken and egg problem. On the one hand, they think that Hong Kong has few science and technology companies for them to make investments. As such, they now go to the Mainland or Taiwan for investments, using Hong Kong as a base. Besides, our enterprises are also short of capital to assist them, especially in angel financing at the early stage. In other words, we cannot expect to "reap profits" too soon by listing or merger and acquisition for the purposes of making "quick bucks" in the initial period of investment. On the contrary, we should have a long-term vision, and act as angel investors at the very early stage, which is to provide them with capital like an angel. In Hong Kong, the mindset of making "quick bucks" is so pervasive that ordinary people in the community only set eyes on the short-term benefits. As a result, these enterprises will find it very difficult to secure early stage financing even though they possess sound technologies.

What measures do other governments adopt to solve this problem? They also adopt the mode of establishing science and technology parks as incubators. So do our Science and Technology Parks, which are modelled on the Tsin Chu Science Park, and the Hong Kong Applied Science and Technology Research Institute Company Limited (ASTRIC) is modelled on the Industrial Science and Technology Research Center in Taiwan. I am very glad to have visited Huawei's office in Silicon Valley — a Chinese enterprise currently ranked as the World's third largest network hardware supplier, and the office of Taiwan's Industrial Science and Technology Research Center in California last month. We have noted a difference, namely, their incubators provide the enterprises with more concessions. If they find that you own a technology with good potential, they will even waive rent payments and offer other financial assistance so that you can move in, not to mention the incubators on the Mainland. Of course, there may be some wastage, as officials are also human, who are bound to It is not possible for all 10 projects in which you have invested to yield profits. I have talked to the venture capitalists in California, and they said that if they invested in 10 companies and each of them made profits of more than 10%, they will be scolded by their bosses saying that they are not aggressive enough. What purpose does it serve even if investments in all these companies yield

profits? However, if we can find one Google or YouTube among these 10 companies, it will make a difference even if six of them lose money. As such, their spirit of risk-taking, and the so-called spirit of "pursuing excellence and allowing failure" is far stronger than ours.

Speaking of the Science and Technology Parks again, our Science and Technology Parks I wonder if the Financial Secretary has heard the technology sector has indicated that the rents there are too expensive. The management fee alone is \$5 per square foot (psf), and it adds up to \$20 to \$30 psf including rent, which is more or less the market rate. As for the incubation arrangement, rent will be waived for the first year, and halved for the second year. These measures do not actually help much when the enterprises are still struggling in their operation.

On the issue of venture capital, what the SAR Government ought to do is to allocate an amount of money as matching funds. You may say we have such a practice already. However, the existing application procedures are too complicated, and the recovery period as stipulated is too short. There are many areas where improvement is necessary. I have talked with some venture capital experts in the United States, such as Although the Financial Secretary has studied in Boston, the United States, I wonder if he knows the circumstances in California. There are hundreds of private investment and venture capital companies around Paolo Alto and along the University Road of the Stanford University as well as the Central Road of Highway 280. They said that the SAR Government will be able to attract many overseas venture capital companies to Hong Kong if it can allocate — not a very colossal amount — US\$10 million as a matching fund. Hong Kong has been shortsighted in this aspect and attached no importance to science and engineering, and even children who are good at mathematics will be told to study actuarial science, not allowed to study pure mathematics.

In such circumstances, if we need to replicate the experience in Silicon Valley, the first wave should actually be to identify some overseas innovation companies like those in Silicon Valley and invite them to Hong Kong. I am very glad that I can tell the Financial Secretary that I have talked to many overseas Hong Kong students during this visit to the United States, and most of them work in large companies. I can gladly tell the Financial Secretary that a student who has worked in Google for six years has applied for entry to the

Science and Technology Parks. He will return to Hong Kong to develop software in co-operation with a partner who has a MBA degree from the Harvard University, as Hong Kong will embark on medical reforms, and they being software engineers wish to come back to Hong Kong to engage in innovation.

I have talked with many students. Some of them engage in the development of software for social games, which are games not to be played by a single individual. One of these students develops software for alternative payment, which is even better than PayPal. It is not online payment, but alternative payment on the Internet. Besides, some do research on electric motor vehicle using batteries. These students were engaged in a great variety of endeavours. They told me that they were bold to strive ahead as there are many science and technology companies, and they can move to work in another large company even if they failed in their attempt.

Actually, many of these young people also want to come back to Hong Kong to develop their career. They said that despite having a nice ambience in research and development, Silicon Valley is a "lonesome valley" and the Bay Area is a "miserable area", as they are difficult to find girlfriends there. So, many people want to come back to Hong Kong to build a family. As such, I propose that the Government should review its policy, and examine if our overseas office should, apart from recruiting civil servants, put in place a person-in-charge there like what the Tsinghua University has done, who will be responsible for calling on the overseas Chinese, be they entrepreneurs from Taiwan, Hong Kong or the Mainland, to come to Hong Kong to engage in innovation work.

I also want to inform the Financial Secretary that I will receive a company called NeuroSky at the end of this month. Its founder is a mainlander who went to the United States when he was a teenager. He has invented the use of brain wave and biosensor in the manufacture of a new toy, which has become the No 1 toy in the United States. The technology of using brain wave and biosensor to control things can bring a lot of help to people with disabilities. I hope that the authorities can also encourage them to move into the Science and Technology Parks.

Speaking on innovation and technology, I also hope to share some experience with the SAR Government. Hong Kong has been one of the "Four Dragons" since the 1980s. However, looking at the "Four Dragons" now, the

only one which pays utterly no attention to technology is Hong Kong. Let us look at how Hong Kong's economy performs now. In the fourth quarter of last year, despite the growth in Hong Kong economy, I think the Financial Secretary also knows that Taiwan and Korea have both recorded double-digit growth as revealed by other data because they are engaged in the manufacture of high value-added products, and Hong Kong has fallen into a service city where most of the people are engaged in low-end services. Each of our neighbouring cities in Guangdong and the Pearl River Delta Region is going ahead at full steam, and also hopes to engage in the supply of high-end services as we do, and even to develop the headquarters economy. Of course, the experience of other people exerting all efforts to pursue prosperous development is worth learning, and the leaders of the SAR Government should also do some intensive soul-searching about how Hong Kong can find a way forward.

Lastly, I cannot but speak of the Land (Compulsory Sale for Redevelopment) (Specification of Lower Percentage) Notice (the Notice) in the remaining one minute. Ever since its coming into operation on 1 April, the effect or evil consequence of the Notice is owners having cut prices voluntarily as predicted by many Honourable colleagues and me in this Council. May I ask the Financial Secretary to note that since the coming into operation of the Notice, owners dare not bargain with the intermediaries, buyers and developers. As a result, the prices of "flour" have dropped, and some even sharply. I have even learnt from some reports that property developers said it was better than triggering lots on the Land Application List, as such applications will only trigger some lots that are not very good in quality, while all land lots subject to compulsory sale are premium sites, particularly many of those middle-class real properties on Hong Kong Island. This has prompted many retired civil servants to become anxious and worried. So, the far-reaching social consequences caused by the Notice cannot be ignored.

President, I so submit.

MR LEE WING-TAT (in Cantonese): President, just now, Mrs Regina IP pointed out that the development of technologies in Hong Kong is far from satisfactory, much inferior to the other three small dragons in Asia. This should not come as a surprise because most businessmen in Hong Kong do not have

foresight. The Government also subscribes to the same mindset. So under the principle of "big market, small government", there are actually a lot of things the Government need not do.

Today, President, I will focus on the supply of land and property prices. When the Budget was unveiled by the Financial Secretary, I already said, "Should the proposal put forth in the Budget be adopted, the market would hardly expect a steady supply of land by the Government". I also pointed out in the previous debate that actually I did not mean to call on the Government to bring about the collapse of the property market. I also hoped to see the property market achieve a soft landing. The reason was that when the market issued a message, especially when an important message was delivered by the Government in the market, causing the market to think that the Government would stand on the sidelines and even act like adding fuel to fire, all developers and speculators would not believe the Government would deal with the matter seriously.

When there is an inadequate supply of land on the market, all people will know or feel that property prices will rise if they do not buy properties now and wait until the end of the year, and property prices will rise further if they wait until the middle of next year. Because of this anticipation of the market, many prices would deviate from the circumstances described by the former Financial Secretary, that is, the incumbent Chief Executive: "Judging from normal property prices, rental return should reach at least 4%". Actually, the Financial Secretary knows the situation best. Let us consider this question: Do most of the new developments get a rental return of 4%? The vast majority of new developments can barely achieve the rental return of 4%, as stated by the former Financial Secretary, Donald TSANG. Some of them can only get a rental return of 3%, or even 2%. The indicator stated by the former Financial Secretary has now become a red alert.

Nevertheless, the Government will say, "LEE Wing-tat, there is no cause for fear because the mortgage ratios are still very healthy." What does the Government mean? At present, the average property mortgage ratio hovers at around 38%, which is extremely healthy compared to the frantic ratio of 70% to 80% in 1997. I often say jokingly, "If a 300-lb gentleman stand by my side, my stature will definitely be extremely normal, for my body weight is only 135 to 137 lb." However, during my annual body checkup, the doctor would say, "Ah

Tat, you should shed five to 10 lb". In terms of figure, I am not entirely healthy. Of course, I am a bit healthier than the Chairman of the Democratic Party, Albert HO, for he is 20 lb heavier than I am, given that we are of the same height. In other words, the Government has frequently compared Albert HO with some 200-lb obese men and then told Albert HO that one can tell from his figure that he is very healthy. The Government's remark is actually ridiculous. Its frequent remark that the 1997 level has not yet been reached is utterly fallacious. I hope the Financial Secretary can stop making such remarks. Otherwise, the Government will give property developers and speculators the impression that it has no intention at all to make any effort.

As Members are all aware, it is extremely unhealthy for people to spend 70% or even 80% of their income on mortgage repayment. By global standards, such as the standard set by the United Nations Educational, Scientific and Cultural Organization, ordinary countries consider it healthy to spend 30% of family income on mortgage repayment. The current level of 38% is already 8% higher than the healthy level. Another point not mentioned by the Financial Secretary — he did not reply even though I had raised the question — is that 38% is an average figure. President, insofar as your property and mine are concerned, we do not need to spend 30% of our income on mortgage repayment because our properties were bought more than a decade ago. Therefore, if we mix a large group of people servicing the mortgages of their current properties with a small group of people servicing the mortgages of new properties, we will definitely give people a very healthy impression. However, should the Financial Secretary ask the general public — he actually has this figure — how much buyers spend on repaying mortgages for new developments in 2009, I am sure the relevant figure will be higher than 50%. Is it a healthy figure? I hope the Financial Secretary can think about whether our present efforts will turn into a time bomb for him, the Government as well as Hong Kong society.

If we said something like this in the past, the Financial Secretary might probably not take us very seriously. Some people might even say that these elected Members would definitely not want to see excessive government intervention. Three days ago, a director of the Asian Development Bank said that a property bubble had developed in Hong Kong. This is already not the first time someone, besides us, has made such a remark. Furthermore, even Mr

SHIH Wing-ching, a person who believes in rightist economics and frequently accepts interviews and participates in district forums with me, said, "I used to oppose the construction of HOS flats because this would interfere with the market". But he said the day before yesterday that he had started to re-examine whether his previous position was right because the Government had not done anything.

I would like to ask the Financial Secretary to bear in mind that in contemplating economic policies, he must understand that they are not purely economic policies because they are related to social issues and politics. Why do members of the middle class in Hong Kong persistently feel dissatisfied with the Government and hold strong views about its work? According to the findings of a study published by The Chinese University of Hong Kong, members of the public were inclined to taking more drastic actions over the past years.

As I mentioned in previous debates, the middle class in Hong Kong have not seen much improvement in their living conditions over the past two decades, and only few people managed to upgrade their living conditions by acquiring larger living area through property transactions. I still remember a study which was conducted when I was a member of the Housing Authority between 1991 and 1992. At that time, the average size of private residential flats was some 400 sq m to 500 sq m. Now, two decades down the line — please remember that two decades have passed — the living area of the flats owned by the vast majority of the middle class in Hong Kong, or more than half of the middle-class owners of private flats, is 500 sq m or less.

I would like to ask the President and the Financial Secretary to think about this, the case of young lawyers — with the exception of veteran lawyers — I am talking about average middle-class lawyers young accountants, young architects or young engineers who have children after marriage. Generally speaking, the total income of a young married couple of these professions should add up to \$40,000 to \$50,000. I have once asked them if their children can have their own rooms for study without the need to share a room. I was told that this was hard to come by. Even if the middle class in Hong Kong can afford to purchase their own homes, their living areas usually range from 500 sq m to 600 sq m. They cannot tell others that their children have their own rooms. They can hardly compare with people in similar developed places in terms of living conditions.

The day before yesterday, *Ming Pao* carried a feature story on Singapore's Housing and Development Board (HDB) policy, an issue I have mentioned again and again over the years. When I was a member of the Housing Authority in 1993, I joined Sir Akers JONES on visit to Singapore. We were surprised to learn that the size of a small HDB flat in Singapore, designed for couples without children, was 500 sq ft, and the size of a large HDB flat was between 1 000 sq ft to 1 200 sq ft. But why does Hong Kong happen to be like this? I do not think that land is the only factor. I think the problem lies in policy deviation and the orientation of the goal of society as a whole. Although a 17% to 20% duty is imposed in Singapore, it is mostly for Mandatory Provident Fund and HDB contribution. Secretary Eva CHENG is not present today. She is wrong to say that the tax in Singapore is heavy. We can tell by simply making a calculation. In Hong Kong, members of the middle class spend 10% to 15% of their income on making their annual tax payment, and their mortgage repayment also accounts for 50% of their family income. The situation in Singapore, however, is different. People there only need to spend 20% to 25% of their income on contribution and tax payment. Although I do not like the democratic politics and the state of freedom in Singapore, I like its HDB policy. During the debates held with many liberal economists, I pointed out that the housing problem was not purely an economic problem. For a long time, the dissatisfaction pent up among the people of Hong Kong — including the grassroots and the middle class — has stemmed from biased or slanted policies of the Hong Kong Government towards major developers. I do not even need to mention collusion between business and the Government. People feel resentful that, in implementing each and every policy, the Government would invariably put the interests of major developers in the number one position. This is how the public in general feel, not any fabrication by us.

While deliberating on this year's Budget, the Financial Secretary indicated that he did not hope to see the market become so volatile that it would become problematic. He also reminded me to bear in mind that there were 1 million private building owners in Hong Kong and, therefore, caution must be exercised in formulating any policies. I agreed with his point of view. However, I would like to appeal to the Financial Secretary not to look at this issue from the following two angles: First, relying on pure luck; and second, the belief that these private building owners did not want the Government to do anything. Insofar as the second point is concerned, why do so many surveys conducted, including those conducted by the Democratic Party, point to the same fact that 80% of the

people, including the vast majority of private building owners, or almost 70% to 80% of the owners, support the resumption of the construction of HOS flats? Are they not afraid of breaking their rice bowls or bringing down property prices?

Actually, I find private building owners most charming. They consider this issue from an even wider prospective than that of the Financial Secretary. They have taken into account two issues: First, all of them have children. When they look at the present market condition, they realize that their children might not be able to purchase properties in a long time to come. Second, the Financial Secretary has forgotten the point that all small-sized flat owners would prefer living in bigger flats. Actually, this is just an ordinary economics theory or common sense. When the property market is stable, the middle class would be ready to buy new homes because the growth in their income or family income would be able to keep up with property prices. Now, the income of the middle class rises by only a couple of percentage points per year, but property prices already rose by 27% last year, and probably another 10-odd percentage points this year. Under such circumstances, how can they catch up with the increases? How can they trade up their properties? Now, they are living in a 500-sq ft flat and will still be living in a flat of the same size in the next 10 years. Therefore, I consider the analysis made by the Financial Secretary wrong. He thinks that private building owners do not think he should do anything. Actually, they think that he should do something. Perhaps the Financial Secretary hopes to wait for luck and so, he needs not do anything. He has been frightened by Mr TUNG's 85 000 policy. However, no one calls him 85 000 anymore. With the completion of only 10 000 private flats last year, only 14 000 flats are now available, despite the substantial increase in the supply of flats. In the coming five years, an average of only 10 000-odd flats will come on stream, and yet the figure will still be lower than the average figure recorded over the past decade, that is, 20 000 flats per annum. Our proposal of supplying 20 000-odd flats, comprising 20 000 flats and the construction of 3 000 to 4 000 HOS flats, is still a far cry from the previous target of 85 000.

President, Financial Secretary, my worry now is by no means exaggerated. If nothing is done by the Financial Secretary, a bubble will be formed should property prices rise by 10-odd percentage points this year. When a bubble comes into being by the end of this year, I do not know what else the Financial Secretary can do. Our present call on the Financial Secretary to do something

expeditiously and adopt a benign policy to help property prices achieve a soft landing has fallen on deaf ears. He will probably not do anything. By the end of this year, early next year or the middle of next year, property prices might rise to a level unacceptable to him. Though he might be reluctant to do so, he would be forced to adopt other more drastic initiatives, including various arrangements related to land or taxation.

President, I would like to use the last one minute to say a few words about the transparency of information released in connection with flat sales. The Financial Secretary expresses his hope in the Budget for enhanced transparency of flat sales and clarity of the relevant information. I can only say that, regrettably, the attitude adopted by property developers is that they will make some response if the Government does something. They have never adopted any measures to deal with this issue in a comprehensive manner. Over the past four years, I have raised many queries from time to time and identified numerous cases. I see that property developers have been saying yes to everything, and yet what has been done is not comprehensive at all. The Democratic Party does not have other proposals to make. However, I think that it is now time we considered enacting legislation on this matter. The Government should use the 2000 White Bill as the basis to explore ways to regulate the sales of uncompleted flats by property developers. Thank you, President.

MR CHEUNG HOK-MING (in Cantonese): In 2007, the Chief Executive delivered his first policy address after his successful re-election and it was also the third five-year administrative blueprint of the Government. The Chief Executive decided to commit \$250 billion in one go to carrying out 10 major infrastructure projects and it was anticipated that over \$100 billion of economic value could be added to the Hong Kong economy and 250 000 job opportunities created. It was a very grand vision for the future of Hong Kong.

However, so far, of the 10 major infrastructure projects, only the Cruise Terminal under the Kai Tak Development Plan and the Hong Kong-Zhuhai-Macao Bridge (HK-ZMB) have commenced. What about the other eight projects? Some of them are still at the study stage, some have been launched but are behind schedule, and some others are all thunder but no rain. The grand vision is in disarray after three years.

President, of course, we understand that the preparatory work for infrastructure projects is a very complicated affair. As the Secretary for Development once explained, it is not possible for the 10 major infrastructure projects to be launched all at once and they surely would be accorded different priorities.

However, Members need only look at these infrastructure projects carefully to find that there is quite a number of "new bottles carrying old wine". For example, the West Kowloon Cultural district was actually mentioned as early as in 1998 in the policy address of the former Chief Executive, Mr TUNG Chee-hwa, and the planning and public consultation on the Kai Tak Development Plan has been carried out for at least a decade. The 10 major infrastructure projects were only some important infrastructure projects proposed in the past repackaged and presented again. For this reason, it is really unconvincing to say that it would take a long period of time to make preparations for these projects one by one.

President, I believe the public is most disappointed with no other project than the Shatin to Central Link. Back then, Chief Executive Donald TSANG resolved to this effect, "It is hoped that the project can commence in 2010.". However, three years later, the progress of this rail link is still at a stalemate. Originally, it was undertaken that it would be gazetted at the end of last year but so far, even the consultation has not been completed and the completion day is not within sight.

The Hong Kong-Shenzhen Western Express Line also meets the same fate. It was discussed in society with great enthusiasm back in those years, and it was most likely that the green light for it would be given. However, it was not until August last year that Guangdong and Hong Kong signed an agreement on co-operation and the date for project commencement was not even mentioned.

Other projects, such as the joint development of the Loop by Hong Kong and Shenzhen and the development projects for Northeast New Territories, also have yet to appear on the horizon. It can thus be seen that little has been done with regard to these infrastructure projects, so will they be implemented in the future? Or would they be aborted? I believe we can only wait and see.

As regards the South Island Line, the Tuen Mun Western Bypass, the Tuen Mun-Chek Lap Kok Link, the West Kowloon Cultural District and the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL), generally speaking, these projects are waiting to be launched pending legal procedures, but delays and postponements have been seen in most cases. Honourable colleagues, the one that impresses Members most deeply is perhaps the XRL.

President, the construction of the XRL is one of the long-term economic development strategies of the Government. The completion of the XRL will be conducive to integration with the Mainland railway network, which is in rapid development. In the long term, the public will surely stand to benefit. However, the handling of issues relating to the construction of the XRL has triggered unprecedented anti-government struggles waged by members of the public with little organization. This is totally unexpected and the damage caused by the incident to the Government can by no means be overlooked.

We think that the authorities have to draw valuable lessons from this incident and make major changes to the implementation of important policies. Apart from giving a detailed account on the specifics, officials should also express their goodwill to the public and get rid of such past images as being equivocal or bureaucratic and arrogant. In particular, regarding policies involving public interest, they should be even more careful and gain a good understanding of public sentiments, public opinions and people's wish.

President, the construction of the Hong Kong section of the XRL will commence soon and the disposal of waste generated in the course of construction is an area for which proper arrangement must be made.

The entire XRL project entails the construction of a dedicated 25-km underground tunnel and the construction of the tunnel alone will create as much as 20 million tons of debris. If these 20 million tons of debris were not handled properly, such problems as environmental pollution, wastage of resources and high handling cost would surely arise.

President, so long as the relevant legislation allows, I propose that the Government should deal with the debris generated in the course of implementing

the XRL project with good planning to ensure that the method of disposal is consistent with the three principles of environmental education, overall planning and the wishes of nearby residents.

I think the Government can consider depositing the debris at some low-lying areas to solve the environmental problem of flooding and water logging. In this process, it must also put in place appropriate drainage measures to reduce the threat of flooding in these low-lying areas. Of course, it is necessary to further consult members of the public on these proposals and balance the interests of various parties before making appropriate arrangements.

President, on improving the environment in the New Territories, I wish very much to take this opportunity to talk about some of the existing problems related to people's life in the New Territories, problems that badly need amelioration. Regarding the complete lack of concern from the SAR Government for residents living in the rural areas of the New Territories in this year's Budget, and its failure to adopt the proposal on resuming the Rural Planning and Improvement Strategy (RPIS) advocated by me and the Heung Yee Kuk (HYK) all along, as the Vice-Chairman of the HYK, I feel extremely disappointed.

I remember that the principal aim of implementing the RPIS from 1989 to 1999 was to develop the infrastructure facilities in the rural areas and improve the environment. Unfortunately, after the conclusion of this programme that was highly effective in 2000, the authorities did not continue to carry out large-scale infrastructure and environmental improvement projects for the rural areas. As a result, it seems the roads, recreational facilities and environmental infrastructure in some parts of the New Territories have come to a standstill, falling short of the actual needs by a great margin.

President, the HYK, DAB and I have reflected to Financial Secretary John TSANG and Secretary TSANG Tak-shing on various occasions the fact that residents in the rural areas also have to pay rates and Government rent just as residents in the urban areas do. However, when the Government carries out essential projects, why is it necessary to require owners of private land to sign an agreement — theoretically, they have to give their land away to the Government — before the works can be carried out? This practice is most unreasonable. It is unjustified, be it in terms of reasonableness or fairness. Although Secretary TSANG Tak-sing has considered making land acquisition proposals on an

individual basis, but instead of doing so in a fragmented manner, since there is surplus in the coffers and public finance allows us to do so, why does the Financial Secretary not consider the restoration of an even more effective and systematic RPIS?

President, on the wish of local residents to promote local economic activities and hence improve their living conditions through development, I wish to mention here again that the residents of Tai O, Tung Chung and even Lantau as a whole hope very much that the development of the HK-ZMB can bring employment and environmental improvement to them. As early as 2006, the DAB already proposed the concept and proposal of a two-way "bridgehead economy" relating to the HK-ZMB to the Government.

The authorities indicated earlier on that the reclamation works for the Hong Kong Boundary Crossing Facilities of the HK-ZMB would commence in the third quarter of this year. Here, the DAB urges the Government to step up its study on how best the artificial island of the Hong Kong Boundary Crossing Facilities and the land of the airport be fully utilized. On the premise of ensuring the operation of the checkpoint and security, the land should be fully utilized. Coupled with the measure of introducing a one-time cross-border vehicle licence quota system, the "bridgehead economy" of the area there can be promoted to set in motion the development of overall economic and trade activities in the nearby areas. In this connection, I also urge the Government to consider extending the Hong Kong Link Road to Tai O, so as to set in motion the further development of Tai O and the tourism of the waterfront village there, thus improving the lot of local residents.

Through the HK-ZMB project and the concept of the "bridgehead" economy, not only can the number of Mainland visitors and cargo flow into Hong Kong be significantly increased, it is also estimated that the Hong Kong International Airport will also be able to tap more sources of Mainland visitors.

Lastly, I wish to talk about the issue of fare increases of public transport here. It looks as though this year were the year of fare increases. Be it the Star Ferry, Peak Tram, power companies, towngas, the Tate's Cairn Tunnel and even the 30 public light bus routes, all of them have applied for or announced

increases, so it can be said that increases are coming in waves. Among them, the MTRCL has really gone over the top. Recently, it announced that it would increase in June its fares by 2.05% according to the fare adjustment mechanism and this gave rise to a public outcry.

The DAB does not object to the fare increases by the MTRCL blindly. In fact, the fare increase made by the MTRCL follows a formula and of course, objective factors such as the Composite Consumer Price Index and the Nominal Wage Index (Transport Sector) are included in it. However, we believe that even though the fare increase to be made by the MTRCL is legal and reasonable, it seems that it has not taken the human factor into account. In particular, since the MTRCL is the leader in public utilities and the Government is the biggest shareholder of the MTRCL, it should show an understanding of public sentiments and fulfil corporate social responsibility by shelving the fare increase. Moreover, since the MTRCL has made a net profit of \$7.3 billion this year, we cannot see any pressure for a fare increase or any financial pressure.

If the MTRCL is determined to increase its fares according to the formula, in that event, we will also resolutely demand the MTRCL to offer more concessions when it increases its fares, such as the "Ride 10 Get One Free" Promotion proven to be very popular in the past, an extension of the monthly ticket scheme, provision of more \$2 Fare-Saver, offer of elderly fare concessions on a permanent basis, and so on. Otherwise, if it only operates its business according to the mechanism without regard to public sentiments, it would only exacerbate the public discontent towards the MTRCL.

President, I so submit.

DR LAM TAI-FAI (in Cantonese): President, it is inevitable that the Budget every year is supported by some and opposed by others. The reason is that there are in society people from different strata and with different backgrounds, they hold divergent views actually. It is indeed very difficult for every Budget to satisfy the needs of all. I therefore think that the Budget should be given a passing grade if it can answer the current economic and social demands.

Since the reunification 13 years ago, all Budgets have been passed by the Legislative Council. I believe the one this year will be no exception, and the

Financial Secretary should know this only too well. The only question is about the number of opposing votes. The Budget last year broke the record because 22 votes were against it. This year, since five Members have resigned, the number of Members casting their votes will be reduced by five. If there are 18 opposing votes this year, it can be concluded that the number of Members opposed to the Budget this year is larger than that last year.

Speaking of the Budget this year, I have to say that my feelings are roughly the same as my feelings last year. I cannot notice any pleasant surprises, nor can I find any serious deficiencies. In general, I think the Budget can be described as so-so. But as I have mentioned, people with different standpoints will look at the Budget differently. From the standpoint of the industrial sector, the Budget can be described as a "blank answer sheet".

Actually, the industrial sector has long since got used to the Government's indifference to us. The reason is that over the years, the industrial sector has rarely been mentioned, whether in the policy address or in the Budget. Nor have we ever seen any positive attempts by the Government to promote and develop local industries. President, we in the industrial sector are used to standing on our own feet. We also understand the meaning of "no pain, no gain". That is why it has never occurred to us that we should ask for any "candies" from the Government. We only hope that the Government can improve the business environment and introduce more measures to facilitate our operation, so that the industrial sector can continue to develop.

According to some government officials, measures of assisting the industrial sector are already integrated into other policy areas. We naturally take exception to this statement. Can anyone argue that giving assistance to the industrial sector is simply waiving the Business Registration fee for one year and the establishment of a cash rebate scheme for investment in research and development? I maintain that if the Government really wants to help, it should draw up a clear and concrete plan for assisting the development of the industrial sector.

In contrast, President, the Government has been so very decisive in assisting the development of the financial industries. For example, it has amended the Inland Revenue Ordinance to offer profits tax concession to debt

instruments and to waive the stamp duty for Exchange-traded Funds. Even though such matters are very complicated, the Government can still take prompt actions. In contrast, the industrial sector has to face many difficulties in upgrading and restructuring, but it has simply been watching with folded arms. As Members must be aware, once an enterprise has upgraded and restructured itself to "import processing", it will lose eligibility to the 50:50 profits tax ratio it previously enjoyed as a "contract processing" enterprise. What is more, all the machinery and moulds it places in the Mainland will no longer be eligible to the machinery depreciation allowance under section 39E of the Inland Revenue Ordinance. We have reflected our concern to the Government many times before, and it is well aware that the present situation will do immense harm to our sector and hinder our upgrading and restructuring. But it has still failed to amend the Inland Revenue Ordinance in the light of the actual situation, so as to assist our upgrading and restructuring.

Therefore, I believe many people will agree to and support the view that the Government is biased in favour of the financial industries but negligent of the industrial sector. If the Government still refuses to make determined efforts to amend section 39E, it must never again claim that it supports industrial development, still less claiming that it strongly supports our upgrading and restructuring either. Economic development is one of the three major objectives of the Budget this year. When there is no mention of industrial development in the Budget, that is, when there is a "blank answer sheet" in terms of industrial development, can one thus conclude that the industrial sector makes no contribution to the economic development of Hong Kong? I hope the Financial Secretary can give us some enlightenment.

Speaking of small and medium enterprises (SMEs) again, I must point out that Hong Kong economy has not yet fully recovered. The unemployment rates in European and American markets are still very high, as high as nearly 10%. And, in the entire Euro region, the rate is also as high as 10%. The purchasing power of these countries is still very weak, and this has come to affect the export business of SMEs. Another major objective of the Budget is reinforcing recovery. But the Government has given me the impression that it is about to exit from the market. The Government has so far refused to extend the Special Loan Guarantee Scheme, which is due to expire in late June, so how can it achieve the objective of reinforcing recovery? The discontinuation of the loan

scheme will only make it impossible for SMEs to operate without any worries. Once again, they will have to worry about being unable to obtain any loans from banks.

As a matter of fact, this loan scheme has helped SMEs a great deal in terms of liquidity. According to statistics, there have been 30 000 applications and a total loan amount of \$73.3 billion has been approved. I therefore very much hope that the Government can consider the possibility of announcing the extension of the loan scheme before the voting on the Budget next week. I believe all SMEs in Hong Kong will render the Budget their support.

President, for 13 years after the reunification, the Government has always given people the impression that it cannot proceed with economic development and introducing relief measures at full speed. It always appears to be hamstrung, making people think that it does not have the money and resources. Those who do not know the Government's finances will think that it is a "poor guy". Actually, the Government is just a "rich miser" who only wants to amass money and refuses to spend any. I think the Government's present financial management and its use and management of the reserves fall short of the public expectation by a great margin.

Having looked up the relevant records, I notice that the Estimates made by the Budgets since the reunification are very inaccurate in most cases. In some cases, the discrepancies are even very absurd. I believe the Estimates of the Government must be made by a highly professional team. But why have the Budgets over all these years been so inaccurate in their Estimates? It is small wonder that some have suspected the Government of having two books, one for the public and the other for its own use. Every year, the Government keeps crying loudly like a baby, estimating that there may be huge deficits. Or, it may say that there may not be any surplus. I do not know whether its purpose is to tell the public not to cherish any great hopes, and whether it hopes political parties would make fewer demands. But I hold that if the Government continues to behave like this, its trick will be exposed sooner or later, and people's trust in it will decline. They will also lose confidence in its governance. As a matter of fact, if there are frequent and huge discrepancies in Budget Estimates, the Government may easily make mistakes in the formulation of plans, resource allocation and prioritization of initiatives.

President, the Government will be dismissed as a miser if there are excessive reserves and it does not put them to good uses. But when reserves are scanty, fiscal and financial crises may easily arise. What level should be considered reasonable? As far as my observation goes, different Financial Secretaries have different ideas of the appropriate level of fiscal reserve.

When Chief Executive Donald TSANG was the Financial Secretary, he remarked that an ideal level of fiscal reserve should be somewhere between \$300 billion and \$500 billion. Antony LEUNG, however, thought that a level of fiscal reserve equivalent to 12 months of government expenditure would be sufficient. And, Henry TANG held a similar view.

However, since his assumption of office, Financial Secretary John TSANG has never talked about what an appropriate level of fiscal reserve should be. He has only remarked that when appropriate, it will be necessary to replenish our reserves. He seems to be saying that the more the reserve, the better. President, it is of course very good to have as much money as possible. But if one only saves money without spending any, if we do not put our reserve to good uses, we will be like some "thrifty old ladies" who still eat "lunch boxes" every day despite their large bank deposits. I think that such a philosophy of financial management is totally unscientific and antiquated, lagging far behind our aspiration.

President, in the first five years after the reunification alone, as much as \$200 billion of our fiscal reserve had evaporated. Subsequently, when Henry TANG took over as Financial Secretary, he earned back \$200 billion — one does not know whether this was due to sheer luck or his ability. There have been sharp fluctuations in the Government's reserve. By now, the reserve has reached \$540 billion, the highest since the reunification.

Its fiscal reserve aside, Hong Kong's foreign exchange reserve is also enormous. It has increased from some \$700 billion in 1997 to more than \$2,000 billion today, a level which is even higher than that of Singapore. The accumulated surplus of the Exchange Fund has even amassed to \$550 billion. With this sum and also the fiscal reserve of \$540 billion mentioned just now, the Government is actually very rich. Therefore, can the Financial Secretary consider whether it is necessary to amass reserve endlessly and refrain from using part of our reserve to address our social problems?

Over the past 10 years, the Exchange Fund has recorded a total return of \$561.4 billion, but the amount apportioned to the Government has been \$220 billion only. The remainder is apportioned to the accumulated surplus of the Exchange Fund for further accumulation. I maintain that the Financial Secretary should consider the possibility of changing the present practice and apportioning more Exchange Fund return to the Government, so that there can be more money, more money at a sooner time, for it to improve the people's livelihood and develop the economy.

As Members know, the problem of wealth gap in Hong Kong has turned increasingly serious. If immediate solutions are not found to many livelihood problems relating to education, health care, transport subsidy, elderly services and the underprivileged, grievances in society will only increase, and social conflicts will also intensify. "Diseases must be treated at the early stage", as the saying goes. The Government must consider the idea of immediately increasing the allocation of resources for the purpose of solving all these problems more quickly. It is only in this way that the Government can gain people's support. I therefore hope that the Government can consider changing its financial management philosophy, so as to make good use of the reserve and really achieve the aim of building a caring society.

President, on education, there is one measure in the Budget that particularly deserves commendation — an Internet access subsidy of \$1,300 for needy students. This measure can certainly tackle the problem of inter-generational poverty. Besides, it can also provide equal learning opportunities.

However, the Government has still failed to tackle many long-standing problems. For example, every year, more than 5 000 students who can meet the requirements of university entrance are denied admission due to a shortage of places. The Government says that sites have been reserved for the construction of self-financing tertiary institutions that can provide 8 000 additional places. But this will be something for the future, and one simply does not know when the whole thing will come true. I therefore think that the Government should immediately allocate additional resources to existing universities for the purpose of offering more places, rather than wasting the several thousand valuable talents every year.

The greatest feature of the new senior secondary academic structure implemented by the Government this year is the subject of General Studies. Students taking this subject must learn outside their classrooms. Therefore, small-class teaching should really be implemented not only in primary schools but also in secondary schools. But the Government still claims that there is a shortage of resources for the purpose. Since there is such a huge reserve, why does the Government not make use of it, so that small-class teaching can be implemented both in primary schools and secondary schools?

At present, the unemployment rate of young people is very high. I have always maintained that young students should not start working in society so early in life. They should continue to study in school and receive education. The development of Direct Subsidy Scheme (DSS) secondary schools can provide youngsters and students with a wider range of unconventional learning opportunities. I therefore think that the Government should vigorously promote the development of DSS schools and unconventional education. It should increase the average unit subsidy for DSS secondary schools, so that the latter can have more money to provide unconventional education.

The Government frequently says that it wants to build a caring society. But I do not think that it has made enough efforts in special education. I propose the extension of special education provision to 18 years, so as to cover students aged between three and 20. Honestly, I think that the Government is totally able to afford the required resources. And, this will also manifest the Government's intention of building a caring society. But for reasons unknown, the Government has not given any thoughts to this proposal.

President, Chinese people attach the greatest importance to being able to live and work happily. But property prices in Hong Kong these days, as rightly pointed out by quite a number of Honourable colleagues, are simply beyond the affordability of the grassroots, employees in general and even the middle class. Interest rates are at very low levels now. If a person still cannot afford a mortgage now, I believe that when interest rates rise in the future, he will even be less able to do so. I therefore hope that the Government can work out some ways to maintain property prices at levels affordable to the general public. It is only in this way that people can buy their properties on mortgages or rent satisfactory residential units.

President, I am strongly opposed to property purchases as a means of satisfying immigration requirements. I think this will only boost property prices and benefit property developers. The measure will not help the economy and may even increase the risk posed by the assets bubble. The reason is that those people simply do not buy the properties concerned for self-occupation. The residential units are simply left vacant, but property prices are thus boosted, and people who really aspire to home ownership are rendered unable to do so. As a matter of fact, many in society are dissatisfied with the sales tactics employed by property developers. They even suspect property developers of "market-rigging", employing such tactics as "inflation", giving false floor areas of show flats and even absurd skipping in floor-numbering. If the Government still cannot persuade property developers to exercise self-discipline in their business operation, it should consider the introduction of tougher measures to stop them. I think this is the only way to do justice to consumers. It is only in this way that people can have any chances of having a happy home and job. It is only in this way that the Government can command the support and recognition of the people.

President, I so submit.

PROF PATRICK LAU (in Cantonese): President, from the Budget this year, I can see and understand that the Financial Secretary has heeded a lot of public opinions, highlighted the problems that society is facing and responded to some of the problems. Although the specific direction is correct, is the vigour of initiatives adequate? I have heard quite a lot of views holding that the Financial Secretary should dial up the vigour in order to achieve the goal of building a caring society.

In fact, in the Budget, the forecast of a fiscal deficit has seen a major correction and there is even a fiscal surplus. As Dr LAM Tai-fai pointed out just now, Hong Kong has a huge fiscal reserve. In that case, should the Government not carry out a review, so that more public funds can be allocated from the reserves to ease the various problems confronting society, including those relating to employment, education, health care, welfare and housing? Certainly, the most important thing is to meet the housing need of the public. Only in this way can a caring society be really fostered.

At present, the public are most concerned about the issue of housing supply. Even professionals are saying that they are unable to buy properties, so what can ordinary members of the public do? The Hong Kong Institute of Surveyors (HKIS) believes that the specification in the Budget of a site in Yuen Long for private residential purpose be sold by open tender can meet the need of society for small and medium-sized flats, and the HKIS proposes that the Government allocate more sites for similar purposes to revitalize the Home Ownership Scheme (HOS) secondary market, such that members of the public can acquire their first homes. I think the direction of increasing housing supply is certainly correct, but the most important thing is to maintain a steady supply and of course, the Government also understands the need to avoid a repeat of the "85 000-flat" policy. However, I also wish to make it clear here that I agree very much with the concept espoused by the former Chief Executive, Mr TUNG Chee-hwa, that 70% of the people of Hong Kong should be facilitated in owning their homes. Only in this way can the housing need of the public, which is the most important one among the needs of clothing, food, housing and transport, be resolved, so that the public can have a cosy home and satisfactory jobs, thus building a truly caring society.

For this reason, I have often requested the Government to carry out a comprehensive survey to study and analyse the present housing supply and the demand for various types of housing, then target the actual needs of various districts by building a suitable quantity of flats. In particular, the supply of public housing should be increased instead of launching blindly small and medium luxury flats on the private market. I believe that so long as a balance can be struck between demand and supply in housing, property prices would not be pushed higher and higher by speculation, and the present situation of people not being able to acquire their first homes would not arise.

The present situation of demand outstripping supply is due to the inadequate supply of land. For this reason, I support the Budget proposal of putting several designated sites in the urban area on the Application List for auction or tender in the next two years in appropriate circumstances if their auction is not triggered, so as to solve the problem of a long-standing imbalance in land supply. My sector welcomes this dual-track system in land disposal arrangement and it shows that the Financial Secretary has responded to the views put forward by us. My sector also proposes that the Government should make

optimal use of sites in the urban area by putting them up for auction, so as to maximize their value.

As regards the proposal to raise the stamp duty of luxury properties worth over \$20 million, the HKIS believes that it can increase the revenue of the coffers but it will have little effect on the property market. Quite the reverse, I think that the most important thing is the condition that buyers cannot postpone the payment of duty, so as to increase their capital cost and to reduce the heat of speculative activities. In the long term, the authorities should formulate a corresponding policy to maintain the stabilization of property prices.

Although I agree with the proposal in the Budget that the Government should open discussions with the MTR Corporation Limited and the Urban Renewal Authority (URA) on ways to increase the supply of small and medium flats, I wish to stress that if the increase is in the number of small and medium flats costing over \$10 million, this would not help property buyers, particularly young people aspiring to buying their first homes. The most important thing is that the supply of flats at reasonable prices affordable to the public.

President, apart from housing construction, building repairs and maintenance is also very important. Paragraph 119 of the Budget mentions the "Operation Building Bright" and the Hong Kong Institute of Architects supports it. It is conducive to alleviating the problem of ageing buildings in old districts in Hong Kong. In addition, the Institute also hopes that the Government will continue to launch small- and medium-scale works — the small-scale works we are talking about have a construction cost of about \$18 million and the medium-scale works have a construction cost of about \$180 million — for this will allow construction companies and contractors of varying scales to participate in them and inject more new blood into the industry, thus improving the room of survival for small and medium companies after the economic recession in 2008.

Apart from agreeing with the additional allocation of \$500 million in the Budget to assist owners of old buildings without the organization power or without owners' corporations to carry out repairs and maintenance on their buildings, the HKIS also hopes that a scheme of mandatory inspection of windows and buildings can be introduced to solve the problem of old buildings in

disrepair in the long term. It also proposes that a special fund be set up by the Government to provide financial assistance to qualified owners in engaging professional surveyors and property management services.

Since the tragedy of building collapse on Ma Tau Wai Road, the concern of the public about building safety has been raised. For this reason, the Legislative Council immediately set up a subcommittee on building safety and related issues in the hope that an in-depth review of the views of various parties on strengthening building safety can be conducted, so as to formulate appropriate policies to protect public safety.

To ensure building safety, apart from stepping up repairs and maintenance, it is also necessary to improve the environment through the URA. Although a lot of people agreed with the prompt redevelopment of Ma Tau Wai Road announced by the URA, I also hope that it can really adopt a "people-oriented" approach in calculating the compensations for property acquisition. In fact, the URA should factor the development potential of the site into the calculation of compensation for acquisition. Only then can owners and tenants be offered fair and reasonable compensation. I believe the role of the URA is to assist in redevelopment, particularly in projects in which no property developer is interested, rather than making a windfall through redevelopment and sacrificing the interests of ordinary members of the public.

In the process of urban redevelopment, it is more difficult to require elderly people to adapt to the environment of another community. In particular, singletons or elderly people whose family members have no time to take care of them are affected the most. For this reason, in the entire Budget, what I appreciate the most is that the Government has finally agreed to provide home care services to people in need, including the need of elderly people in this regard. However, I think that the Government should formulate a long-term housing policy for the elderly to fully realize the concept of ageing in the community. Apart from the serviced housing for the elderly scheme currently provided by the Hong Kong Housing Society, the Government should provide more incentives to encourage public and private organizations to build more diversified housing for the elderly, to tie in with the home care services in various districts, so that elderly people can live comfortably in their own cosy homes.

Apart from the renewal of old districts, it is sometimes also necessary for urban redevelopment to tie in with the need of infrastructure development, so my sector and I support very much the concept of using infrastructure to promote development and hope that the \$49.6 billion expenditure on infrastructure can be used appropriately. To parcel out the projects can bring in positive competition and in this way cost-effectiveness can be achieved and the participation of more companies enabled, hence increasing the employment opportunities in the construction industry. A sum of \$100 million has also been set aside in the Budget to step up the training provided by the Construction Industry Council (CIC). In this regard, I think the most important point is that in fact, the whole industry has already allocated a lot of funds to the CIC for this purpose. In view of this, if the efforts are further stepped up now and since \$100 million has been set aside for it, I really wish to see how the CIC will train young people and what results it will achieve.

The Budget also proposes the implementation of Phase 3 of the Science Park to provide about 5 000 R&D and construction posts and in principle, I strongly support this. However, I reiterate that I hope that the Government can continue to hold architectural competitions under such a huge programme. President, I also understand that often the Government will take on board our views and organize a lot of design competitions. However, the problem is that many design competitions only offer a small amount of award in exchange for other people's designs. Moreover, the winning designer is not allowed to be the architect. I believe this approach is most unsatisfactory. For this reason, I hope that a real architectural design competition will allow the winning architect to become the actual person responsible for the relevant project. This alone is the reasonable approach, instead of placing their design concept under the charge of other people.

In order to narrow the digital divide, the Budget earmarked a provision of \$500 million to provide needy students with a subsidy for Internet access charges and to provide inexpensive Internet services and computer hardware complementary services to low-income families in need through a non-profit-making organization with tripartite collaboration among the community, the business sector and the Government. I cannot understand why it has to be made so complicated instead of directly providing free Wi-Fi service in all public housing estates in Hong Kong. Is this not even more practical? The most important point is that there is no need to waste manpower to carry out

vetting and implement all the application formalities, whereas public housing tenants will all be able to enjoy free Internet access, so that the problem of inter-generational poverty caused by the digital divide can be alleviated. Can this narrow the wealth gap?

In fact, several years ago, the Singaporean Government already began to provide free Internet service to the public and there are as many as 7 500 connections, while in Hong Kong there are now only 380 connections located in public facilities and 150 connection points within the precincts of public housing estates. Moreover, there are time constraints as they can be used only for 30 minutes in each session between 6 am and 11 pm and only 13 people are allowed access at the same time. Can this truly provide technological services to the public?

Lastly, I wish to talk about the caring culture in the business community mentioned in paragraph 171 towards the end of the Budget. Has this paragraph implicitly disclosed the true mind of the Financial Secretary? That is, he knows what problems are confronting society, only that he has no counter-measure, so he can only hope that the business sector will fulfil its society responsibility by promoting a caring culture in the business community in a capitalist society, in the hope that even as the business sector makes money, it can also repay society. I hope to hear the Financial Secretary talk about his personal views and what he hopes the business sector would do to build a caring society together. I so submit, President.

MR ANDREW CHENG (in Cantonese): President, since the release of the Budget in February, the general view has been that it lacks long-term strategies and only contains some one-off measures of "giving away candies" which fail to follow any rule or regulation. It seems that these measures aim only at winning the favour of the public, making sure that everyone gets something and alleviating the prevailing pressure in society without giving regard to the equity principle. As a result, owners of self-occupied luxury flats and those high-salary earners will receive rates relief and tax reduction, while the "four have-nots", that is, people who do not own properties, live in cubicle apartments, earn low salaries, do not have to pay tax, do not receive Comprehensive Social Security Assistance (CSSA) payments and the Old Age Allowance, will not receive any care at all.

President, regarding health care and transport, I will comment further, on behalf of the Democratic Party, on these issues which seem to have been dealt with according to the equity principle. On health care, it seems that before patients and the grassroots are able to gain any benefit, the senior management and directors of the Hospital Authority (HA) have already secured theirs. The Budget announces the increase of recurrent expenditure on medical and health services. Since 2007-2008, the recurrent expenditure on medical and health services has increased by \$6.4 billion, accounting for an increase of over 20%. The Financial Secretary has also announced that \$600 million will be allocated for the next three financial years to strength primary care services, including dental services for the elderly, for which the Democratic Party has been fighting for years. However, we find it very disappointing or even heartrending when we realize how this provision will be spent. The Government is always quick and generous in spending money on the senior management and directors, but it seems to be slow and calculating in providing health care services to patients and the grassroots. These services will only be improved after repeated demands, and the progress of their implementation is very slow.

The HA will receive an additional funding of about \$1.4 billion in 2010-2011, representing an increase of 4.3%. In his briefing to the Finance Committee, the Secretary said the additional funding would be spent on the provision of medication and strengthening the services provided for cancer patients, but it appears that he has not told us that even more resources would be spent on increasing the number of high-ranking positions and their salaries.

During a period of less than two years from 2008-2009 to the end of 2009, the number of HA staff remunerated on a pay scale comparable to that of directorate ranks increased by 68 from 596 to 664, representing an increase of 11.4%. Just in the Hong Kong East Cluster alone, there was an increase of 11 high-ranking positions, and there was an increase of nine such positions in the Head Office. The total annual salaries of these 664 staff remunerated on a pay scale comparable to that of directorate ranks is \$1.677 billion, and the total salaries and benefits for the 10 highest paid staff amount to \$39.9 million.

The HA creates a few dozens of positions remunerated on a pay scale comparable to that of directorate ranks every year, but the Legislative Council Finance Committee has no say in this matter at all. Considering that the HA enjoys autonomy, the Government refuses to introduce any legislative amendment

to require the HA to seek approval of the Legislative Council before creating additional positions remunerated on a pay scale comparable to that of directorate ranks, as required of other government departments. The HA is even not required to inform the Panel on Health Services (the Panel) of this. When criticized, the Secretary would always say that many of these high-ranking staff are front-line health care personnel. Actually, however, many of these newly created positions are not directly involved in the delivery of health care services. Take the Head Office as an example. In 2008-2009, three high-ranking positions were created to oversee corporate service management and information technology. Among the six high-ranking positions created in 2009, three positions are responsible for finance. At the hospital level, we always receive complaints from front-line doctors about the arbitrary creation of unnecessary management duties and positions by hospitals and Clusters, while those front-line doctors who devote all their energy to serving patients are not only worn out but also required to deal with personnel and administrative matters.

Recently, the Panel requested the HA again to review the weekly working hours of front-line health care personnel. President, it is not uncommon for doctors to work over 65 to 80 hours weekly. As for continuous work, they work continuously for not more than 16 to 24 hours, and 24 hours still fall within the range suggested in the guideline. It seems the management or even the HA has not taken care of front-line health care personnel through the increased expenditure on medical and health services to ease their work pressure. It seems the HA has failed to note the fact that health care personnel have to work themselves to exhaustion, so much so that they even do not have time for meals and rest, and they even have to work under immense pressure, fearing that medical incidents would occur when they are not well. However, the HA just keeps applying for huge provisions to create high-ranking positions.

The HA does not treat its front-line staff well, neither does it seem to treat its patients any better. During the year 2008-2009, there was a net increase of \$42 million in expenditure just on the basic salaries for the 25 additional staff remunerated on a pay scale comparable to that of directorate ranks alone. In 2009-2010, the expenditure incurred by patients on purchasing self-financed item (SFI) drugs through the HA amounted to \$542 million, and these drugs were paid by patients from their own pockets. Most of these SFI drugs are expensive "life-saving drugs" unaffordable to middle-class families. However, the

Government has kept refusing to make changes to the policy. Regarding our demand over the years of including essential drugs as items under the safety net or Special Drugs, the Government has made some responses to it this year, but only in a way like "squeezing toothpaste out of a tube", by including eight classes of drugs as Special Drugs and expanding the clinical use of nine classes of drugs.

The situation of primary health care is very much the same — the Secretary said \$600 million would be allocated in the next three years for primary care services. However, over one third of the \$600 million, that is, \$226 million, will be used for the payroll of 17 staff members of the Health Care Office and for developing clinical protocols for primary care, setting up a Primary Care Directory and mode of service delivery and research support (actually, the Health and Welfare Bureau has already set up a separate department to conduct researches). This bulk of paper work has already taken up one third of the \$600 million. Dental problems are also very serious among the elderly. The Democratic Party and many political parties in this Council have all along been calling on the authorities to improve the dental services for the elderly. We have requested that a \$500 million fund be established, yet the Government will only allocate \$80 million, that is, less than \$100 million, for this purpose this year. Regarding the portion of the provision for the elderly, I think Members will understand that everyone ages gradually and one's teeth will fall off one day. Many grassroots or even middle-class people are unable to afford the dental fees even when they need to see the dentist because charges for dental services are exorbitant in Hong Kong. Therefore, the Government should provide additional resources in this respect. With the \$600 million mentioned just now, about \$400 million will be spent on implementing three pilot schemes to strengthen primary care services. Originally, the Government may gradually develop a framework during the implementation of these pilot schemes, but even the details of the schemes have not been worked out yet, not to mention their implementation. It seems the \$400 million will not be spent on members of the public. Right from the beginning, the \$226 million is earmarked for establishing a cumbersome bureaucratic set-up in the Department of Health.

This is not the first instance of the management "oiling its palm" by creating new positions and developing a framework before members of the public can receive the services. President, when you were still sitting here in this Chamber as a Member, you had repeatedly asked Chief Executive Donald

TSANG and the former Chief Executive how they perceived health care services for the elderly. The value of health care vouchers is so low, and the Government is so mean. We requested that the value be increased to \$1,000 and the age limit of recipients be lowered, but the Secretary simply evaded this issue with the repeated excuse of review. However, the \$30 million for implementing the electronic voucher system and the \$37.9 million for staff and operation costs was exhausted right away. Before any improvement to health care services can be seen, the Government is now establishing another department with 20 civil service positions, involving a spending of \$1.124 billion, to develop the first comprehensive electronic health record sharing system in the world. President, just now I have kept quoting figures and referring to many high-ranking positions, and repeatedly mentioned cases of salary increases.

The Secretary has all along given people an impression that he adopts a prudent attitude towards his work. However, it seems that hundreds of million dollars of public funding has been spent in recent years. What has it been spent on? The tasks include central management, central co-ordination and IT work. President, we are not saying that these systems are unnecessary, but has the same percentage of resources been spent on patients? The answer is in the negative. Members of the public and patients cannot feel any improvement to the existing health care services with the thousands of million dollars of administrative expenditure spent, and medical blunders are still occurring from time to time.

Too high a proportion of the Government's additional health care provision has been taken up by the HA and officials and the management of the Health and Welfare Bureau for co-ordination and administration, resulting in the erosion of resources for primary health care personnel and patients. The workload of front-line staff, the burden of medication on patients and public dissatisfaction with health care services may ultimately evolve into discontents and grievances against the HA, the Secretary and the SAR Government. However, before I first raised this point, the Secretary had already left the Chamber, and his assistant had left, too. Now that I am speaking on health care policy, the Secretary is also not present. I will now move on to transport affairs, but the relevant Secretary is not present. I hope the three Secretaries present now will relay my views to the relevant Secretaries after hearing my remarks, and I also hope the relevant Secretaries will go through the part of the minutes on my speech.

President, regarding transport, I would like to highlight two points. In recent years, road safety and the health conditions of road users, including many drivers, not only professional drivers has become a concern to society. I have pointed out plenty of times, as Members may also be aware, that with the ageing of the population in society, the age of drivers is also increasing. When even the drivers themselves are not aware that they are suffering from some kind of hidden illness, which may affect their driving behaviour, an urban crisis is thus constituted. After all, vehicles may pose a serious threat to road safety and the life and properties of the public. If no improvement is made, how can unnecessary traffic accidents be avoided?

Actually, the Transport Department has organized a number of health checks for professional drivers. In the press release on 29 October 2009, the authorities called on professional drivers to pay active attention to their personal health and undergo health checks more regularly. However, these are by no means long-term measures. We have proposed that the Government give consideration to using resources of the Occupational Safety and Health Centre to provide regular health checks for grass-roots professional drivers. This is a win-win approach beneficial to drivers, their families, road safety and the general road safety of Hong Kong. However, it seems the Government has not given any positive response in this respect.

Regarding policies, we have proposed to borrow a page from other places and even the Mainland to require drivers to produce a certificate of health conditions as a basic requirement for licence renewal. In Hong Kong, a driving licence is valid for 10 years upon renewal. I believe it is high time we reviewed whether drivers should be required to produce a certificate of health conditions every one or two years before they would be allowed to continue to drive on the road. This will benefit the drivers themselves and road safety.

With one minute or so left now, I would like to talk about the MTR Corporation Limited (MTRCL). President, the MTRCL has introduced a fare increase based on the adjustment mechanism that allows fares to go upward and downward. I do not take issue with it because I supported this mechanism back then. However, when we see that the MTRCL had a net profit of \$9.7 billion last year and even as much as \$70 billion over the past 10 years, the Government would only arouse more public grievances if it still allows the MTRCL to increase its fares without taking any measures to alleviate the pressure of transport

expenses on the public, even though the SAR Government has received a dividend of \$5.5 billion from the MTRCL. Therefore, I have repeatedly proposed adopting the concept of a fare stabilization fund and finance it with the dividends received by the Government. Whenever the MTRCL introduces a fare increase, the Government can pay the MTRCL by drawing the money from the fund, so as to make the MTRCL aware that even if it has to increase its fares, there is a limit to the affordability of the public. I hope the Government can give serious consideration to this idea. Thank you, President.

DR MARGARET NG (in Cantonese): President, it is a big event for this Council to debate the Budget every year. But the focus this year has been shifted completely, for the Chief Secretary for Administration suddenly released the proposal on constitutional reform yesterday. This morning, I could not see any report on our debate on the Budget in the press. Rather, all newspapers have reported at great lengths the proposal on constitutional reform and Members' reaction to it, resulting that the debate on the Budget this year has become fragmented.

President, originally, I feel sorry for Financial Secretary John TSANG, for this is his most important debate. However, the Government acted in such a high profile yesterday, which can be regarded as "hijacking" the Budget debate. Let us think about it seriously. In fact, this bears testimony to what Members from the democratic camp have all along been saying. I believe Mr Andrew CHENG will also remember the slogan of the Democratic Party — "Without democracy, will there be any people's livelihood to speak of?" Recently, in promoting the referendum campaign at the district level, the slogan adopted by us is "Referendum for justice, Democracy for people's livelihood", showing that the crux of each Budget lies in government policies and economic issues.

President, I remember that when the press reported on the deep-rooted conflicts after Chief Executive Donald TSANG's return from his first duty visit in Beijing, many people considered that Premier WEN Jiabao was talking about political conflicts, conflicts among different strata and conflicts between functional constituencies and democratic universal suffrage. But Donald TSANG subsequently explained that the deep-rooted conflicts so mentioned were referring to economic rather than political issues. However, from the

announcement of the proposal yesterday, we can see that what we have believed in is indeed true. It is because deep-rooted economic conflicts will become more serious in tandem with deep-rooted conflicts in politics. Also, deep-rooted conflicts in politics will lead to more serious conflicts in economic policies, which can hardly be resolved.

President, as many people know, Hong Kong is very rich. Being a city, Hong Kong is very rich as a whole. We have quite a high ranking among other advanced countries. However, the majority public in Hong Kong do not feel that they are very rich, for our ranking in terms of the disparity between the rich and the poor is the highest among other advanced countries. Moreover, Hong Kong's wealth rests in the hand of the Government rather than its people. In Hong Kong, some 500 000 people have a monthly income below \$5,000. However, as mentioned by Dr LAM Tai-fai just now, the Government has fiscal reserves as much as \$550 billion. Why is there such a phenomenon? Why can such a rich region not do something more for the poor? The Government always emphasizes its policy of "big market, small government". As stated by the Financial Secretary in his Budget speech, it is inappropriate for us to have large-scale redistribution of wealth. In fact, no one requests the Government to adopt such an approach. We only say that in case there are some phenomena in the market which are unfair to society and will affect the living of many people, the Government should, to a certain extent, use its financial power and social policies to rectify them, so as to ease the hardship so generated.

We have no intention to turn the rich into the poor, only that we do not wish to see those poorest people live in dire straits with no way out. However, we note that regarding many deep-rooted conflicts, such as the minimum wage for which we have been striving for years, the Government has not enacted the legislation until now. A Member even proposed that the minimum wage of \$20 per hour should be appropriate. Even for cows and horses, we have to feed them in order to make them work for us. Why is the wage we pay to those who work for us not sufficient to make ends meet, not to mention feeding their families? The Government has yet stipulated the minimum wage because of the objection from many Members returned by functional constituencies in this Council. This has aggravated the deep-rooted conflicts, which are not merely related to the disparity between the rich and the poor. Rather, they have also undermined Hong Kong's vigour and economic competitiveness.

Regarding a fair competition law, we have so far only heard the thunder, not seeing any rain. Who are objecting to it? We are very clear about it. Hong Kong has all along emphasized its enterprising spirit. Many small shops, though their capital is limited, have their way of survival, such as selling ear-rings or wanton noodles at the bottoms of staircases, and manage to make profits still. However, what is the situation in Hong Kong now? If small shops can operate successfully, owners will increase the rental after these shops have made some profits and become famous. Once they are not able to afford the rental, they have to move or wind up their business.

We always claim Hong Kong as a food paradise. What kind of food paradise is it? In fact, the majority of restaurants are branches of large groups selling standardized food only. However, in other places Many senior government officials have opportunities to travel overseas. Even Members who are not so rich, like me, also have such opportunities. Sometimes, we may wonder why there are so many special restaurants in overseas countries. It is not the case that there is no special shop in Hong Kong. I have also visited some special ones. A shop operator once told me that although their business was quite good, they planned to move as the owner wanted to increase their rental by 200 folds. How can they continue their operation? Therefore, President, Hong Kong has all along been putting emphasis on innovation. However, with such a rental problem, there is no way for small shops to continue their operation. As a result, only those large consortia or groups can survive, making it impossible for Hong Kong to carry its characteristics, vigour and real competitiveness. Our market is not open at all.

Moreover, let us take a look at the example of The Link. Why do we have such problem? It is generated by the Government's policies. Why do residents living in Tin Shui Wai have difficulties in making ends meet? It is attributed to the Government's town planning. As hawkers and small shops have all been eliminated, the public can only shop in big shopping arcades. Due to the high rental, will these shopping arcades provide goods for the public at a lower price? In particular, given the monopolization by supermarkets, the public have no other alternative but to buy groceries there. Even if they do not visit shop A, they have to visit shop B. What can the poor do if they wish to buy something cheaper? They have to travel to Yuen Long, which is already the nearest place. Yet, it will incur travelling expenses. Mr Andrew CHENG has also put forth a

lot of views just now. What are the reasons for the current situation in respect of travelling expenses? It is also attributed to the problems in social policies.

President, we note that regarding the so-called policy of "big market, small government" adopted, the Government is not small at all, for most of the resources are in its hand, and among them, the major one is land. So long as land resources rest in the Government's hand, its policies will have a bearing on people's livelihood. From the anti-Express Rail Link (XRL) incident, we can see the Government's stance clearly. Who support using \$70 billion to construct the XRL? They are those rich people living within the quality living circle, who can play golf in the Mainland in the morning and enjoy an opera in West Kowloon, Hong Kong in the afternoon. This is the quality living circle, which accounts for the clearance of Choi Yuen Tsuen. The Government, on the one hand, has taken care of some people to ensure their quality life. But, on the other hand, it fails to provide basic living and homes for others.

The issue most frequently discussed in respect of the Budget this time is property prices. However, the Government's stance is very clear. It has no plans to resume the construction of HOS flats and Sandwich Class Housing Scheme flats, for it does not wish to compete with developers for business. We know from the last part of the Budget how the Government looks at compulsory sale, which is really very shocking. In order to assist private developers to conduct more development projects, the Government has raised the threshold of compulsory sale — it should be having lowered the threshold. However, let us take a look at those old districts resumed. Will developers build flats which are affordable to people from the middle or lower classes? Surely, they will not. The Masterpiece is one of the examples, which is developed from old buildings Of course, this is not an example of compulsory sale. Rather, it is a redevelopment project made possible by land resumption. But the rationale is the same. What we have resumed are old districts, but what come out of them are luxurious flats. The supply does not tie in with the demand at all. In the examples of compulsory sale, we can even see that the Government has assisted developers in oppressing small property owners. Such deep-root conflict is already not a matter of polarization, which only involves the poorest and the richest. In fact, the middle class is also involved. So long as they have a flat, they will not be regarded as the poorest. People have been saying that developers are targeting at those pieces of "fat meat" with their greedy eyes. But

those buildings will not be the ones in poor districts, for developers have no interest in them at all.

Secretary Carrie LAM said that she would "fight for the people". In fact, she is referring to those dilapidated buildings owned by the elderly in old districts. Developers may not have any interest in purchasing them. Indeed, the Government is assisting developers to make unfair deals. I have some questions for the Financial Secretary. Will he, at least, consider providing legal aid to those small owners whose properties are subject to compulsory sale? Why? Let us think about this. What is the most basic concept of property right? It means that I own this property and you cannot force me away. The Government is the principal owner. If it wants to resume land, it will be another story then. But now, the Government is exercising its public power to assist private developers to force the public to give up and sell their properties. However, what the public get in return is not sufficient to buy them another dwelling in the same district. If this is not a compulsory removal, what is it? If this is not a downright robbery, what is it? If this is not a dispossession, what is it? This is not merely a question of property prices. Rather, the Government has made our property right neither safe nor being protected anymore.

Although I was out of town when Secretary Carrier LAM made those remarks, I have read the minutes of meeting on that day and her letter to Members. She has turned the public's property right into something restricted by the principle of the majority rules, under which the minority must give way to the majority. Should such principle be adopted, it is indeed unnecessary to set the threshold at 80%? Why don't we set it at 60%, or even 51%? This has, in fact, distorted the concept of property right, changing the right of ownership into the right of use only. The land title of my property may be of a term of 999 years originally. However, as you say that buildings of 50 years can be subject to compulsory sale As also mentioned by Mrs Regina IP just now, it has been reported in the press and now, we all know that developers have been acquiring this kind of buildings. Such practice has indeed distorted the concept of property right completely.

President, I very much agree to a point made by Ms LI Fung-ying in her speech yesterday. The economic policy mentioned by the Financial Secretary is to make the pie bigger only. She said that there would not be any objection to

making the pie bigger. But after all, the Government has to address the question of how best it can be shared. How can it be shared in a fairer manner? Our existing economic policy is, in fact, similar to "crumbs from the rich man's table" mentioned in the *Bible*, that is, taking the stuff left over by the rich after their banquets for the public to share. In such circumstances, how can deep-rooted conflicts be resolved? How can we say that this Budget merits our support? Thank you, President.

MR CHAN HAK-KAN (in Cantonese): President, in this Budget, the Financial Secretary has put forward quite a number of proposals, responded to some of the concerns of the public and introduced some relief measures. However, these relief measures have been introduced year after year and some people have criticized them as gimmicks used by the "Lord of Finance" to win applause by handing out candies. However, I think that the fact that these relief measures have to be introduced every year means that members of the public are still in deep water, and the economic recovery has not brought improvements to their present difficulties in living. The public are subjected to great pressure in various areas, such as transport, housing, health care, commodity prices and the quality of life. In view of this, apart from considering the introduction of relief measures, the Government also has to think long and hard about why it is still necessary to introduce such measures and why the underlying social problems have not been solved. To solve the social problems and contradictions faced by us, are more holistic thinking and longer-term planning called for?

President, concerning specific policies, the Budget devoted a relatively large number of passages to health care, for example, incorporating more drugs into the Hospital Authority Drug Formulary, implementing dental services for the elderly and increasing the places of nurse training programmes. All these measures merit our support. However, there is a subject in health care which I have all along cared about but to which the Government has not been willing to make any commitment, namely, the promotion of the development of Chinese medicine in Hong Kong. This is a proposal that has been advocated by the DAB for many years. We hope that a hospital which offers joint Chinese and Western medicine consultation service (a Chinese medicine hospital) can be established in Hong Kong but so far, the Government has not given us any very positive response. It was not until recently that Secretary Dr York CHOW disclosed that under the plan to reserve sites for the development of private hospitals, two

groups had expressed intention to build Chinese medicine hospitals. This is an encouraging piece of news. However, when I asked Secretary Dr York CHOW if priority would be given to granting these sites for the construction of Chinese medicine hospitals, his Bureau did not give me any direct response and this made me feel very disappointed.

In fact, apart from responding to the demand of the public for Chinese medicine services, the establishment of a Chinese medicine hospital in Hong Kong can also assist Hong Kong in developing into a Chinese medicine base and training more local Chinese medicine practitioners. Earlier on, I visited some local universities which have established departments of Chinese medicine and many professors all happened to express to me their concern about the career prospects of their students because at present, their students mainly join the Chinese medicine clinics established by non-governmental organizations to work as Chinese medicine practitioners and the period of employment is three years. Presently, their salary only amounts to \$15,000 monthly, which is a far cry from that of Western medicine practitioners.

When Secretary Dr York CHOW responded to my question at the special meeting of the Finance Committee, he said that it was the responsibility of the operating organizations to determine the terms of employment and the Government had no power to look into them. However, I believe that since the Government has taken the first step of requesting these organizations to hire the graduates from these departments of Chinese medicine, why can it not set a pay scale for Chinese medicine practitioners, as it did for teachers and social workers? This can improve the working conditions of Chinese medicine practitioners on the one hand and students of Chinese medicine can have a clear idea of their career prospect on the other, so this will be conducive to the retention of talents.

Recently, The Chinese University of Hong Kong also expressed its interest in bidding for a site for private hospital in Tai Po with a view to building a private teaching hospital. I hope that it can include an element of Chinese medicine service in this hospital and provide treatment that combines Chinese medicine and Western medicine. I further hope that when the Government vets the applications, it will consider as a matter of priority granting sites for the development of private hospitals to organizations that include an element of Chinese medicine in their services.

President, apart from health care, I will also talk about two issues of great concern to society related to young people, one being the drug problem and the other being the housing problem. I know that the Government attaches great importance to anti-drug efforts. Otherwise, it would not have been so generous as to propose in the Budget an injection of \$3 billion into the Beat Drugs Fund. However, in fact, the surveys conducted by the Government and other organizations found that the youngest age at which some young people first came into contact with drugs was 10. For this reason, the Government must step up its efforts in clamping down on the scourge of drugs in schools. Apart from providing teaching kits and strengthening the ability of teachers in identifying student drug abusers, it is also necessary to attach greater importance to some school-based measures, so that they can become the emphasis of future anti-drug efforts in schools.

Some people in local communities told me recently that 17 primary schools in the North District planned to make a joint application to the Beat Drugs Fund to hire a full-time social worker to provide counselling service in various schools in rotation in the hope of stepping up anti-drug education. This example shows that schools are aware of the seriousness of the problem and hope that the ability of students to resist drugs can be strengthened as soon as possible. I hope that the authorities, when considering the applications made to the Beat Drugs Fund, can adopt relatively generous standards, so that more schools can receive funding to introduce school-based measures to combat the drug problem in schools.

As regards rehabilitation and counselling, we are very concerned about the overwhelming demand for the services of Counselling Centres for Psychotropic Substance Abusers. Take the Cheer Lutheran Centre in Tai Po as an example, since the implementation of the voluntary school-based drug testing scheme in Tai Po, the number of requests for assistance received by the centre from July last year to January this year has increased by 2.5 times year on year and it can be said that its manpower is now stretched to the limits. For this reason, there is a need to increase its manpower to cope with the ever-increasing workload. The Government often stresses that the anti-drug effort requires various sectors to pool their forces together, and I fully agree with this. Earlier on, I made a visit to the North District Hospital to understand the work of the Anti-drug Volunteer Group established by the hospital. This volunteer group co-operates with social welfare organizations in the North District in reaching out to young drug addicts and advising them to kick their habit from the health perspective, and the result

has been excellent. I hope that after the injection of funds into the Beat Drugs Fund, more such cross-sector co-operation programmes requiring higher costs can be given support.

President, apart from caring about the drug problem among young people, society is also very concerned about their housing needs. Ever since I became a Legislative Council Member, I have been very concerned about the housing needs of young people. Although the Budget this year has proposed four measures to stabilize the property market, it seems that the effect has been limited. Since the announcement of the Budget, property prices have been rising higher and higher all the same, thus rendering more young people snails without shells.

Whenever I talked about the housing problem with young people, they would only respond to me with sighs because they cannot find any shelter either in the public sector or private markets. In respect of the public sector market, both the Home Ownership Scheme (HOS) and Sandwich Class Housing Scheme have been halted, yet these young people are not qualified to apply for public rental housing. In respect of the private market, with soaring property prices, they cannot afford the mortgage repayments or even the down payment.

I believe that in order to meet the housing needs of young people, the Government has to tackle the issue at three levels, that is, the higher, middle and lower levels. The higher level refers to young people with the ability to buy private flats and these people hope that the Government can reintroduce the Home Starter Loan Scheme, while the middle level refers to people in the sandwich class and the ways of addressing their needs include restoring the HOS and Sandwich Class Housing Scheme to increase the supply of small and medium-sized flats. We also propose that the Government make reference to overseas experience and build housing for young people, such that young people with housing needs can be attracted to rent such housing of better quality and higher rents. Lastly, the lower level means appropriately adjusting upwards the income ceiling for public housing application and increasing the number of public housing units for singletons, so as to cope with applications held up for many years from single young people who have yet to be allocated public housing. In sum, the Government has to adopt various means to deal with the housing problem faced by young people.

Apart from becoming snails with shells, we also want to have a good quality of life, so we cannot overlook the environmental problem. The air pollution problem in Hong Kong still remains not solved after all these years, and no significant improvement has been seen. In particular, the assault of the sandstorm on Hong Kong earlier on highlighted the loopholes in our air quality notification and emergency response system. Although the Government stressed a number of times that it was rare for sandstorms to affect Hong Kong, the public generally believe that the Government has displayed inadequacies three aspects in this incident: an inadequate sense of crisis, inadequate advance warning ability and inadequate response to emergency.

Earlier on, the DAB conducted a survey and the findings show that only 15% of the public think that the performance of the Government in dealing with the sandstorm on this occasion is commendable, and nearly half of the respondents think that it is not enough for the Government to just issue advisories to the public on that day. We hope that the Government can make internal resource deployment to improve its efforts in monitoring air quality. The prime task is to strengthen the co-operation between the Hong Kong Observatory and the Environmental Protection Department, so that these two departments can share data and establish a well-connected notification system to reduce the possibility of delay.

As regards contingency measures, we propose that the present upper limit of the air pollution index should be raised and, drawing reference from the practices adopted under the typhoon and rainstorm warning systems, publish specific guidelines on the suspension of classes, suspension of work and cancellation of large-scale activities. In this way, the air pollution index will become useful reference to the general public in the sense that they will be enabled to know when and how to protect their health.

President, talking about improvement of air quality, after reading the entire Budget, I found that the efforts in this regard are far and few between and they even give one a feeling of being "old wine in a new bottle". For example, measures like the continued effort to promote the use of electric cars and financing vehicle owners in replacing their more polluting old vehicles were all introduced last year, so they lack any originality. The only new measure is to establish a \$300-million Pilot Green Transport Fund. Through this fund, the

Government hopes to induce manufacturers and technological research institutes to develop new technology to reduce emissions from public transport. However, this kind of research and development will often take several years and it is also necessary to wait further before new technologies can be put to actual use, so such distant solutions may not be able to solve such a pressing problem in Hong Kong. By that time, our air quality will have deteriorated further and I am afraid we may not be able to wait for this kind of fruits of technological research.

I can see that the Government has the resolve to solve the problem of roadside air quality. However, apart from the resolve on the Government's part, transport companies also have to assume responsibility. At present, the Government can at the most only encourage them to replace their vehicles by offering incentives, but it seems that the effectiveness of the vehicle replacement schemes proposed by the Government is limited. For this reason, I think that in addition to incentives, the Government should also mandate transport companies to replace their vehicles as a matter of policy, so as to improve roadside air quality. One major principle to which the Government must pay attention is that the cost of vehicle replacement should not be completely transferred onto members of the public, or else it will be difficult to win the support of the public. I believe that the principle of joint responsibility, to be assumed by the three parties, namely, the Government, the business sector and the public, and of enabling the three parties to share the fruits of air quality improvement, should be applied to all environmental policies.

President, I know that the Environmental Bureau will perhaps announce the proposal of banning idling vehicles with running engines today. I believe this proposal will help improve roadside quality, but the prerequisite is that the impact on the transport sector must be reduced to a minimum, for example, by clearly defining the criteria adopted in law enforcement and allaying the concerns about the wear and tear of vehicle parts. Otherwise, something good would only turn into something undesirable and the discontent of the transport sector would be aroused, thus making the implementation of this policy difficult.

President, I so submit.

MS CYD HO (in Cantonese): Concerning the functions of the Budget, first, it covers the daily expenses of the whole SAR Government in providing essential services to Hong Kong people; second, it is for the implementation of some new policies.

When I initially joined the Legislative Council, some senior Members told me that there was "new money" each year. Just like a triangle, the basic daily expenses were at the bottom of the triangle while the new money could be spent on promoting new policies. Therefore, the number of proposals made by many political parties at that time depended on the amount of the new money, and all of us would discuss together how new policies would be promoted.

But we no longer do so nowadays, why? Since Antony LEUNG assumed office as the Financial Secretary, the Government reduced expenditure vigorously. Starting from 1997, the public expenditure/GDP ratio has dropped from 23% to 19% at present; GDP was around \$1,300 billion in 1997 and it was \$1,600 billion last year. Although the public expenditure/GDP ratio has dropped, given growth in GDP, the actual amount has slightly increased. However, such a slight increase is really not enough to allow the grassroots in Hong Kong to share the fruits of economic growth through public finance management. For this reason, even though there is continuous GDP growth, the problem of disparity between the rich and the poor has become increasingly serious.

Therefore, when we discuss such details as how much money should be allocated to certain areas and the measures to be introduced, an important point is to ask the Financial Secretary to determine anew the public expenditure/GDP ratio in the Budget. We ask that the ratio be set at 25%. The fruits of economic growth should be used on poverty alleviation to solve the deep-rooted conflicts and the problem of disparity between the rich and the poor in society.

Now, even with a 19% public expenditure/GDP ratio, we still have a surplus though it has not been effectively used. Where has the surplus gone? It has been saved up as government reserve. According to the Budget, we now have a fiscal reserve that is enough to cope with the administrative expenses in 18 months, not counting the some \$1,000 billion foreign exchange reserve. In spite of the fact that I object to a lot of the comments made by Antony LEUNG, I strongly agree with one of his comments: money that cannot be used is not

money, and money set aside is just figures on paper. When money is not effectively used, it will not serve any function and we will just have some figures.

Thus, I implore the Administration to do something: first, to raise the public expenditure level to 25%; second, to consider how the surplus can be effectively used. The Financial Secretary has said that the surplus will provide for rainy days, however, I do not find the surplus put in a fund for coping with population ageing; instead, it has just been put in the government reserve. In case there is a huge surplus, will the Government introduce some highly controversial public works projects costing \$66.9 billion rather than spending the surplus in such areas as health care, tackling population ageing and education, or on investments in the future?

Currently, the common practice of selling the Budget is to emanate pessimism and exaggerate the deficit. Nevertheless, on the annual accounting date — when Henry TANG was the Financial Secretary, he felt embarrassed and smiled in an embarrassing way — when the deficit in the annual account as he mentioned was compared with the figure he estimated earlier, he was embarrassed. As a matter of fact, ever since 1997, whenever the deficits and surpluses estimated by the Financial Secretaries were compared with the actual surpluses, the greatest difference exceeded 900% — there was such a difference when Donald TSANG was the Financial Secretary — and the smallest difference was 25%.

However, what is the effect of the Government's making very pessimistic estimates now? It will be able to evade long-term commitments. When it tells us that the situation is so bad, it definitely needs to reduce expenditure; thus, it is unwilling to formulate poverty alleviation measures to tackle such problems as housing, education, health care and employment with the provisions for recurrent expenditure. Hence, these deep-rooted conflicts accumulated over a long period could not be solved.

Now that the Government actually has a huge surplus, what does it do? It adopts a one-off measure to dish out candies. It dishes out candies on each occasion, but a one-off measure to dish out candies without long-term policy objectives will have side-effects. Firstly, the middle class so benefited will not be gratefully to the Government because they understand very well that the

Government dishes out candies to them because it feels embarrassed that it has collected excessive tax from them. Secondly, when the Government is accustomed to dishing out candies, those who have not directly benefited from these petty favours will make criticisms. The Financial Secretary has now returned to the Chamber and I would like to remind him of a very embarrassing moment. After he had announced the Budget, he attended a radio programme "HK2000" and received two telephone calls that rendered him speechless; and one of the callers was a civil servant. Although the civil servant has a good job, and he will receive a pension when he retires, which accounts for one third of his terminal salary, he said that the Financial Secretary could not help him. When compared with many poor people in society, he actually belongs to the group leading a secure life. However, he also blames the Financial Secretary for failing to help him, which is the aftermath of the Secretary's habit of giving away candies. Another person who bought a flat after much hard work alleged that the Government failed to help him, and he questioned why the Government did not give him any help. As it turns out, he has forgotten that mortgage interest is tax deductible. It is because the Financial Secretary has not directly dished out candies to him; this is the aftermath of the Financial Secretary's dishing out candies in the Budget each year without any long-term policy objective. When the Financial Secretary was rendered speechless on that day, he could only respond that he could not give any laser-like response.

However, when candies are dished out on each occasion, there is actually no way to make it appear to be fair to the public other than giving each person \$5,000 or \$10,000 as what has been done in Macao. But the side-effect of dishing out candies is that the community will become very short-sighted because of the Government's act. People will only consider how much money is going to be put into their pockets immediately before determining whether they will support the Government. Actually, given such a social atmosphere, it will only become more difficult for the Government to promote new policies and administration in the future, and it is actually worth our while to conduct reflections and reviews together.

Yesterday, Mr Ronny TONG wondered which word should be used to describe the Budget this year. I was sitting here at the time, with an answer in my mind; it was the word "dawdling". It is because the Government has just scraped through these two years, without planning for the future. This year, it

gives away \$20 billion to CSSA recipients and the elderly, providing an extra allowance, equal to one month of their standard rate payments and allowances. I have no objection at all. On the contrary, I think that the Government should review if the current amounts are sufficient and whether they will enable the elderly and CSSA recipients to attain a reasonable standard of living. Furthermore, it should consider providing universal retirement protection rather than determining year on year the amounts of candies to be dished out to the public on the basis of the surplus amounts, which is inappropriate.

I would like to focus on one of the measures of giving away candies, that is, waiving \$13.1 billion of rates and salaries tax. In fact, most of the people who will benefit from the rates waiver have already purchased their homes. To benefit fully from the \$6,000 salaries tax reduction, people should have fairly well-paid jobs. At the most, a middle class family can receive \$7,500 in tax reduction, which is just enough for all family members to have a big meal or paying some of the expenses on an outbound tour for all family members. They may deposit the money in banks or make investments with it. In any case, the composite effect on economic activities as a whole is quite limited. If we spend this \$13.1 billion on the construction of public housing, calculating on the basis of \$280,000 for each public housing flat, I would like to tell the Financial Secretary that we can built 260 000 public housing flats to benefit 260 000 households. When they can move into public housing flats, they will then have modest competence and become well-off tenants eventually. Alternatively, when they have saved up enough money, they can enter the private property market. Instead of being given candies in a one-off manner which will only be enough for them to have a meal together, they will be benefited for more than 10 years. Furthermore, besides benefiting households eligible for public housing allocation, the money will also benefit other people in the middle and lower classes. When there is a reduced demand for private flats, there will be downward adjustments in the rents of flats in the middle and lower market segments. This will not only directly benefit 260 000 households for more than 10 years, it will also have a cooling effect on rents in the entire property market.

As a matter of fact, there are only 120 000 households waiting for public housing, so if the \$13.1 billion is spent in this way, the eligibility for public housing application can be relaxed to benefit more people from the sandwich and lower classes. Thus, they need not ask the Government to provide \$1,300 each

year as subsidies for Internet access by children from poor families. When they can save some money from rent payment, they will be able to meet other living expenses.

President, as regards the opinion poll conducted by The Chinese University of Hong Kong (CUHK), as several Honourable colleagues have said, 1.5 million Hong Kong people supported radical struggles. We should not put the blame on the League of Social Democrats or the post-80s. Actually, sociologists have said long ago that, during the period of the economic recovery of a society when price increases are brewing in various sectors and the grass-roots households have not yet been benefited, society is in the most turbulent situation. These remarks were made long ago. In 1999, I already told Mr Donald TSANG, the then Financial Secretary, that at that stage, our society was in the most turbulent situation and there would easily be social unrest. The then Financial Secretary told me: "Cyd HO, you have mentioned a riot seven times, do you really want there to be a riot in Hong Kong?" My answer was: "That is precisely what I do not want, and that is why I raise this point to remind officials of that and sound warnings." Today, Hong Kong is in such a situation once again, for there are increases in MTR fares and gas charges, and there have long been frenzied increases in rents and property prices. If we still fail to look squarely at the problem of disparity between the rich and the poor, a lot of conflicts will explode in the form of a riot.

The Financial Secretary is smart. Does he not know what policies should be adopted to remove these social conflicts? Does he not know that the existing policies tilted so much towards the interests of property developers and monopolizing consortia will cause social unrest? I believe the Secretary is well aware of all this, but what can he do under this system and our political system? Of course, I understand that the Secretary has his hands and feet bound. The Chief Secretary for Administration called upon Hong Kong people to rationally show tolerance and seek common grounds while reserving differences yesterday. Under the violence of these systems, so many people are exploited by consortia and so many small owners who bought their flats with their lifelong savings have their flats forcibly acquired by the Government or consortia at unreasonable prices for the sake of urban renewal, compulsory auction and railway construction; they have lost their lifelong savings or their savings have just vanished under the relevant government policies. Is it not shameless of the

Secretary to ask them to be rational and show tolerance? Who would rationally show them tolerance?

This reminds me of one person. He helped the residents affected by urban renewal and witnessed how the residents were removed and their flats demolished; he was later detained in the Cheung Sha Wan Police Station by police officers. In the Cheung Sha Wan Police Station, he was beaten up by police officers who claimed that they were assaulted by him; fortunately, the Court ruled that he was not guilty. Policy-wise, now that ordinary people are exploited by might and violence, how can they be asked to rationally show tolerance? How different is the Secretary from police officers who beat up the person while claiming that they were assaulted by him and that the victim should be prosecuted? Of course, the case could be referred to the Court because the police officers were so arrogant that they wanted to prosecute that person; fortunately, the judge ruled that the defendant was not guilty and he was acquitted. The present political system is just like the barbarous police officers who exploit ordinary people on one hand and ask them to rationally show tolerance on the other. This is ridiculous and unscrupulous indeed. Hence, President, Hong Kong people can tolerate and wait no more. These social conflicts cannot be resolved by the simple statement that a decision has been made by the Central Authorities and the National People's Congress. Thus, I implore the SAR Government and the Central Government to pull themselves up and remove these depth charges in society at once by means of a democratic political system. Thank you, President.

MR CHEUNG MAN-KWONG (in Cantonese): President, from 2004 to this year, the Education Bureau has returned \$24 billion unused provision for education expenditure over the past six years to the Treasury. The Government chooses to return the enormous amount of unused provision to the Treasury instead of spending the provision flexibly to solve the pressing problems faced by the education sector. It is most disappointing indeed.

In the next decade, the greatest challenge faced by the education sector will be the drop in population of secondary school students, and the fear of cutting classes and school closures. The Secretary for Education, Michael SUEN, says: To enable secondary schools to focus their efforts on teaching and the

implementation of the new senior secondary academic structure, the Government will strive to maintain school development and the stability of the teaching force.

The new initiatives introduced by the Education Bureau mainly include a voluntary scheme for secondary schools to reduce the number of classes, but only 23 schools have applied for class reduction. The lukewarm response from schools is understandable. Since the Government strongly objects to the implementation of small-class teaching (SCT), and the principals of the schools concerned know full well that class reduction is no effective means of alleviating the pressure for cutting classes and school closures, it is only natural that schools are worried that the voluntary scheme on class reduction will hasten school closures.

A multi-pronged approach has to be adopted to save schools from facing cutting classes and closures. The authorities should encourage co-operation and merger of schools and assist schools to implement voluntary class reduction. It should draw reference from the approach adopted for primary schools in this respect. For schools located in districts hard hit by the drop in secondary school student population, SCT can first be introduced on a restricted scale. An alternative approach is to fix the number of Secondary One classes and then flexibly reduce the class size of each class in the light of the actual drop in population.

At present, the five districts recording the highest number of vacant Secondary One places are Tuen Mun, Sha Tin, Yuen Long, Eastern District and Tai Po. In the past three years, 67 Secondary One classes have been cut. But this year, there are 2 000 vacant Secondary One places and 9 000 vacant places for Secondary One to Secondary Five. It is evident that for districts with a decreasing population, the authorities may freeze the number of classes at the existing level and move towards SCT on a restricted scale. The arrangement will promote stability in schools without incurring additional resources, so that teachers will have peace of mind in teaching.

Under the new senior secondary (NSS) academic structure, there is a need to increase teachers for implementing SCT, so that the workload of teachers can be alleviated.

For the subject of Liberal Studies, it is a novel attempt in senior secondary education. Despite the limited experience in managing and teaching the subject,

it is included as a compulsory subject for students to study and sit for examination, and it has a bearing on their chances of entering universities. But the class size of senior secondary education remains at 40 students. Since emphasis is placed on project studies and group discussions under the subject Liberal Studies, what should teachers do?

Three years later, all senior secondary schools will have to teach the subject Liberal Studies. By then, each teacher may have to handle the independent project studies of more than 100 students. What should teachers do?

Apart from the subject Liberal Studies, teachers will have to deal with the school-based assessment of all subjects in 2014. We may just look at the example of two subjects, namely Chinese Language and English Language, under the Hong Kong Certificate of Education Examination, whereas the number of oral presentations made by students exceeds 1 000. But this practice will be extended to other subjects in future. What should teachers do?

In addition to school-based assessment, schools have to deal with the external school review, fine-tuning of the medium of instruction and pressure from handling the loads of work on "Other Learning Experience". What should teachers do?

The Education Bureau not only fails to address the difficulties faced by teachers. Worse still, at this crucial moment when the new academic structure is launched, it adds to the plight of teachers by reducing the teaching manpower for group teaching. As a result, schools having adopted group teaching on an extensive scale will on the contrary be subject to a cut in teachers. Recently, many teachers have voiced their grievances on the Internet, stating that the cut in subsidies for schools imposed by the Education Bureau has forced schools to cut teaching assistants, which has in actuality increased the workload of teachers. Some teachers even employed teaching assistants at their own expense, seeking remedy by their own means. Should not the Education Bureau reflect on this and check whether it has a clear conscience?

The Education Bureau commends teachers in Hong Kong for being the most diligent in the world. However, the teachers are already overloaded. The NSS academic structure reform has driven teachers to the brink of breakdown, and they have become the high-risk group prone to develop emotional disorders.

The authorities must face squarely the issue of providing assistance and implementing SCT to avert tragedies.

The review of the Education Voucher Scheme for kindergartens has just started. But the crux of the problem is that the salary scale of kindergarten teachers has already been abolished, where the salaries of kindergarten teachers are no longer linked to their qualifications. As a result, there is growing grievance among kindergarten teachers.

At present, the kindergarten sector has several major aspirations as follows:

- (a) The authorities should reinstate the salary scale for kindergarten teachers and offer direct subsidy to the salary of kindergarten teachers. In the meantime, the Education Bureau should provide a seniority allowance to kindergartens teachers as a step towards providing further subsidies to the pre-primary education sector, realizing the aspiration of providing 15-year free education.
- (b) Since it is unfair to offer education vouchers of the same value for full-day education and half-day education, the arrangement should be amended to prevent full-day kindergartens from running into operational difficulties and substantial wastage of kindergarten teachers.
- (c) The sector is concerned about the workload of kindergarten teachers, which include the review on the external school review and the provision of free lessons — kindergarten teachers do not have any free lesson now — for this will ease the work pressure of kindergarten teachers.
- (d) It is proposed that the tuition fee cap under the education voucher scheme, which should be kept unchanged for five years, can be upgraded. At present, certain non-profit-making kindergartens converted from private operation are facing difficulties in operation. When the tuition fees of kindergartens in nine districts have already reached the cap, where an increase in tuition fees will no longer be possible, it means that teachers will not receive any pay rise. An

adjustment of the tuition fee cap brooks no delay, and it should not wait till the review of the education voucher scheme is completed.

President, the number of subsidized places for university education has remained unchanged in the past two decades. Every year, some 5 000 Hong Kong Advanced Level Examination candidates who have attained required results fail to get a subsidized place in a quality institution to further their studies. The promotion by the Government in achieving the target of 60% tertiary education popularization rate has triggered a great leap forward in tertiary education, where the number of associate degree places has increased rapidly over five years, forming a bubble in the education sector. Since society sets higher requirements on academic qualification, there is a growing demand for places of further studies from graduates. It is estimated that 23 000 candidates from the first batch of graduates under the NSS academic structure will meet the entrance requirements for university education, but there are only 14 500 subsidized places. Hence, the Government has indeed turned a blind eye to the studies need of young people in the Budget. It gives no mention to the education voucher system for private universities and the quality enhancement of self-financed university places proposed by the Democratic Party. When young people find no way to further their studies and encounter difficulties in finding employment, the pressure they face will become a source of social unrest, which is a deep-rooted conflict in education policy. The Budget has utterly ignored the aspiration of young people for further studies. The authorities is indeed "playing with fire" by doing so.

The Budget has completely failed the expectations of the people of Hong Kong. This happens because the SAR Government is not elected by the people and it does not have to be accountable to them. Hong Kong is now placed at the mouth of the volcano, and this should be attributed to the undemocratic constitutional system behind the Budget.

Yesterday, in the address made by Henry TANG on constitutional reform, a proposal on universal suffrage, which would bring the constitutional reform nearly to a standstill, was put forth, whereas the arrangement for ultimate universal suffrage in 2017 and 2020 was left untouched. Though members from the democratic camp and the Alliance for Universal Suffrage have never pinned any particular hope on this, the proposal is conservative and regressive, which is

really disappointing. When you think about the democracy in Hong Kong, you will find the road ahead uncertain.

Now I come to the remarks of QIAO Xiaoyang. Initially, we thought that the Central Authorities and the SAR Government had adopted a division of labour on the political front, where the SAR Government was only allowed to work on the 2012 arrangement, but QIAO Xiaoyang would give direct response to the way forward for universal suffrage in 2017 and 2020. But again, this hope is dashed out. The remark by QIAO Xiaoyang gives no guarantee to the ultimate universal suffrage. It only provides for the legal procedures for implementing universal suffrage and explains the difference between the "may" and "must" options on implementing universal suffrage. According to QIAO Xiaoyang, Hong Kong is now at the stage where universal suffrage may be implemented. To implement universal suffrage, that is, to transform from the "may-implement" stage to the "must-implement" stage, the five steps on constitutional reform imposed by the National People's Congress (NPC) of the Central Authorities have to be completed. This is acting in accordance with the law, for we cannot act beyond the legal framework. Besides, it is the task of the future Chief Executive, which cannot be accomplished by Donald TSANG.

The only relatively positive remark by QIAO Xiaoyang is that Hong Kong, which will have been reunited with China for 20 years by 2017, will possess the conditions to implement universal suffrage. Actually, in view of the economy, education standard, global perspective and the tradition of the rule of law in Hong Kong, we have long possessed the conditions for implementing universal suffrage. In the past, Hong Kong people were denied democracy by the colonial sovereign. Now, the Central Authorities prohibit the people of Hong Kong from establishing democracy on the excuse of objection from the functional constituencies of the business, industrial and professional sectors. But this excuse has already caused a delay of 25 years, and then another 10 years. If we fail to pass the five steps, the authorities may continue using this as an excuse for the procrastination. Democracy will then become an illusion forever, while the people of Hong Kong will live in endless anger, an eternal wait, and they may either resign to fate or keep fighting. Under an undemocratic system, how can a budget carrying the aspirations of the public be put forth? However, Hong Kong people should not resort to waiting and resigning to fate. More and more people should come forward to stage their opposition, while an increasing number of them will resort to radical means. This is not only an incessant internal attrition

haunting Hong Kong, but also an anger hidden and prevailing in Hong Kong, which is the deep-rooted conflict mentioned by Premier WEN Jiabao.

The unfair political system has created the hegemonist privileged, the disparity between the rich and the poor, the idling Government, and the antagonism against the rich and government officials. This trend will ruin Hong Kong which will in turn do harm to China. Hence, all people who love Hong Kong are eager to identify a peaceful road to democracy. Members from the Alliance of Universal Suffrage and the democratic camp attempt to seek consensus through dialogues, achieve balanced participation through universal suffrage and realize a general reconciliation through ultimate universal suffrage. However, this aspiration is not met with any encouraging response, but conversely a setback in the new constitutional reform proposal.

But we should not give up. We should fight for this to the very end. There is still more than two months before the proposal is put to the vote. We may not witness a miraculous change of the 2012 proposal, but we absolutely hope that the Central Authorities will change its passive attitude towards the universal suffrage in 2017 and 2020. It should make its position clear on the universal suffrage it undertakes to implement, and ensure that it is a universal and equal election. By equality, it means that everyone enjoys equality of rights in these three aspects, that is, the rights to make nominations, stand for election and cast votes. On this foundation, the functional constituencies should no longer exist, the Legislative Council will really reflect the opinions of the public, and a budget of the people will be put forth.

Only if it is the original intention of the Central Government that the 2012 proposal should be voted down and the constitutional system remain unchanged; only if the Central Government is determined to win the four votes from the democratic camp and have the proposal passed in an embarrassing manner; only if the Central Government does not care about the internal attrition in Hong Kong and let the anger continue to boil; and only if the Central Government considers that the promise on universal suffrage in 2017 and 2020 is wrong, that it regrets having made such a promise and intends to renege on it, otherwise, the authorities should have defended the solemn promise made by the NPC and confirmed that the promise of the NPC is genuine universal suffrage. Why have not the authorities done so?

There is no sadness bigger than being hopeless. If the people of Hong Kong feel hopeless about the promise of the Central Authorities on democracy, radical opposition will continue. There is no sadness bigger than being hopeless. If the people of Hong Kong cling to the hope of implementing universal suffrage, such opposition will be put up in Hong Kong, undermining the harmonious relationship between Hong Kong and the Mainland, and blighting the prospect and hopes of Hong Kong.

The democratic camp has neither the right nor the power to secure the majority votes in the Legislative Council. If the functional constituencies insist on protecting their privilege, this will become a lethal cycle of opposition amplifying and intensifying the hatred in society. Once unrest breaks out, no one can effect meditation nor offer remedy. All those who love Hong Kong, who remain hopeful, please come forward. When Hong Kong is at the crossroads of democracy, but we fail to make an all-out effort to fight for democracy, we are doing harm to Hong Kong, and our children.

Democracy should not be a grace. There is always hope if we keep striving for it and insist on having dialogue neither in an overbearing nor a subservient manner. Our fight will continue till genuine universal suffrage is implemented. This is the dream we have been fighting for in the past three decades, the most real commitment we have made for Hong Kong. We strongly believe that only with a democratic legislature and a democratic government will a people-based Budget be put forth, where the aspirations of the public will be reflected in the Budget. Otherwise, we are but making futile attempts, and our hope, which enables us to solve the deep-rooted conflicts in politics and economy in Hong Kong, the problem of disparity between the rich and the poor in Hong Kong and the problem of tyrannical acts by estate developers, will never be realized. Unless these problems are resolved, the people of Hong Kong, Government of Hong Kong and Hong Kong society will be living on a volcano, not knowing when the eruption will take place. And once the eruption happens, it will be too late to regret. We will regret that we have let slip the opportunities, one after another, to realize reconciliation and democracy.

President, I so submit.

MR PAUL CHAN (in Cantonese): President, over the years the Budgets have all been criticized as lacking in any macro planning for the economic development of Hong Kong, failing to give the people of Hong Kong a clear picture of the vision and goals of the economic development of Hong Kong. In the speech made by the Financial Secretary this year, it is mentioned that he would take action to cope with the development blueprint outlined in the policy address of the Chief Executive. And this defined to a certain extent the role of the Budget of the Financial Secretary. However, I would like to point out that as the Financial Secretary is the helmsman of the financial and monetary policies of the SAR Government, we have great expectations for him, especially in respect of specific achievement of the targets and quantified indicators of economic development found in the policy address and the specific actions to be taken in the management of public finance, taxation policy and distribution of social resources. Hence, I will speak on these three aspects.

President, in the Budget last year, the Financial Secretary proposed that the Inland Revenue Ordinance be amended to enable exchange of tax information between Hong Kong and other countries. This would prevent Hong Kong from becoming a haven for tax evasion in the international community and turn Hong Kong into a most effective platform to attract foreign and Mainland companies to come here to set up their overseas investment headquarters. The Financial Secretary proposes in this year's Budget that in order to encourage more use of intellectual property rights by enterprises and promote the development of creative industries, the enterprises are not just given tax deductions in the assessment of their profits tax with respect to capital expenditure on intangible assets like the purchase of patents and technical know-how in industries. Tax deductions will also be given to expenses involving registered trademarks, copyrights and registered outward design. These two amendments can be considered as some improvement in the tax system made by the Government in recent years, but still they cannot prevent criticisms of being in lack of foresight and patchwork meant only to plug loopholes. President, with respect to these two tax reform measures, I raised with the SAR Government in 2008 and 2009 the relevant proposals, only to be flatly rejected by the SAR Government at that time. That the tax system in Hong Kong fails to keep abreast of the times is due to the fact that the government officials are conservative and also because there is a lack of specialized professionals in the relevant Policy Bureau of the Government. This results in the failure to monitor the operation of the tax

system and make adjustments consequential to changes in the tax systems of other countries in the region.

I wish to make use of this opportunity to call on the SAR Government to establish a specialist "tax policy unit" in the relevant Bureau to be staffed by full-time professionals to monitor the enforcement of the Inland Revenue Ordinance (IRO), study the direction of tax policies, and enhance the sensitivity of the Government to taxation problems so that relevant actions can be determined and appropriate priorities set. This will enable our tax system to be imbued with foresight and match our economic development. Now tax policies are drawn up on the advice given by the Commissioner of Inland Revenue and there is a serious conflict of roles because those who enforce policies will be in a difficult position to make objective and independent comments in the face of challenges posed by the relevant trade and business sector on the enforcement of such tax policies.

It can be said that our tax system is backward and even out of touch with the reality. Let me cite some examples to illustrate this. In May last year, I proposed a motion in this Council on "Enhancing the tax system to keep Hong Kong competitive". I pointed out that the Government had wrongly invoked section 39E of the IRO and this rendered expenses incurred on the plant and machinery used in processing trade arrangements not qualified for deduction in depreciation, and this was a contravention of the basic principle in Hong Kong tax law which permits a taxpayer to obtain deduction of the costs for generating profits. Last December, the Panel on Financial Services held a special meeting and in a rare move the professional bodies and representatives from the business sector attending the meeting all agreed that the way in which the Government handled section 39E was unreasonable and amendment was in order. Then the Financial Services and the Treasury Bureau agreed that a review should be conducted and the matter was referred to the Joint Liaison Committee on Taxation for a technical study on amendments to the IRO. This shows that there is much room for improvement in the enforcement of the IRO. Moreover, it has been repeatedly pointed out by the professions and business sector for many years that clarity of the tax system and consistency in enforcement are questionable and these have affected the decision of foreign businesses in coming to Hong Kong. This shows again it is a matter of great urgency that professional and specially tasked officers from outside the Inland Revenue Department (IRD) should be given charge of a review of the IRO.

The Financial Secretary mentioned in the Budget speech that the IRD would step up enforcement action on real estate speculators and they would be made to pay tax. But we can notice that there are people from outside Hong Kong who engage in such activities. As Hong Kong is a free port, when these foreign people or other people who make profits in property speculation under the auspices of some offshore companies, how are we to make sure that they will file tax returns according to the law? What are the difficulties when they are required to pay the chargeable tax? Will those people vanish after they have made profits, thus resulting in our loss of tax revenue? In some foreign countries, certain arrangements are made with respect to purchase of properties by people from outside the territory, such as part of the money would be withheld as they clear the formalities in a law firm and the money will be returned only after these people have filed a tax return.

On the question of tax system, we have to make reference to Singapore. I know that many officials would react negatively whenever Singapore is cited as an example. But in many ways Singapore has been acting ahead of us and there are many things that can serve as reference for us. An example is that last year when I proposed the motion on "Enhancing the tax system and keep Hong Kong competitive", I suggested that loss could be carried back to the preceding year so that companies could enjoy the tax rebate. This is meant to help the small and medium enterprises. But at that time the SAR Government disagreed. However, we know that in Singapore, the Government there has been enforcing this policy for many years. At the time of the financial tsunami last year, Singapore made a special move of increasing the amount of tax allowance from 100,000 Singaporean dollars to 200,000 Singaporean dollars and with respect to the concession period, the tax loss could be carried back to the year before and so the concession period was increased from one year to two years. This year the Singaporean Government says in its budget that it wants to upgrade its productivity and drive economic restructuring, and measures known as Productivity and Innovation Credit were introduced. An example is training given by employers to their staff and the tax deductible is 250%. Tax deduction for research and development expenses is raised from 150% to 250%. And there is also a concession for those so-called "angel investors" and this refers to investors who have invested in innovative industries for more than two years and they can enjoy tax deduction of 50%. President, I cited these examples not because I want to ask the SAR Government to follow the footsteps of other

people, but I wish to point out that our tax system does lack active and insightful measures. This warrants probes in depth.

President, the second topic I wish to talk about is the management of public finance. I think that the SAR Government is focusing too much attention on accumulating fiscal surplus and it is too conservative and inflexible in using its fiscal reserves. I would even think that some of its concepts are wrong. The Budget states that fiscal reserves amount to 18 months of government expenditure are available and this is more than the set target of 15 months of government expenditure. But according to government estimates, after a few years' of deficit budgets, the amount of fiscal reserves will fall back to the target of 15 months of government expenditure again. But looking back at the many years past, just in how many years the forecast made in the Budget was accurate? Actually, the discrepancy is very large. In a few years later when our reserves fall to the level of 15 months of government expenditure, would this mean that the forecast is made up or it is a reflection of the real situation? And how credible is this? Besides, the Government may also achieve this aim by allocating money to other funds and these small coffers may serve to reduce the surplus in the account books or increase the deficits. And it is a fact that considerable sums of money are hidden in other places.

I have just said that I do not agree and I even think that some concepts are wrong. This refers to the idea found in the Budget that surpluses have to be consolidated and this is because the fiscal reserves can bring in more than \$10 billion worth of investment return every year. This investment return constitutes an important source of public revenue which sustains recurrent government expenditure. President, I think that fiscal reserves should mainly be used to maintain the linked exchange rate, sustain financial and economic stability and provide a buffer so that at times of an economic downturn we can have room to introduce some measures that counter the economic cycle. But it is not right to hoard reserves excessively. If the reserves can be put into private-sector institutions or returned to the people, the return rate and flexibility would be far greater than otherwise keeping them in the hands of the Government. In my opinion, it is not correct for the Government to hoard more reserves and hence obtain more investment returns to finance its expenditure.

As for the use of public finance, President, since government finance is so abundant, and since the Government is capable, why does the Government feel so hamstrung in helping the underprivileged in society? I have pointed out many times that with respect to the "3Ls" — the least, the last and the lost — in society, we are perfectly capable of helping them and we should make our efforts on that with greater determination. In respect of housing, for example, as many Honourable colleagues have mentioned it, I would not talk about issues like housing and property prices anymore. What I would like to say is that the production of public rental housing units can provide a solution to the housing problem. Now the waiting time for allocation of public rental housing is long, so can the Government not put in more resources to build more public rental housing units? I think that this is not a question of government expenditure because this kind of housing units is government asset. On the other hand, public housing also serve a social function and, that is, when the people can have a place to live, they can work happily and this is where the social significance of public housing lies.

Also, the Budget proposes the introduction of a pilot scheme on subvented residential care places for persons with disabilities. I feel enraged when I say this because, notwithstanding the large number of persons with disabilities on the waiting list, the scheme will be implemented at the earliest only at the end of this year. Moreover, the scheme will be carried out in two phases. In the first year, the number of bought residential care places is about 100 and it is only in the second year that the number will increase to 250 or 300. The pace is not only dead slow, also the number of these residential care places lags far behind the actual demand. The Financial Secretary said in the Budget speech that "a government upholding market principles is by no means a ruthless government". But the above scheme makes us feel that the relief measures proposed by the Government are only petty favours to the needy in society.

We can take a look at Singapore. The other day a newspaper compared the Housing Development Board flats in Singapore to public rental housing flats and Home Ownership Scheme flats in Hong Kong, and I am sure we can see all the differences. The budget of Singapore this year says that employment subsidy will be offered to the elderly and low-income earners to help them rejoin the labour market. If the money they earn is not sufficient, the Singaporean Government will offer them a subsidy. This will enable them to lead a life with dignity. On the other hand, the Singaporean Government also promotes

economic restructuring and finance employers in injecting resources for training of their staff.

President, sometimes we would rebuke the rich and say that they see nothing but money in their eyes. This is because these people do not care about things happening around them and even though they are rich, their quality as human beings is low and they do not command respect from other people. Likewise, I do not think officials of the SAR Government should only talk about economic development, and they should talk more about social development. With respect to financial management, the Government should not attach too much importance to money and be too short-sighted about it. Although the situation in Hong Kong is not as bad as the Government is rich while the people are poor, there are many people who live in very miserable conditions and they badly need help. The problem of population ageing is also very serious. So the Government should have more plans and determination to take on these challenges in the future.

Every year before the Budget is announced, the Financial Secretary would hold consultation sessions in various districts. I do not think the Financial Secretary should bother to spend time and efforts on these next year and instead, he should spend time visiting members of the public in various districts, talk with them and see for himself how they live and their living conditions. This would be more effective than holding a few extra consultation sessions. For if not, officials would only be more detached from the people, totally incapable of understanding the life of the general public.

President, I so submit.

MR LEE CHEUK-YAN (in Cantonese): Members of the community do not take too much interest in this debate today and that held yesterday. The reason is simple, for everyone knows that there is no way for more benefits to be provided in this Budget and that the Budget is set to be endorsed.

President, if we can exercise our powers together, I think Members can be very powerful. If, when the vote is taken, there were more than 30 opposition votes, I do not think that the Government would still refrain from holding discussions with us; nor do I think that the Government would refrain from doing it all over again. But much to my regret, this Council has a structural problem

and that is, the pro-establishment camp is schizophrenic. I remember that I had once debated with WONG Kwok-kin of the Hong Kong Federation of Trade Unions at the City Forum. He was terrific as he had levelled severe criticisms at the Government but then, he scolded me and asked why LEE Cheuk-yan had to call on other people to vote against the Budget. Apart from attacking the Government with a torrent of abuses, he also rebuked me for calling on people to vote against the Budget. I really have no idea of what he was thinking. If he was not happy with the Government and considered that the "candies" dished out by the Government were far from enough to address the disparity between the rich and the poor, he could have joined us to vote against the Budget, but he has never done this. They just criticize the Government every year and, after making empty talk, vote in support of the Budget. They just do the same thing every year when the Budget is put to the vote. Such being the case, how can this be of any interest to the public? I think neither the public nor the media should be blamed. Some people must have blamed the media for not covering the Budget debate, but what is the point of covering it? The speeches made by Members here carry no weight at all.

However, if the picture can be different in that Members can vote against the Budget together, the situation would be different. I believe the entire community would immediately be "heated up", taking a great interest in this matter, and everyone would be wasting no time to discuss what additional measures would be required. But it is a great pity that the situation has remained the same as before. Even though the Budget should get zero mark and it has delivered nothing for the benefit of the people and there is a need to redo the whole thing, only we are here demanding the Government to redo it, and the pro-establishment camp will not put up this demand. So, this is, after all, empty talk again, but one still has to say it even though it is just empty talk, and I can only continue with this empty talk.

President, the biggest problem with the entire Budget is that the Government — John TSANG has become a "stingy ostrich" waiting to get his job done and go home. He is an ostrich because he buries his head into the sand dune of "big market, small government", failing to see the two major conflicts in society now. These two major conflicts, which have been mentioned for many times, are disparity between the rich and the poor, and the spiralling property prices. But in the entire Budget we cannot find the words "disparity between the rich and the poor". He simply avoided this. Certainly, he did mention poverty,

and I would not wrong him by saying that he had made no mention of it. But it appears that he does not see the problem of disparity between the rich and the poor. Why did I say that he is a "stingy ostrich"? We can all see that the Government has a surplus every year with the fiscal reserve now amounting to \$500 billion and yet, he still refused to allocate part of the resources to address these deep-rooted conflicts and long-term problems. All he has done is "dishing out candies". I think he is the real "candy-man" in Hong Kong. But it is meaningless to "dish out candies", for he has not resolved the problems. I have no intention to make a mockery of him. I really very much hope that he can solve the problems, rather than just "dishing out candies".

This is, after all, a question of "the buttocks giving commands to the brain". When the buttocks are elected from a small circle and a circle of big wigs, their brains will certainly be clogged and will never think about the problems. They just get stuck in "big market, small government", and they get stuck in what was said in the year before last. In a nutshell, they hold that the problem of poverty can be solved only by making this pie bigger — economic improvement is the solution to poverty. But this is not really the case.

Let me try to convince the Government with some statistics. Members will please take a look at this table. The blue line here shows the GDP growths from 1991 to 2009. The orange line shows the per capita household income of the wealthiest 10% households, whereas that of the poorest 10% households is represented by the black line. I will not talk about the situation from 1991 to 2009. Let us just look at the trends between 1991 and 1997, and we can see that both lines are rising together. But after 1997, the GDP shows — certainly, that was because of some problems that had previously happened but the situation subsequently improved, and compared with 1997, there was a growth of 23%. For the wealthiest people, their conditions had obviously worsened due to the financial turmoil but they could recover their loss very quickly and a growth of 47.6% was registered. This is the situation of the 10% of people who are the wealthiest. But the line representing the poorest people has dropped 16%. Let us take a look here. It is going downward all the time, while the other line keeps on rising.

If the Government's theory is correct — the Government has used the theory for more than a decade — If the situation remains as what it is said to be, when the economy is given a boost, the income of the poor people should rise

accordingly. But this is not the case. With economic growth, the income of the rich people grows faster than the economy, but the income of the poor people, which had fallen previously, has yet to rebound. These statistics are proof of one point and that is, the Government's theory cannot stand. I really wish to use these statistics to convince the Government that the methods it has been using are not getting anywhere. Then, what other methods are there? Why does all this happen? Firstly, I think simply enough, the property developers are really doing a disservice to Hong Kong. When the financial turmoil and the financial tsunami hit us, everybody's income dropped. With wage cuts and layoffs, workers were made to bear all the woes but when the economy recovered, property developers were the first to bottom out while workers could never bottom out. The financial tsunami occurred just when the economy started to turn the corner and we were again made to bear the brunt. This is what happens every time. How can improvement be made? Under such circumstances, the poorest people had never been able to turn for the better in the last decade whereas the rich people could achieve recovery very soon. This is what has happened. The property sector should take all the blame.

In fact, there is still another impact. The property sector has not only affected ordinary grass-roots people, as property developers in Hong Kong have taken away all the resources to the detriment of all trades and industries in Hong Kong. The promotion of six major industries and the restructuring of the economy are issues often mentioned in Hong Kong now. Why is the economic restructuring yet a success? Because property prices are too expensive. So long as this problem is not addressed, the restructuring of the economy cannot be achieved. Even in respect of the creative industries, artists have been calling for the revitalization of industrial buildings but in the end, what they got are rental increases, and the creative industries are not help at all. So how should this problem be solved? If this problem is not solved, the so-called "crowding out effect" in the real estate sector will forever prevent Hong Kong from achieving economic restructuring, in which case the "wage earners" would never be able to share the fruits of economic prosperity and all kinds of development would be impeded.

We all heard Emily LAU listing the names of local tycoons on the Forbes Rich List yesterday. The top four tycoons in Hong Kong are all property developers. Of course, other than these four tycoons, other people from Hong Kong are named in the Forbes Rich List, but even if we look at the top 10 tycoons in Hong Kong, we would find they are all property developers. This cannot be

found anywhere else in the world. The wealthiest people all over the world are mostly entrepreneurs, industrialists or people engaging in high technology and particularly, most are people engaging in the field of high technology. But this is not the case in Hong Kong, for it is invariably the property developers who are the richest. This explains everything, and this has impeded development in other areas.

Therefore, if Members agree that this structural problem does exist, it would be necessary for the Government to come up with some structural solutions. Firstly, the property market has to be curbed in any case, in order to achieve a balance. But it is most ridiculous that property developers in Hong Kong are really given a lot of favours, and this I think may perhaps be attributed to Abraham SHEK. Why? As I always say, a vegetable vendor can be prosecuted for deceiving customers by fiddling with the scale, but no prosecution has been initiated in cases of deception involving residential properties costing \$100 million or tens of millions of dollars, and the saleable area of these flats can even be inflated. How absurd is the world — No, not the world; because such absurdity is unique to Hong Kong. But how can this happen? So, actions must be taken to curb the property market in order to strike a balance.

Secondly, it is necessary to provide assistance to people for them to have a home to live in, and it is necessary to build Home Ownership Scheme (HOS) flats and public rental housing flats. HOS flats are constructed for young people who cannot afford to buy a flat. These young people are indeed pitiable. They see property prices rise continuously and when they have worked hard enough to have the means to buy a flat, the prices rise again and they are hence kicked off the train of home ownership. This is what has been happening. How can they not feel angry and frustrated? On the other hand, I think it is really necessary to consider imposing a tax on property speculation. Without intervention by means of taxation, the property market may never be reined in successfully.

Moreover, I think it is necessary to address the question of distribution to ensure that distribution is properly made. The Government always says that Hong Kong people do not like high tax rates, but I am not suggesting that Hong Kong should increase the tax rate to 50%. I am suggesting that as a first step, a progressive profits tax should be imposed, which means that the major property developers — Again, this has to do with major property developers. What I mean is to require them to pay more taxes, and what problem is there with this?

I would, on the contrary, support a tax cut for small and medium enterprises and their tax rate can be reduced to 10%, whereas major property developers will pay tax at a rate of 20%, or major property developers aside, any person earning over \$5 million a year are subject to a tax rate of 20%. In fact, this can improve the entire tax regime, providing more resources for the Government to do more and enabling distribution to be made in a more reasonable way.

Well, the revenue generated from the tax increase will enable the Government to substantially increase expenditure to address the problems of poverty, inter-generational poverty and disparity between the rich and the poor, rather than just "dishing out candies". As we can see, the Government is actually compressing its expenditure. I have done some calculations. Over the past decade the GDP has increased by 30%, but the recurrent expenditure of the Government has failed to catch up with the growth of GDP as it has increased by only some 20%. Despite economic growth and population growth, government expenditure has not seen any increases. But then, the Government has steadfastly clung to one thing. I have no idea why the Government has remained hell-bent on upholding the golden rule of keeping expenditure below 20% of GDP. But if the Government imposes on itself a limit of below 20% of GDP, it will not be able to or willing to do many things. In fact, policies and financial commitment are required for many matters. An example is transport subsidies for low income earners, a subject we have often talked about. We hope that the Government can give a green light to it soon. I will speak on this in greater detail next week, so I am not going to dwell on it today. But this is exactly a way to resolve the problem faced by low-income earners, for this can address the problem of expensive transport fares.

Secondly, Paul CHAN made a good point earlier about people with disabilities waiting for residential places. I understand that a certain type of people with disabilities has to wait for more than nine years. At present, the demand for residential places stands at 6 000, but the Government said that it would buy only 300 places, which means that the problem faced by people with disabilities in waiting for residential places will never be resolved. In fact, can the Government buy more of these residential places? But the Government further said that this would have to run as a trial scheme for four years. The case of residential care homes for the elderly is just the same. Some elderly had not been allocated a residential place even when they died. The number of elderly

who died while waiting for such places is even greater than those who are allocated such places. How can this be acceptable?

The same happens on the education front. As I always say, now that the problem of Internet access charges has been addressed and this is certainly a good thing, but on the other hand, the asset limit for full-grant textbook assistance is even lower than that for Comprehensive Social Security Assistance (CSSA). As for CSSA, the asset limit for a four-member family is some \$9,000, whereas that for textbook assistance is \$8,700, representing a difference of \$600. Why can we not take care of those people? Can some improvements be made? For example, can the Government reduce the interest for loans granted to university students, so as not to act as a loan shark? Or, in respect of university places, the number of places provided is still maintained at 14 500, which has remained unchanged for 18 years. Why are associate degree holders not allowed more opportunities of university education? Also, the measures for implementing a universal retirement protection scheme should be expedited. The Central Policy Unit said that studies have been conducted on the sustainability of the three pillars, but such studies have been going on for 10 years and we have yet seen any report, which is grossly ridiculous. How can the Government bear to see elderly people relying on the "fruit grant" to make ends meet?

The case is the same in respect of health care. Although additional funding has been made by the Government in this Budget, it still falls far short of the demand. President, there are so many areas, such as medical and health care, education, and welfare, which require the injection of resources. So why does the Government not increase the recurrent expenditure? We in the Confederation of Trade Unions consider that if this year's appropriation can be increased by \$16 billion, the Government can at least do everything that I have just mentioned properly. However, all that the Government knows is to "dish out candies". In fact, all that the Government needs to do is to put all the money spent on "dishing out candies" over the past few years into the recurrent expenditure and it could then be able to do many things. But regrettably, this Government has still refused to do so.

Lastly, I have to make one more point about inflation. This is a new problem, and I hope the Financial Secretary will speak on inflation in his response. In response to the press, K C CHAN said the other day that it would be too early to talk about it. Buddy, inflation is fiercer than a tiger, and when it

has actually taken place, adversely affecting the people's livelihood, the situation would become very serious, especially as we can already see from, say, the rent increase, that inflation is approaching menacingly. Then, there is another problem, namely, imported inflation. Inflation will surely be imported. Inflation is also going up in the Mainland. In the event of appreciation of Renminbi, all prices in Hong Kong will go up. Added to this is domestic inflation, as we can see that the MTR Corporation Limited is saying that their fares will be increased, and towngas charges have already increased and so will electricity tariffs. When the prices of everything go up and when the most basic fees and charges relating to the people's livelihood all go up, how will inflation not go up? What steps should be taken to solve the problem of inflation? I hope that the Financial Secretary will really tell us in his response whether the Government will implement measures to curb inflation. I do not wish to hear the Financial Secretary only telling us that government fees and charges would be frozen, because freezing government fees and charges is only a trivial measure. In order to truly solve the problem, the increase of towngas charges, the increase of MTR fares, particularly the increase of MTR fares, must be addressed. Certainly, Members will say that we have approved a fare adjustment mechanism which allows for increase and reduction in public transport fares. But I must make it clear that I did not support it and it was supported only by the pro-establishment camp. If transport fares will also go up and once inflation has taken place, there would certainly be great troubles. I really very much hope that the Government can appropriately handle this. Anyway, what I find most disappointing is that after all the empty talk today, Members will again bow and express their support and then pass the budget. But next year, they will criticize the Government for the same issues. How come they are not tired of doing this at all? I am indeed tired of this myself. President, I must say that you have my sympathy.

In fact, I really very much hope to see some changes in Hong Kong. If the constitutional system remains unchanged, these problems will keep on recurring, and when the functional constituencies continue to support the Government and continue to "hang around" doing nothing, the problems will never ever be resolved. Thank you, President.

MR WONG YUNG-KAN (in Cantonese): President, I always say that the Government does not think that the agricultural and fisheries industries have a

good prospect. All along, Secretary Dr York CHOW's objective is to ensure food safety. Once food safety is involved, he will rather be over stringent than allow any slips. He will tighten the policies so much so that pushes traditional agricultural and fisheries industries in Hong Kong to the verge of extinction. Whenever the industries request the Government to assist them to reduce some of the operational costs, it will turn them down with many excuses. The Budget of this year further validates my point of view.

As early as 2006, members from the trade and I have been urging the Mainland authorities to provide diesel oil subsidies to mobile fishermen in Hong Kong and Macao. After years of efforts, our nation eventually made an official announcement in the first half of 2009 that it would provide diesel oil subsidies to fishermen. Subsidies amounting to \$100 million were received by fishermen in the second half of 2009. Two days ago, I went to Beijing again to meet with the Director of the Department of Fishery to learn about the provision of diesel oil subsidies for the second half of 2009. He told me that subsidies for 2009 would be allocated to the districts concerned within these two days. That is to say, the Ministry of Finance would allocate the subsidies, amounting to some \$100 million, to provincial governments. Adding up these two figures, mobile fishermen in Hong Kong and Macao received a total of more than \$200 million on diesel oil subsidies from our nation in 2009.

Looking back at our Government, has it made any concrete effort for fishermen at all? I remember that last year and the year before last, the trade had been urging the Government to waive the licensing fee for fishermen. At the end, the Government really did so. However, some fishermen told me that the Government had only "fooled" them, because money was drawn from the Fisheries Development Loan Fund to subsidize the fishermen. In other words, the Government used the money contributed by the fishermen themselves to provide subsidies. It has not given out even a single cent to subsidize the mariculture industry. There are totally some 1 000 households in the mariculture industry and the licensing fee collected is less than \$2 million. Yet, the Government simply refused to waive the fee in the past two years. Although we have been urging the Government to reduce the fee, it has turned us down. Fishermen have no other alternatives but to accept this situation. This year, the Government is willing to waive the business registration fee for large consortia at a cost of several hundred million dollars, but up till now, it simply turns a deaf ear

to our request. For those self-reliant fishermen and farmers, I think the Government only shows concern for large consortia but neglects small industries. In fact, it only cares about the rich but oppresses the poor.

President, I wish to make another point here. In addition to the provision of diesel oil subsidies, the Mainland authorities may even consider, though negotiation is still underway, providing subsidies on insurance for fishermen in Hong Kong and Macao in future. Recently, we have approached the China Shipowners Mutual Assurance Association, trying to get more benefits for the trade in the Mainland. However, I cannot say that the Government has done nothing at all. After a couple of years, the Government has committed to offer travelling allowances for some courses being held during the fish moratorium this year. Although the amount involved is just some \$160, I still appreciate its goodwill. Therefore, I hope the Government would further look into ways to offer more help to these declining industries.

Moreover, I wish to talk about the problem on central slaughtering. The Government has all along, by emphasizing the risk of avian flu, exerted an excessive top-down pressure on the operation mode of the whole live poultry retail trade. Apart from prohibiting overnight stocking of live poultry at retail outlets, it has launched a voluntary scheme on the surrender of licences. Also, it has substantially tightened the licence conditions for selling live poultry in Hong Kong and restricted the import of live chickens from the Mainland. As such, the scale of the whole trade has kept on shrinking. At present, the daily supply of live chickens in Hong Kong has been reduced by about 80% to 90%, but the Government is still not satisfied. It has set the timetable to implement central slaughtering in 2011 and commissioned a consultancy study, with a view to wiping out the whole trade.

As a matter of fact, when the SAR Government proposed the implementation of central slaughtering in Hong Kong for the first time, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) and the trade had pointed out that operationally, central slaughtering was not feasible in Hong Kong. We could hardly compete with slaughtering farms in the Mainland and this proposal would only become a white elephant. But at that time, the Government still opined that central slaughtering was feasible. It also said that two organizations had shown interest in it.

A few days ago, that is, prior to our discussion on the Budget, we have also consulted the Government. At that time, the Secretary has talked differently about central slaughtering, saying that they should examine it afresh. No wonder why many members from the trade who have surrendered their licences said that they have been "fooled" by the Government. There are comments that operators benefit most, I do not agree with this saying. In fact, operators of farms and chicken stalls also do not have a good time. Despite the rise in chicken price, the daily supply of live chickens has been substantially reduced to only some 10 000 chickens at present. Overall speaking, the turnover is even smaller than that in the past. However, why does the trade still continue their operation? It is because if they leave the trade with which they are most familiar, what else can they do then? Therefore, they can only continue their operation depending on the situation. The DAB considers that when the Government decides to give up the idea of central slaughtering, it should, at the same time, review the overall quantity of live chickens being raised as well as the demand and supply in the trade. It should consider, on the premise of safeguarding biosafety, increasing the quantity of chickens being raised in local farms gradually. As such, Hong Kong can have a greater supply of live chickens of guaranteed quality, and there is still room for this traditional trade to continue its operation.

President, although Hong Kong is not abundant in agricultural produce, our pet business is flourishing, as in the case of many other affluent places. With an ever increasing number of households keeping pets, the Government must strengthen the regulation of the pet trade, particularly the policies on animal welfare. The attitude of law enforcement officers in handling animal abuses also has to keep up with the time. Today, I would like to speak specifically on the training of animal health professionals, in particular, the need to establish a local veterinary school. Although there are currently over 500 registered veterinary surgeons in Hong Kong, none of them is locally trained. By the standards of advanced countries, the number of veterinary surgeons in Hong Kong should at least double the existing number in order to meet the medical needs of pets. Therefore, regarding the development of the pet market, I think the Government should there is a strong need to establish a local veterinary school in Hong Kong. Besides, a veterinary school serves another important purpose, that is, in relation to medical and health as well as food safety, to provide comprehensive the World Health Organization (WHO) pointed out that among the epidemic diseases affecting human beings over the past decade, over 70% of them were

transmitted from animals to humans. Therefore, in order to impose source control, the focus of the gatekeeping work should be shifted from human health to animal health, rather than unrealistically cutting off the contact between humans and animals. I have pointed out now and again that in Hong Kong, food safety control is conducted mainly from the perspective of Western medicine, and the professional views of veterinary surgeons are neglected. This has given rise to many unreasonable policies on the livestock industry, and the issue of central slaughtering mentioned just now is a case in point. Therefore, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) considers that establishing a local veterinary school can make up for the inadequacies of the Government in research and development (R&D) on animal diseases, and the capability of disease prevention at source can be further enhanced. Besides, veterinary surgeons can promote the R&D of the agriculture and fisheries industries, and make substantial contribution to the development of local fisheries and livestock industries by improving the quality and upgrading safety and hygiene standards. Therefore, the establishment of a local veterinary school has multi-faceted benefits, and the Government should press it forward.

I would also like to talk about organic cultivation, which is a recent topic of interest. In recent years, the Agricultural, Fisheries and Conservation Department (AFCD) has been promoting organic cultivation among farmers and conducted extensive promotion in this respect. The AFCD organizes an annual festival showcasing local agricultural and fisheries products. Just this year alone, the festival attracted an attendance of over 150 000. As organic food is very popular among members of the public, and the Government is now advocating a low-carbon life, there is market for local organic food. However, many farmers have told me that just because some members of the public would buy organic food, fake organic food has emerged.

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

A survey conducted earlier by the Hong Kong Organic Resource Centre found that not less than 10% of the organic food in the market was from unknown sources, and some time ago there was a case in which a vegetable trader was prosecuted for selling organic food without certification. I think this has

revealed the loopholes in the market. Secretary Dr York CHOW should co-ordinate efforts in this respect and devise proper measures to effectively control the labeling and safety of organic food.

Finally, Deputy President, I would like to talk about the issue of columbarium niches. To die without a burial place is regarded as a curse among Chinese people, yet we can see that the current insufficient supply of columbarium niches has put many deceased persons on a long wait. However, the Government has all along failed to develop communication with members of the community, thus giving rise to the present situation. This may be one of the reasons why the problem has worsened. In my view, the Government's attitude of sticking doggedly to outdated approaches without looking for alternative solutions has aroused public concern; furthermore, its readiness to yield to opposition against the construction of columbarium facilities has aggravated the problem.

First of all, I would like to point out that there is a problem with the existing niche allocation arrangement. Though the Government's practice of allocation by balloting may seem fair, many applicants are unable to get a niche even after waiting for a long time. Actually, the DAB has requested the Government on different occasions to improve the allocation arrangement by taking the waiting time as the basis for allocation, so that cases with extended waiting times can be allocated with a columbarium niche at an earlier date. Besides, with regard to design, the provision of family niches can be reconsidered as more cinerary urns can thus be accommodated within the limited space. Also, in proposing the construction of columbarium facilities in certain areas, the Government should, apart from promoting the design of such facilities among members of the community, also consider providing some kinds of financial or communal compensation, such as increasing the allocation of resources, improving the community facilities and increasing the green belts, so as to encourage the residents to consider the relevant proposal and voice less opposition.

Besides, it seems the Government has imposed "zero regulation" on the management of private columbaria. Many people have thus taken advantage of the loopholes, causing very strong reaction from the community. The Government should strengthen its control in this respect. The DAB thinks some

existing private niches the Government should expeditiously formulate measures to resolve this problem.

Deputy President, I also want to say that now that construction of the Hong Kong-Zhuhai-Macao Bridge (HZMB) will soon commence, many fishermen have repeatedly reflected to me that they hope the Government would discuss with them issues regarding compensation, because whether these fishermen would still stay in the business in the coming decade remains unknown. When many areas are designated as prohibited zones for fishing vessels, the HZMB will bring many difficulties to the industry. Therefore, I hope the Government will discuss expeditiously with the industry ways to solve these practical problems. Thank you, Deputy President.

MR TOMMY CHEUNG (in Cantonese): Deputy President, when we talk about promoting the development of industries, we have to mention the wine industry. Despite the fact that Hong Kong has surpassed London to become the second largest wine auction centre in the world, the Administration should not be complacent and should, instead take this opportunity to conduct a longer-term planning and manpower study for the development of the wine industry. It should also expeditiously introduce a bill to remove permanently duties levied on beer and wine, so as to put the industry at ease for making long-term investments. Hong Kong can thus surpass other competitors and become the wine distribution hub in the Asian Pacific region. In this way, we can truly surpass the United Kingdom and the United States.

By the way, according to the industry, since spirits are not covered under the duty-free policy, the gap in prices between spirits and wine has been further widened, resulting in the significant shrinkage of the spirits trade. Do not think that only a handful of people who drink spirits will be affected. In fact, spirits are used in restaurants, bars and hotels to produce various cuisine and drinks, such as cocktails which we know. As such, the catering industry, the hotel industry, and even the tourism industry are affected by the incessant rise in prices of spirits. Thus, I hope that the Administration will seriously consider reducing the duty rates on spirits from the current 100% to 50%, so that a balanced development for the wine industry can be achieved.

The recent initiative of revitalizing old industrial buildings has, at the present stage, seemingly not been able to bring benefits to the wine industry. As I have often said, I hope that the wine industry can further promote our local economy, and in particular, our catering industry. That is why I propose to set up wine-related businesses such as wine cellars, wine tasting and dining facilities in industrial buildings. While the Administration welcomes the industry to apply for conversion of industrial buildings to develop wine-related businesses, it seems that the initiatives of revitalizing industrial buildings are more desirable for conversion and redevelopment of the whole building. Furthermore, only the hotel industry, which is more abundant in capital, will be benefitted.

I hope that in refining the revitalization measures of industrial buildings, the authorities will study how to help other industries with less capital to succeed in applying for converting some floors of industrial buildings. In some cases, industries with such ideas do not know how to identify suitable industrial buildings for implementation. These are opportunities to promote economy and employment. The Administration should render assistance in providing various accesses and assistance to these industries. If the dedicated team set up by the Land Department does not perform such a function, will the Development Opportunities Office play such a role? Has the Administration stepped up the promotion so that interested industries would know where to seek information?

Deputy President, all of us are very much concerned about environmental protection. In fact, this issue was raised by the food and beverage industry years ago. Ten years ago, I proposed in the Legislative Council to recycle the cooking oil used in restaurants. Today, I am happy to see that some local companies as well as overseas companies are engaged in converting used cooking oil into biodiesel. This is a viable business because prices of biodiesel are high. Apart from cooking oil, we also have massive food waste. According to the information provided by the Administration, about 2 995 tonnes of food waste are disposed each day in landfills, among which 30% come from the industry. I have begun urging the industry to study how we can treat our food waste in a more environmentally-friendly manner.

However, is recycling of food waste very attractive? Mr WONG Yung-kan is not present at the moment. He often says that Secretary Dr York CHOW's has stripped Hong Kong of an agricultural and fishery policy. Furthermore, as we no longer have any farms, if food waste is converted to feed, we do not even know where the feed can be used. Thus, under this circumstance by the way, if the Financial Secretary in future wants to know why there is food inflation, he should ask Secretary Dr York CHOW. Measures such as food labeling or importation of chicken have led to inflation in Hong Kong, especially the rising food inflation. Back to food waste, since its current value is not too high, what can we do to make recycling of food waste more viable? If we wish to tackle this issue, the Financial Secretary and the Secretaries concerned should give it a good thinking, such as providing tax concession to attract overseas or local investors to collect food waste for recycling.

The environmental protection industry has become a newly developed trend. Since we have massive food waste to be disposed each day, the Government should make some efforts in this respect. The continuous disposal of food waste in landfills by the food and beverage industry is not beneficial to any of us.

The Liberal Party fully supports the two-pronged approach advocated by the Financial Secretary in the Budget, that is, to develop the economy and to build a caring society. However, I would like to point out, the situation is comparable to many people want to eat fish, yet a considerable number of people do not even have the skill of fishing. Thus, apart from teaching them how to fish, we have to ensure that there are abundant fish available for fishing in the pond.

Yesterday, Ms Miriam LAU mainly talked about how to ensure that there was an ample supply of fish in the economic pond of Hong Kong. Today, I will focus on teaching people how to fish.

The Budget mentions that a two-year "Pilot Employment Navigator Programme" will be launched. Under this programme, a cash incentive of \$5,000 will be payable by phase to each person who has worked for a continuous period of three months after receiving the Labour Department's intensive employment counselling and job matching services. The objective of this programme is to attract the grassroots to find a job. While the Liberal Party considers that this measure can, to a certain extent, provides an incentive to

encourage members of the public to seek employment, we believe that the permanent solution lies in the provision of training. Training can enhance the basic competitiveness of the grassroots, thereby opening a door for them to "upgrade to a higher level" and helping them to break away from poverty completely.

The Liberal Party also notices that the majority of people most in need of training are the middle-aged grassroots. In the face of economic restructuring, they are unable to grasp the basic knowledge such as language skills and computer operation. As a result, no matter how hard they try, they can only be engaged in menial jobs, which make it difficult for them to get higher wages or get rid of working poverty.

We are of the opinion that the Government has the obligation to help them through the provision of a more comprehensive training. This is what the Liberal Party has all along been advocating — "teaching people how to fish". The Liberal Party proposes to introduce a three-year training programme for middle-aged employees. Under this programme, 10 000 middle-aged and low-income workers with low education level will receive training in language skills, computer operation and so on each year. A monthly cash subsidy of \$1,500 will be granted. We hope that the Government will adopt this programme after seriously assessing its merits.

Moreover, the Liberal Party opines that the Government should further inject capital into the Continuing Education Fund, and double the cap of the continuing education subsidy to \$20,000 per person, so that those who have received subsidy before will be able to apply for a further subsidy of \$10,000. This measure can encourage all Hong Kong people to pursue continuing education.

Unfortunately, this year's Budget has only mentioned injecting capital into the Language Fund to upgrade the language proficiency of the public. This move fails to address the needs of the middle-aged grassroots, and neglects skill training. This is exactly what the Liberal Party has been criticizing — the direction of the initiative is correct, but the efforts are inadequate. Hence, we hope that the Government will reconsider the training programme put forward by the Liberal Party.

Of course, in teaching people the skill of fishing, we have to provide fundamental support at the same time. For instance, the grassroots has been suffering from high travelling expenses as not much money is left after deducting travelling expenses from their salary. Basically, no incentive is available for the grassroots to travel a long distance to find jobs. The Budget has not described in detail the future direction of the existing Transport Support Scheme. The Liberal Party considers this an inadequacy. The Government should consider expanding the Scheme so as to increase the incentive.

Deputy President, now I would like to talk about how we can help the disadvantaged groups who have the least self-care ability in society, in particular the elderly and children in poverty. As they can hardly fish in the sea, they should be provided with ample fish supply in order to stay alive. The Government is duty-bound to do so. Unfortunately, although the Budget has met some of the public aspirations, the problem of inadequate efforts still exists.

Take the residential care places as an example. Although the Financial Secretary has agreed to provide an extra \$160 million to provide additional places, yet, if we look deeper, we can find out what is wrong with the proposal. The 1 000 additional places mentioned in the Budget will be fully commissioned in the financial year of 2014-2015, that means four to five years from now. With almost 26 000 elderly people currently waiting for these places, such a proposal absolutely fails to alleviate the current long waiting period of two to three years.

According to data, thousands of elderly persons passed away each year while they were still waiting for their places in the residential care homes. They have not lived long enough to enjoy the benefit. Regarding the provision of services for the elderly, the Government should not respond to demands in a piecemeal manner, just like squeezing a tube of tooth paste. The Liberal Party is of the opinion that the Government should at least undertake to increase 1 000 residential care places for the elderly each year in the next three years.

As for the "fruit grant" and Comprehensive Social Security Assistance (CSSA), the elderly are more concerned whether the Government will relax the existing permissible limit of absence from Hong Kong. The Liberal Party has

been advocating for the relaxation of the limit, so that recipients of "fruit grant" and elderly persons on CSSA only need to come back to Hong Kong at least once every year, instead of the existing requirement of living in Hong Kong for at least four months (for "fruit grant" recipients) or even half a year (for elderly persons on CSSA). The Liberal Party hopes that when the review on the limit of absence from Hong Kong for "fruit grant" recipients was completed in June, the authorities will seriously consider the recommendations of various sectors of society and totally relax the limit.

On the other hand, as early as 2007, the Liberal Party had asked the Administration to drastically increase the value of the elderly health care voucher from the current \$250 to \$1,000. This is basically a consensus reached in the community. Unfortunately the Administration has turned a deaf ear to this request. According to the projection of the authorities, even if the amount of the voucher is increased to \$1,000 per person per annum, the annual expenditure of the Government is only \$680 million. It is really difficult to understand what factors the Government has to consider.

The Government has finally agreed to grant a subsidy for internet access to needy students. The Liberal Party welcomes such a move and hopes that the Government will provide the subsidy as soon as possible, so that these students will be able to access internet, thereby narrowing the "digital divide" and resolving the problem of inter-generational poverty.

The initiative of increasing funding for schools and non-governmental organizations to organize more extra-curricular activities will certainly provide more opportunities for needy students to participate in activities. However, for some needy students, although they wish to participate in extra-curricular activities outside their school campuses, they may not be able to do so because they cannot afford the travelling expenses. Can the Government provide subsidies for extra-curricular activities, so as to provide more support to eligible students?

Apart from helping needy students address the problem of learning resources, I would like to talk about the Pre-primary Education Voucher Scheme (the Scheme) once again. I am forced to talk about this issue every year. This Scheme, with a ceiling on school fee, is currently only applicable to non-profit

making kindergartens, which not only limits the parents' right in using the subsidy to choose the kindergarten they like, but also imposes unfairness to parents who have chosen private independent kindergartens. Furthermore, as the Scheme sets a ceiling to the school fees, the Secretary will soon find that all kindergartens have standardized school fees. I believe this is not beneficial to the entire education system.

Thus, once again I urge the Administration to remove the restrictions of the Scheme on the category of schools and the ceiling on school fee, with a view to upholding the principle of providing a fair playing field, so that over 20 000 students currently excluded by the Scheme will also be benefited.

Finally, regarding the development of education services, we believe that a service industry cannot be readily well developed by simply reserving a few sites. The Government must formulate complementary policies to relax expeditiously the visa restrictions on Mainland students. This can ensure an adequate supply of students for the self-financing institutions and facilitate the healthy development of education services. Otherwise, even if the Government will allocate a larger piece of land, the Government will only get half the result with twice the effort.

Deputy President, I so submit.

DR PRISCILLA LEUNG (in Cantonese): Deputy President, "similar people have dissimilar fates". We can use the verses of the poet LI Bai to describe this year's Budget, which read "Amidst the incessant cries of monkeys on the banks, my skiff went past countless folds of mountains". Why is that so? This year, the Financial Secretary should thank two groups of people and Secretary Henry TANG. The first group of people is the five resigned Members of the Legislative Council, while the second group is the property developers. The group of people who turned the issue of universal suffrage into a referendum have successfully distracted the attention of many people in Hong Kong from the specific contents of the Budget. As a result, the genuine issue of people's livelihood has been put aside. Yesterday, Secretary TANG moved ahead with the announcement of the constitutional reform package. The Financial Secretary are hence spared to face the criticism "amidst the incessant cries of monkeys on the banks" as experienced by Secretary TANG who is responsible for the constitutional reform. The indirect effect generated is that the debate of the

Budget has come smoothly to an end today. In addition, many people (including myself) object to bundling the appropriation of \$159 million for the by-election in the Budget, as this may lead to the scenario that those Members who originally oppose the Budget turn around to support it. Under this circumstance, this year's Budget may have the chance to be passed with the highest votes of support recorded since the reunification. As such, do you not think that "similar people have dissimilar fates"?

At the beginning of my speech, I said that the Financial Secretary should thank another group of people, namely the property developers. The prices per square foot of the luxury flats in Hong Kong are breaking records time and again, resulting in the soaring prices of the overall property market in Hong Kong. The issue of how to suppress property prices has become the focus of the entire Budget, and has "hijacked" the attention of many members of the public. The Budget has devoted long paragraphs to the discussion of the property market, I think it has basically responded instantly to the current public concern about property prices. Unfortunately, the strength of the measures put forward in the Budget is inadequate. For instance, the proposal of increasing the stamp duty on luxury flats from 3.75% to 4.25% only represents an increase of 0.5%. In considering that the transactions of luxury flats involve over several tens of millions of dollars or even over \$100 million, such an increase may only make a difference of slightly more than \$100,000 only. I believe such a measure will not be effective in combating speculative activities in the transactions of luxury flats.

I still believe the problem of the property market lies in land supply and the Government's monitoring of sales practices. Both of these factors are very important. Under the concept of "one country, two systems", China adopts the socialistic system with Chinese characteristics, with the inclusion of elements of market economy; whereas for Hong Kong, we adopt a capitalistic system with Hong Kong characteristics. We have to take advantage of the best strengths of our own economic system, and at the same time, we have to encourage the business sector to take up the responsibility of a social enterprise while making profits. For instance, in respect of the property and real estate sector, developers should not only build luxury flats. They should be encouraged to build more middle-to-lower priced flats, so as to meet the needs of young people and the middle class in home ownership.

The Government has recently introduced "CHENG's three strokes" to monitor the sales practices of properties. The initiative is good news to consumers and is worth supporting. Nevertheless, the Government should also conduct a review of the existing regrant premium policy; and more importantly, it should increase land supply. When developing new sites, property developers should also be asked to build more middle-to-lower priced flats to order to increase the supply of small and medium sized private residential units.

Moreover, some political parties had earlier proposed to restrict Mainland people from investing in properties through the Capital Investment Entrant Scheme. They proposed to amend the Scheme and ask the people concerned to invest capital in some charity funds or social enterprises instead. I think this is not feasible. Such a proposal will not only affect the inherent free market policy of Hong Kong, but may also impose excessive intervention in market and fund flows, generating far-reaching impacts in the future. This is because at present, apart from the property market, many other sectors are closely linked to Mainland consumers. Thus, I do not agree to tackle the Capital Investment Entrant Scheme with a severe stroke. However, to steer a soft-landing for property prices, I believe it is the right time to review the threshold of \$6.5 million for capital investment entrants. I believe we should now review the requirement of \$6.5 million, in consideration of the inflation rate and the financial strength of Mainland migrants since the policy was formulated in 2003. Is it possible for the Administration to take the first step forward in making a 20% adjustment in order to test people's response? If it yields a healthy result and a good response, it is advisable for the Administration to continue making a slight increase.

With respect to land supply, due to the soaring flat prices, average families are unable to buy their own homes. It is therefore imperative for the Government to address the issue of increasing land supply on a regular basis. I have proposed that the increase rate should be 20% to 30% per annum, and the threshold of Application List system should be lowered. In fact, I asked some experts on properties and real estate for advice. They gave me a table which shows the ratio of transactions of private flats and the supply of private residential units over the past 13 years. We can see from this table that the number of transactions of private flats was higher than that of private residential units completed in 1996, 1997 and particularly during the peak in 1998. There was an adjustment in the following few years (namely 2001 and 2002). Due to the outbreak of SARS, there was even a drop in 2003. However, we can see that

land supply has been reduced drastically in recent years. By 2007, the transactions of private flats had started to become much higher than land supply. In 2009, land supply was further reduced and the difference continued to widen. Under this circumstance, coupled with the fact that Mainland migrants consider Hong Kong an attractive place for investment, property prices in Hong Kong have gone up significantly.

I believe many middle-class people may have owned their homes now, or have purchased some small units for a return from the rent. I have asked some middle-class families, and they do not want to see the property market returning to the condition back then — the situation in 1999 was frightening with the introduction of the policy of "85 000 housing units" — there was a large difference between the transactions of private flats and the supply of land and private residential units, the difference was in a reverse ratio, resulting in many negative equities. We all agree that there can be a soft-landing for the present property market. However, the Government must introduce some policies that bring about a healthy development of the property market. I believe that insofar as market adjustment and the psychology of buyers are concerned, an increase of 20% to 30% of land supply will be able to steer the property prices to a soft-landing. This will represent a more healthy development.

In assessing the entire Budget, I think the best part is the prompt response to the tragedy of the collapsed building on Ma Tau Wai Road with an immediate taking forward of the redevelopment project. Our proposal of "life is important, redevelopment comes first" put forward to the Financial Secretary on 6 February was also accepted. However, I do not know whether it was due to the prompt response or not, the policy is not well considered in every aspect. The condition of only one area is taken into account; an overall strategy for redeveloping old areas throughout the territory has not been considered. The Administration is adopting a piecemeal approach. After the accident of the collapsed building on Ma Tau Wai Road, the Government has taken forward immediately the redevelopment project at that site. It is as simple as that. What about the 1 000 odd dilapidated buildings over 50 years old in the old areas of Kowloon West, Tai Kok Tsui, Yau Tsim Mong, and in particular, Sham Shui Po, the Budget has not mentioned a word. I wish that it will not take another fatal accident of a collapsed building for the Government to take into account of other areas.

On the other hand, redevelopment is not as simple as demolition. It generates a number of problems, such as how residents will be rehoused; how more public housing flats will be built; whether residents should be rehoused within the same district or across districts; if they are rehoused in other districts, whether the Administration will consider expanding the scope of the Transport Support Scheme to other districts. All these issues are not mentioned in the Budget. In my opinion, redevelopment, rehousing and assistance are closely linked. If we only talk about redevelopment but overlook other complementary arrangements, our planning lacks forward-looking and in-depth perspectives.

Apart from reviewing land supply and the threshold of capital investment entrants, another policy which is even more important and with a longer-term impact is the development of new towns. I often think that the Government should act boldly but at the same time it should do the right thing. It must not be inconsistent with its policies, tilting to conservation at one time but redevelopment at another time; or heading east at one time but west at another time, resulting in residents and investors being at a loss as to which way they should follow. The Government should have a comprehensive and far-sighted vision, with boldness and resolution as demonstrated by the Government back then in developing the new town of Sha Tin and redeveloping Tsuen Wan. In both districts, there are public housing estates, private residential buildings, commercial centres, as well as government buildings. Why does the present Government not have the determination to "clone" another Sha Tin District? For instance, it can turn Tin Shui Wai and Yuen Long into new towns, with schools, commercial districts and government departments. Most important of all, the Government office building can be relocated there. Furthermore, the West Rail has now provided external links, other related problems, such as insufficient funeral services and shortage of columbarium niches which affected the whole territory, can be resolved altogether.

Moreover, with the increasing number of new migrants, it is impossible for the Government to build public housing estates in urban areas or city centres to accommodate them. I agree to building public housing estates, particularly so because we have to resolve the problem of partitioned rooms. However, the Government has to make better planning so that public housing estates will be built in various districts, instead of concentrating on certain districts, such as

Sham Shui Po. As such, we will not see high-rise screen-like buildings in the heart of the city centre and along the harbourfront areas, which are shrinking in size. I hope that the Government will formulate long-term planning, and have the determination to allocate land as well as additional resources to develop new towns.

Building public housing estates is another typical example of the Government's way of handling things. The Government should have kept abreast of times much earlier instead of just adopting a piecemeal approach. It is imperative for the Government to formulate policies to dovetail with the increasing number of new migrants, and work with various bureaux with concerted efforts. If the development of suburban new towns is involved, we will have to expand our work across districts, providing assistance to needy families under the Transport Support Scheme. In this way, the pressure of rehousing within the same district can be relieved and some families will not have the pressure for moving into private residential units. I hope that the Government will seriously take this into consideration. If the Government is determined to act in this direction, I believe people in Hong Kong will be grateful to the Government in 10 or 20 years' time. They will always remember the achievement of the Government of the current term.

Six industries were mentioned in last year's policy address. However, this year's Budget gives an impression of skimming over the subject. Specific development strategies of the six industries have not been found. Only the points of strengthening manpower training for the related industries and revitalizing old industrial buildings have been mentioned. In my opinion, the question involved is how the hardware and software can be complemented. I have all along emphasized that it is imperative for the six industries to create more jobs, particularly jobs for the labour sector and the middle class. Recently I have got acquainted with a computer professional of the "post-50s". Due to the financial tsunami, he is now selling fish in Mei Foo. He has really become a fish monger. Regarding the issue of helping the unemployed middle class and those who have become unemployed abruptly, I hope that the Government will establish a \$100 million to provide interest-free loans to the unemployed to change jobs. The fund will offer the unemployed the opportunities to pursue further education, and help those with competence to join the six industries, or even become self-employed people.

The small and medium enterprises comprise 90% of the total number of enterprises in Hong Kong. This year's Budget has mentioned helping the middle class. However, issues of special concern to some middle-class families, such as the allowance for children's education and early childhood education, were not mentioned. I hope the Government will make longer-term considerations for the middle class and young families, and introduce measures such as extending tax-deduction period for home mortgages or considering relaunching the Home Starter Loan Scheme.

As a matter of fact, we have put forward many proposals. We hope that the Government will not let the middle class have the impression that they have the obligation to pay tax but do not have the right to enjoy any benefits. We opine that a tax rebate of \$6,000 is only an immediate measure but not a long-term solution. Thus, insofar as the structure and concept of policies are concerned, I hope that the Government, in beefing up its measures of giving handouts in the Budget in the future, will seriously consider the situation of the middle class.

Finally, I hope that the Government (*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Dr Priscilla LEUNG, your speaking time is up.

DR PRISCILLA LEUNG (in Cantonese): will have a long-term planning, so as to resolve the issue of disparity between the rich and the poor of Hong Kong in a systematic manner.

DR LEUNG KA-LAU (in Cantonese): Deputy President, other Members have already made a lot of comments. I believe the Financial Secretary is already very tired. I agree with most of the views of the other colleagues, so I am not going to repeat. However, I would like to speak a little more on two points. At present, many people in Hong Kong, even businessmen or operators of small and medium enterprises (SMEs), find themselves in a dilemma or in a situation of contradictions. It is very hard to have long-term solutions unless there can be some structural changes.

What is meant by structural changes? First, it is our taxation system. At present, our tax revenue is low, yet everybody is asking for money with open hands. Subsidies are needed for transport expenses, for elderly homes, and for many other causes. Given the fact that our revenue is low, where can the Government get so much money? Sometimes a modest increase in tax rate can be of considerable help whilst Hong Kong may still remain to be a place of low tax rates. Increase in tax will certainly affect the interests of many tax-payers, however, in the long run, this is an issue to be considered and addressed.

Second, it is the problem of land, a subject touched on by quite a few colleagues earlier. I think this issue is relatively easy to be handled by the Government. Does Hong Kong have land? Hong Kong in fact has a lot of land. It is only that land is not being used as required. Land does not just affect housing, though its impact on housing is, of course, very great. However, those who cannot buy their homes can choose to live in rental flats for the time being. Moreover, we have three million people living in public housing estates. For the time being, most people do have a roof over their heads and need not go homeless. Moreover, land also affects business environment because, more often than not, the reason behind social disharmony or wage earners' complaints about low pays and long working hours is the difficulties that employers are facing in running their businesses. Employers have difficulties in meeting basic expenditure. Why? It is simply because the rents are high. In the past, the shops in the shopping malls of many public rental housing estates enjoyed low rents. However, after these shopping malls were sold to The Link Real Estate Investment Trust (The Link REIT), The Link REIT increases rent by as much as 30-40% each time, hence our SMEs no longer have a "roof" over their heads. On account of chain reaction, everybody is unhappy. I hope the Government will make long-term planning for structural changes.

From this point onward, I am going to focus on medical issues. I notice from the Budget that the Financial Secretary has not studied deeply into the medical issues. Seemingly the relevant policy bureau provided the information to the Financial Secretary, who then copied it into his speech. Let me quote an example. This year the Financial Secretary will provide an additional funding of \$1.2 billion to the Hospital Authority (HA) to strengthen services. At the special meeting held earlier on, I asked for details about how the money would be spent. So far, many of the details have yet to be provided. However, I am quite sure that the point regarding the funding to the Drug Formulary is an exaggeration. It is said that eight drugs will be incorporated into the HA Drug

Formulary and the clinical application of nine drug classes will be expanded so as to benefit 38 000 patients. After looking into the details, I notice that the so-called proposal to expand the clinical application of nine drug classes merely means making available at general out-patient clinics two or three commonly used drugs which were previously only provided at specialist out-patient clinics under the HA, that is drugs originally not available at general out-patient clinics will be made available at HA clinics, and this will benefit 25 000 patients. This figure definitely is an exaggeration. I believe the Financial Secretary does not have much understanding of the matter; nor is he aware of it. I think it is necessary to leave this matter to later days when there will be discussions with the Food and Health Bureau. As a matter of fact, the same situation also applies to many medical policies. I will discuss with the Bureau later.

There are, however, two things which I am afraid not even the Bureau is able to handle. So, I specifically draw the Financial Secretary's attention to them to see if he can help. The issues relate to the development of medical services industry and the future healthcare financing.

Regarding the development of medical services industry, the Government has provided four pieces of land. I once commented that the four sites were too remotely located and would cause operational difficulties. Last month, the Bureau invited investors to indicate their interest. Quite surprisingly, 30 groups of investors indicated their interest in the four sites, and there were even investors who expressed interest in the Tung Chung site. Though I am surprised, I welcome this response. It appears that for the time being, my estimate turns out to be wrong, but I welcome this. Anyway, the more private hospital beds, the better, be they in Sha Tau Kok or Mong Kok. So long as these beds can be put into service, it will be all right. For the moment, there are indeed investors who have expressed an interest, and I really hope that many people are willing to invest in developing medical services industry. I think that among those 30 investors, quite a number of them are real estate developers. Some people may resent real estate developers these days, but I think it is just a matter of each taking what he needs. They may build houses on these sites, but apart from building houses, they have to develop medical services industries on these sites as well. Nowadays, it is hard to expect real estate developers to stay away from running certain industries. Being financially strong, real estate developers can enter into all business besides real estate development, be they telecommunications or super markets. There are indeed no businesses out of the

reach of real estate developers. So, we really must not think too much about this.

Talking about development of medical services industry, if there are so many investors bidding for the four sites, we worry that it will push up the land prices. If land price goes up because of inadequate supply of land, the cost will ultimately be reflected in the service fees and charges. I hope the Government will not expect to gain profits from selling the sites earmarked for building hospitals. If there are indeed so many investors interested in developing the medical services industry, I hope that the Government will consider allocating more sites for this purpose. A more flexible approach is, as mentioned by me earlier, to place more sites under a system similar to the Application List System. Investors can, after taking into account the operational costs and other factors, and having sufficient manpower, can apply to the Government under an application list system for land at an opportune time. They can then acquire the land by auction or tender. In this way, we can safeguard public money. Why should more sites be allocated? This is to avoid pushing up land prices and ultimately suffocating the development of medical services industry because of inadequate land supply. Why am I seeking help from the Financial Secretary? It is because I understand that in matters of land, the Bureau has no say. It is all up to the control of the Government. If more sites are needed, then as far as I know, the decision has to be made by those at the very top level of the Government.

The next matter I would like to seek help from the Financial Secretary concerns healthcare financing. In the Budget, apart from providing additional funding to the HA, the Financial Secretary repeatedly mentions the \$50 billion set aside two years ago as seed money for implementing the healthcare financing scheme. He also mentions that he has received suggestions from different sectors and these suggestions will be dealt with later this year when the public is consulted on healthcare financing. \$50 billion may seem to be large sum of money when it is first mentioned. However, in considering that the annual expenditure of the HA already exceeds \$34 billion, and the annual expenditure of about \$30 billion in the private market, \$50 billion is not a big sum. If the \$50 billion is intended for long-term use, that is not to be spent at one go, then the amount of money that can be spent each year is only about \$2 billion. If the rate of return is 5%, then only \$2 billion to \$3 billion can be used each year. I

wonder how much \$2 billion to \$3 billion can do for health care. Do some calculation and you will get the answer. There is very little that can be done. So, I hope both the Government and the Financial Secretary will not think that, after providing the \$50 billion as seed money, they can wash their hands off.

I believe that the Bureau has its own plan as to how to spend the \$50 billion. There is, however, one point I am well aware of, that is the Bureau is not very familiar with tax arrangements. Hence the relevant arrangements on tax concessions may not be included in the Bureau's plan. I had discussed with staff of the Bureau long ago regarding tax concession arrangements. Their reply was that they were unable to get that from the top echelon of the Government, probably meaning that they have no say on this issue. I hope the Government will exercise team spirit, rather than the Financial Secretary gives you a big envelope, telling you that is all you can get, it is up to you to decide how to spend the money. However, when the Bureau is given such an envelope, it is in fact not in a position to deal with taxation, it may know little about it as well. In the past, many measures which were welcomed by the general public or the middle class eventually could not be implemented, often because of fragmented administration. I hope that in the days to come, when healthcare financing proposals are ready for public consultation, the Government can exercise team spirit in studying the various measures. Fragmented administration should be avoided.

Healthcare reform in the United States has a history of several decades. It is beginning to get somewhere this year. In the United States, Barrack OBAMA himself took up the marketing work of health care financing. I have no idea who is the health secretary of the United States because the task of marketing has all along been taken up by OBAMA. What about the situation in Hong Kong. The task is taken up by the Secretary for Food and Health for the moment. As a matter of fact, the political capacity — let me use the term political capacity which has been a popular term long ago — of the Secretary for Food and Health alone may not be able to get the best proposal successfully marketed. I hope the Government will bring into full play their team spirit, and do a good job in implementing a measure which brings benefits to the community and the people in the long run.

Deputy President, I so submit.

MR IP KWOK-HIM (in Cantonese): Deputy President, on 7 April, the HKSAR Government and the Guangdong Government signed in Beijing the Framework Agreement for Hong Kong/Guangdong Co-operation, advancing the co-operation between Hong Kong and the Mainland to a new phase. At the same time, Hong Kong also actively seeks to have greater involvement in the National 12th Five Year Plan so as to play a more important role. It is foreseeable that co-operation between Hong Kong and the Mainland in the area of economic and trade activities is going to drive the two places closer still in different aspects, such as environmental protection, technology, transport, and people's livelihood. It is necessary for the Government to make suitable budgetary adjustments to make available additional resources for the needs.

With regard to the relationship between Hong Kong and the Mainland, our delegates to the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC) in fact play important roles. For years, our NPC Deputies and CPPCC delegates have given full play to their strength in knowing both the Mainland and Hong Kong well, and have made a lot of contributions in matters involving cross-border affairs. However, there is in fact not enough support from the SAR Government to the work of our NPC Deputies and CPPCC delegates. Up till now, the SAR Government has still not committed to undertake the maintenance and repair works for Hong Kong Chamber in the People's Hall. This is one example.

When we talk about the link between Hong Kong and the Mainland, we must mention the roles and functions of our Mainland Offices. One of the main functions of these offices is to reflect and promote our economic and trade interests in the Mainland, which include offering assistance to Hong Kong residents or enterprises running into problems in the Mainland. I believe that Secretary LAM well understands this. However, at present, when our residents or enterprises get involved in business disputes in the Mainland, our Mainland Offices only refer the cases to the relevant Mainland authorities for follow-up actions. In my opinion, such a practice fails to meet the public expectation of the office of the SAR Government in China, and also fail to adequately fight for Hong Kong people their legitimate rights and interests in this respect.

As reflected by Hong Kong businessmen in China, foreign capital-owned enterprises making investment in China, such as those from Japan and Korea, are

unlikely to be bullied. However, when "standing up" for Hong Kong people in their fight for legitimate rights and interests, our Mainland Offices appear to be so weak and powerless. I think the Government ought to make improvement in this respect.

Regarding the assistance provided to Hong Kong-owned SMEs and professional services industries in developing the mainland market, our Mainland Offices have much room for improvement. The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) is now operating a one-stop professional services centre in Dongguan, pooling together companies offering professional services, such as legal, accounting, insurance and medical care, in order to help our professional services industries develop business in the Mainland. So, there is actually room for growth in this respect.

As the relationship between Hong Kong and the Mainland is getting closer and closer, the DAB hopes that the SAR Government will make appropriate financial adjustments. The resources and manpower of our Mainland Offices should be enhanced in order to expand their area of responsibility, serve Hong Kong people better, as well as safeguard and promote the interests of Hong Kong people more effectively.

Another issue I would like to raise here is the by-elections for the five geographical constituencies to be held in 2010. This by-election is not a normal election, it is a farce totally unwarranted. It wastes public money and generates disharmony in society. The DAB holds that referendum has neither constitutional nor legal standing in Hong Kong. Any attempts to promote the so-called referendum in any manner will mislead the public and contravene the spirit of the Basic Law. It also undermines the foundation of "one country, two systems" and "Hong Kong people ruling Hong Kong," and is detrimental to the development of our political system. To achieve their political goals, the Civic Party and the League of Social Democrats venture to lead the community to a scenario of violent confrontation. This is an irresponsible move. The DAB opposes the Government's appropriation of \$159 million to conduct these by-elections, and requests the SAR Government to review the existing legislation so as to formulate suitable mechanism to prevent Members resigning at will and avoid the recurrence of similar situation of wasting public money.

Deputy President, public libraries have, since last April, extended their opening hours. However, only half of the 66 permanent libraries in Hong Kong have extended their opening hours. The other libraries still open till 7 pm on weekdays and close on Thursdays. This obviously is not in compliance with the principle of "people-oriented". Even for those 33 libraries with extended opening hours, their opening hours have been extended up to 8 pm only. On Sundays and public holidays, they still close at 5 pm. Such opening hours simply cannot meet the needs of those wishing to borrow books from the libraries after work.

Last week, at the meeting of the Panel on Home Affairs, Members asked the Government to further extend the opening hours of libraries. The Government used the District Councils (DCs) as "a shield", saying that the matter would be discussed with the DCs later this year. I believe all the 18 DCs in Hong Kong support the extension of the opening hours of libraries. The problem lies in the shortage of resources. That is the greatest problem. Take Central and Western District as an example. If the opening hours of the libraries in Central and Western District are extended, it is necessary to put in another \$1 million. How can the DCs possibly set aside as much as \$1 million at present? Hence, I emphasize that the policy on libraries is not a local policy, but a territory-wide policy. The Government should not pass on to the DCs the responsibility of committing resources. If the Government indeed wishes to serve the people well, it should provide the Leisure and Cultural Services Department or DCs with the resources, so that most public libraries can extend their opening hours. I think the general public and the DCs will welcome this measure.

Likewise, the opening hours of museums also fail to serve the people under the principle "people-oriented". Some major museums, such as the Heritage Museum, the Museum of History and the Dr Sun Yat-sen Museum, normally close at 6 pm on weekdays. It is just impossible for people to visit them after work. Furthermore, presently all museums have a closing day each week, and basically, there is no standard rule setting the closing day for individual museum. Hence, people are often denied entrance. Although certain major museums have extended their opening hours on Sundays and public holidays, they still close at 7 pm. People who wish to tour the museums leisurely on holidays must still watch their time, and cannot enjoy to their heart's content. So, the DAB also

urges the Government to review the existing opening hours of museums, and improve the quality of museum service from the angle of bringing benefits to the people.

With regard to culture and arts, the Government undertakes to provide \$480 million over the next five years for art programmes development, audience building and enhancement of art education and manpower training. However, not much has been said about how to develop street arts performances. In fact, many overseas international cities or even towns have street arts performances. In certain cities, street arts performances have developed into a culture over the years, and even turn into an arts festival. For instance in Britain, when the Edinburgh Fringe Festival is held in August each year, there are various kinds of street arts performances over the city. The Fringe Festival brings to the city more than 75 million pounds of financial gains. Another example is in Taipei, the authorities started to promote street arts performances since 2003 to cultivate people's habit in enjoying street arts. Clear rules have been formulated to step up the systematic regularization of street arts.

However, here in Hong Kong, although the Government is now discussing with the DCs to designate some open areas at the Cultural Centre in Tsim Sha Tsui, the Sha Tin Town Hall and the Kwai Tsing Theatre for artists to stage street performances, there are still many legal restrictions on street performances. Currently some street arts performers, when staging performances in the pedestrian zone, are often charged by the police for reasons of traffic obstruction or causing nuisance. I agree that there must be a mechanism to regulate street arts performances effectively, such as designate suitable venues for staging street arts performances and invite local people to perform. The development of street arts performances culture cannot be achieved in a day or two. It definitely requires strong government support.

Deputy President, the provision of free legal advice has all along been well received by the people, as evident from the fact that more than six thousand cases are handled each year. At present, at the nine legal advice centres set up in District Offices, the lawyers on duty will have to interview the clients of five cases every evening. Staff of the District Offices is responsible for making

appointments and recording the background information of the cases. However, due to shortage in manpower, one often has to wait five to six weeks from the time of making the appointment to meeting a lawyer. If owners' corporations or individuals require legal advice urgently, the said scheme is unable to meet their pressing needs.

According to the Government's study, the public has very keen demand for legal advice in the community. Recently, we learn that the Government will provide the Home Affairs Department with \$3 million additional fund to hire a team of 15 persons to support the said scheme. The DAB welcomes such an arrangement, and hopes that once there is additional manpower, the waiting time can be shortened, and corporations or individual in need of help can get appropriate professional legal service.

As a representative of the District Council functional constituency, I once again feel distressed and helpless with regard to the support and funding allocated to the DCs in the Budget. The DC is an integral part of the two-tier representative system. If DC members are to provide the public with quality service and help them resolve problems, the Government must provide adequate resources to the DCs to ensure their smooth operation. Whenever I speak during the debates on the policy address or the budget, I will, time and again, raise this issue. We are all aware that the manpower of the DC Secretariats is inadequate. So, I hope that the Government can allocate more funds to employ additional staff so as to improve the efficiency of the DC Secretariats and enhance the service quality of DCs.

Deputy President, you are also aware that, starting from the current term of this Council, every Member (including you yourself) will receive an end-of-term gratuity and medical allowances. I am not a nagging person, but I must repeat one more time that, in order to show the same respect to the DCs, the SAR Government should make similar arrangements for all DC members. Moreover, giving all DC members end-of-term gratuity and medical allowances can, in fact, attract more talents to participate in political pursuits. People engaging in politics should have the aspiration and vision to serve the community and uphold the principles of fairness and justice, yet they should not have to worry about

their daily needs. They should also be protected for their livelihood in their old age. So it is hoped that the Government can (*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Your speaking time is up.

MR IP KWOK-HIM (in Cantonese): give the matter due consideration. Thank you, Deputy President.

MR LAU KONG-WAH (in Cantonese): Deputy President, I speak in support of this year's Budget. Basically, this Budget responds to certain aspirations of the community. Proposals from quite a few Members — including those from The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) — have been adopted by the Financial Secretary. Surely, it is never possible to satisfy all of our aspirations or needs, particularly now, when recovery is just emerging following the financial tsunami. In the community, there are still many disadvantaged people in need of help, especially help from the Government. During these two days' debate, I often heard Members mention about "handing out candies". Some Members worry if it can be the way out for the Government to "hand out candies" on a long-term basis. Deputy President, I myself think that there should be "handouts when so justified". As a matter of fact, many disadvantaged people in the community really need a helping hand from the affluent society. So, in this respect I think there is no room for doubt.

However, according to the long-term economic strategy proposed by some Members, the "cake" should be made bigger, and they considered this to be of great importance. In my opinion, the two need not be mutually exclusive. Members from different sectors probably place emphasis on different points. This is precisely because our Council embraces views from Members representing functional constituencies and those returned by geographical constituencies through direct elections. This, when put together, can be of some good to the community. As a matter of fact, a society has to look after long-term planning as well as short-term interests.

I clearly remember that last year's budget was released amidst the financial tsunami. The Government put forward the strategy of "stabilizing the financial system, supporting enterprises and preserving employment". I quite approved of

that. It did in fact achieve something. I also clearly remember that at that time many Members from functional constituencies proposed many measures, and that those measures continuously underwent adjustments. They know well where our economic lifelines lie, and understand that as our economy grows and enterprises become stabilized, there will be certain employment protection for workers. So, I often am of the view that some of the bickering in the community is unnecessary. Hong Kong is such a small community that employers and workers are in fact in the same boat. Similarly, this Council has Members representing functional constituencies as well as those returned by direct elections. I cannot see the need for them to discriminate against each other. However, Deputy President, it has recently come to my notice that there have been calculated efforts by certain Members to smear a number of Members representing functional constituencies. This, in my opinion, is not necessarily acceptable to the society. I, therefore, very much hope that there can be some connection between politics and economy. So, on the basis of the personal views just stated by me, Members returned by direct elections have their own aspirations whilst those representing functional constituencies have their functions. It is not necessarily harmful to the community for the two to co-exist.

Deputy President, with regard to this year's Budget, I notice that quite a few Members and the community are concerned about the housing issue. Following the release of the policy address of last year, members of the public in fact looked forward to keen attention and measures from the Government. This has extended to this year's Budget. The community still looks upon this as a hot topic. Consequently, the Government has got to place prime attention to this issue.

Deputy President, when we visit the districts, we hear from small businessmen and hawkers, including those who operate cafes or shops selling electrical appliances, different views other than that on property prices. When we ask them whether business is good or not, they will answer in the affirmative but will say: what is the point of having good business? When business is good, rent will go up. Ultimately, they will have "zero gain". We have heard similar views from a considerable number of property owners. Given this, I myself think that the Government should place prime attention to the issue of property prices. The series of measures recently introduced by the Government are, in my opinion, appropriate. However, there is still room for reinforcement.

On the other hand, I think developers should also exercise self-discipline. If the housing units that they offer for sale turn out to be deceptive or even fraudulent in terms of size, floor level, position or location, I think this is unacceptable. So, for small businessmen or major developers alike, we ask them to return to the basic. What is the basic? That is, there should be an element of integrity in doing business. Integrity is of considerable importance. It is the foundation of our success. I believe it is also the foundation of our brand names. We cannot ask hawkers or small shop operators to show integrity and yet ignore major developers in this respect. I hope developers would pay attention to this too. Return to the basic and show integrity.

(THE PRESIDENT resumed the Chair)

President, with regard to the co-operation with the Pearl River Delta, Members of this Council mentioned many works that have to be done. We in fact have a lot of cross-boundary infrastructure. We have concluded many agreements and established a lot of framework. However, we sometimes feel that even though a lot of work has been done, sometimes the general public is not aware of that. When we walk around and talk to people, we will find that they sometimes do not know what has been done. Take high-speed railway project as an example. They only have very vague idea about it. Anyway, the project has gained fame overnight. Many high-speed railway tours are now organized. This is a good thing as more people join the tour, they will learn about it. As a matter of fact, I give my full support to connecting our high-speed railway with that of the Mainland. Once the railway is eventually completed and connected with Greater China, those who now oppose the construction of the high-speed railway will definitely feel that we need this railway. Be patient. How to make people feel the need? Can the Government do something so that people can feel it, use it, and know about it? We have recently conducted a study to explore the possibility of making a start. Here is an example. When we talk about co-operation between Hong Kong and Shenzhen, it is just a slogan. Firstly, if cross system usage of the electronic money systems in Hong Kong and Shenzhen is made possible, that is, we may use our Octopus Cards in Shenzhen, then people can really use it. Secondly, at present, it is very expensive to make a call from Hong Kong to Shenzhen, or vice versa. Can there be some adjustments to the

phone bill? If the charge for making a call from Kowloon to Shenzhen is the same as that from Kowloon to Hong Kong, then the people would feel the benefit. The charge may not necessarily be the same, but I think it is absolutely possible to have the fee adjusted.

Furthermore, many kaifongs tell us that they have bank deposits in the Mainland, mainly in Shenzhen, but they cannot update their passbooks in Hong Kong even though they have opened a bank account in the same bank and with the same name. If they want to check their balances, they have to go to Shenzhen to update their passbooks every month. These are probably some trivial matters which the Secretary is not aware of. Yet members of the public are in touch with such matters daily. Every day, they find that very troublesome. Apart from putting in efforts to accomplish the large framework of co-operation between Shenzhen and Hong Kong or that with the Pearl River Delta, if the Government also works on certain trivial matters to let the people feel the advantages from the co-operation or framework, then I think the future co-operation will be smoother.

President, with regard to security, I would mainly like to speak on two points. First, the issue of the fire services system has been of concern to the public recently. We all mourn the death of a fireman. After the sadness, we turn our attention to other issues regarding fire services, such as ways of making contact, communications, and procurements. We understand that in the past, whenever the Fire Services Department was aware of the urgent need to purchase certain equipment, it would take five years from making an urgent application for funding by the Department, to scrutiny by the Government, approval of funding by the Legislative Council, placing orders by the Department and actual acquisition of the equipment concerned. President, taking five years to get the equipment needed to save lives or fight fires is, I think, unacceptable to us all. When I visited the district after the fire, a man approached me and asked if government procurement could be separated into two lines. Can there be a faster line for procuring equipment needed for saving lives and fighting fires? I do not know the answer. The Financial Services and Treasury Bureau or the Financial Secretary should know. Indeed, if buying a pot of flowers or a tree has to take so much time and undergo so many procedures, I think there is really a need to review the procedures of procuring fire fighting equipment. I believe

that the Panel on Security will discuss this issue in due course. However, I think officers of the Financial Services and Treasury Bureau and the Government Logistics Department may answer that man right away if there is a faster track for the procurement of urgently needed items. We should not waste time on bureaucracy. This is, in my opinion, absolutely feasible.

Next, I will talk about immigration through investment. This subject is under the purview of the Security Bureau. The Capital Investment Entrant Scheme was implemented in 2003 during the SARS epidemic when the property market and the stock market were having a downturn. In my opinion, it was quite a good measure for the Government to introduce the Scheme. It was stipulated then that an investment of \$6.5 million is required for one to become a capital investment entrant. This channel is now known to many people. By now, the Scheme has approximately drawn in an investment amounting to more than \$40 billion, which is a good thing. However, given the development today, every measure has room for review or even revision.

In my opinion, the Capital Investment Entrant Scheme should continue. We all wish to see that Hong Kong can pool together the world's talents and money. With regard to the amount of investment, President, I think \$6.5 million as set in 2003 is no longer on a par with the \$6.5 million of today. What is more, at present the full investment amount can be put into the gold market, property market or stock market. In future, can we raise the amount a little and require that some of the money should be used to invest in the six industries now being promoted by the Government? If the money can be invested in the six industries, it will create employment, and I think that will do good to Hong Kong. As a matter of fact, in consideration of the capital investment entrant scheme of other countries, investors are encouraged to invest not only in real estate or stocks, but in industries as well. In my opinion, this year is the right time to conduct a review. We hope that the Capital Investment Entrant Scheme can keep on drawing in investment from other places and meet the aspirations of the people. This is in line with government policies. If we are to promote the six industries, it is not enough merely to have a piece of land. How to encourage people to invest in these industries and how to encourage investors outside Hong Kong to put in money are issues that still require consideration. I think the Government need to conduct a review, and hopefully, such a review will not take too long.

President, lastly, it has come to my notice that today there is a written question about fire safety systems. I am pleased to learn that according to the Fire Services Department, consideration is being given to the idea of making it a mandatory requirement to have automatic sprinkler systems installed in old industrial buildings. President, I think this is absolutely essential. This measure has been implemented in residential and commercial buildings and the result is satisfactory. Owing to priority of work, this measure has not been implemented in old industrial buildings. It is now the right time and I hope the Fire Services Department will take prompt actions upon the completion of the review.

Thank you, President.

MR JAMES TO (in Cantonese): President, each year, I would focus my discussion on specific issues relating to security. However, I think this year, there are some even more important issues that apparently cannot be left untouched.

Recently, the Chinese University of Hong Kong conducted a survey on social harmony and I am not going into details. In brief, the result reveals that less than 30% of the respondents consider Hong Kong to be a harmonious society and 25% of the respondents think that the Government will only respond when radical means are employed. I think there is indeed a deep-rooted conflict.

From a security point of view, I am concerned that this situation will give rise to chaos. If 25% of people believe that only by resorting to radical means can they make the Government respond — we must bear in mind that we are not talking about supporting the use of or accepting the use of radical means, but about believing that the Government will only respond by resorting to radical means.

In fact, what kind of deep-rooted conflicts are there in Hong Kong? When even the Premier — the State Premier — is also concerned about these deep-rooted conflicts, we really need to ponder what has gone wrong.

Regarding the constitution, a proposal was announced yesterday. In fact I am not going into details. When a lot of people think that they do not have the right to vote, that the Chief Executive is not elected by them, that their votes are not as forceful as those in the hands of consortia or other people with money and influence; when the Government's policies actually give people the impression of collusion between Government and businessmen, and the voices of the common mass are not listened to and answered, deep-rooted conflicts will naturally arise.

Recently, I have made serious observations over several incidents, trying to find out what people are most discontented with. I really have given serious thoughts over these incidents, I have raised some questions and listened to other people's opinions. I do not mean to point the finger at Mr Tommy CHEUNG, but this incident make me think why there is, what I call explosive discontent in society. Why?

When we say that the minimum wage should be \$20 per hour, we have to understand — for those people who do not have to work or are unable to find work, for example, people on CSSA or the old, the weak and persons with disabilities, they can still rely on the safety net in society and can at least get basic protection — at present, the people faring the worst and in the greatest misery in society are the so-called the working poor.

The working poor toil for 10 or 12 hours a day but they can only earn several thousand dollars a month. If you tell them that the minimum wage will only be \$20 an hour, their discontent would really be very great.

Many of my middle-class friends feel very resentful towards those comments, so I asked them why they felt so resentful. Of course, many middle-class people are quite concerned about the political system. Mr LAU Kong-wah just said that Members representing functional constituencies had made a lot of contribution. However, I firmly believe that if directly-elected Members want to win votes, they cannot possibly say that the minimum wage should be \$20. I will not say such words. Members of functional constituencies may say so but at least, Ms LI Fung-ying will surely not say so.

However, when we learn that some Members actually have some hidden intricate relationships with consortia and they receive additional salary, amounting to millions of dollars from consortia in addition to Member's remuneration, their saying that the minimum wage should be \$20 per hour will raise resentment. A question will also be raised: Who are the people that take up the seats in the Legislative Council?

If property developers can sell their properties at sky-rocketing prices, at tens of thousands of dollars per square foot, this is originally a good thing because someone may get rich as a result. However, what concerns us is that whether there are any fraudulent practices that lead to soaring property prices. We are concerned that young people cannot afford to buy flats at such a high price. I have a friend who belongs to the post-50s or post-60s generation. He owns a flat which he rents to a couple. The husband is a school Inspector and the wife is a young doctor but they really cannot afford to buy a flat. They have to pay over \$8,000 a month to rent my friend's flat because they do not have enough savings to pay for the down payment of a flat and their parents probably cannot give them any financial help. Of course, there is still one option, that is to draw on the credit line offered by credit cards and pay the high interest. In this way, they can become first-time property owners at an earlier day. However, they will naturally consider whether this is a desirable and healthy way of financial management.

Property developers oppose the construction of HOS flats — at least, many property developers have said so and the Mass Transit Railway Corporation Limited said that according to law, it has to increase fares. In fact, I wonder who can get help from the Budget. Many Honourable colleagues have mentioned people of six have-nots. In fact, in the past two years, I have also asked the Government if it can help people of six have-nots — basically, they are working people who are not on CSSA and do not live in HOS flats. There are many such people in the West Kowloon Constituency to which I belong. They cannot get any help and when their lives gets really difficult, is it possible for the authorities to give them \$1,000 or \$2,000 after they have made a simple declaration, so that they can at least get some help?

Just now, I have discussed with some government officials who asked if this measure would give rise to abuse. In fact, they will not. Why? Just think, one only need to make a simple declaration, declaring that he has not received other kinds of financial assistance. The Government has lots of data in this respect and it can easily check to verify the information. For example, if a person has applied for public housing but claims he has not, or if he has no children but claims for textbook assistance, or if he claims that he has not applied for CSSA, Old Age Allowance or Disability Allowance, all such claims can be verified easily. If a low-income worker does not receive any of the above-mentioned subsidies, should he not be given some other kinds of assistance?

A friend told me that his part-time helper travels from Fanling to his home on the Hong Kong Island to provide cleaning services. This helper has already worked for him for many years, and she is paid dozens of dollars an hour for very strenuous work. My middle-class friend receives a salary tax reduction of around \$12,000 to \$13,000 this time, but his part-time helper gets nothing. When my friend talked about the Budget the other day, he also felt embarrassed and asked if the Government ought to give handouts to people with high incomes. Should the Government give out a few thousand dollars to them? Were there more effective ways to get a fairer and more impartial distribution?

President, I am really concerned that the present situation might cause a riot, and I hope that the minimum wage proposal can be endorsed as soon as possible. I understand that after the proposal has been endorsed — I assume that a middle-of-the-road approach will eventually be taken, and the minimum wage will be around \$26, \$27 and even \$28 — some low-income earners will lose their jobs and be forced to live on CSSA. I know and understand that this will be the case in future. Moreover, as far as I know, there are now a lot of jobs offering an hourly pay of \$22 to \$23; when the hourly pay of these jobs is increased to \$26, \$27 and even \$28, the workers can actually earn more.

Furthermore, can the Government expeditiously provide people with cross-district transport allowances? Frankly speaking, cross-district transport

allowances or transport allowances are supplementary incomes for low-income earners. For example, a worker working near his home does not need to use any means of transport and he certainly will not be given transport allowances as he does not need to meet such expenses. In other words, providing supplementary transport allowances to low-income earners is just about giving them an allowance of \$2 to \$3. Adding up these amounts, the minimum wage to be specified by the Government may be around \$30 in disguised form.

In my opinion, this would at least give people the most basic protection. If, as I have just heard from Ms Cyd HO, the Government uses the money earmarked in the Budget for giving handouts to build public housing flats, so that more say, I live in Kowloon West, if low-income earners in the district living in cubicles or caged bedspace apartments can move into public housing, they will be able to lead a stable life in the long run. Actually, a minimum wage of some \$20 plus a transport allowance of \$2 to \$3 can already provide them with basic living conditions and meet their needs. Surely, the next step for us is to solve a deep-rooted conflict, which is the disparity between the rich and the poor. We are not going to talk about basic living any more but about whether we can enhance the living standards and increase the opportunities. To increase opportunities, we must strongly promote education, yet, I will not go into the details here.

At present, many people say that take the application of admission of children to school as an example, having or not having connections matters a lot. Very often, children of the middle class or the rich have something that children of the poor are missing, that is interpersonal connections, which is very important. Interpersonal connection includes the network of schoolmates, which affects the future development of each individual. That is something that we can do nothing about it. But, at least we can develop some private plans that allow the low-income group to get into contact with other people, such as become the mentee or godchild of somebody. In my view, the expansion of the personal networks can be of great help to the future development of the low-income group.

Another important point is the interpersonal connections of parents, which will also affect the admission of their children to schools. Recently, there have been discussion about the unfair practice of admitting children, such as hereditary,

the influence and recommendation of school directors and so on we must handle these issues very carefully; if they are unfairly handled, the ladder of social mobility will deprive the poor of opportunities for future development while the rich will continue to be admitted to elite schools and have a bright future.

President, I strongly agree with Mr CHEUNG Man-kwong's remarks about introducing a voucher system for private tertiary institutions. As there are tens of thousands of Hong Kong students who meet the university admission requirements but fail to get enrolled in local universities, we should expeditiously examine the development of private tertiary institutions and enhance the chance of implementation, so as to enhance social mobility.

President, lastly, I would like to talk about financial affairs. Regarding the CITIC Pacific incident, the Securities and Futures Commission (SFC) and the authorities concerned have already carried out investigations for 18 months but no progress has so far been made. Recently, some minority shareholders of CITIC Pacific who have been victimized have brought a case to the Small Claims Tribunal. However, in the judgment given by the adjudicator, it is stated that the Listing Rules and the notices issued by the SFC to all members of the Board of Directors cannot be relied on. So long as a person has not yet become a shareholder and is just a potential investor, he cannot take this notice as the basis for initiating a lawsuit. In other words, its authenticity of the notice has nothing to do with you. I was very astonished when I read such words and I hope that officials from the Financial Services and the Treasury Bureau can read this judgment to see if there is anything that requires clarification. Though the Government has said that the judgment is given by a junior adjudicator, and there is no precedent of such cases. It is hard to imagine that if an investor living in Texas, who has bought some blue chips and red chips in Hong Kong on the Internet, finds that he cannot rely on the authenticity and accuracy of the notices published on the Internet, how can Hong Kong be a financial centre?

In addition, I oppose the Government's mandatory requirement that banks should participate in the mediation process, but refuses to introduce a comprehensive a financial ombudsman system. President, Hong Kong has to appeal to the Central Authorities to proactively strive for developing into an

offshore centre for Renminbi business. Shanghai has now become our competitor, we cannot be so passive and should strive proactively. Even though some people say that China is big enough to have several offshore centres, if we continue to be so passive, everything will be too late.

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

(No other Member indicated a wish to speak)

PRESIDENT (in Cantonese): If no

(Mr Paul TSE and Mr WONG Kwok-hing respectively indicated that the other party should speak first)

PRESIDENT (in Cantonese): Members who wish to speak will please press the "Request to speak" button.

MR PAUL TSE (in Cantonese): We are not trying to be the last one to speak. We just want to show respect to other Members. President, after two days of debate, I believe that most of the issues have been discussed more or less, especially those related to people's livelihood. There is no need for me to repeat them here. Generally speaking, I agree that this year's Budget can be improved in many respects. I have listened carefully to the parts on tourism. Except for one or two members, no one has talked about this issue in detail. Since the Secretary in charge of tourism affairs is present, I hope she will lend me her ear and I will raise some matters with her.

For the tourism sector, the Budget has once again little to deliver. It does not touch upon this area at great length. There is only one section on how to promote tourism, with a few paragraphs that contain what is probably old information. If I remember correctly, Dr LAM Tai-fai said something similar about the industrial sector this morning. The Budget has not dealt with the interests of individual sectors. However, President, the thing I would like to

raise is, while tourism has made enormous contributions to Hong Kong and is called one of the four main pillars of the economy, it does not get any actual help from the Government. Even in terms of policy, it is getting less and less attention from the Government and the business environment is becoming more and more difficult. Certainly, due to various reasons, the airline industry has been operating under great difficulty in recent years, especially when natural or man-made disasters occur. Some recent incidents have increased the sense of crisis in the industry. Even if we discount the sharp fluctuations in oil prices, or political incidents in some countries, the frequent occurrence of industrial disputes as a result of social instability or class conflict poses a threat to the operation of airlines, so that their profits steadily decline or they even report losses. This in turn makes it more difficult for travel agents who act as middlemen. Recent controversies include the steady cutting of their commission, from 9% to 7%, from 7% to 5%, from 5% to 3%, and from 3% to 0% percent now. How are they going to make a living?

President, on the other hand, the Hong Kong Government is putting hundreds of millions of dollars into promoting tourism each year. As you may recall, one main goal in my election platform was the scrapping of the Hong Kong Tourism Board (HKTB), which made the HKTB or the industry Of course, many people supported this goal, or I would not have been elected. This has made the HKTB become more alert, which is a good thing. Actually, the HKTB is improving its performance, but the pace of its improvement Without an institutional reform, it will still fail to meet the industry's expectations or demands. For instance, while the travel industry is operating with great difficulty for most stakeholders, the HKTB still gives us the impression of being a "spendthrift", and is spending money in the wrong places. Why would we say that? President, I have said time and again that we should not spend too much on the structure. To give an example, while cutting expenditure, the HKTB has four Mainland offices and 11 overseas offices, as well as six representative offices, which cost \$38 million a year. Together with the \$4.94 million expenditure of the representative offices, they cost an annual \$4.2 million. President, in addition to this amount, which is probably only used to pay rent and salary, they ask for additional budget for events. For instance, an additional \$1.5 million had to be allocated for the promotion of cruises, while the development of cruises between Taiwan and Hong Kong cost another \$1.1 million. \$150 million was earmarked over five years for the establishment of the Meeting & Exhibitions Hong Kong (MEHK) office to promote conventions,

exhibitions and tourism, which means \$30 million a year. The Mega Events Fund costs an annual \$20 million \$40 million an expenditure of \$40 million, while another \$7.2 million is spent on sponsoring media visits. Even though the expenditure for each item does not seem to be very large, the total expenditure is staggering. Is the HKTB really value for money? Is it worth spending so much money on?

I once had an idea of challenging the HKTB. Let us see if the number of visitors will increase and not decrease if the HKTB is scrapped. Once we relax the entry visa restrictions, especially those on visitors from South China, I bet the number of visitors will go up. The HKTB utterly fails to fulfil its role. It is merely "window dressing", and the money spent only serves to let individuals or a small number of people show off. This is not my personal prejudice. As the representative of the tourism sector, I receive a lot of enquiries from hotels, airlines and travel agents. They often ask me what purpose does the HKTB serve, and say it is totally useless. I have to reflect the industry's great doubts about the HKTB's operation. They feel that while the HKTB works on its own, the industry has to deal with its own problems, which seems a bit unfair. There is a lack of transparency, especially how the HKTB spends the money. Apart from some items of spending that have to make public, we have no idea what kind of hotels individual staff stay in, which class they fly and where they go to put on a show. With the economic slowdown and the industry operating with such difficulty, should we not consider keeping these funds in Hong Kong and using them to improve tourist facilities? This may bring even more benefits.

The money can be spent on organising some wine or food festivals. Each year, Mainland visitors account for over 60% of total visitor arrivals, of which 80% are from Guangdong Province. The majority of them can watch Hong Kong television programmes. In recent years, TV programmes on wining and dining have become very popular in Hong Kong. While I seldom watch them, I know there are a lot of such programmes. If we want to promote food, wine or places to go in Hong Kong, we can just make sure visitors have a chance to watch Hong Kong TV programmes. The Hong Kong Government can promote wining and dining at no cost at all. I fail to see why we should spend hundreds of millions of dollars each year on such marketing. Hence, I wish to challenge the HKTB again to see if the number of visitors will really decline if they stop spending money on marketing for a year. I think that number will probably rise on the contrary.

President, I have said more than once we should consider a major overhaul of the structures overseeing tourism policies, in order to avoid overlapping of their work.

President, there are four main tourism bodies. Apart from the HKTB that I just mentioned, actually I am not pinpointing the HKTB, another body is the Travel Industry Council of Hong Kong (TIC). The TIC has to deal with controversial issues from time to time, including the recent incident of whether residents should travel to Thailand when the Outbound Travel Alert is raised from red to black. Of course, I understand that the TIC represents the industry and agents, hence its concerns may not always be the same as those of the public. However, I have to say that while the TIC is a regulatory body or represents the views of the industry, it is even more important for it to reflect public expectations about the industry and its responsibilities. I am afraid there are divergent views about this, and I have received different reactions. Some people even asked me if I was speaking for the travel industry at all. Nevertheless, as the representative of a functional constituency, I feel that there are times when we should balance different interests. This is the reason why many Members who are not returned by functional constituencies often accuse us of caring only about the interests of the industry. I hope that during the remaining one year or so of my term, I can show how not all functional constituency members are the same. Some are willing to do their homework, observe and think about issues, some are capable of making fair comment, and some are willing to balance the interests of the industry and those of the public. I certainly do not want to see the commitment and dedication of individual colleagues to their functional constituencies undermined by these one-sided and extreme comments.

President, to go back to the TIC, we passed a motion earlier, which was proposed by Mrs Regina IP and seconded by me. It was a motion about whether the TIC should be subject to value-for-money audits. Of course, we hope the TIC will carry out these audits as soon as possible. However, until these audits are carried out, we will always find problems with it. Take the present incident concerning Thailand — I did not wish to talk about it, since it makes me angry every time. But how can we let a so-called Outbound Committee under the TIC — a committee responsible for outbound travel — decide whether package tours should be allowed to depart? How can we let the boss of an airline make

this decision? This makes us wonder whether there is a conflict of interest in the whole affair, and whether they have been carried away by their interests. Is their judgement against the interests of the general public? Have they considered the risk the Hong Kong Government has to assume if anything happens? Have they considered the risk to the workers in the travel industry if they are not covered by insurance after departure? These are interests that need to be balanced. In handling these matters, is the TIC adequately monitored? Our Commissioner for Tourism is responsible for regulating the TIC in theory. However, the Commissioner is being replaced constantly. With not much experience in the travel industry and being new to the job, they have to listen to the advice of senior professionals, endure being made fun of and learn their ropes bit by bit. It's a learning turf Unfortunately, they may have to say good-bye soon after they have learnt to do their job. The question now is: how do we manage tourism?

Now I want to talk about another structure, the so-called Travel Agents Registry (TAR). This is another freak. How come? The Government seems reluctant to let the TIC manage everything, which is understandable, in view of recent events. However, it has hastily set up the TAR without conducting a full review of the whole framework and perfecting it. Theoretically speaking, it is responsible for issuing licences. But this licensing authority has to seek the TIC's consent. What if the TIC does not give its consent? Without an independent mechanism, it has to wait for the TIC's decision before it acts like a dummy to complete additional formalities. This costs us more than \$10 million a year. Its main responsibility is no more than checking accounts. Checking what accounts? As we know, all companies, especially limited liability companies, have to hire auditors to check their accounts. When the accounts are submitted to the TAR, it will go through them once. But this is already very costly. In other professions, such as lawyers, whose accounts involve large sums of money, they are never required to submit their accounts to another organization other than the Law Society, and have their accounts checked before they are allowed to continue their operation.

This is a redundant approach. The travel industry can be likened to a business selling salted peanuts, earning profits as if selling salted peanuts. But their capital cost, their administrative costs and the way in which they are being regulated are entirely disproportionate. In comparison, considering the hundreds of millions of dollars that our large property developers, big banks or financial institutions earn, their regulation is, in light of recent events, totally inadequate.

While travel agents only earn a small profit, maybe ten to twenty dollars, or \$100 to \$200 for each ticket, they are subject to tough regulation. The industry is of course not very happy with this. Even though we have expressed our dissatisfaction repeatedly, it seems that the Government has never done anything to improve the situation.

President, my time is almost up. All in all, I hope the money we spend during difficult times is spent in the places that matter, instead of being wasted on putting on a show, while the industry can barely make ends meet. I will not talk about other points, since I have already asked for the reduction of certain fees, but the Financial Secretary may have his reservations. When the time is right, the Administration should try to do more to help the industry which is facing such difficulty, when natural and man-made disasters are so numerous and good times are rare, in order to create a better business environment. We are only asking for a little improvement, and a little help so that the industry can fare better in hard times.

President, I so submit.

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

MR WONG KWOK-HING (in Cantonese): President, I tell myself to do my job at the Legislative Council well every day by counting the days I have left in my term. As of today, the day of the Budget debate, there are 29 months and 16 days left in my remaining term. I will say what is right and what is wrong with this Budget outright, and try my best to fight for the rights of labour and the grassroots. In terms of this Budget, I welcome the Government's adoption of some suggestions by the Hong Kong Federation of Trade Unions and the spending of about \$20 billion on relief measures. However, I still think it is inadequate, and will give my views in two areas in my speech today.

First, I will make a package of suggestions to the Financial Secretary based on the replies of government departments to my questions at the special meetings of the Finance committee and hope the Secretary will follow them up. Second, I will focus on the policy on homes for the living and the dead. I have a poem that I will dedicate to the Secretary. As for my amendment to scrap the

\$159 million set aside for the by-election in the five districts from the Budget, I will talk about it in the debate on the amendment.

President, before the special Finance Committee meetings on the Budget, I had held six meetings with residents and submitted 198 written questions to the Government after gathering their views. The Finance Committee held meetings on five consecutive days with 20 sessions. Apart from the first day, when my wife sprained her back and I had to take her to the doctor, I attended all the special meetings. During the various sessions, I asked the government departments 37 oral questions. President, I am very pleased that 14 of them received positive responses. Since the Financial Secretary was not present when I asked these questions, I will enumerate them to him today so that he can follow up. He has the key to the coffers and should be able to act accordingly with the departments' responses.

First, in an unprecedented move, the Food and Health Bureau has agreed to spend \$20 million on implementing a trial scheme for dental services for the elderly, and to expand the scheme to other age groups after its completion. Second, the Health Department has agreed to conduct a study with private organizations to provide dental care services to secondary school students, in order to fill a gap. Third, the Labour and Welfare Bureau replied that they would review the question of permissible limit of absence from Hong Kong for recipients of the Old Age Allowance in the middle of the year. Fourth, the Labour and Welfare Bureau replied that they would review the disability allowance in the middle of the year. Fifth, the Home Affairs Bureau has agreed to review the assistance to Mutual Aid Committees in June. Sixth, the Food and Health Bureau has taken on board the suggestion to extend the rental freeze for public market stalls for one year, until the end of June, 2011. Seventh, the Food and Health Bureau has agreed to consider — but no decision has been taken — to waive the license fees for hawkers for one year. Eighth, in addition to giving an allowance to cover internet service charges for needy children, the Education Bureau has agreed to provide computer hardware support on hire purchase with partner organizations. Ninth, the Education Bureau has agreed to examine whether the interest on Tertiary Student Finance Schemes can be waived. Tenth, the Development Bureau has promised to give priority to employing local workers in the course of carrying out the \$40 billion public works, and to recruit workers locally in outlying districts, enhance training, and not to import foreign workers. Eleventh, the Development Bureau has promised to allocate resources to implement mediation pilot schemes. Twelfth, RTHK has pledged that all

their original staff could keep their jobs after it retains its status as a government department. Thirteenth, the Environment Bureau has pledged to establish three additional LPG filling stations in the coming year. Fourteenth, the Environment Bureau has pledged to consider building Phase II after Phase I of the organic waste facilities commences operation.

I wish to have the above 14 replies by government departments put on record. I hope that while guarding the coffers, the Financial Secretary will match the departments' replies and pledges with resources. I will certainly follow up these 14 replies by government departments in the relevant panels later on.

Now, I am coming to the second part of my speech, which is to express people's anger about expensive housing and scarce burial spaces. Actually, several members have spoken a lot on this and have quoted a lot of figures. I have no need to repeat them. Instead, I have composed a poem to dedicate to the Secretary. The title is "Expensive Homes in This Life, No Place to Rest after You Die": "If living is hard, dying is even harder. The snail has no shell, and an urn space is hard to find. Why are we walled in by our worries? For the property tiger has run amuck". I believe these four lines can adequately sum up the government's failures in its housing policy, and how the shortage of urn spaces has caused great discontent and concern among the people. In paragraphs 25 to 32 of his Budget speech, the Secretary has set out four sets of measures to ensure the stable development of the property market. I won't repeat them here. But are they really effective? Property prices have continued to rise after he delivered his Budget speech. This shows that the saying that "practice is the sole criterion for testing truth" does not hold water. That is why the Government must review this failure comprehensively. The measures are inadequate to solve the problem of high property prices, high rent and people's inability to buy their own homes.

We can see from some simple facts why people are so unhappy. While the economy is starting to recover, the pay rise last year was at most 1 to 2%. The Hong Kong Institute of Human Resource Management also forecast a mere 1 to 2% pay rise for this year. What about property prices? Last year, they rose by 27% and have further risen by a few percentage points this year. This amounts to a more than 30% increase over two years. Thus, even though people try to tighten the purse strings to buy homes on a mortgage, they cannot possibly

afford to. In the past, we had some effective ladders to promote residential mobility. However, during the financial crisis, the Government adopted Nine Measures announced by Mr Michael SUEN, the then Secretary for Housing, to stabilize the property market. In doing so, it removed several ladders through which people were able to realize their dream of home ownership. The first ladder that was removed was the construction of Home Ownership Scheme (HOS) flats. After this ladder was removed, we have seen oversubscription by a few dozen times for the remaining Sandwich Class Housing Scheme flats recently put up for sale. Although the Government has announced that 4 000 remaining HOS flats will be put on the market in the middle of the year, what other measures does the Secretary have, after this last card is played? He has none, since construction of HOS flats has ceased. What kind of message does it send? It is a message that property developers certainly welcome, since the Government has no more bargaining chips. There are only 4 000 HOS flats left.

The second ladder that was removed was the Tenants Purchase Scheme. Actually, for tenants of public rental housing (PRH), this move was a breach of promise. PRH tenants had hoped to buy their units through the rent they paid or by paying an additional sum. This way, when their children grew up, they could take care of them in their old age, instead of moving out to flats with higher rent. But having abolished the Tenants Purchase Scheme, the Government has continued to implement its policy on rich tenants, in effect punishing the young people. Even though they earn an income and are able to take care of their elderly, they are forced to move out. As a result, many PRH estates have become elderly estates. Under these circumstances, how can they achieve residential mobility in a systematic way? This is a huge mistake. Nevertheless, the Government simply hands over the market to Hong Kong property developers, and let them do as they please as I have described.

Some time ago, a senior government official talked about being "walled in by worries". Why would we be "walled in by worries"? Because of the erroneous "big market, small government" policy, predators are allowed to prey on the people. This is a fact.

Now, I must reserve some time to talk about urn spaces. While housing is expensive, urn spaces are scarce. According to the Census and Statistics Department, about 48 000 Hong Kong residents pass away each year. At this rate, there will be 480 000 deaths over the next decade. But what about the

Government's supply of urn spaces? Government figures say there are 43 000 cremations every year. In other words, about 430 000 urn spaces are needed in the next decade. But now the Government tells us that a supply of 82 000 urn spaces can be expected over the next two to three years, of which 41 000 are public, and 39 000 are private. Together with other urn spaces, they add up to about 82 000. But what about the situation two or three years later? No wonder there are some comments about "dying without a burial place". Not only is it difficult to find a place to live when you are alive, there is no place to rest after you die. What a wretched life! That is why Hong Kong people are crying out in anger.

I hope the Government has really heard these voices, or it will be making a big mistake. Sadly, while the death rate and the cremation figures can certainly be forecast, there seems to be inadequate government planning. Moreover, many groups and people in the private sector have strongly urged the Government to consider issuing licences to some private columbaria. While saying that there is no timetable for establishing a licensing system, the government asks operators to register. Why would they want to register? They do not know what will happen after they register. I certainly hope the Government will deal with this question with long-term planning.

President, I am outraged by this and wish to dedicate this poem to the Government near the end of the meeting. I love this government and hate to see it so ineffective. So, I am doing my best to spur it on. I want to draw its attention with this poem. I will now recite it again in the little time I have left: "If living is hard, dying is even harder. The snail has no shell, and an urn space is hard to find. Why are we walled in by our worries? For the property tiger has run amuck". The root cause of this is the Government's policy blunders. I hope the Secretary will talk to the various departments about how to follow up the questions I raised, and I look forward to his favourable response.

MR WONG KWOK-KIN (in Cantonese): Just now my colleague Mr WONG Kwok-hing demonstrated his literary talent, dedicating a poem to the Secretary. Even though I do not have his literary talent, I want to describe a few scenes to Members.

The Legislative Council is located at the heart of Hong Kong — in Central. There are many brand name shops around the Legislative Council Building.

They are all big international brands. Frankly, I dare not walk into these shops, since I do not think I can afford them. A pair of shoes in those shops may cost a few thousand dollars, a silk scarf or a necktie may also cost that much, while a suit may be priced more than ten thousand dollars. This shows that Hong Kong is a very prosperous city and a high consumption society. Of course, there are also many expensive restaurants around Central, and fine dining places with several stars.

However, turning to another scene, we see a group of elderly carrying red, white and blue bags walking from Sheung Wan to Central every day around noon. What are in those bags? It turns out that they are lunch boxes. These elderly people may each be carrying twenty to thirty lunch boxes, which are probably the lunch of white-collar workers working in Central. I am not talking about what white-collar workers eat for lunch. Everyone knows it's difficult to find a place to eat in Central.

As I understand, these elderly people deliver lunch boxes from Sheung Wan to Central, and are paid two dollars per lunch box. Since lunch time is short and they cannot carry too many lunch boxes at a time, they have to make two trips, delivering some 50 lunch boxes every day. In other words, they can only earn about \$100 every day. Frankly speaking, this is very "meagre" income in a place like Central, where brand name shops and expensive restaurants abound. I think this scene can amply illustrate the wide gap between rich and poor in Hong Kong.

In the present debate over the Budget, I think almost all Members have touched on the problem of the wealth gap, and cited many examples. This is because it is a real problem in Hong Kong, and it is exacerbating and causing social disharmony. That is why without exception, we have to remind the Government of it again. In its Human Development Report 2009, the United Nations pointed out that among the 27 regions with the most advanced economic development, Hong Kong has the widest wealth gap. While the Gini coefficient for some advanced countries (such as the United Kingdom, the United States and Germany) was between 0.28 and 0.41 in 2000, Hong Kong now has a score of 0.533, far exceeding the safety zone.

That is why every year when the Budget is unveiled, it raises expectations among many Hong Kong people. In particular, people from the lower class and the grassroots want to see what new or good measures the Government will

propose in its Budget to help them out of their poverty or reduce the wealth gap in Hong Kong. However, year after year, I think people are rather disappointed.

In connection with this year's Budget, like Mr WONG Kwok-hing, I held several consultations with residents in my constituency. While the reaction to it as shown in these consultations was not too negative, and there were no strong objections, a lot of people expressed their dissatisfaction. Basically, they think that this Budget is one that sprinkles "icing sugar". On the surface, the Budget benefits and gives out "candy" to many people and many sectors, including the elderly, children, students, education services, health services, Public Rental Housing tenants and people living in private housing. In addition, employees get tax rebates, while the unemployed can join a "Pilot Employment Navigator Programme". The Government seems to give inducements with many measures. However, they are only stopgap measures. Thus, we can only describe them as "icing sugar", but not a piece of "candy". If every one gets a piece of candy, it will at least last a little longer. But "icing sugar" will lose its taste after a while.

It seems hard to find in this Budget some measures that have long-term benefits to Hong Kong's economy. We think the Financial Secretary should target some fundamental problems in Hong Kong in the Budget. If we use a fashionable term to describe them, it would be "deep-rooted conflict". The Government should propose strong measures to help society to gradually eliminate the wealth gap and poverty.

What problems is Hong Kong facing? In my view, our greatest problem now is our slow economic development, unlike that in the 1980s. In the 1980s, Hong Kong's economy grew at a rapid pace. Our economy expanded rapidly and provided people with many new opportunities. At that time, they thought Hong Kong had a bright future and were full of hope. But now, due to the slow pace of economic development, there are few new opportunities. As a result, many university students and young people think that they have poor prospects and cannot see where their future lies. This has to a lot to do with the narrow structure of Hong Kong industry. There are only a few industries. Apart from the financial sector, we only have the property sector and service sector, and lack other new economic growth areas and new industries.

Last year, the Government proposed enhancing six industries where Hong Kong enjoyed clear advantages. Even though a slow remedy cannot meet an emergency, it is better than nothing. However, Hong Kong is a small economy with restrictions in population, market and territory. In developing the economy, we cannot stimulate economic growth on our own. Actually, we have a very good opportunity to achieve economic integration with the Pearl River Delta. Unfortunately, the Government has wasted a lot of time. More than a decade after the reunification, the Government still has not achieved any breakthrough in this respect. This year, in his work report, Premier Wen Jiabao openly expressed support for economic integration between Hong Kong and the Pearl River Delta. Recently, we have signed a framework agreement for Hong Kong-Guangdong economic cooperation. However, this only provides us with a platform. But what do we do on this platform? We need the Government to come up with concrete measures for implementation. I hope it will not waste any more time. For instance, the Guangzhou-Shenzhen-Hong Kong Express Rail Link is clearly a good measure that can promote economic integration between Hong Kong and the Mainland. But it took the Government almost ten years to discuss it, during which the cost of construction rose from \$30 billion to some \$60 billion. I think the Government should show determination and commitment in this question, and not bow to pressure and shrink back just because economic integration between Guangdong and Hong Kong and co-ordinated development of our economies are not to some people's liking. The Government needs vision in order to bring about new growth areas in Hong Kong's economy and to provide young people with new opportunities.

In Hong Kong, not only are young people facing difficulties, middle-aged people also face problems of unemployment and poverty while being employed. Our colleagues have said a lot on these issues, so I will not go into them further. Another problem we are facing is our aging society and the lack of retirement benefits for the elderly. In this respect, the Government has never proposed strong measures to provide the elderly with retirement benefits that will give them security. Of course, it might tell us right away that we have the Comprehensive Social Security Assistance (CSSA) Scheme. But can CSSA solve the problem of retirement benefits faced by all the elderly? The greatest worry for the elderly after retirement, when they have no productivity or income, is how to meet their medical and daily expenses. In terms of medical expenses, the Hong Kong Federation of Trade Unions (FTU) has always urged the Government to provide assistance. Our main demand this time is to improve the health care voucher for the elderly by increasing its value to \$1,000 and lowering the age

requirement to 65. We are disappointed that this demand has not been addressed in the Budget.

Regarding the finances of the elderly, many elderly people are more traditional in their thinking and do not like to live on CSSA. At present, many elderly people live on their own savings. But as their savings may not be much, they think of spending their retirement in their hometowns on the Mainland, where retail prices are lower and their relatives may help them enlarge their social circle, and make their lives more pleasant. With lower prices on their Mainland, and the \$1,000 Old Age Allowance (fruit grant) they receive from the Government, they can basically cope. However, under the so-called portable comprehensive social security assistance policy, they are required to reside in Hong Kong for 120 days each year, otherwise, they will be disqualified and have to reapply. This puts them in a dilemma. In addition to maintaining a domicile in Hong Kong, they have to travel to and fro between Hong Kong and the Mainland. We have constantly urged the Government to remove the restrictions on leaving the territory for recipients of fruit grant. Unfortunately, it did not respond to this in this year's Budget. I believe the Government should do better in these respects and give the elderly greater security.

Of course, we cannot say the Government has done nothing in a lot of areas. But as we have said in our comments on the Budget, we still think its efforts are far from enough. Despite this, when we consulted residents in the community, they did not raise any strong objections to the Budget and believed that the Government had looked after their interests in certain respects. That is why we will support the Budget. However, at the same time, I hope the Secretary will thoroughly look into the fundamental and deep-rooted conflicts in Hong Kong society and the problems faced by the grassroots, and come up with vigorous measures in order to maintain social harmony. Thank you, President.

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

MR FREDERICK FUNG (in Cantonese): President, since I have a flu and a cough, my voice is not very good. I am sorry that Members might have to listen

hard to hear me. During past budget debates, I usually raised some questions and made some suggestions. Over the years, we have made suggestions about the budget every year. This year is no exception. We have already expressed a lot of views to the Financial Secretary. What I am going to do today is not to raise questions nor make suggestions, but to point out four major problems that the Budget has not dealt with. Why has the Secretary not dealt with these problems? How come he has turned a blind eye to them? I want to highlight these problems.

The Hong Kong Association for Democracy and People's Livelihood (ADPL) welcomes the Secretary's short-term relief measures in this Budget, as a way of "giving out candy". They include some measures that we also suggested, such as paying rent for public housing tenants, waiving rates, and increasing funding for the School-based After-school Learning and Support Programmes. However, we are disappointed that there are no long-term fiscal measures, or measures to help the long-term development of Hong Kong's economy or industries in the Budget. For instance, the Government did not consider building more public housing, strengthening support for social enterprises, enhancing the development of the green industry and extending transport allowances to more people.

On the whole, it seems to me that the Government, from the Chief Executive to the Financial Secretary, keeps emphasizing the principle of "big market, small government". They think the market is the answer to everything and all problems can be dealt with and solved through the market. However, from the Asian financial crisis and the financial tsunami, we have learned that there are some things that the market does not do, will not do and cannot do. In terms of the problem of the wealth gap, we do not think it can be solved at all by the principle of "big market, small government" or non-intervention by the Government.

Many figures have already told us that the wealth gap is widening in Hong Kong. That not just one set of figures, but many sets. Actually, Hong Kong's economic performance is not too bad. Let me quote some figures: in 1996, Hong Kong's Gross Domestic Product (GDP) was \$1,060 billion, and the per capita Gross National Product (GNP) was \$160,000 (these are all calculated in Hong Kong dollars); in 2001, the GDP was \$1,160 billion, while the per capita

GNP was \$170,000; in 2006, the GDP was \$1,518.5 billion, while the per capita GNP was \$220,000; in 2009, the GDP was \$1,606 billion, while the per capita GNP was \$230,000. In other words, the average monthly income of Hong Kong people was about \$20,000 last year, and our GDP ranked the 29th in the world. These figures show that Hong Kong is a prosperous and wealthy society. But according to figures released by the Government, our Gini coefficient has kept rising: in 1996, the Gini score was 0.518, and after adjustment for tax and social benefits, it was 0.466; in 2001, it was 0.525, and 0.47 after adjustment for tax and social benefits; in 2006, it was 0.533, and 0.475 after adjustment for tax and social benefits. Thus, even after adjustment for tax and social benefits, Hong Kong's Gini coefficient is still above the danger mark of 0.4. Both the Gini coefficient and the score after adjustment for tax and social benefits are constantly rising. However, every time we talk about this in the Panel on Welfare Services, the Government keeps saying it is "not a problem". Mr Tsang, how come all the figures tell us that "it is a problem"?

The third set of figures that can show the wealth gap is the figures from the Census and Statistics Department, which divides Hong Kong households into ten groups and then compares the median income of the highest and lowest income groups. In 1996, the median monthly income of the highest income group was \$68,880, while that of the lowest income group was \$2,952; in 2001, the highest income group earned an average \$77,600, while the lowest income group earned \$2,888; in 2006, the highest income group earned an average \$78,000, while the lowest income group earned \$2,400. As we can see, the median income of the highest income group rose from \$68,880 to \$78,000 over the last decade, while that of the lowest income group fell from \$2,952 to \$2,400. The three sets of figures above clearly show that wealth gap is an undeniable fact.

What problems will wealth gap cause? Many sociologists tell us that it could easily cause social instability once it passes the danger mark. "Instability" means that some are extremely rich, while others are extremely poor; while working the same hours, some earn a lot of money, while others earn very little; or some professions earn a lot, while other professions earn very little income due to certain policies. In view of this, how can the government not deal with it or leave it to the market?

I think the Secretary is aware that after he delivered the Budget speech, the HKU POP site conducted a poll on 24 February, with 60.8% of people expressing support for the Budget. Actually 60.8% is quite a high percentage. But I do not know if the Secretary knows that one month after the Budget was released, from 23 to 25 March, the level of support was only 53.7%. I think this figure will even fall further.

The second problem I want to point out to the Secretary is that of social mobility. We have discussed this in meetings of the Commission on Strategic Development (CSD). The Administration submitted to us a paper containing the relevant figures. But based on these figures, the Government concluded that it was "not a problem", while I concluded that "it is a problem". Social mobility means that some low-income earners can become high-income earners because of hard work, while high-income earners can see a fall in their income because of bad investments or idleness. This kind of mobility keeps society healthy.

According to the paper provided by the CSD, the income of 50% of employees has remained unchanged over the last decade, one-third of them have seen their income increase, while 20% have seen their income decrease. Answering the question "is the glass half empty or half full?", you can say that the income of about 80% of employees has remained unchanged or has increased — since 20% are earning less, 50% are earning the same, while 30% are earning more. But if you see the glass as "half empty", you would say the income of 70% of employees has remained unchanged or has decreased. From the point of view of social mobility, unchanged income means social mobility is non-existent.

While the Government's view is that the income of 80% of employees has remained unchanged or has increased, my view is that the income of 70% of employees has remained unchanged or has decreased. There is no mobility if it remains unchanged. In a society without mobility, people's economic status remains the same. Whether one works hard or not, whether one gets good grades or not makes no difference. People do not see any chance of increasing their income and raising their status and position through work. During the last decade, 70% of employees have remained stuck.

This paper also indicates that mobility can be achieved through education, so that the livelihood of the next generation can be improved. But another set of figures suggests that if someone is a university graduate, his children have a 70%

chance to be university graduates. Conversely, if the parents have only received primary education, their children only have a 20% chance to get a university degree. In other words, educational and family background is a factor for intergenerational poverty, and affects the chance of the upward mobility of poor households. These figures clearly show that children from high-income and highly educated households will have a relatively higher income. If the same logic is applied, children from low-income and poorly-educated households will tend to have a low income.

The same set of figures also indicates that 20% of children have the same income as their fathers. According to the Government, 20% is a very small percentage. But have we analysed the problem behind it? Assuming that a 50-year old father earns a monthly income of \$6,000, and his twenty-something son also earns a monthly income of \$6,000, they are earning the same income. This is very sad. While the fifty-something father may not have had any education, his son is only twenty-something, and should have received at least nine years' free education. With at least Form 3 education or a secondary school diploma, the son earns the same as the father who has a monthly income of \$6,000. There are 30 years between the father and the son. Taking factors such as inflation into account, he should not have the same income as his father. This example shows that there is a great risk of intergenerational poverty in society today. However, the Government has not dealt with this, neither in the Chief Executive's policy nor in the Financial Secretary's Budget.

The third problem I wish to bring to the Secretary's attention is that of housing. Once again, the Government has left the housing problem to the market, to avoid influencing the market. In 2002 and 2003, it even stopped building and selling Home Ownership Scheme (HOS) flats, leaving it to the market to meet demand. While we think it was acceptable to use it as a temporary measure to deal with the economic problems during the financial crisis, the situation is different now. I have to tell the Financial Secretary and the bureau secretary that housing is not just a commodity. It is both a commodity and a necessity — food, clothing, shelter and transport are the basic necessities of life. When people have housing problems, they will become desperate. This will affect social stability. That is why the Government cannot just leave it to the market to deal with this problem. What is more, when the market fails to address the problem, people can only rely on the Government. If the Government refuses to help, they will no longer rely on it or support it. The

greatest problem now is that the market fails to provide sufficient medium and small-sized flats.

Second, the Chief Executive said market speculations are only confined to high-priced flats. But when the prices of luxury flats rise, it will also affect the prices of low-priced or second-hand flats. As a result, many people will be unable to purchase their homes. The rise in property prices will also affect the rents of residential flats and shop spaces. I have complained about it for a long time in the newspapers. I run a social enterprise café. When I asked for government funding eight months ago, the monthly rent was only \$15,000. But by the time I obtained government funding eight months later, the rent had risen to \$25,000, an increase of \$10,000. How am I supposed to rent a shop space and run my café? The Government cannot just sit there doing nothing and leave it to the market.

I do not know why the prices are rising, whether it is because of the market or hot money coming into Hong Kong. Now, even the Mainland is talking about control to ensure that there is housing for everyone, and about the introduction of a capital gains tax. However, we are only increasing the stamp duty slightly. It is so little that no one will take notice.

There are in fact only two solutions to this problem. One is to increase land supply, and laying down conditions in the land disposal terms requiring the construction of certain types of housing, such as small and medium-sized residential flats. The other is to resume the construction of HOS flats to meet the people's housing needs, rather than waiting for the market to meet them. If the Government continues to keep its hands off and do nothing, I can tell Members and the Government that the disparity between the rich and the poor, as well as the problems of mobility and housing that I mentioned, will lead to increasing instability in Hong Kong society, and the Government will have to bear the political consequences eventually.

The last point I want to raise with the Government is about the disciplined forces. I am glad the Secretary for Security is still here. What is the greatest problem there? What upsets and disappoints me most is the situation with the fire services. As you know, after senior fireman YEUNG Chun-kit died in a No. 4 alarm fire in a Cheung Sha Wan factory building, many problems were revealed. It turns out that not every fireman has a walkie-talkie. Then we find out that it takes three years to purchase and get funding before the walkie-talkies

can be put into service. In the meantime, how many more firemen would be sacrificed like Yeung Chun-kit? At the meeting between the fire services staffs association and senior staff of the Fire Services Department, it was revealed that there was no funding. I only read it in the newspapers, so I do not know if it's true. But I certainly do not accept the lack of funding as being a sufficient reason. Just now I quoted a lot of figures which show that Hong Kong is a prosperous society. How can we not do anything when our firemen whose work is to save people cannot save themselves, because there are insufficient walkie-talkies or because the walkie-talkies are jammed so that communications are cut off? This is totally acceptable. Is it because of procedural problems or other problems that a life was lost? The Government has got to deal with this.

PRESIDENT (in Cantonese): All Members present have spoken.

MS MIRIAM LAU (in Cantonese): President, I move that the debate on the Second Reading of the Appropriation Bill 2010 be adjourned to the meeting of 21 April 2010.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the debate on the Second Reading of the Appropriation Bill 2010 be adjourned to the meeting of 21 April 2010.

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.

PRESIDENT (in Cantonese): This Council will continue with the debate on the Second Reading of the Appropriation Bill 2010 at the meeting to be held on 21 April when public officers will respond. If the Bill receives its Second Reading, its remaining stages will also be proceeded with at that meeting.

MOTIONS

PRESIDENT (in Cantonese): Motion. Proposed resolution under the Interpretation and General Clauses Ordinance to amend the Immigration (Treatment of Detainees) (Amendment) Order 2010.

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

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

SECRETARY FOR SECURITY (in Cantonese): President, I move that the Immigration (Treatment of Detainees) (Amendment) Order 2010 (the Amendment Order), be amended as set out on the Agenda.

To enable the Correctional Services Department (CSD) to transfer the management duties regarding the Castle Peak Bay Immigration Centre (CIC) to the Immigration Department (ImmD) starting from the middle of this month, the Government tabled before the Legislative Council four Amendment Orders to the relevant subsidiary legislation on 24 February this year. The Prisons (Amendment) Order 2010 discontinues the use of the CIC as a "prison" under the management of the CSD. The replacement, that is, the Immigration (Places of Detention) (Amendment) Order 2010 specifies the CIC as a "place of detention" to be managed by the ImmD, thus enabling the continued accommodation of

persons required or authorized to be detained by or under the Immigration Ordinance in the CIC. In addition, the Smoking (Public Health) Ordinance (Amendment of Schedule 2) Order 2010 provides for the continued exemption for the designated smoking areas in the CIC from the smoking ban. Lastly, the Amendment Order provides that the existing Immigration (Treatment of Detainees) Order shall apply to the CIC. It also adds two provisions. One is to allow detainees to smoke in the designated areas and the other to allow Justices of the Peace (JPs) to visit detainees.

The Legislative Council subsequently set up a Subcommittee to scrutinize the four Amendment Orders. In the course of scrutiny, the Subcommittee proposed that the provisions in the Immigration Service (Treatment of Detained Persons) Order, currently applicable to the Ma Tau Kok Detention Centre (MTKDC), should also be made to apply to the CIC in the form of subsidiary legislation. We accepted the proposal of the Subcommittee.

I wish to reiterate here that the MTKDC is for short-term detention of persons pending charges or trial. These persons are normally detained for less than 48 hours. However, persons detained in the CIC, in general, are released prisoners, illegal immigrants or overstayers pending removal. Therefore, the functions of, and the kind of detainees in, the two centres are basically different. Nevertheless, we understand Members' concern about the statutory protection for detainees and accept Members' view.

President, today, I move that all the applicable provisions in the Immigration Service (Treatment of Detained Persons) Order be added to the Immigration (Treatment of Detainees) Order. They will set out the treatment of detainees in the CIC, including the arrangements for the notification of relatives, communication with legal advisers, food and drink, and so on. As we pointed out to the Subcommittee earlier, in addition to the protection provided under the subsidiary legislation, the Castle Peak Bay Immigration Centre Operational Manual (the Operational Manual) will set out clearly the detailed arrangements for the treatment of detainees. The contents of the Operational Manual will be made available for reference by the detainees and the general public, unless their disclosure should be withheld on security ground or because they relate to the internal operation of the CIC.

I sincerely thank all the members of the Subcommittee for advancing valuable views in the course of scrutiny and lending support to the amendment resolution. I hereby call upon other Members to support the amendments.

Thank you, President.

The Secretary for Security moved the following motion:

"RESOLVED that the Immigration (Treatment of Detainees) (Amendment) Order 2010, published in the Gazette as Legal Notice No. 15 of 2010 and laid on the table of the Legislative Council on 24 February 2010, be amended, in section 2, by adding –

"(5) Schedule 1 is amended, in rule 1, by adding –

""arrest/detention sheet"

(逮捕／羈留紀錄表) means the sheet or record maintained in respect of a detainee under rule 4A;"

(6) Schedule 1 is amended by adding –

"1A. **Notification to relatives, etc.**

Immediately after the detention of a detainee, or so soon after the detention as may be practicable, an officer must –

(a) at the request of the detainee, cause a close relative of the detainee, or any other person named by the detainee for that purpose, to be notified of the detainee's whereabouts; and

(b) if the detainee is a public officer, cause the head of the department in

which the detainee holds office to be notified of the detention orally and in writing.

1B. Communication with legal advisers, etc.

(1) A detainee must be afforded reasonable opportunity to communicate with a legal adviser and to consult with the legal adviser in the presence, but out of the hearing, of an officer unless the communication or consultation would cause unreasonable hindrance or delay to the investigation of the suspected offence or the administration of justice.

(2) For the purpose of preparing his or her defence a detainee detained under the order of a magistrate must be allowed –

(a) a supply of writing material and, despite anything to the contrary in rule 8, to have letters to the detainee's legal adviser, relatives and friends posted or delivered with the least possible delay;

(b) to speak by telephone to the detainee's legal adviser, relatives and friends, unless the communication is reasonably likely to cause hindrance to the investigation of the suspected offence or the administration of justice.

1C. Duties of officers

(1) An officer is, while a detainee is in the officer's custody, responsible for the safe custody and

welfare of the detainee and for discharging any other duties that are imposed on an officer by this Order in relation to the detainee.

(2) Despite anything in this rule, an officer may temporarily place a detainee in the custody of a member of the Immigration Service established by section 3 of the Immigration Service Ordinance (Cap. 331) for the purpose of furthering an investigation, in which case that member must, until returning the detainee to the custody of an officer at the Centre, have the responsibilities and duties of an officer in relation to the detainee."

(7) Schedule 1 is amended by renumbering rule 3 as rule 3(1).

(8) Schedule 1 is amended, in rule 3, by adding –

"(2) A detainee must, except for reasons which an officer must cause to be recorded in the arrest/detention sheet, be permitted to retain any head-dress the detainee is by custom or religion required to wear, essential clothing and a hearing-aid."

(9) Schedule 1 is amended by adding –

"4A. Individual detention record to be kept

(1) There must be kept in respect of each detainee a record to be known as the "arrest/detention sheet", in which must be recorded –

(a) immediately on the detention of a detainee, the reasons for the detention;

(b) all movements and interviews of, requests made by, and meals,

articles and any facilities provided to, the detainee; and

- (c) any other matters that are by this Order required to be so recorded.

(2) In addition to the matters required to be recorded under subrule (1), there may be recorded by an officer on an arrest/detention sheet any other matters that the officer considers desirable.

(3) Except where in this Order it is otherwise provided, an officer is responsible for recording in an arrest/detention sheet all matters required to be so recorded which occur while the detainee is in the officer's custody."

- (10) Schedule 1 is amended by adding –

"6A. Sickness or injury

(1) Subject to subrules (2) and (3), if a detainee complains of or appears to be suffering from sickness or injury, the detainee must be provided with adequate medical attention at the Centre.

(2) If a medical officer so advises, or the services of a medical officer cannot be procured at the Centre, the detainee must be escorted elsewhere to receive medical attention.

(3) If the detainee is admitted to a hospital, the detainee must at all times be guarded by an officer until lawfully released on recognizance or otherwise.

6B. Comfort of detainees

(1) Reasonable arrangements must be made for the comfort of detainees.

(2) Whenever practicable both a detainee being questioned or making a statement and the officer asking the questions or recording the statement are to be seated.

(3) A detainee must be permitted to receive from outside any items of clothing that may be necessary, subject to their inspection by an officer.

(4) A detainee who has to spend a night or a substantial part of it at the Centre must be provided with a bed and reasonable bedding.

6C. Food and drink

(1) Reasonable arrangements must be made by an officer for the refreshment of a detainee, including the provision of adequate food, without charge to the detainee.

(2) Without limiting subrule (1), a detainee may be permitted by an officer to obtain other food at the detainee's own expense subject to the food being inspected by an officer.

(3) Drinking water must be supplied to a detainee on request.

(4) Details of all refreshment and food supplied to or received by a detainee must be recorded in the arrest/detention sheet.

6D. Toilet facilities and exercise

Subject to any supervision and other measures that may be necessary to ensure that detainees do not escape or injure themselves, they must be provided with adequate facilities and opportunity to wash, shower, shave, relieve themselves and take a reasonable amount of exercise."

- (11) Schedule 1 is amended by adding –

"12A. Female detainees

(1) Female detainees must ordinarily be kept separate from male detainees.

(2) A female detainee must be guarded by a female officer and, except in an emergency, no male officer may enter a detention room in which a female detainee is detained otherwise than in the company of a female officer.

12B. Safety of detainees in emergency

In the event of fire or other emergency at the Centre, the safety of any detainees detained there is paramount and if their safety is threatened, an officer must escort the detainees to the nearest police station or other suitable place.

12C. Use of handcuffs

(1) Handcuffs may only be used to restrain a detainee when necessary for the detainee's own safety or the safety of others or to prevent the detainee's escape.

(2) Any use of handcuffs must be recorded on the arrest/detention sheet by the officer causing them to be used."

- (12) Schedule 1 is amended by adding –

"17. Notice to detainees

There must be displayed in a conspicuous position in every room used for the detention of a detainee and in other conspicuous places at the Centre where it can readily be seen by detainees, a notice in the following terms –

"Notice to Persons Detained

1. You may request that your relatives or a friend be informed of your detention.
2. Provided that no unreasonable delay or hindrance is caused to the processes of investigation or the administration of justice you may communicate and consult with a legal adviser.
3. For the purpose of preparing your defence you will, if you have been detained on the order of a magistrate, be allowed –
 - (a) a supply of writing material, and to have your letters posted or delivered without delay;
 - (b) to make telephone calls, provided no hindrance is caused to the processes of investigation or the administration of justice.
4. You may ask to be released on recognizance.
5. If you feel ill, ask for medical attention.
6. Adequate food and refreshment will be supplied free. You are entitled to receive from outside any items of clothing that may be necessary. However you may, if you request, be permitted at your own expense to have food from outside brought to you subject to inspection.
7. Drinking water will be supplied on request.

被羈留者請注意

1. 你可要求通知你的親屬或一位朋友你已被羈留。
2. 在不會對進行調查或對執法構成不合理延遲或阻礙的前提下，你可與一名法律顧問通訊和商議。
3. 你如根據裁判官的命令被羈留，為準備你的辯護，你會 ——
 - (a) 獲供應書寫用品，而你的書信會在沒有延遲的情況下郵寄或送遞；
 - (b) 在不會對進行調查或對執法構成阻礙的前提下，獲准打電話給他人。
4. 你可要求擔保外出。
5. 你如感到不適，請要求醫療護理。
6. 你會獲得免費供應足夠的食物和茶點。你可接受從外間送來的任何所需衣物。但如你提出要求，則可獲准自費得到外間送來的食物，但這些食物須經過檢查。
7. 飲用水會應你的要求供應。".".."

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

MR JAMES TO (in Cantonese): President, in the capacity of the Chairman of the Subcommittee on Subsidiary Legislation Relating to Transfer of Management

of the Castle Peak Bay Immigration Centre, I report the deliberation of the Subcommittee.

The Subcommittee has examined the four sets of subsidiary legislation relating to the transfer of the management of the Castle Peak Bay Immigration Centre (CIC) from the Correctional Services Department (CSD) to the Immigration Department (ImmD). The four sets of subsidiary legislation include the Prisons (Amendment) Order 2010, the Immigration (Places of Detention) (Amendment) Order 2010, the Immigration (Treatment of Detainees) (Amendment) Order 2010 (the Treatment Amendment Order) and the Smoking (Public Health) Ordinance (Amendment of Schedule 2) Order 2010. The Subcommittee has held three meetings with the Administration, and members acknowledged the need for the enactment of the four amendment orders to effect the transfer of management of the CIC from the CSD to the ImmD. Members have grave concern about the adequacy of the statutory provisions for the treatment of CIC detainees, and the possible changes in their treatment upon the transfer of the management of the CIC to the ImmD.

Members have noted that while the CIC is under the management of the CSD, the treatment of detainees at the CIC is set out in detail under the Prison Rules. Arrangements including protection and rights, discipline, accommodation, food, medical services and hygiene, visits by relatives and friends, and interview with legal advisers, and so on are all provided in the Prison Rules. With the transfer of the management of the CIC from the CSD to the ImmD, many aspects of treatment of CIC detainees will no longer be laid down in statutory provisions. The Treatment Amendment Order only adds two new provisions relating to the visits of Justices of the Peace (JP) to detainees and smoking by detainees in a designated area. As for the other arrangements, they are only laid down in detail in the CIC Operation Manual (the Operation Manual). Members have sought the Administration's explanation on the arrangement.

The Administration has explained that CIC detainees are not convicted or sentenced prisoners but immigration detainees pending investigation or removal under immigration laws. The Administration will not add those powers and restrictions in the Prison Rules that are considered not necessary for the ImmD's effective management of the CIC. The parts relevant to the treatment of detainees in the Operation Manual will be made available for public access before the transfer of the management.

Members are not convinced of the Administration's explanations. Members have pointed out that the Operation Manual is an internal document of the ImmD for the guidance of its staff, and staff not complying with the provisions therein will only be subject to internal disciplinary proceedings. In contrast, non-compliance with statutory provisions may amount to a breach of statutory duty. Any persons who feel aggrieved by the non-compliance with statutory provisions may lodge a civil claim. However, such a remedy may not be available for mere non-compliance with the Operation Manual.

The Government Counsels have quoted certain cases to prove that, in terms of protection for detainees, there is no difference in remedies available irrespective of whether the treatment is laid down in statutory provisions or the Operation Manual. However, the Subcommittee eventually did not accept the views of the Government, but has accepted the views of the Legal Adviser of this Council who advised that from the legal point of view, there should be differences in liability and remedies for non-compliance with the statutory provisions and the Operation Manual.

President, here I would like to thank the Legal Adviser to the Subcommittee on behalf of the Subcommittee for his outstanding performance. Why do we have to specially thank him? For he has pointed out to members that the Immigration Service (Treatment of Detained Persons) Order (Cap. 331 sub. leg. C), which is applicable to the detention centre at Ma Tau Kok Road, specifies the treatment of detainees such as communication with legal advisers, food and drink, toilet facilities and exercise and so on.

President, the Ma Tau Kok Detention Centre is designed to detain persons for less than 48 hours. Members have considered it unacceptable that while statutory provisions have been made for the treatment of detainees at this Centre, similar provisions are nevertheless not to be applied to centres used for longer-term detention, such as the CIC. Members have considered that the relevant provisions of Cap. 331 sub. leg. C should at least be similarly incorporated into Cap. 115 sub. leg. E, that is, the Treatment Order.

After detailed discussion with the Government, members welcome that the Government has finally accepted members' views to make reference to Cap. 331 sub. leg. C and to apply the same duties and responsibilities to the CIC

under the Treatment Order. However, members at first do not agree to the drafting approach proposed by the Administration to achieve the effect. The Government at first proposed to set out in the Treatment Order which provisions of Cap. 331 sub. leg. C are applicable to the CIC. Members are concerned that under this drafting approach, the Treatment Order will no longer be self-contained and has to be read in conjunction with Cap. 331 sub. leg. C. Such an approach in law drafting is not user-friendly at all. Moreover, any amendments to Cap. 331 sub. leg. C or the Treatment Order in future will necessitate a lot of cross-referencing, and may create confusion and misunderstanding. It may also cause inconvenience to the Legal Adviser or the legal advisers of any other persons.

At the strong request of members, the Administration has finally agreed to members' suggestion of setting out in detail the relevant provisions of Cap. 331 sub. leg. C in the Treatment Order. Lastly, given that the Government has agreed to the requests of the Subcommittee, we therefore support the final version of the motion proposed by the Secretary for Security to give effect to the suggestions made by the Subcommittee.

The Subcommittee has also discussed in detail the arrangements for JP visits as well as the arrangement of not examining urine or conducting body cavity searches of detainees at the CIC. Members have sought information from the Administration on the sanitary facilities at the CIC and the preparation work before the transfer of management.

President, the above is the report made in my capacity as the Chairman of the Subcommittee.

President, let me briefly express my personal views. President, there were actually many twists and turns during the scrutiny of these amendment orders. I must say with a deep sigh that we have been fortunate to be assisted by the Legal Adviser who has compared all the legal provisions in great detail. Otherwise, honestly speaking, this Subcommittee or we Members, irrespective of which political party or grouping we come from, might actually have been led by the Government to do an injustice. Why? Because when we compared the treatment for long-term detainees and that for short-term detainees under the management of the Immigration Department, we surprisingly found that there were far more provisions on statutory protection for one of these two groups of

detainees, while the Government had all along told us that they had compared the Prisons Ordinance and the Prison Rules with the rules of the Immigration Department. So, during our deliberations, many members had indeed expressed very strong dissatisfaction with the Government. Had it not been our Legal Adviser drawing our attention to these comparisons, President, not only myself or all members of the Subcommittee, irrespective of which political party and grouping they come from, but even the entire Legislative Council would have been disgraced, and we would have been led to do an injustice.

So, under such circumstances, President, I hope that when examining legal provisions in future, the Government will make comparisons in a more detailed manner and their legal advisers will conduct more studies in greater depth. Otherwise, not only the reputation of the Government, but also the reputation of Hong Kong as a whole, will be seriously jeopardized. It is because the detainees in question are nationals of other countries, many of whom will be repatriated. Should some problems occur, say, at the CIC and if, after checking the provisions, it is found that in many areas, there is simply no under the original amendments, there is no statutory provisions to provide protection, thus causing very serious troubles. In some circumstances, if the Government first thinks that it has won a court case but only finds out in the end that not even such basic protection is provided for in the legal provisions and as a result, there is no ground to make compensation claims, we might have to bear great responsibilities for that, and it would even be a laughing stock in the international community. So, insofar as this exercise is concerned, to put it plainly, it was a real stroke of luck that we could get through it. So, here, I have to particularly thank the Legal Adviser of the Legislative Council again for his very detailed examination, and I hope that the Government will be more careful in introducing legislation in future.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If not, I now call upon the Secretary for Security to reply.

SECRETARY FOR SECURITY (in Cantonese): President, once again, here I would like to thank the Subcommittee for their support. I must reiterate that, just like Members of the Legislative Council, the Administration is equally concerned about the rights of detainees. President, I have nothing to add.

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

(Members raised their hands)

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

(No hands raised)

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

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11.00 am on Wednesday, 21 April 2010.

Adjourned accordingly at seven minutes to Three o'clock.