

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 6 January 2011

**The Council continued to meet at
half-past Two o'clock**

MEMBERS PRESENT:

THE PRESIDENT

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

THE HONOURABLE ALBERT HO CHUN-YAN

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

THE HONOURABLE LEE CHEUK-YAN

THE HONOURABLE FRED LI WAH-MING, S.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

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

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

THE HONOURABLE LAU KONG-WAH, J.P.

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

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

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

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

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

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

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

THE HONOURABLE JEFFREY LAM KIN-FUNG, 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 KAM NAI-WAI, M.H.

THE HONOURABLE CYD HO SAU-LAN

DR THE HONOURABLE LAM TAI-FAI, B.B.S., J.P.

THE HONOURABLE CHAN HAK-KAN

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.

THE HONOURABLE ALAN LEONG KAH-KIT, S.C.

THE HONOURABLE LEUNG KWOK-HUNG

THE HONOURABLE TANYA CHAN

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE WONG YUK-MAN

MEMBERS ABSENT:

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

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

THE HONOURABLE ANDREW CHENG KAR-FOO

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

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

THE HONOURABLE STARRY LEE WAI-KING, J.P.

THE HONOURABLE PAUL CHAN MO-PO, M.H., J.P.

PUBLIC OFFICERS ATTENDING:

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

MS JULIA LEUNG FUNG-YEE, J.P.
SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

CLERKS IN ATTENDANCE:

MRS CONSTANCE LI TSOI YEUK-LIN, ASSISTANT SECRETARY
GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

MEMBERS' MOTIONS

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

PRESIDENT (in Cantonese): First motion: Urging the Government to take measures for ameliorating inflation and alleviating people's livelihood pressure.

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

I now call upon Mr WONG Sing-chi to speak and move his motion.

URGING THE GOVERNMENT TO TAKE MEASURES FOR AMELIORATING INFLATION AND ALLEVIATING PEOPLE'S LIVELIHOOD PRESSURE

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

Battered by the impacts of the September 11 incident in 2001, and the outbreak of SARS in 2003, the economy of Hong Kong got back onto an uphill trail in 2004. From 2004 to 2007, our Gross Domestic Product (GDP) had maintained medium-to-high single-digit growth ranging from 4.6% to 9.5%. After the onslaught of the global financial tsunami in September 2008, the growth of our GDP had slackened to 3.7%. In 2009, there was a decline in our GDP, which reverted to growth last year. As a matter of fact, the economic performance of Hong Kong has been satisfactory over the past seven years.

Hong Kong had also recovered from deflation over the same period, with prices of goods picking up again, and the Composite Consumer Price Index rising

by about 15%. The Consumer Price Index (A) which reflects the situation of low- and middle-income earners had also risen by about 14%. However, their income had only increased by about 3% after discounting inflation. Obviously, wage earners were unable to share the fruit of economic growth.

In the wake of the financial tsunami, capital was withdrawn by investors from the United States and the European economies. A huge amount of such capital had been deployed to invest in the Asian-Pacific Region. According to the estimation of the Hong Kong Monetary Authority (HKMA), from the fourth quarter of 2008 to the end of 2009, the influx of capital into Hong Kong had reached a staggering \$640 billion. Much of the capital had been invested in real estate and properties, which continuously fuelled the surge in property prices. The Centa-City Index indicated that in the first 10 months of last year, the overall property prices of Hong Kong had risen by 13%. Some property consultants have pointed out that inflation will bring about a continuous channelling of capital to real estate and properties. Thus, it is predicted that there is still room for a maximum rise of 15% in property prices and a rise of 10% in rentals. This trend has led to pressure in relation to both rentals and inflation.

On the other hand, the majority of food and daily goods in Hong Kong are imported from the Mainland and other places. With the Hong Kong dollar pegged to the US dollar and the appreciation of Renminbi, in addition to the significant price hike in the Mainland, there has been a rise in food prices in Hong Kong. I read from newspapers two days ago that there had been a surge in the price of pork while the price of vegetables had risen by 100%. Some economists have predicted that the inflation rate of the Mainland will rise from 3.3% of last year to 4.5% this year. This is mainly due to the incessant increase of food prices in the next few months.

The public utilities in Hong Kong have already raised their fares and charges or in the process of applying for increases. The two power companies have simultaneously increased electricity tariffs by 2.8%, the rate of which is 12% higher than the predicted inflation rate of 2.5%. The Kowloon Motor Bus Company (1933) Limited (KMB) has also applied for a fare rise of 8.6%, the rate of which is two times higher than the inflation rate.

Some economists have pointed out that the first round of quantitative easing policy of the United States has resulted in the incessant rise in property

prices in Hong Kong, which in turn, has led to the price hike of consumer goods, with subsequent gradual surfacing of inflationary pressure. The second round of quantitative easing (QE2) policy has stimulated the continual rise in asset prices, the impacts of which will also emerge soon. A number of economists in Hong Kong have predicted that the average inflation rate in Hong Kong will reach 3.1% this year. The Hong Kong and Shanghai Banking Corporation Limited has adjusted the predicted figure upwards from 2.9% to 4.4%. Under such circumstances, life is becoming increasingly difficult for the general public.

Since the Government has to maintain the Linked Exchange Rate System with Hong Kong dollar pegged to US\$7.8, it is difficult for the Government to adopt a monetary policy to resolve the inflation problem. Hong Kong is the freest economy in the world, thus, it is impossible for the Government to interfere with prices of food and daily necessities. Fortunately, the Government is currently in a strong financial position with a huge fiscal reserve. As at the end of November last year, there was a fiscal reserve of \$551.4 billion and an accumulated surplus of \$582 billion in the Exchange Fund — in addition, the surplus for the current financial year calculated as at November, when our tax payment had not yet been included, had already reached \$17.2 billion — the two figures together has amounted to a capital of over \$1,100 billion. Given that the stock and property markets have been robust over the past year or so, we estimate that there will be a significant increase in the Government's revenue from profits tax and stamp duties. There will be a huge fiscal surplus for the Government. According to the estimation of various sectors, the fiscal surplus for the current year ranges from \$40 billion to \$80 billion. Some even believe that it will reach over \$100 billion. It is expected that the reserve for the current financial year will rise further. Thus, I hold that the Government should not continue with its past conservative mindset in managing public finance, instead, it should help the public cope with inflation in the light of the present needs.

First of all, in the short run, the Government should alleviate the financial burden on the public. Electricity is an essential part in the daily life of the people. We have proposed that the Government should provide a subsidy of \$3,600 to each of the 2.5 million or so residential electricity accounts in Hong Kong. Moreover, the Government should take advantage of this opportunity to encourage the public to reduce electricity consumption, with a view to protecting the environment. A subsidy of \$1,200 should also be granted to members of the

public whose electricity consumption in any half-year period is 5% or more less than that for the same period of the preceding year. With financial incentives in real terms, we believe the public will reduce electricity consumption by all means. This will not only achieve the goal of environmental protection, but also help reduce their living expenses.

The expense on food and daily necessities is the major expenditure of many grass-roots families. Insofar as the elderly in poverty are concerned, Old Age Allowance (that is, fruit grant) is essential to their living expenses. As for the disadvantaged groups and persons with disabilities, Comprehensive Social Security Assistance (CSSA) and Disability Allowance are important pillars on which their living relies. Given the severity of the current economic situation, the Government should be more compassionate with their needs. Thus, the Democratic Party has proposed that the Government should provide two additional months of payments for recipients of Old Age Allowance, CSSA and Disability Allowance.

Housing plays a vital role in the economy of Hong Kong. To resolve the problems of inflation and people's livelihood, the Government must start with housing policy. Property prices and rentals have soared to a formidable level over the past year. Based on the calculation of data provided by the Rating and Valuation Department, the sale prices of small units under 400 sq ft in October last year had risen by 24% over those of the previous year, while the rentals of these units had risen by 19%. Irrespective of buying or renting units, the housing expenses of the public have increased substantially, thus aggravating the financial burden and pressure of living borne by them.

For this reason, the Democratic Party has proposed that in the coming year, the Government should continue to provide rate concession for the entire year, subject to a ceiling of \$1,500 per quarter for each household; and it should pay two months' rent for tenants living in the rental units of the Hong Kong Housing Authority and the Hong Kong Housing Society, including paying two months' base rent for tenants who are required to pay extra rent. We also support the relevant amendment of adopting the CSSA rent allowance as the standard for providing rental subsidy to the Waiting List applicants who are non-CSSA recipients, and those who are unable to benefit from any of the relief measures so as to alleviate their housing expenses, with a view to helping them cope with food, transport and other expenses.

Moreover, insofar as home buyers are concerned, newly completed flats command a price of at least \$10,000 per sq ft, old flats in remote areas command a price of \$5,000 to \$6,000 per sq ft, and properties in Yuen Long command a price of over \$6,000 per sq ft, which are beyond the affordability of low-to-middle-income families. The Democratic Party insists that the Government must resume the Home Ownership Scheme and the Sale of Flats to Sitting Tenants Scheme, so that eligible low-to-middle-income earners will have the opportunities to buy their first homes at a relatively low price, reduce the expenses of servicing mortgage loans, live in peace and work with contentment.

By the end of each year, advertisements on tax loans are aggressively launched by banks and financial institutions. It is obvious that many wage earners find it difficult to pay salaries tax; otherwise, there will not be markets for tax loans, and banks will not spend millions of dollars on advertisements to publicize their loans. I have received many telemarketing calls, persuading us to apply for tax loans. The monthly income of my wife is \$10,000 only, but without reasons at all, people at the other end of the line indicate that they can provide a loan of \$150,000 or \$160,000 to her for paying tax. I really do not know the reasons for this. But obviously, banks see our actual need in this regard from the practical point of view. If we observe carefully, we will find that there is much room for improvement in salaries tax, through which the Government can alleviate the inflationary pressure on the public.

First of all, taking into account the factor of significant rises in inflation in recent years, the Government should increase the basic allowance of salaries tax according to the inflation rate from the present \$108,000 to \$113,000, and increase the married person's allowance according to the inflation rate from the present \$216,000 to \$226,000. To alleviate the financial pressure of parents in raising their children, the Democratic Party has also proposed that the Government should increase the child allowance from the present \$50,000 to \$60,000. Since a sound retirement protection system was not put in place several decades ago, the majority of the elderly are relying on the financial support of their children. Given that residential care homes for the elderly and healthcare expenses for the elderly are not cheap, we have proposed that the Government should increase the dependant parent allowance from the present \$30,000 to \$60,000. In fact, this will encourage children to observe filial piety to parents and to live with the elderly.

We have also proposed to abolish the standard rate for salaries tax so that members of the public can pay their salaries tax according to the marginal tax rate. In this way, the "King Wage Earners" earning an annual salary of \$1.5 million or above will have a shared responsibility of the financial needs of the Government with the middle class in a fair manner. We will also have a fairer tax regime in Hong Kong while the revenue of the Government will become more stable.

To help the public protect their retirement life in a more effective manner under the high inflation environment, we have proposed to provide members of the public with tax deductions for retirement protection savings: where members of the public purchase any retirement savings schemes the accrued benefits of which can only be claimed at the age of 65, or if they make any additional contributions to the Mandatory Provident Fund (MPF) schemes, the contributions concerned may be deducted from the chargeable incomes for salaries tax, subject to a ceiling of \$20,000.

Hong Kong is a knowledge-based economy, where all wage earners must pursue continuing education to enhance their skills and knowledge so as to maintain or further strengthen their competitiveness. Thus, we have proposed to increase the salaries tax deduction for expenses on self-education from \$60,000 to \$100,000.

Against the backdrop of a global massive overflow of capital and severe inflation, cash savings can be eroded by inflation while the financial market can be very volatile. Members of the public — particularly the elderly who live on their pensions or savings — have to depend on steady and reliable investment tools to maintain their "last stakes". Therefore, we have proposed that the Government should introduce anti-inflation retail bonds solely for sale to Hong Kong permanent residents, and persons aged 65 or above should enjoy priority in buying such bonds. It is hoped that the total value of such bonds will be about \$30 billion, with the face values of bonds ranging from \$50,000 to \$100,000 and the maturity periods ranging from two years to five years. The Government should distribute annual inflation-linked interests to the purchasers of such bonds, while the principals of the bonds should be entrusted to the HKMA for investment. Meanwhile, the Government should also develop the second bond market to facilitate bond redemption by members of the public.

I so submit. Thank you, President.

Mr WONG Sing-chi moved the following motion: (Translation)

"That Hong Kong has seen rapid economic growth and the re-emergence of inflation since 2004, but the increases in wages of grass-root people have failed to catch up with increases in prices, resulting in the decline in their real wages and living standards; in the recent year or so, there has been an influx of outside capitals into Hong Kong and a substantial increase in property values, bringing significant rental increases, and further boosting inflation; moreover, in the recent month, the fees and charges of many public utility services have been adjusted and the rates of increases are higher than the inflation rate, and the livelihood of the grass-root people will be very difficult; in this connection, this Council urges the Government to implement measures to ameliorate inflation and alleviate pressure on people's livelihood; the relevant measures should include:

- (a) to provide a subsidy of \$3,600 to each of the 2.5 million or so residential electricity accounts in Hong Kong; in order to encourage the public to reduce electricity consumption, to provide a subsidy of \$1,200 to members of the public whose electricity consumption in any half-year period is 5% or more less than that for the same period of the preceding year;
- (b) to pay two months' rent for tenants living in the rental units of the Hong Kong Housing Authority and the Hong Kong Housing Society;
- (c) rates concession: to waive rates for the entire year of 2011-2012, subject to a ceiling of \$1,500 per quarter for each household;
- (d) to provide two additional months of payments for recipients of Old Age Allowance (i.e. 'fruit grant'), Comprehensive Social Security Assistance and Disability Allowance;
- (e) to resume the Home Ownership Scheme and the Sale of Flats to Sitting Tenants Scheme;
- (f) salaries tax deduction: to increase the basic allowance according to the inflation rate from the present \$108,000 to \$113,000; to increase

the married person's allowance according to the inflation rate from the present \$216,000 to \$226,000; to increase the child allowance from the present \$50,000 to \$60,000; and to increase the dependant parent allowance from the present \$30,000 to \$60,000;

- (g) to abolish the standard rate for salaries tax: it is proposed that the standard tax rate be abolished so that members of the public pay their salaries tax according to the marginal tax rate;
- (h) to provide members of the public with tax deductions for retirement protection savings: where members of the public purchase any retirement savings schemes the accrued benefits of which can only be claimed at the age of 65, or if they make any additional contributions to the Mandatory Provident Fund schemes, the contributions concerned may be deducted from the chargeable incomes for salaries tax, subject to a ceiling of \$20,000;
- (i) to increase the salaries tax deduction for expenses of self-education from \$60,000 to \$100,000; and
- (j) to introduce anti-inflation retail bonds solely for sale to Hong Kong permanent residents and persons aged 65 or above have priority in buying such bonds, and the total value of such bonds should be about \$30 billion, with the face values of bonds ranging from \$50,000 to \$100,000 and the maturity periods ranging from two years to five years; the Government should distribute annual inflation-linked interests to the purchasers of such bonds, while the principals of the bonds should be entrusted to the Hong Kong Monetary Authority for investment; and the Government should develop the second bond market to facilitate bond redemption by members of the public."

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

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

I will call upon Mr Frederick FUNG to speak first, to be followed by Dr PAN Pey-chyou, Ms Miriam LAU, and Mr CHAN Kam-lam; but no amendments are to be moved at this stage.

MR FREDERICK FUNG (in Cantonese): President, over the past few years, I have continuously emphasized that economic growth has not brought about improvement in the living for the overall population. Not only are the grassroots unable to share the fruit of economic success, they are also suffering from severe inflation during the same period. This plight originated from the persistently ineffective distribution of wealth and resources, as well as the seriously tilted social system and structure. President, this is where the deep-rooted conflict lies. It is because the Government has refused to touch this hot potato, not daring to do so over the years, that results in the adverse consequences seem today.

President, just like the past several years, when WEN Jiabao, Premier of the State Council met with our Chief Executive Donald TSANG who was on duty visit to Beijing in late December last year, he again reminded — in fact, he had done so once, twice, thrice — that it was imperative to resolve the social conflicts in Hong Kong. However, it is strange that this time around, the media has not widely reported or commented on this. Those in the political circle have also not ferociously criticized or harshly condemned this. Probably this is due to the fact that we have grown accustomed to the comment as it is made every year. Or is it because we do not have any expectation for this sunset government? Or has it reflected the despair of the community towards the current-term Government which lacks both the will and ability to initiate reforms?

As a matter of fact, since the Chief Executive took office in 2005, the Premier has reminded him to resolve social conflicts three times. On the one hand, this reflects the great importance Premier WEN attaches to social conflicts, and his deep understanding of the persistent imbalance of the social structure in Hong Kong. On the other hand, it reflects that our Chief Executive sticks to the old rut and refuses to introduce reforms, turning a blind eye to the serious social

problems. He even attempts to gloss things over, by interpreting the conflicts mentioned by Premier WEN as economic problems more than once. He has interpreted the conflicts as volatility in the financial market this time around, and claimed that volatility is brought about by external factors. How pitiful this is. This is most pitiful for Hong Kong people. Premier WEN had clearly and specifically named and reminded him to make an effort on three fronts, namely to maintain financial stability, seek practical solutions to social conflicts in Hong Kong, and seize opportunities to plan for future development. The three fronts of economy, social conflicts and future development are clearly separate issues. However, the Chief Executive has mixed them together in an attempt to downplay the deep-rooted conflicts in society.

In fact, experts in the Mainland have conducted many studies in recent years. These researches have indicated that the social conflicts in Hong Kong mentioned by the Central Authorities are rooted in the ineffectiveness of the distribution mechanism of wealth and resources, and the disparity between the rich and the poor. This is an institutional and structural problem. However, the Chief Executive has turned a deaf ear to it. He verbally declares that he "cares for the people", making publicity for himself that he cares for the lower classes; but his actions reveal that he is sticking to the old rut. Apart from being conservative, obstinate and self-willed, he is also going to uphold and defend the principle of free market to his death. Having experienced the lesson of the financial tsunami, the Chief Executive is still clinging to the "big market, small government" concept of administration, refusing to make any compromise, ignoring the loss and exploitation caused to the grassroots by the free market, and turning a blind eye to the problems of uneven distribution of resources and disparity between the rich and the poor as a result of institutional and structural imbalance. President, it seems that the Central Government and experts in the Mainland care more about Hong Kong, and they are more willing to study and understand the situation of Hong Kong. Why is that so? What has happened to the HKSAR Government?

President, this is my greatest worry, and the reason for the disappointment of the public. After years of fermentation and expression of respective views, the original discussions which aim at resolving social conflicts have been subject to alienation and different interpretations, to the extent that the original problems of people's livelihood and the deterioration of disparity between the rich and the poor have become wide of the mark, while the discussions have become transient

and fleeting. In other words, the reminders of the leaders over the years have been downplayed by the Chief Executive, freely used by politicians, and "coldly" treated by various sectors this time around. Society has become increasingly numb. In the end, the deep-rooted conflicts in society have remained unchanged, seeing no improvement at all. The disparity between the rich and the poor continues to deteriorate, and the grassroots are still crying out with a lot of grievances.

President, in taking the trouble of repeatedly pointing out the crux of our social conflicts during today's debate, I am hoping the community will clearly understand that many of our existing social problems have originated from the Government's disregard for the deep-rooted conflicts in society. President, in a nutshell, the anomalies in today's economy, such as the economic growth having brought no improvement to the living of the grassroots, members of the public suffering from enormous inflationary pressure and failing persistently to share the fruit of economic success, and the salary growth of the general public persistently failing to catch up with inflation, have originated from the seriously tilted policies adopted by the Government, the hegemony of commercialism, the doctrine of all matters succumbing to the free market, and the Administration's total neglect of the grassroots lagging behind the rapid changes of society and economy.

However, the Government is still holding on to the theory of the trickle-down effect adopted more than a decade ago. What is the theory of the trickle-down effect? It is the belief that with continuous economic development and growth of wealth, wealth will naturally trickle down to the grassroots. I do not mind taking all the troubles to repeat again and again that this theory has failed the test, and that it is untenable. Data have shown us that there is an increase in the annual income of the rich stratum, but on the contrary, there is a reduction in the annual income of the poor stratum. Why is there such a conclusion? To put it more accurately, there is no causal relation between economic growth and poverty alleviation. We can find evidence of this in the statistics of family income over the years. Due to the time constraint, I will not repeat the examples and data I had used in past debates. But these figures are supplied to us by the Census and Statistics Department (C&SD). The Government should know them very well.

Let us look at the latest data announced by the C&SD. The average wage rate in September last year had recorded a year-on-year nominal increase of 2.4%.

However, after discounting the factors of consumer price changes, the average wage had posted a year-on-year drop of 0.8%. The average real payroll index of the third quarter had even recorded a year-on-year drop of 1.5%. This reflected that though economic growth could stimulate the wages to rise, wages were eroded by inflation. Moreover, an imbalance could also be found in the rise in wage level. While the average wage rate of various sectors had recorded a decrease, the finance and insurance sectors had posted a growth in real terms. It is obvious that a structural tilt can be found here. If this is allowed to go on, how can the situation of disparity between the rich and the poor not deteriorate? Secretary, have you heard this today?

Furthermore, under the extraordinarily eased monetary environment, although the Government has adjusted the forecast of the headline and underlying consumer price inflation upwards to 2.5% and 1.7% respectively, based on the analysis of the recent currency performances and prices, there is obviously a discrepancy here. The inflationary risk is growing. Factors such as the appreciation of Renminbi, rapid inflation on the Mainland, and a weakening of the US dollar exert immense impacts on Hong Kong, which heavily relies on imports. According to the latest data announced by the National Bureau of Statistics, concerning the inflation for the month of November, the consumer price index had recorded a year-on-year increase of 5.1%, which represented a peak over the past 28 months, among which food prices had recorded a year-on-year increase of 11.7%. This had been fuelled by a tide of price hikes by the public utilities, such as the increase of electricity tariffs, tunnel tolls, tram fares, taxi fares, and bus fares. There had been successive waves of price hikes. Don't you know and can't you see the aggravation of inflation?

In the medium and long term, the adverse impact of the United States' quantitative easing currency policy is the continual weakening of the US dollar. The US Dollar Index, which is used to reflect the exchange rates of US dollar to a basket of currencies, has continued to fall. Since the Hong Kong dollar is pegged to the US dollar, the weak trend of the US dollar will not only bring about an upsurge in asset prices, but also induce an imported inflation and even vicious inflation to the Hong Kong market which mainly relies on imports. As a result, the living of the grassroots will become even more difficult. President, I believe you are aware of this. But our SAR Government is not aware of it.

Thus, when the Hong Kong Association for Democracy and People's Livelihood (ADPL) and I earlier announced our proposals on the budget of next year, we had proposed that given the prevailing volatility of the external financial environment, uncertain economic outlook, and spiralling inflation, during which the lower and middle strata of the community are unable to share the fruit of economic growth, the Government should introduce a series of short-term measures to bring about sharing of the fruit of economic success and alleviating inflation. The contents of our proposals are somewhat similar to the measures proposed by Mr WONG Sing-chi of the Democratic Party today. However, there are some differences still. Therefore, I have put forward relevant amendments and supplements. For instance, targeting the "n noughts" who have not been benefited by relief measures in the past — people often refer to them as the "five noughts", in fact, they are now the "n noughts", or even "six noughts" and "seven noughts" — the ADPL has proposed that the Government should directly provide rental subsidy to eligible persons on the Waiting List applying for public rental housing (PRH). According to our estimation, if the rent allowance under CSSA is adopted as the ceiling for providing two months of rental subsidy to all non-CSSA recipients who are currently living in private residential buildings and waiting for PRH allocation, the expenditure involved is about \$0.8 billion.

We believe that in the short run, such relief measures will be able to reverse the anomaly in which the living of the grassroots has not seen any improvement in tandem with economic growth while the public is suffering from immense inflationary pressure. However, to solve the problem thoroughly, the Government must tackle the problem at root in the long run by reforming the existing principle of governance and mindset of administration, reviewing the *laissez-faire* policy and the "big market, small government" principle upheld in the past, properly employing government acts to reverse injustices and deficiencies brought about by the free market, establishing a universal development concept which carries the interests of all strata of society, strengthening and expanding the role of the Government, improving the economic structure and promoting the development of new points of growth in the economy, and making effective use of the Government's proper role in resource allocation again.

I so submit.

DR PAN PEY-CHYOU (in Cantonese): President, the launching of the quantitative easing policy by the United States aimed at bringing down the US dollar and stimulating the domestic economy of the United States has caused global inflation, and in particular, in the emerging markets. Under the Linked Exchange Rate System, the Hong Kong dollar has depreciated along with the US dollar. Since the economy of Hong Kong adopts full liberalization in which our daily goods almost completely rely on imports, inflation is inevitable.

In November last year, the year-on-year Composite Consumer Price Index rose by 2.9%, while the Consumer Price Index (A) which reflects the living of the grassroots rose by 3.4%, moving very close to the level of 3.6% in 2008. There has been a recent haste for price hikes in fees, charges, and prices closely linked to the people's livelihood. For instance, the KMB has announced an increase of fares by 8.6%. The increase of tolls of the Western Harbour Crossing ranges from 4.5% to 12.5%. The increase of tariffs of the two power companies is 2.8%, and the MTR Corporation Limited will increase its fares by 7% to 8%. Staggering increases have also been recorded in food, rentals, and property prices over the past year.

With the launch of QE2 by the United States, the worry of facing serious inflation this year is justified. The impacts of inflation on the grassroots and members of the middle stratum burdened by various living expenses are particularly enormous. Therefore, the proposals put forward by the Hong Kong Federation of Trade Unions (FTU) in the amendment have targeted at addressing the needs of these two strata in society.

First, let us talk about the grassroots. Low-income earners live on meagre wages and work from hand to mouth. They practically do not have spare money. So how are they going to cope with the menacing inflation? Some workers may have bargaining power to fight for a pay rise and secure their income. But for many wage earners, all they can do is to tolerate adversities silently. They can employ only three measures to cope with inflation. The first measure is to save. The second measure is to save at great pains. The third measure is to save at all costs. Thus, we absolutely support practicable measures of ameliorating inflation put forward by Members, and by "practicable" I mean to the Government.

I would like to commend the Financial Secretary, although he is not present today. Last year, he predicted a budget deficit. However, according to general estimation, the fiscal surplus this year may reach \$70 billion or even \$80 billion. This magic of turning "red" (deficit) to "black" (surplus) is so amazing that the puzzle about "red" (deficit) has developed among members of the public in Hong Kong. I hope that the Secretary will share with us his experience of how to make such a wonderful budget. Given that there is a huge surplus, we hold that the Government should not be miserly. Yesterday, the Secretary also said that we should spend on what should be spent. In the face of the chilly inflation, it is advisable that the policies of the Government should release some warmth to the public.

I think that what the Government can do is, first, freeze the various fees and charges related to people's livelihood, including water charges, fuel charges, application fees for various government licenses and documents, rents of PRH, various charges of the Hospital Authority, school fees of public schools, and fees for services subvented by the Government. In the past, shopping malls and market stalls in public housing estates were small-capital businesses, the income from which could only enable the operators to meet their needs of living. Now the majority of the shopping malls are owned by The Link. Under the policy of rampant rental increase implemented continuously by The Link, small traders have long been driven away. When we visit the shopping malls of The Link, we can only find a world of large chain stores. There is no room for grassroots who wish to operate small businesses. The grassroots are denied options of buying cheaper goods or enjoying cheaper food. As a matter of fact, The Link has blocked the avenue for social mobility and made the living of the poor people even more difficult. For this reason, we still have great expectation for the markets and shopping malls under the administration of Government and the Housing Authority, hoping that they will continue to play the useful role of a little oasis in the vast expanse of desert with endless stretches of sand, so that in the commercial world being gradually monopolized by large consortia under the ruthless force of the market, there are still some places where members of the public can start their businesses and carry on small operations.

In the face of fierce inflation, we hope that the Government will freeze the rents of markets and shopping malls in order that small traders and small vendors will be able to operate under the situation of soaring business costs. Members of

the lower stratum who live on CSSA, the grass-roots wage earners, and the elderly who have meagre savings and need the supplement of "fruit grant" to make ends meet are high-risks groups threatened by inflation. We think that the Government should provide two additional months of CSSA payments and "fruit grant" to them, and pay two months' PRH rents for them, with a view to helping them save up some money to cope with the imminent inflation.

Another group of concern to us is the wage earners with huge expenses. Their income may not be too low, but they cannot benefit from various welfare initiatives. Meanwhile, they have to cope with high rents, mortgage loans, and fees for continuing education, and so on. We urge the Government to increase the basic allowance of income and salaries tax, waive rates, increase the dependent parent and family member allowance, as well as increase tax deduction for expenses on self-education, so as to alleviate the burden of this stratum.

Insofar as our proposals are concerned, there are substantial parts on housing. This is because property prices and rentals have by a margin far exceeded that of other general daily goods. Mr WONG Sing-chi has also mentioned this just now. According to a study report conducted by a private property agent, as at last October, the sale prices of residential units had risen by 15.6%, while the rentals had risen by 13%. They predicted that rentals would still rise by 15% to 18% this year and exceed the rise of property prices. To a large extent, the substantial increase in property prices and rentals involves local factors. I had pointed that out many times before. Actually, the high land price policy is a drug for the Government. This habit of abuse had been picked up before the SAR Government was born. The high land price policy enables the Government to pass its administrative costs stealthily to home owners. But this high land price policy has caused adverse effects on the overall economic structure of Hong Kong society.

In implementing the existing Application List System, the Government has handed over the right of land supply to property developers. I believe everyone will understand that there is a certain measure of oligopoly in the property market of Hong Kong. This is due to the entry threshold that requires an enormous amount of capital. If a property developer is required to build 1 000 units, he can sell each unit at a price of 100% higher. Given this, will the developer build 2 000 units to make the same amount of profit? So there are reasons accounting

for the gradual decline in the number of residential units completed in recent years. Although the Government has attempted to make remedy in recent years and started to put up land for sale by public auction on an irregular basis, we think this is not enough. To rectify the situation, the Government should resume regular land auction, with a view to ensuring sufficient land supply in the market and demonstrating the commitment of the Government in stabilizing property prices.

Property prices are too high and alienated from the income of the general public. Many young people cannot afford buying their own homes. This is because property prices have been rising incessantly. Even if these young people work hard until their retirement, they will not be able to afford buying their own homes. The sale of the last batch of the surplus Home Ownership Scheme (HOS) flats earlier had aroused great enthusiasm. This overwhelming response clearly illustrates that our community needs cheaper housing more affordable to ordinary men in the street. The Government is currently making tremendous efforts to combat speculation. However, when I walked past shops of property agents in the past few days, I found that the selling prices of small-to-medium-sized residential units had remained unchanged. In the past, the Government had launched the HOS, the Sandwich Class Housing Scheme (SCHS), and the Tenants Purchase Scheme (TPS), which were well received by the public without any major negative results. But now the Government has given up these policies which were proven and supported by the public. Instead, the Government is formulating some illusionary schemes such as the My Home Purchase Plan which is inadequate to address the pressing problem. Surely it does not mean that the Government has not been harshly criticized. Thus, we are solemnly proposing that the Government should relaunch such schemes as HOS, SCHS, and TPS to meet the aspirations of the public with an ordinary income to home ownership. This will also restart the revolving door of PRH, so that the more well-off PRH tenants can vacate these precious resources to those in greater needs.

The drastic rise in prices of private residential units is the adverse effect of the Government's housing policy. There has been an incessant drop in the vacancy rate of private residential units, particularly that of small-to-medium-sized units in recent years. The vacancy rate of small-to-medium-sized units by the end of 2009 was 3.8%, the lowest of the past 12 years, close to the historical level in 1997. I have not got hold of the latest

figures. To induce a drop in rentals, we believe that the supply of residential units, particularly small-to-medium-sized units, must be increased in the long run. However, we need to address the pressing problem. It is not necessary for members of the public to own their homes, but it is absolutely necessary for them to have somewhere to live. Under such circumstances, we have proposed that the Government should make the greatest possible use of the 3.8% vacant small-to-medium-sized units by lowering the property tax of this category of residential units, so as to encourage more owners to let their flats and increase supply in the market. Secondly, we urge the Government to review afresh the effect of the lifting of rent control. This is because currently there are many redeveloped areas where tenants of old buildings have been driven away. Apart from not being provided with removal compensation, they have to look for new accommodation, and subsequently pay expensive rent. Thus, it is time for the Government to review afresh the lifting of rent control implemented in 2004. I so submit.

MS MIRIAM LAU (in Cantonese): President, given that the economy of Hong Kong has rebounded expeditiously from the financial tsunami last year, and with our booming stock and property markets, the Treasury is likely to be "overflowing" again. It is estimated that the surplus this year will be \$70 billion to \$80 billion, the second or third highest surplus recorded since the reunification. We think that the Government should not be miserly. Instead, it should fully understand the inflationary pressure faced by the public. Targeting at the problem of structural poverty in the society of Hong Kong, the Government should open its coffers appropriately to implement relief measures, increase recurrent expenditure, and alleviate the burden of the public. For this reason, we agree to the implementation of quite many measures put forward in the original motion. However, we do not agree to certain items, and we wish to put forward supplementary proposals. That is the reason why I am proposing an amendment today.

President, as inflation is continuously accelerating, the lower stratum of society is bearing the brunt of the blow. Earning a meagre income or relying on CSSA payments to make ends meet, the low-income earners or the lower stratum will find life very difficult under the new round of inflation driven by food prices. Therefore, the Liberal Party opines that the Government should strengthen support for food banks in extending help to people in need, or provide assistance in the form of food vouchers to adolescents below 18 years of age, so that they

will be given fresh food, thereby ensuring that their nutrition or health will not be adversely affected. Mr Tommy CHEUNG will further explain this proposal later in the meeting.

Moreover, we think that the situation of the working poor also warrants our concern. The income they draw from their work is not much, but the amount often exceeds the requirement for application for CSSA. Thus, they are excluded from the safety net. It can be said they may be leading a more difficult life than the recipients of CSSA.

For this reason, the Liberal Party holds that the Government should draw reference from the existing practice of low earnings CSSA categories, and provide a living supplement to the working poor with low income. Eligible families should receive a monthly living supplement of not more than \$2,500. The Government should also consider renaming "low earnings CSSA" as the "Work Incentive Scheme", so as to remove the stigma effect and encourage the unemployed to work. With the implementation of the Scheme, those who wish to be self-reliant will not feel ashamed in seeking assistance even when they are genuinely in need of help.

Moreover, the Liberal Party supports providing at least one additional month of payment to recipients of "fruit grant" and CSSA, and waiving the rent of PRH tenants for at least one month, with a view to alleviating the plight of the grassroots. With respect to the elderly living in poverty, the Liberal Party has proposed that the Government should provide an additional supplement or "fruit grant" to them. Those who are 65 years of age or above and who pass the existing means test for "fruit grant" should be provided with a living supplement of \$500 in addition to the existing monthly "fruit grant" of \$1,000.

However, we are of the view that in the face of rampant inflation, members of the middle class, who have all along been shouldering many obligations but enjoying few rights, are also leading a difficult life. Given the substantial surplus, the Government should alleviate the difficulties of the middle class by distributing "dividends" to all, so that they may share the fruit of economic success. So, we have requested the Government to grant a tax rebate of 75% to the middle class, subject to a ceiling of \$20,000, with the aim of helping them cope with soaring living expenses. As a matter of fact, the number of people

who may benefit from this is rather small. At most, members of the middle class with a monthly salary of about \$30,000 will be benefited.

Meanwhile, we opine that the Government should adjust the existing allowances under various taxes, including the reduction arrangement for living with dependent parents by relaxing the original requirement of living in the same unit to living in the same housing estate. Moreover, targeting the middle-class people whose incomes are not so high, the Government should widen the tax band from the existing \$40,000 to \$45,000, and implement a downward adjustment of 1% for the last two tiers of marginal tax rates, that is, adjusting them from 12% and 17% to 11% and 16% respectively. This will enable members of the middle class with a monthly income of \$20,000 to \$30,000 to save 10% of tax, which will alleviate their pressure of living.

With respect to the proposal of abolishing the standard rate for salaries tax put forward in the original motion, we hold that this will only result in the concentration of salaries tax liability on a small number of taxpayers and further narrow the tax base. Mr WONG Sing-chi said just now that the proposal would target at the "King Wage Earners" only. But the effect of this proposal is not like that at all. If it had targeted at the "King Wage Earners", the factors of consideration would have been quite different. But unfortunately, according to our calculation, many members of the middle class will also be adversely affected. Likewise, they will have to pay more tax. Furthermore, we have to be clear about one thing. The crux of the existing problem lies not in the Government having insufficient tax revenue, or the Government having no sufficient money for poverty alleviation. Abolishing the standard rate for salaries tax will only result in a number of "King Wage Earners", including some members of the middle class, paying more tax and seeing their tax liability increased. I cannot see any benefit other than more revenue for the Treasury. Since this is the case, will such a measure not achieve the effect of being injurious to others but not beneficial to oneself?

Furthermore, this measure will easily raise the tax rate of Hong Kong drastically, with the consequence that some people who are willing to come to work in Hong Kong may easily be scared away. Will this subsequently plunge Hong Kong again into a brain drain which leads to a loss of both talents and funds? Will this ultimately result in other taxpayers paying more tax? After all, we have to be clear that the existing problem is not one of the Government having insufficient money. The Government has abundant money but it is too

miserly to spend it. We wish to focus on advising the Government on this front, instead of encouraging the Government to levy more tax. Insofar as narrowing the disparity between the rich and the poor is concerned, we believe abolishing the standard rate may not necessarily achieve the result of narrowing the wealth gap. It may even achieve the opposite result of killing the goose which lays golden eggs. Thus, we consider this proposal undesirable.

President, in the face of soaring property prices, even those professionals are finding it difficult to buy their first homes. Last year, the Government proposed the My Home Purchase (MHP) Plan with the aim of helping members of the sandwiched class to own their homes. The concept of this MHP Plan is similar to the Rent Saving from Interim Public Housing Scheme proposed by us initially, which is worthy of support. However, the first phase of this MHP Plan will only provide about 1 000 flats in 2014, with only 5 000 flats to be built in all phases. To members of the public who wish to buy their first homes, this is utterly a drop in the bucket. Furthermore, the MHP Plan will only be officially launched in 2014, which means members of the public still have to pay high rents in the next few years. For this reason, the Government must implement this MHP Plan expeditiously and increase the number of flats under it, so that members of the sandwiched class eager to buy their first homes will have more options. Ultimately, this will enable them to live in peace and work with contentment.

Regarding the resumption of the HOS, the Liberal Party has all along had reservation about this proposal. This is because under the macro conditions of hot money teeming in the market, the risk of a bubble in the property market of Hong Kong is becoming increasingly greater. Even if the Government decides to resume the production of HOS flats now, the construction will at least take three to several years. If, unfortunately, the asset bubble happens to burst by that time, and the property market takes a sharp turn for the worse, will this group of new HOS owners not blame us for enticing them to buy their first homes and causing them to sustain losses?

Another proposal put forward in the original motion is to resume the Sale of Flats to Sitting Tenants Scheme. The Liberal Party is of the view that there is a problem with the Scheme itself. If the sale of flats leads to generation of problems such as fragmentation of ownership and speculation, will we include these circumstances in our anticipation? Instead, we think it is necessary for the Government to provide housing for those with housing needs. Thus, we are

absolutely supportive of constructing additional PRH flats, so as to shorten people's waiting time for PRH, thereby enabling more grassroots to find a sweet home of their own expeditiously. This is more desirable.

Moreover, we very much agree to a proposal put forward by Dr PAN Pey-chyou just now, and that is, the Government should consider resuming regular land auction. The concrete proposal put forward by the Liberal Party is that the Government should arrange for land auction six times a year, and at least 2 000 flats of prescribed size should be provided in each auction, which means each year there will be a provision of 12 000 flats of a prescribed size, about 500 sq ft in area, for sale to the public. This will ensure an abundant supply, thereby achieving the goal of stabilizing the property market and ultimately stabilizing property prices.

President, in the face of the development towards a knowledge-based society and economy, the Liberal Party agrees that we should pursue continuing education and acquire more knowledge. The Continuing Education Fund is a popular education and training facility among the public. Therefore, we have proposed that the Government should increase resources so that members of the public will be able to apply for a further subsidy of \$10,000, that is, each person will be entitled to a subsidy of continuing education of \$20,000 in his lifetime.

We consider the idea of anti-inflation bonds a desirable proposal. However, the details should be more lenient. We will have to further discuss its actual implementation.

Apart from the general public, President, the plight of small traders in carrying on their businesses also warrants our concern. Thus, we also urge the Government to freeze government fees and charges, including a freeze on the rents of government wholesale markets and markets, and waiving hawker licence fees for at least one year. With respect to the amendment items proposed in the other three amendments, basically the Liberal Party does not have any objection to them. However, we have reservation about some of the proposals if they are incorporated into the original motion. This will ultimately affect our voting preferences on these amendments.

Thank you.

MR CHAN KAM-LAM (in Cantonese): President, according to economic theories, the impact of moderate inflation on economy is positive and healthy. However, given that Hong Kong is now experiencing high inflation, low interest rate, and low pay increase rate, in the environment of the so-called "one high and two lows", the resilience of the grassroots is facing a severe test.

Since the United States are continuously printing greenbacks on a massive scale, there is an overflow of hot money. It is unlikely that inflation in Hong Kong will slacken in the coming year. Instead, it is expected that inflation will further rise to 5% or 6%. At present, apart from property prices scaling to an unreasonable height, prices of food, clothing, and rentals are soaring. While various transport operators have applied for fare increases successively, the rate of pay rise of wage earners has obviously lagged behind inflation. Furthermore, in an environment of extremely low interest, the grassroots have been subject to enormous financial pressure. With the substantial rise of living costs, it is almost inevitable that the quality of life of the grassroots will be affected. The problem of disparity between the rich and the poor will continue to plague the community and become the highlight of social conflicts.

A high turnover of both visitors and business has been recorded at the closing of the Exhibition of Hong Kong Products. Despite the overall buoyant consumption, the reason is only attributable to the relative depreciation of the Hong Kong dollar, which induces people from the Mainland to come to Hong Kong for shopping, consequently pushing the figure of spending to a high level. Thus, there is a popular saying among mainlanders, and that is, "go to Hong Kong for soy sauces". As prices of goods have risen drastically, if people do not buy now, prices may be even higher after the Lunar New Year. It is obvious that in the face of inflation, the public is short of wits to cope with it.

Regarding the problem of a massive influx of hot money which continuously pushes up property prices in Hong Kong, in 2009, when the market was not aware of the relevant risk, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) and I had already put forward the proposal of resuming the production of HOS flats and increasing the supply of residential flats in order to stabilize property prices. Right after the launch of QE2 by the

United States, we also put forward a series of measures to the Government with the aim of promoting economic development, countering inflation, and assuring people's livelihood.

Given that the improved economy has brought about drastic increases in revenue from stamp duties and land sale this year, it is expected that the Treasury will record a huge fiscal surplus, with the fiscal reserve amounting to over \$500 billion. Therefore, to help the public, particularly the grassroots, cope with inflation and share the fruit of last year's economic growth, the SAR Government should make more use of our abundant financial strength. Apart from prescribing the minimum wage, introducing the Work Incentive Transport Subsidy, advancing the adjustment of the standard amounts of CSSA and "fruit grant", the Government should allocate additional resources in the light of worsening inflation to launch more measures of substantial strength in the medium-to-short term, with a view to helping the public alleviate the pressure of living, comprehensively taking care of people's livelihood, addressing the needs of the disadvantaged groups, and promoting fairness and harmony in society.

One of the highlights in a series of anti-inflation proposals put forward by the DAB to the Government earlier is the setting up of a \$30 billion public transport fare stabilization fund to alleviate the pressure of public transport fare increases on people. In this connection, Members of the DAB will discuss the proposal in detail later in the meeting.

President, to look after some low-income earners — particularly the non-PRH tenants and non-CSSA recipients — who may not be benefited from the Government's anti-inflation measures, left out by public policies, the DAB has proposed that the Government should, on a household or individual elder basis, provide short-term rental assistance to those households on the Waiting List who meet the income and asset requirements for PRH but fall outside the coverage of the existing rent allowance under CSSA. This two-year rental assistance should be set at one third of the existing rent or \$2,000 (whichever is lower) with a view to alleviating the burden of paying expensive rent on the grassroots.

Meanwhile, with the Government's implementation of a freeze on fees and charges since April last year, the Hong Kong Housing Society and the Water

Supplies Department have increased rents and sewage charges respectively. Under the impact of the macro-economic environment, there will be a wave of fee increases next year. The DAB has proposed that in the coming year, the Government should freeze those government fees and charges directly affecting people's livelihood, as well as the rents of stalls in the markets under the Food and Environmental Hygiene Department and the Hong Kong Housing Authority, so as to avoid stimulating inflation further and affecting people's livelihood.

Moreover, in expressing our expectation for the budget, we have asked the Government to waive two months' rent for tenants living in PRH, and provide one additional month of payment for recipients of CSSA and two additional months of payments for recipients of Old Age Allowance and Disability Allowance. We have also asked the Government to abolish the absence limit of not more than 240 days for recipients of Old Age Allowance. Meanwhile, the Government should provide an electricity subsidy of \$3,600 to each residential electricity account, and waive rates for one year, subject to a ceiling of \$3,000 per quarter for each household, so that more members of the middle class will be benefited.

President, with respect to the proposal of abolishing the standard rate for salaries tax so that members of the public can pay their salaries tax according to the marginal tax rate as put forward by the original motion and the majority of the amendments, the DAB stresses once again that we have reservation about this. In the last two years, we have observed a trend of significant rise in the revenue from salaries tax; in addition to a substantial balance from last year, the DAB does not see any necessity to "target" taxpayers again and increase their tax liability. We think that abolishing the standard rate for salaries tax will cause immense impacts on the economy and social development of Hong Kong, which must be dealt with carefully. It is necessary to conduct detailed and in-depth studies, assess the various effects carefully, and strike a balance between the development needs of different sectors before considering the implementation of this proposal.

Regarding the amendment proposed by Ms Miriam LAU, although it deletes the part on abolishing the standard rate for salaries tax, it also deletes the item of resuming the HOS and the Sale of Flats to Sitting Tenants Scheme. Instead, it has proposed expediting the implementation of the My Home Purchase Plan and giving consideration to resuming the HOS and constructing additional PRH flats, which is different from the stance of the DAB. In spite of our serious

consideration of adopting an accommodating attitude to views different from our own, so that a more diversified motion can be passed by the Legislative Council, we understand that by doing so, the Government will be receiving mixed and conflicting views. This will only lead to the Government's selective formulation of policies which it believes will be accepted by all. Thus, the DAB will abstain from voting on these amendments to indicate that we have reservation about them.

President, although various political parties and groupings have put forward many proposals on this motion, we know that this short motion debate may not necessarily cover the needs of all strata of society. The DAB hopes that the Financial Secretary will make good use of the fiscal surplus to meet the long-term economic development of Hong Kong, minimize the social problems induced by the disparity between the rich and the poor, and improve the work of care and concern extended to the existing disadvantaged groups of society. At a time when there is a huge surplus in the Treasury, "candies" should still be handed out to actualize the Government's care for the public. And more importantly, it is advisable that the Government should engage in long-term planning to facilitate the development of society in the long run.

President, I so submit.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, I am grateful to Mr WONG Sing-chi for moving this motion today. Before the Financial Secretary publishes his 2011-2012 Budget (the Budget) at the end of next month, the Legislative Council's discussion on this motion on the economy and public livelihood gives us an opportunity to gain a better understanding of the expectations of Members and the public for the Budget.

In the past month or so, the Financial Secretary and the relevant officials of the Government have met with Members, the academia, think-tanks and financial institutions separately on various occasions to consult them on the Budget next year and through various media, members of the public were also encouraged to express their views on this matter. On behalf of the Financial Secretary, I thank Members for their valuable opinions and sparing the time to participate in the consultation forums to raise a number of issues of great public concern. Currently, we are carefully studying the suggestions made by Members and the

general public, and we will make careful reference to them when formulating the Budget.

From the views collected, we note that inflation is one of the issues of great concern to the public. We understand the concerns of Members and the public over rising prices, especially the impact on low-income families.

First, I would like to provide some information briefly on the recent developments relating to the economy and inflation. On the whole, the Hong Kong economy has seen robust growth in 2010. The annual economic growth rate should be able to reach 6.5%. Apart from benefiting from the robust economic activities of our country and other Asian regions, it also shows that our economic fundamentals are sound and the counter measures of the SAR Government, which seek to "stabilize the financial system, support enterprises and preserve employment", are effective. Recently, although there are still uncertainties over the economic recovery in Europe and America, the continuous robust growth in Asia will continue to favour Hong Kong's export performance.

However, there are indeed potential concerns in the coming year. The Federal Reserve of the United States has introduced QE2 to stimulate economic growth. This will undoubtedly continue to cause sustained exceptionally low interest rates and an abundance of capital. A massive inflow of capital into Asia is inevitable, thereby increasing the risk of an asset bubble and a property bubble. The introduction of further measures by the Government to curb property speculation in mid-November last year was precisely intended to ensure the stability of the overall economy and the financial market.

Another impact of the quantitative easing measures of the United States is an increase in the prices of food and other commodities in the international markets. Coupled with the recent weakness of the US dollar and the appreciation of Renminbi, in particular the more rapid rise in the prices of food from the Mainland, Hong Kong may have to face more noticeable pressure of imported inflation. The underlying inflation in November last year was 2.6%, higher than 2.0% in the third quarter. The Financial Secretary has revised upward the forecast on underlying inflation for the entire 2010 from 1.5% to 1.7%. Although the increase is still relatively moderate, we understand that inflation has different impacts on people of different strata. The impact of a

surge in food prices is particularly great on low-income families. We are quite concerned about this problem.

In the time that follows, I wish to listen to more views from Members on this motion about ameliorating inflation and alleviating people's financial burden before I give another response. President, I so submit. Thank you.

MR WONG KWOK-HING (in Cantonese): President, today, the Financial Secretary is absent and only the Secretary for Financial Services and the Treasury is here. I find this rather regrettable. No matter what, I hope that through the Secretary, the Financial Secretary can still hear the views of people without any moustache like us.

President, the present high inflation has a great impact on the public. Just now, the Secretary also admitted this point. Therefore, the Hong Kong Federation of Trade Unions (FTU) has made a submission on protecting public living and countering inflation to the Government, which sets out 18 recommendations on four policy areas. It is as thick as a book. Of course, I cannot give an account of all the details here. However, I wish to talk about several major areas.

First, in the prevailing economic situation, the wages of the majority of wage earners are actually dropping. Moreover, many of them may not be able to get a pay rise. Since the Financial Secretary has huge amounts of revenue and reserve, I think that not only is the Government duty-bound to hand out candies, it should also hand out rice now instead of candies. Whether or not one has candies to eat is not important, but one must have rice to eat. One cannot go without rice. Therefore, we hope that the Government can consider doing something in respect of public housing rents, "fruit grant", CSSA payments, rates, salaries tax, electricity tariffs, and so on. In fact, these views are similar to those expressed by other political parties. To avoid wasting any time, I am not going to repeat them.

I think the Government really has the responsibility and the need to help Hong Kong people cope with the present difficult situation. The Macao SAR Government has also distributed money a number of times. In residents' meetings, some local residents considered that nowadays, it was better to be a

Macao resident than Hong Kong resident. I felt enormously sorry on hearing that. I grew up in Macao and would really like to apply for a Macao identity card to enjoy those welfare benefits. (Of course, I am just kidding.) Now, here are two SAR governments for comparison. Since the Government has abundant tax revenue and fiscal reserves, I hope that the Government can really lend a helping hand to the public. This is a brief view that I wish to voice.

More importantly, the Government really has to listen to the biddings of the leaders of the Central Authorities. I learnt that during the Chief Executive's duty visit to Beijing this time around, the central leaders raised two points very clearly. One of them was that the Government had to contrive ways to deal with the conflicts in economic and social development, and the other was that it had to seize the time to plan for the future development of the SAR. The biddings of the leaders of the Central Authorities were very sound, very much to the point. This is indeed a reminder and an order pointing out what the Government needs to do and what it should focus on in its remaining tenure. They have really voiced our thinking.

President, in fact, the current-term Government has also made some achievements. We must praise and criticize it as appropriate. We should make commendation where it is due, and level criticisms where they are warranted. The labour sector can see that the current Government has amended the legislation to ensure that workers are paid what they have sweated for by clamping down on unscrupulous employers. We welcome this policy very much. This Government has finally prescribed a minimum wage and yesterday, the hourly rate of \$28 was approved. This Government also accepted our views by lifting the ceiling of 160 000 people in the establishment of the Civil Service, resuming recruitment and gradually turning contract staff into long-term staff. These are the measures that we commend highly. However, we still believe that the current Government is still dithering on several issues, failing to lead the Hong Kong public and let them see the future and a way out. It has even failed to identify ultimate solutions to various problems.

The first problem relates to housing. In fact, various political parties and groupings have already stated their views on housing clearly, that is, they hope that the Government can resume the construction of an appropriate number of HOS flats and revive the "Tenants Purchase Scheme". We in the FTU also propose that the Government should build public housing for the sandwich class

to resolve the housing difficulties of the public. However, the Government thinks that the My Home Purchase Plan alone is adequate and that building 15 000 flats is enough. In fact, this cannot solve the problem.

The second problem is that with the ageing population in Hong Kong, we all hope that there can be a universal retirement protection system. We in the FTU proposed in the 1980s a retirement protection system under which workers, employers and the Government would make contributions jointly but at that time, the Government did not accept it and dozens of decades were wasted. Now, in the face of the problem of an ageing population, should the Government not study the implementation of a universal retirement protection system? I call on the Government to consider this point.

The third issue is that of transport. I strongly call on the Government to introduce a monthly pass system. Although the Government will introduce the transport subsidy scheme, this scheme is not comprehensive and a dual-mode scheme is not implemented in parallel, so this has caused resentment among the public. I am worried that a good deed will become a disservice, so I call on the authorities to consider this carefully.

The fourth area is the expansion of free education to kindergarten education. I wish to take this opportunity to call on the Government to seriously consider these four basic points and at the same time, I also hope that those people intent on running for the next Chief Executive office will seriously consider these views instead of doing so only after taking office. They should start considering them now.

President, concerning the amendment proposed by Ms Miriam LAU of the Liberal Party to the original motion, we will abstain because their stance on the housing issue is very conservative and we cannot accept it because resuming the construction of an appropriate quantity of HOS flats is a social need. Thank you, President.

MS EMILY LAU (in Cantonese): President, I speak in support of Mr WONG Sing-chi's motion. As the Secretary said just now, at present, the economic situation in Hong Kong is highly favourable and the economic growth rate last year exceeded 6%. Compared with other places, in particular, other developed

regions, we are really lucky because the financial ministers of many places are very worried about the source of funding.

What is our situation? Yesterday, I learnt about the forecast made by HSBC, which says that our surplus at the end of this financial year will probably exceed \$80 billion and that the fiscal reserves of the Exchange Fund stands at \$551.4 billion (this figure may by now have lagged behind the latest figure a little), whereas the accumulated surplus is \$582 billion. The disposable amount (the sum that is debt-free) stands at over \$1,100 billion in total. Can you appreciate how great this sum of money is? However, at the same time, over 1 million people are struggling in deep water. For this reason, Mr WONG Sing-chi moved this motion in the hope that the authorities can introduce some measures to ease people's hardship.

However, even if the measures to be taken are one-off in nature, they should not be described as "handing out candies" or "handing out rice" because if the things handed out are of this nature, this is actually tantamount to giving away alms and Hong Kong people would not accept this kind of alms giving. Moreover, these things should not be considered as alms. President, both you and I know that the money belongs to Hong Kong people, so why do we need the rich and the powerful to give us alms? For this reason, when we met with the Financial Secretary on Tuesday, I also asked him not to make such remarks. It is a pity that he always turns a deaf ear to us, so yesterday, he still talked about "handing out candies". I hope the authorities will refrain from insulting the people of Hong Kong, since that is something that rightly belongs to us.

Having heard so many Members speak, I believe Mr WONG Sing-chi has already grasped the situation. We originally thought that several weeks before the release of the Budget, the Legislative Council would be able to convey a consensus to the authorities, so that they can do something. However, having heard the comments, I am afraid the chances are very slim.

In fact, we have so much money and we are not advocating raising the taxes. I understand that when it comes to raising the taxes, a great deal of controversy is involved. However, President, perhaps both you and I know that some rich people do not mind increases in taxes. Of course, we are not talking about an increase of as much as 10%. If the taxes are increased by 1%, 2%, 3% or 4%, they will not mind. Why? Because when they see those old people

pushing wooden carts, collecting carton paper or rummaging rubbish bins for metal cans in the streets, they would all feel ashamed. Why has a Government that has amassed \$1,100 billion degenerated to such a stage?

Therefore, those people are willing to contribute a little more money, so that poor pupils can receive free kindergarten education, more places of university education can be available, more members of the public can be offered housing and all of us do not have to be so worried, so that they can have greater peace of mind when taking public transport, instead of saying, "Ms LAU, I can skip meals but I cannot skip taking transport. Each day, I have to spend \$50 or \$60 on transport and that is really a heavy burden on us." The authorities have to take action on these issues.

However, when we in Democratic Party proposed abolishing the standard rate for salaries tax and aroused the opposition of various political parties and groupings, we knew that this really would not bode well. That the motions moved by us are not passed is a common occurrence. However, what kind of message will this deliver to the authorities? President, it is that of a divergence in views. You have also heard this many times. You heard this in the debate on constitutional reform, and this is always the case for everything. When the views of the Members in this Council differ, the authorities can get and do whatever they like. In addition, given the comments of the Financial Secretary yesterday, I believe all of us do not hold high hopes for this Budget.

President, you may have noticed that the University of Hong Kong published a survey at the end of last year on several issues of great public concern. For many years, the public have attached the greatest importance to the prosperity of society. However, the survey found that for the first time in 17 years, this expectation of a prosperous society had fallen to third place. President, what do the public value the most? It is a clean society, followed by a fair society, and a prosperous society only comes next. This shows that apart from attaching importance to their daily needs, they also find that around them — it may not be themselves — over 1 million people are living in difficulty, that they have contributed so much but cannot share the fruits of prosperity.

I call on the authorities to introduce not just one-off measures but commit more resources to permanent measures, for example, education, healthcare and welfare. At present, the golden rule is that public expenditure cannot exceed

20% of the GDP. I do not agree with this. I am not demanding that Hong Kong become a so-called welfare society or what Beijing describes as a car crash resulting in fatalities. However, if we can raise this proportion a little bit, by just a few percentage points, a little more can be done in some fundamental areas like welfare, healthcare and the ageing population (at present, a lot needs to be done for elderly people). I believe the authorities should absolutely do so, or the grievance of the public will continue to mount. You wonder if they hate the rich, but I am not sure either. However, those people do hate some inequitable policies very much, in particular, those that they believe are biased in favour of a certain group of powerful and rich people. These policies make them particularly irate.

President, the demands made in Mr WONG Sing-chi's motion are so basic and I also believe they will win the support of several million people. However, it is still possible that the motion will not be passed. If the motion is not passed, those who vote against it have to give an account to the community. However, if the SAR Government cannot introduce measures that can really ease the people's hardships and help society narrow the wealth gap, I believe it should be heavily condemned by the people.

DR LAM TAI-FAI (in Cantonese): President, the Government said that the inflation rate last year was about 2.5% and that it might be higher this year. Some experts said that it would rise to 4% and the International Monetary Fund even forecast that the inflation rate would reach 5% by the end of the year. I believe that if the Government does not take effective measures to ameliorate inflation, members of the middle and lower classes and small and medium enterprises (SMEs) will surely wail in misery.

President, the inflation problem facing Hong Kong mainly arises from the exchange rates and imported inflation. As we are aware, Hong Kong has no natural resources and there are not a lot of local products either. Many commodities, food and raw materials are imported. Also, the Linked Exchange Rate System in Hong Kong pegs the Hong Kong dollar to the US dollar. Members all know that the current weakness of the US dollar has caused the value of the Hong Kong dollar to fall, thus making the prices of many imported goods rise. What are the reasons? Because goods from the Mainland and Japan actually account for about 55% of the goods imported into Hong Kong and

the exchange rates of the currency of these two places have risen substantially in the past year. Regarding the Renminbi (RMB), the exchange rate between the US dollar and the RMB has risen to \$6.6, representing an increase of 3% or 4%. The rise in the value of the Japanese Yen, at over 10%, was even more drastic, and it seems that at the end of last year, the exchange rate had risen to some \$81 or \$82.

At the same time, the buoyant Mainland economy is actually desirable. It has led to increases in the income of Mainland citizens and their purchasing power and domestic demand are very strong. However, they have also led to continuous increases in production costs and the increases in commodity prices are hefty. Some figures of the last month show that inflation on the Mainland has actually increased by more than 5% and it is estimated that it may rise to more than 6%. As a result, imported inflation may escalate. Consequently, the prices of such imported goods as food and even clothing and daily necessities have all risen heftily, so it can be seen that imported inflation is actually very serious.

With the higher costs, what can SMEs do in operating their businesses? The only way is to transfer the higher costs by raising prices. However, it may not always be possible to raise prices because not all costs can be transferred. If the costs cannot be transferred, SMEs can only operate at a loss and even close down. If the costs can be transferred, members of the public would then be victimized. In fact, SMEs in the import and export sector are also having a big headache because the fluctuations in exchange rates are very great and they may find that the orders are fulfilled at no gain on settlement on account of the exchange rate. Simply put, inflation leads to a lose-lose situation for SMEs and members of the public. For this reason, I think it is time the Government conducted a review of the pros and cons of the peg.

Concerning relief measures, at present, the Government has amassed such a huge surplus — many Honourable colleagues also said just now that this year, the surplus is expected to amount to tens of billions of dollars — to members of the public, it can be said that bureaucrats are getting rich but the masses are becoming poor. Since the Government has such a large surplus, actually, it definitely has the ability to introduce some measures to help us cope with inflation. Of course, these measures must be able to treat the symptoms as well as addressing the root causes.

Yesterday, the Financial Secretary said that it would not do to hand out candies because doing so would increase the inflationary pressure. Acting Secretary, today, I hope that you can convey my views to the Financial Secretary. I strongly disagree with his comment. Of course, perhaps I do not understand his grounds. However, I definitely do not agree with his concepts of financial management. It must be noted that what we mean by "handing out candies" is not asking the Government to give away money to the public or to give "red packets" to the public and tell the public, after receiving the "red packets" or money, to spend them on new clothes and eating abalones, thus pushing prices higher. If this were the case, inflationary pressure would increase. What we mean by "handing out candies" is actually our hope that the Government would introduce some relief measures. We only use the phrase "handing out candies" to make the idea readily comprehensible, but what we actually mean is relief measures. The public may use the money so obtained to pay electricity and town gas bills, tuition fees, and so on, so Members must not be mistaken. In this regard, I think the Financial Secretary must rectify his concepts in financial management.

In addition, I think that the Government has the responsibility to guard against inflation because the authorities are not doing a good job in this regard. If we take a look at this year, we will find that the two power companies have made tariff increases, the tunnel companies have increased their tolls and even the town gas company has increased its tariff. With these public utilities levying increases incessantly, the burden borne by the public is getting even more onerous. The Government should be the one to keep the gate, should it not?

In addition, many Members or Honourable colleagues often criticize employers for not increasing wages and as a result, the wages of wage earners cannot catch up with inflation. In this regard, the Government is also at fault. Since there are so many members of District Councils in Hong Kong, why does it not increase their pay? The Government has to take the lead in increasing their pay as these members of District Councils are also very miserable.

At the same time, I also have to propose some ways of addressing the root causes. The most important thing in addressing the root causes is not to be afraid of inflation. So long as money can be made and we are competitive, inflation can be countered. For this reason, in the long run, the way to address the root causes is to enhance the competitiveness of SMEs and the public and

enable them to make money. In this way, inflation can naturally be countered and only in this way can the root causes be addressed. Therefore, the Government must introduce measures to "support enterprises and preserve employment".

Yesterday, there was an interminable argument over the date of 1 May. A minimum wage will be introduced on 1 May and the operation of SMEs will surely encounter difficulties greater than before, so what should the Government do? It has to help SMEs improve their business environment, so that everyone can make money and a living and get business opportunities. I often say to the Acting Secretary that amending section 39E of the Inland Revenue Ordinance (the Ordinance) can obviously enhance the sustained competitiveness of all companies and enable all companies to continue with their operation, so that they do not have to face the pressure of layoffs or wage reductions. But why do the authorities not do so? Why are they so headstrong, as though they were being peevish? In the end, this would make companies lack sustained competitiveness. In that event, what can be done? In the end, this will only make companies unable to counter inflation. I wish it can be conveyed to the Secretary that today, a case in which the Inland Revenue Department sought to recover \$800,000 from a member of the public on account of section 39E of the Ordinance came to my attention. He asked me if he should pay the tax and whether or not this should be done. When I was meeting him, I really did not know how to answer. I wish to ask the Secretary to give his telephone number to me, so that I can tell that person to contact you direct.

President, knowledge is wealth and the best way of enhancing the upward mobility of young people is to enhance their knowledge and enable them to pursue further studies continuously. There is a shortage of university places in Hong Kong, so we can consider financing some students to study on the Mainland or even overseas, so that they can pursue further studies and enhance their ability to make a living. In the long run, only by doing so can the root causes be addressed. The industries of Hong Kong are overly unitary, so instead of teaching people how to speculate on stocks and properties, we should teach them how to operate industrial undertakings. Therefore, it is more preferable for the Investor Education Council to examine how it can be upgraded to and transformed into an education council.

President, I so submit.

MR LEE CHEUK-YAN (in Cantonese): President, Dr LAM Tai-fai said just now that the Financial Secretary has stated he would not hand out any candies. I think this comment of the Financial Secretary is an insult to the people of Hong Kong. Did the Hong Kong public ask him to hand out candies? What the Hong Kong public need is not candies, rather, in view of the over \$1,000 billion of surplus amassed by the Government and the fact that if the Exchange Fund is factored into this, the surplus even amounts to \$2,000 billion, they hope that the Financial Secretary can really resolve the unequal distribution of social resources in society, the hardships faced by people in living, and structural poverty in society. We are not asking him to hand out candies. The public did not ask him for candies.

The Financial Secretary said each year that he would not hand out candies but Members, the most laughable thing is that each year, all that he knows is to hand out candies. *(Laughter)* What has he done? If Members take a look at what he did last year, the year before the last and two years ago, they would find that all he did was just to hand out candies. This is what I am most angry with. Although he said he would not hand out candies, in the end, all he did was exactly that. Moreover, he is unwilling to solve the problems.

The Financial Secretary often says that the financial policy of the Government is that money should be spent where it is due. I wish to ask him if the money that people are now calling on him to spend ought not to be spent. For example, regarding elderly people waiting for places in residential care homes for the elderly, they cannot get a place even on the day of their death and the Government has all along failed to meet the demand for an increase in residential homes, so should not money be spent on this? It is right for this group of elderly people to wait until their death, so the number of residential care homes should not be increased, should it?

Recently, I had a Winter Solstice celebration with a group of people suffering from muscular dystrophy by having a meal off the Legislative Council Building. Why did we do so? In fact, they only want to make one request, that is, to go home and make use of home care services. This is Secretary Matthew CHEUNG's pet measure. Each time I raised the issue of residential care homes with him, as we all know, he liked to talk about home care services very much. However, when I suggested that home care services be provided to people with muscular dystrophy, he said that it was not possible because these people needed

care round the clock. The rationale is very simple. If it is family members who provide round-the-clock care, do they not need to work and support their families? Has the Government introduced any subsidy for carers? If the Government offers a subsidy and some help to them, we would not think that there is any problem. However, the Government does not provide any subsidy to carers, so is this kind of money not worth spending?

They also have another request, that is, if they choose to go back home, can they apply for CSSA? The answer is in the negative. They can apply for CSSA only if they stay in the hospital. However, what this group of people or people with serious disabilities need badly is to go home and live with their family members. However, the Social Welfare Department has to vet the means of the whole family. As a result, it is certain that their applications for CSSA will not be approved. Is this kind of money also not worth spending? They should stay in the hospital instead of going back home. The Government does not provide any subsidy to the carers, but it is also not possible for them to apply for CSSA in their personal capacity.

The third kind of people we often talk about is elderly people who collect carton paper. Why do they have to collect carton paper? Because although they have \$120,000 in lifelong savings, they are unwilling to spend them, so they are not eligible for CSSA. Some people may say: This is really over the top. They may as well spend all their lifelong savings, then let the Government help them. However, this is not how elderly people think. What is so admirable about them is that they do not want to spend their hard-earned savings. For this reason, they fight for carton paper among themselves, but since there is greater competition in the market and too great a supply, the price of carton paper has also gone down. Does this group of elderly people not deserve being granted CSSA, and is the money in this regard not worth spending?

On children, the Complaints Division of the Legislative Council also once received a complaint about a single-parent mother on a two-way permit having to take care of two to three children but this family of three can only receive CSSA payment enough only for two persons, whereas two persons can only receive CSSA payments that is enough only for one person. Does the Hong Kong Government mean that it is not worthwhile to spend money on these people? These children grow up in single-parent families, and they are unwilling to go back and live on the Mainland, but this is only because they do not have

household registration on the Mainland. Is it not worth spending money in this regard?

We demand that the Government conduct a comprehensive review of the CSSA Scheme. At present, inflation is even fiercer than a tiger. The Financial Secretary may grant another month of CSSA payment when he releases the Budget, but we are not asking him to hand out candies. Rather, we are asking him for a comprehensive review of the CSSA Scheme. Is it also not worth spending money in this regard?

At present, elderly people are entitled to \$250 of medical vouchers. We hope that the Government can increase the amount, so as to make it easier for them to seek medical consultations because it is really onerous to queue up for consultations at out-patient clinics. If one makes a call to make an appointment, one will find that the consultation chips have all been given away. Do you want to seek consultation in out-patient clinics on the very day that you fall ill? Sorry, please come tomorrow. Is it not worth spending money in this regard?

On the Work Incentive Transport Subsidy (WITS) Scheme, this Scheme makes me feel even more indignant. Sometime ago, the Legislative Council Panel on Manpower discussed this new WITS Scheme. Under the new Scheme, applicants will be means-tested on a household basis, but they will be granted a subsidy of only \$600 monthly. It is unlikely that a family of two that is originally considered belonging to the low-income group earning a monthly income of \$6,500 each is eligible for the subsidy because if they earn an income of \$6,500 each, the amount already exceeds the income limit for a three-member family, so they are not eligible to apply. Is it also not worth spending money in this regard?

At present, young people in the middle-income bracket aspire to buying their own homes and hope that the Government can revive the Home Ownership Scheme. However, the Government has rejected this request and added that they should not plan to acquire a property in Central. In fact, it has never occurred to them that they should acquire a property in Central at all. Is it also not worth spending money in this regard?

We hope that small-class teaching can be implemented and a better job in education can be done. Is it also not worth spending money in this regard? We say that the pre-primary education voucher scheme for kindergartens should no

longer be implemented and it is preferable to provide 15 years of free education, as in the case in Macao. Is it also not worth spending money in this regard? I hope the Secretary can respond to the items raised by me one by one and say if it is not worth spending money on any of them.

President, having talked about all these items on which it is not worth spending, what actually are the items on which it is worthwhile for the Government to spend its money? It is worthwhile to spend \$60 billion on building the express rail link. There is also a Mega Events Fund, but I do not know what purpose it serves. It is only designed to organize some pointless activities but the Government thinks that it is worth spending money in these areas. When poor people make various kinds of applications, they are subjected to thorough vetting, but the consortia making applications under the Mega Events Fund are not subjected to any vetting. In addition, the Government also says that it wants to bid for the right to host the Asian Games, so it is worth spending this kind of money. The Government is most apt at spending money for no good purpose.

In the past, the Financial Secretary handed out candies amounting to as much as \$100 billion in total. If this sum of money had been spent properly to do something practical, all the problems mentioned by me just now could have been solved. The Financial Secretary was right in saying that he was not a miser. In fact, he is worse than a miser. He is a cold-blooded penny pincher. President, this is what makes one angry. He manages such a large sum of money, but he has not solved the problems that really call for action. To solve the problems, the Government must increase its recurrent expenditure.

Thank you, President.

MR TOMMY CHEUNG (in Cantonese): President, the rising inflationary pressure is now a pressing issue and the general public feels that various costs of daily life, such as clothing, food, housing and transport, are all getting very expensive. However, among all these, food matters the most to the grassroots because no matter how thrifty one is, one still needs food to fill the stomach, so it is more difficult to scrimp on food. According to the figures of the Census and Statistics Department, the Composite Consumer Price Index in November last year increased by 2.9% over the same period last year. Among the increases,

that in food (excluding that of dining out) increased by 6.1%. In particular, given the recent poor global weather, there were many instances of crop failure, livestock being frozen to death or disruptions in supply. This will surely push up the prices of food further. For this reason, in order to ease the troubles posed by inflation to the grassroots, offering assistance in respect of food has become quite important.

Although the Government has allocated \$100 million to support the food banks operated by voluntary agencies to provide short-term support to members of the public in need, due to the government policy, these food banks can only provide assistance to individuals for a maximum period of six weeks and these people have to fend for themselves afterwards. The Liberal Party believes that given the serious food-related inflation now, the Government can consider relaxing the relevant requirement. The Government should allow food banks to provide another six weeks of assistance to members of the public in need to meet their pressing needs in view of the circumstances.

In addition, we are also particularly concerned about the health and growth of poor children. For this reason, we believe the Government should also consider issuing food vouchers to poor children aged under 18 to compensate for the effects of serious food-related inflation on their living. In fact, in countries and regions such as the United States, the Mainland and Taiwan, food voucher schemes are in place and considered an important measure to help the grassroots, in particular, to enable poor children to grow up healthily. The Chinese brochure of the Food Stamps Programme of the United States Department of Agriculture says, "You want the best for your family. You want everyone to stay well and for your kids to grow and learn. Using food stamp benefits to purchase healthy foods for your family can help make this happen." In fact, according to a study of the American Medical Association, half of the children in the United States depend on food stamps in various degrees to support their living.

All the countries or regions mentioned have quite well-developed food bank networks but food vouchers are still used extensively. This is proof that these two measures are complementary in nature rather than mutually exclusive. Moreover, our proposal is targeted on poor children and it is hoped that children can eat better, so that they can stay healthy and obtain adequate nutrition. For this reason, in our proposals relating to the Budget, we propose that the

Government provide food vouchers worth \$100 each month to each poor child or young person aged under 18 in the coming year, so that their parents can use the vouchers to buy fresh food for their children. Particularly, before adjustments can be made to CSSA payments in view of inflation, this policy is all the more urgent, so I hope the SAR Government can consider this proposal.

Not only does rising inflationary pressure affect the grassroots, it also exerts great pressure on small business operators at the grass-roots level. For this reason, the Liberal Party proposes that the Government should set an example and take the lead in suppressing the trend of price hikes by freezing such government fees and charges as the vehicle licence fees for commercial vehicles and waiving hawker licence fees for at least one year.

President, fixed-pitch hawkers and itinerant hawkers have to pay hawker licence fees. Earlier on, when the Government introduced a waiver on business registration fee as a relief measure, hawker licence fees were not exempted. In fact, Mr Vincent FANG has clamoured over this for as many years as he has been a Member of the Legislative Council and he feels very indignant, so much so that he has left today, so I have to speak on his behalf.*(Laughter)* The Government's measures cannot benefit hawkers operating in difficulty at all. Therefore, the Government must include the measure of exempting hawkers' licence fees in the new round of relief measures to be introduced by the Government.

Lastly, I wish to talk about the difficulties of the catering industry. Since our food ingredients are mainly imported from the Mainland, with the appreciation of the Renminbi, the imported inflation borne by our industry is far more serious than that of other industries. In the past few months, suppliers have raised the prices of food ingredients such as flour, sugar, oil, egg and meat substantially. Moreover, the increases were in double digits and some of them were even by many folds.

I am particularly worried about restaurants of small or medium scale in areas with weak consumption power. Apart from the drastic rises in the cost of food, in response to the introduction of a minimum wage, it is also necessary to increase the wages of employees substantially. Facing multiple challenges, business operation is extremely difficult but the areas in which these restaurants are located have very weak power of consumption, so they may not be able to transfer the increases to consumers and the risk of their closing down is very

great. For this reason, in the crucial year ahead, I hope the authorities can provide targeted assistance to them. Apart from waiving or reducing restaurant licence fees, it is also hoped that the authorities can take the lead in reducing rents and waiving the rents of the shopping centres and markets in housing estates under the management of the Housing Department and the rents of public markets for at least two months. Not only can this measure ease the pressure on small-scale or medium-scale businesses, it can also ease the pressure of price increases in these grass-roots areas.

President, I so submit.

PRESIDENT (in Cantonese): Last time, I heard a Secretary pronounce "遏止(at dzi)"(suppress) as "歇止(kit dzi)" but I did not correct him at that time. Later on, Mr LEUNG Yiu-chung raised this point. This time, I have to state that the correct pronunciation of "'遏止(at dzi)' (suppress) the spate of price increases" should be pronounced as "壓止(at dzi)".

MS LI FUNG-YING (in Cantonese): President, the Financial Secretary is conducting consultations on the Budget with Members of this Council and various sectors of society. Although consultations are carried out on the Budget each year, to a large extent, it is just about everyone making their own representations. However, this year, I feel that it is somewhat different and all people concurred in hoping that the Financial Secretary can solve the deteriorating problem of wealth disparity in Hong Kong through the system and wealth redistribution. In the same vein, among the many proposals in the motion and the many amendments, apart from one-off measures, many of them also touch on the reform of the tax regime. Although the details of these proposals are still open to debate, in principle, I support these changes.

President, in the past few months, the public felt the sudden onset of inflation. Although according to the figures of the Census and Statistics Department, the rate of inflation in November last year was only 2.9%, the public certainly do not think that inflation is so mild. The prices of all such basic necessities as clothing, food, housing and transport have generally risen by 10% to 20%. The causes leading to the onset of inflation in Hong Kong are many, for example, the appreciation of the Renminbi, high rents and prices and the

quantitative easing policy of the United States, but there are also claims that the introduction of a minimum wage has triggered inflation. I definitely take exception to that point. Compared with 2009, the average real wages in the third quarter of last year dropped 1.5% year on year and the drop in actual wage for some low-skill jobs is even greater. This precisely shows that the prevailing inflation has no relationship whatsoever with the implementation of a minimum wage. Moreover, given that the actual wage is showing a trend of decrease, it is necessary for us to implement the minimum wage as soon as possible and take essential steps to cope with the pressure of inflation on the grassroots.

President, here, I wish to recap the views I put forward to the Financial Secretary. I think that if public funds are to be used appropriately to help members of the public in the greatest need counter inflation, it is necessary for the Government to formulate a basic living index, so as to complement the implementation of the minimum wage and subsidize members of the public whose living cannot reach the index standard. The baseline should be set at \$6,500 and the means test for the transport subsidy scheme should be abolished. More food vouchers should be issued to compensate for the minimum wage eroded by inflation. Earlier, when this Council scrutinized the subsidiary legislation under the minimum wage law, I already put forward these proposals.

President, last year, I criticized the budget for still being obsessed with how to make the pie bigger with a view to creating a trickle-down effect, in the hope of solving the problem of wealth disparity in Hong Kong. However, it appears that the Financial Secretary did not include how to share the "pie" properly within his scope. I can see that today, many Members have put forward proposals on how to allocate the pie properly, so the Financial Secretary should not, nor can he ignore Members' views once again. I hope the Government can propose specific proposals in the future to ease the pressure of living on the grassroots in fundamental ways.

President, I so submit.

MR IP WAI-MING (in Cantonese): President, many Honourable colleagues said that the so-called "rapid economic growth" has also brought along a staggering

inflation. I wonder if the Secretary has ever been to a supermarket or wet market where everyone can feel the impact of inflation there. Therefore, I mentioned earlier that the inflation forecast of 1.7% for this year, up only 0.2% from 1.5% last year, does not mirror what we see and feel in our daily life.

Several months ago, I bought a pack of rice for more than \$70. After finishing with that pack of rice, I went to buy another pack and found that the price had risen to \$99 in a few months' time. People used to say they "barely live on canned foods". Now, a can of luncheon meat — which was once a favourite dish in our childhood — is found to cost \$21 to \$22.

I think the prices of daily necessities such as fuel, rice, cooking oil, salt, soy sauce, vinegar and tea are all soaring high, painting a picture completely different from the moderate rise of inflation rate from 1.5% to 1.7% as announced by the Government. Given this, I believe the Secretaries and Bureau Directors should find an occasion to join us on a visit to supermarkets or wet markets and see what can be bought for a meal in a typical family — a couple without kids — with \$100 no let us set it at \$50 as many people are spending less now. I really hope that the Government will give consideration to this aspect.

Indeed, the existing living standards of the wage earners are falling, rather than rising. Even if there is a salary rise, the government statistics showed a negative real income growth for the third quarter. Many Honourable colleagues said that this is probably because of the United States' quantitative easing policy, resulting in a huge influx of hot money into the territory. And that is exactly why we feel there is a problem. We noted that other countries or regions have been working on ways to cope with the hot money. However, the Government still maintains the so-called free economy principle and let the hot money flow freely into Hong Kong to take away the economic fruit borne by Hong Kong people and eat into our lives, without introducing any relief measures to help the public.

The authorities claimed that maintaining a free economy means refraining from imposing restrictions on capital inflow. Well, if we cannot restrict capital inflow, what are the specific relief measures the authorities are taking to address the problems? The Financial Secretary indicated yesterday that "handing out candies" cannot solve the overall problem. In fact, the proposals made by us

today are not asking for "candies" from the Government. Since the reunification, the Government has resorted to "handing out candies" to clear the air of discontent in the community whenever it emerges (This is especially the case in recent years) and create "harmonious" voices. However, as we lack a comprehensive set of social policies, the "candies" given away every year could only offer short-term relief with limited practical benefit for the general public. Very often, these kinds of "sweetener" measures fail to address the long-term needs of society. In my opinion, "handing out candies" is like taking painkillers, which can only relieve some of the pains suffered by the public and will induce side-effects if taken for a prolonged period of time. Secretary, these measures will not help the general public after all. I believe the long-term solution is to devise suitable social and taxation policies to answer the people's aspirations.

When the FTU met with the Financial Secretary this time round, it called for the introduction of progressive tax and a redistribution of wealth. Due to certain social, economic and historical factors in Hong Kong, much of our wealth falls into the hands of large conglomerates and property developers, resulting in an uneven and unfair distribution of wealth. This is exactly why the public cannot reap the benefits of our rapid economic growth and gain wealth from it. We believe the Government should heed our advice and introduce progressive tax so as to redistribute wealth through taxation measures. It should also make use of the tax revenue to implement reforms to address the community needs. People will one day "fed up with" the "candies" if given continuously. They will ask the Government why it only gives away "candies" instead of sharing the overall economic pie to let the public benefit more from it.

Therefore, I hope the Government will give more consideration to this aspect and take the proposals we made today seriously. Special efforts should be paid to the tax regime to make it fairer to the public. To make the public feel at ease, we think it normally involves two areas of concern: the first is whether the judicial system is impartial; and the second is whether the tax regime is fair. However, people seem to not feel the tax regime fair now. A survey by the University of Hong Kong also shows that the public is now hoping more for fair treatment rather than economic prosperity. We hope the Government will cease using "candies" as a way to respond to the community needs.

MR JEFFREY LAM (in Cantonese): President, as the year 2011 begins, the two power companies and the Tai Lam Tunnel have raised their tariff and toll respectively. Applications for fare increase are in the pipeline for public modes of transport such as buses, trams and taxis. The Government recently announced an overall inflation rate of 2.9% in November, among which food prices — an item closely related to the people's livelihood — had even surged by 6.1%. It can be said that the prices of every food item such as fuel, rice, cooking oil and salt are all on the rise. I believe the public can all feel the immediate inflationary pressure.

Besides, the industrial and commercial sectors are also feeling the pressure of rising operating costs like rents, wages and raw materials, which comes along with the inflation.

Hong Kong is an open economy. Consumer prices are vulnerable to external influence. For example, the price increase of imported goods and QE2 launched earlier by the United States Federal Reserve are factors contributing to the asset bubbles and inflation in Hong Kong. The Government has also forecast local inflation to continue surging this year. The International Monetary Fund even forecast this year's inflation rate would reach 5% in Hong Kong.

In addition, the Hong Kong dollar inevitably depreciates in tandem with the US dollar under the Linked Exchange Rate System. Many of those who have long been running business on the Mainland are gradually feeling that they can "buy less" with the Hong Kong dollar as time goes by. As the inflation problem is worsening on the Mainland, these Hong Kong businessmen are feeling the pinch of rising raw material prices and higher wage demands.

President, the Central Government had stressed many times last year that it would give top priority to stabilizing consumer prices this year. This is a step in the right direction to curb inflation, but only with little immediate effect and minimum benefit for Hong Kong. Therefore, the SAR Government should take swift actions to address the problem properly.

President, Economic Synergy has already proposed various relief measures to help members of the public and the industrial and commercial sectors when it made recommendations to the Financial Secretary, Mr John TSANG, on the Budget last month. These measures include rates concession, strengthening

support for food banks, providing two additional months of payments for CSSA and "fruit grant", and reduction of business registration fee, market rents and rents of shops under the Government. They are in line with many of the proposals raised today under the original motion and various amendments.

On the housing front, we suggest that the Government should step up its efforts to help the first-time home buyers. It includes relaxing the mortgage insurance requirements for first-time home buyers by offering them mortgage loans of 95% for properties valued below \$3 million, with the Government subsidizing half of the total mortgage insurance premium. Apart from this, the Government should continue to increase land supply and enhance the My Home Purchase Plan, and so on.

However, the relief measures can only temporarily ease the burden of the public and the business enterprises. Indeed, the Government should address the roots that are causing the price escalation, such as the inflow of hot money and imported inflation. It should also guard against the risk of asset bubbles, which could jeopardize economic recovery and market stability.

President, we generally agree to most of the relief measures proposed in the original motion and various amendments. However, we have reservations about the proposal of abolishing the standard rate for salaries tax. According to the 2008-2009 figures released by the Inland Revenue Department, there were 9 400 citizens paying tax at the 15% standard rate, which accounted for only 0.7% of the total number of taxpayers but over 36% of the total salaries tax revenue. If the standard tax rate was abolished, the source of government tax revenue will be further concentrated on the small number of high-income earners. Is it healthy for our narrowly based tax regime?

I am not totally opposed to the proposed abolition of standard tax rate. However, any changes to the tax regime will affect not only government revenue, but also members of the public at all levels. Therefore, it is unwise to take hasty actions. A decision should be made only after a consensus is reached in the community through widespread consultation, underpinned by a comprehensive review and study on salaries tax and even the whole tax regime.

Finally, President, I would like to respond to the question raised by Mr LEE Cheuk-yan on the approval of applications for the Mega Events Fund. I hereby declare that I am the Chairman of the Mega Events Fund Assessment Committee. It was completely wrong for him to say that there is no need to approve the applications for the Mega Events Fund as all the fundings are granted to large corporations. If he has ever paid attention to the local news or done research on the Internet, it is very easy to get that information. He should not make nonsensical points to mislead the public.

President, I so submit.

MR LEUNG YIU-CHUNG (in Cantonese): President, Ms Emily LAU told Mr WONG Sing-chi earlier that his motion stands little chance of passing. As a matter of fact, Mr Jeffrey LAM has also pointed out that his motion will unlikely be passed because of the lack of support for the proposed abolition of standard tax rate.

President, with the community facing such serious problems, Honourable colleagues have proposed different measures and expressed different views on it. I have heard today the views expressed by various political parties and groupings on matters concerning people's livelihood. They stood on the same line to "strongly" condemn the Government from different perspectives. For example, Mr LAM Tai-fai launched a series of attacks on the Government for failing to provide support to SMEs, right? Members have continued to go further to condemn the Government for not helping people to maintain their means of living. As for the grassroots or ordinary masses, it is just like what Mr LEE Cheuk-yan pointed out earlier, that the Government has failed to help them solve their problems, be they senior citizens, children or single-parent families.

President, what are the problems we face today? Indeed, there are only two main problems. The first problem is the wealth gap between the rich and the poor which has long existed and remained unresolved. The second is the inflation problem. It is because of these two main problems that so many political parties and groupings and independent Members joined together today to "lash out" at the Government. These problems have yet been solved till now and may still remain unsolved in the future. All of us lack confidence in it. Why?

I believe it mainly boils down to a few factors. The first is that the Government cannot discard some principles in order to get things done. What are the principles mentioned here? The first principle is the positive non-intervention policy. Since the British-Hong Kong Administration era, the Government has adopted the positive non-intervention policy to advocate free market operation and take no effective measures to address some livelihood problems. Simply take the case of reviving the Home Ownership Scheme as an example. We made this proposal to help those who are not eligible for public housing and cannot afford to buy their own homes. However, the Government rejected this proposal, thinking that it might affect the private market. This is an undesirable consequence of the positive non-intervention policy. Take the rental market as another example. We all know that nowadays both the small and medium enterprises, as well as the residential tenants are living a hard life, working for the landlords *de facto*. Those running a profitable business are also working for the landlords. Why? It is because landlords will raise rents whenever they see business booming. The rent increase will then trigger a rise in the consumer prices, making people's life harder. The same goes for the residential housing sector. Landlords will raise their property rents whenever they see a rising trend in the market. The rental market is allowed to operate freely without any regulation. The consequences of the so-called positive non-intervention policy are therefore adding to the heavy burden borne by the general public. That said, the Government still evades these problems and connives at their continued existence.

Another policy restraint is the capping of public expenditure at 20% of the GDP. We can therefore only hope that the Government will have more public revenue so as to increase public expenditure to tackle some social problems. As Mr LEE Cheuk-yan said just now, we hope there will be an increase in funding to address problems relating to residential care homes, CSSA and school age children, and so on. We hope there will be more funding to provide support in these areas. However, it is impossible as we are bounded by the golden rule/constraints of this policy. Subject to these two policy restraints, the Government must try to find a way out to tackle the problems. However, the Government has still to face the third problem — the most important but yet unsolved problem. The Government has increased its long-term burden without much consideration. What is the long-term burden mentioned here? Take the increase in CSSA payment rates as an example. If the Government increases the payment amount to a certain percentage level, it will create a long-term burden

rather than a one-off increase in funding. However, the Government is unwilling to do it this way. If the Government does not take a long-term approach to solving the problems, it will only resort to "handing out candies." Although the Financial Secretary said yesterday that the Government would not "hand out candies" in view of the uncertain economic environment in future. Mr LEE Cheuk-yan has seen through the Financial Secretary's tactic as he pointed out earlier that the Government would eventually "hand out candies" even though it tried to brush aside the possibility of this every year. Owing to the restriction imposed by the three restraints, the Financial Secretary cannot make any changes. He has no choice but to "hand out candies" or follow the footsteps of Mr Henry TANG to keep everything unchanged and slightly raise the corresponding funding amounts, considering the problems resolved. However, can it really solve the problems?

As I mentioned just now, we are facing a long-standing problem. The wealth gap between the rich and the poor has yet to be resolved. This is exactly due to our inability to tackle the problems at root, resulting in these perennial problems. Therefore, granting no breakthrough in the three major problems discussed here, what we can propose are only a host of fragmented and isolated measures that merely offer short-term solutions whenever problems arise. But do the problems truly get solved? They may be solved superficially, or the public voices may be suppressed. And that is all.

Therefore, if we are to find long-term solutions to the problems of inflation and people's livelihood in relation to the topic under discussion today, it is imperative to make a breakthrough in the three major problems. Otherwise, the problems will never be solved.

Indeed, when we talk about "handing out candies", nobody actually likes it as it only offers short-term benefits and may have harmful side-effects. That is not a good thing. As Ms Emily LAU said earlier, "handing out candies" gives people an impression of alms giving. Now, "handing out candies" not only impresses as an act of alms giving, it is also seen as a short-term measure which may only ease the situation this month but not next. So, what is so good about it?

Besides, if "candies are given away", people will become concerned more about the problem of uneven distribution than the amount of "candies" given.

Very often, people would ask why the "four noughts" could not receive the "candies". There will definitely be someone who is left without "candies". It is unfair as not everyone can get "candies". Such kinds of problems make "handing out candies" not a proper solution. We had better seek long-term solutions and the Government should therefore make a breakthrough on the constraints mentioned above in order to meet our demands.

MR CHEUNG KWOK-CHE (in Cantonese): President, the year 2003 saw a severe economic downturn with deflation and the bursting of asset bubbles in Hong Kong. The unemployment rate stood high and the Treasury suffered serious fiscal deficits at that time. That year, the Government used both carrot and stick to cut public spendings on people in poverty by lowering the CSSA payment rates on the one hand, call for social solidarity to ride out the storm together on the other.

Seven years have passed and we are in the year 2011 now. Hong Kong economy is back on track again with rapid growth. However, the increase in wealth has gone mainly to the rich people. The real wages of workers at the grassroots level are actually decreasing in the face of high inflation, and the wealth gap between the rich and the poor is further widening. The Government only "handed out candies" to slightly ease the public discontent in recent years, but such could by no means resolve the deep-rooted conflicts.

I basically agree to many of the proposals, both long-term and short-term, made by Honourable colleagues earlier. I also believe that these proposals can help the grassroots temporarily ease the transient pains inflicted by inflation. However, I am concerned more about how the wealth gap problem can be tackled in the long run. With a more even distribution of wealth, the grassroots can be less affected by an economic downturn if it occurs.

First of all, I believe Hong Kong should implement the negative income tax advocated previously by Milton FRIEDMAN, Nobel Prize winner in Economics. It is about subsidizing the low-income earners with financial subsidies to cover the shortfall in the amount necessary to maintain a basic living standard. Of course, the basic living standard level must be set higher than the minimum wage level and I believe it should be at least half of the median wage in order for the low-income earners to lead a decent life.

Implementing the negative income tax also has another advantage. It can avoid the labelling effect of the CSSA Scheme and skip the relevant process of "financial status verification" and the signing of "bad son statement". This is because after implementing the negative tax, all applicants, like other wage earners, need only declare their income in their tax returns. If the declared income falls below a pre-set level, the applicant is entitled to a subsidy. This can not only prevent the applicant from being stigmatized, the administration procedure will also be significantly streamlined.

My second proposal is the setting up of an unemployment relief fund. Although the unemployed people can now seek help from the Government by applying for unemployment assistance under the CSSA Scheme, it involves many levels of checking and cannot be granted within a short period of time to meet the immediate needs of the applicants. However, the nature of an unemployment relief fund is slightly different from that, with the aim of providing emergency support to the unemployed. It is a short-term measure for a period of about three to six months. If the applicant is still unemployed after that period and needs further financial assistance, it is appropriate for him/her to apply for CSSA.

As the current unemployment rate is not that high, the introduction of the unemployment relief fund will not bring much financial pressure to the Government. Moreover, the idea of setting an unemployment relief fund is not new. Many free market economies have a similar system in place. I only wish the Chief Executive can walk his talk of "Care What the Citizens Care" and provide support to the needy disadvantaged social groups, instead of gilting the lily of the already rich.

As for my last proposal, I would like to seek justice for the CSSA recipients. As mentioned in my opening remarks, the Government had lowered the CSSA payment rates for all CSSA family recipients by 11.1% in order to ease the financial difficulties in 2003. After all these years, the local economy has rebounded significantly and the Treasury is now flooded with cash. But the Government seems to have lost its memory, having done nothing to return the reduced CSSA payment amounts to those living below the poverty line.

During these years, the Government has, from time to time, provided "additional monthly payments" to the CSSA recipients to ease their financial pressure. But this is only a tricky approach that leads people to feel the generosity of the Government. However, the "additional monthly payment" actually belongs to the CSSA recipients. Therefore, the Government should make an upward adjustment of the CSSA payment rates by 11.1% as soon as possible. The Government should grant "one additional monthly CSSA payment" or even "two additional monthly CSSA payments" only if it really runs a huge budget surplus. By doing so, it truly serves as a relief measure to "hand out candies" that benefit the public.

My proposals here are not any bold ideas and will not involve huge public spendings. Frankly, these proposals actually aim to enhance the existing welfare system in order to enable the grassroots to lead a more decent life. I hope the Government will fully take on board my proposals in order to really share the fruits of prosperity with the general public. President, I so submit.

MR RONNY TONG (in Cantonese): President, inflation is only a natural phenomenon in the economic cycle. However, compared with other places, Hong Kong is more vulnerable to soaring inflation. President, why did I say that? Because the special characteristics of our economy are susceptible to inflation. Examples are our high land price policy, our susceptibility to Renminbi movements, the Renminbi appreciation and our currency peg with the US dollar, as well as the significant impact of international market. The 10 large-scale infrastructure projects initiated by the Chief Executive have all been launched recently to boost the economy. This is also a major factor that has further fuelled inflation. The surging fuel prices and the import of fuels from international markets also make Hong Kong more vulnerable to high inflation.

Relatively speaking, Hong Kong is less able to tackle inflation when compared with other places. President, there are only "three approaches" generally recognized by economists to tackle inflation. The most common measures revolve around interference with the interest and exchange rates, and the imposition of price control. On the interest rate front, Hong Kong has neither its own central bank nor any regulation on interest rates. Therefore, the

Hong Kong Government cannot tackle inflation by adjusting the interest rate. On the exchange rate front, as the Hong Kong dollar is pegged to the US dollar, the value of its exchange rate varies only within a narrow band of 0.1% or more. There is no room to manoeuvre the exchange rate. Besides, the Government has always been reluctant to impose price control. Therefore, it seems we can do nothing to tackle inflation. However, a series of media reports recently indicated that the Government had recorded a huge fiscal surplus, with the latest estimate hitting \$80 billion. Therefore, many Honourable colleagues have made the same request on the Government to "hand out candies".

President, "handing out candies" under inflation is actually a very dangerous action. We are not only lack of measures to tackle inflation, but also vulnerable to inflation. If "candies" are given, the situation will become even more uncontrollable. President, we must first define the meaning of "handing out candies". Generally speaking, all identity card holders will be entitled to such "candies" according to the past government practices. It is deemed fair in so doing by the Government.

However, here is exactly where the problem lies, President. It is because inflation is causing different impacts on different sectors of the community. Generally speaking, inflation will not affect the lives of people at the upper and middle classes, whereas it will seriously affect the lives of the lower classes. The price rise in staple food, transport fares and housing rents will definitely make the lives of grass-roots people more difficult. However, if the Government makes a one-off "handouts" or "hands out candies" to all people, or even provides tax reduction (Tax reduction is actually the most dangerous action) — providing tax reduction in the existing situation will encourage spending as everyone of us, including the upper and lower classes, will benefit from tax reduction — it will encourage spendings which will in turn further push up inflation. President, we therefore must review the definition of "handing out candies" before taking such action. If the "candies" are confined to the grass-roots people to help them tackle inflation, I will by no means reject such measure. In other words, if the Government is to "hand out candies", it should only do so selectively to a certain group of people rather than to all people on a full scale. The Government may question if it is fair to do so this way. Sorry, there is no absolute fairness in this world. Inflation is also an unfair economic

phenomenon as it will only affect the grassroots rather than the upper and middle classes. As such, may the Government please only "hand out candies" to the grassroots if it so wishes to tackle inflation in this way.

President, among the three generally recognized approaches I mentioned earlier to tackle inflation, we can only implement price control. Although the Government has never agreed to price control, I think it is necessary to reconsider implementing this measure. The Government may not necessarily have to control the prices, but it should at least bring down the food prices, especially the prices of staple food. President, the price of some kinds of pork now stands at \$1,000 per dan. The price of rice is also soaring high. It is inevitable as the import market in Hong Kong is monopolized. We can only solve this problem after the passage of the Competition Law.

However, I hope the Government will at least consider providing subsidies for staple food to offset the effects of inflation. President, on the transport front, the Government can adopt some offsetting measures such as subsidizing some transport operators to prevent them from raising fares. Take bus operators as an example, the Government can subsidize the cross-harbour tunnel tolls such that a reasonable fare level can be maintained. As for the light buses, we have mentioned before the existing proposal made by the green light bus operators to increase the number of seats to offset the inflationary pressure. The Government should also take it into consideration.

President, to sum up, we should not "offer cash subsidies". And if it is really the case, we should only "offer cash subsidies" to the grassroots. We have to control prices and at the same time curb speculation. President, if adequate measures are taken in these areas, we will be able to tackle the inflation problem in future.

MS CYD HO (in Cantonese): President, the poverty problem in Hong Kong is structural in nature, and structural problem should be addressed from the structure. I noted that many of the measures suggested in the motion are related to "handing out candies". But Mr WONG Sing-chi, who moved this motion, stated that these are not candies, but Band-Aids that temporarily stops bleeding. We have no choice but only to address inflation in the short run.

Having said that, President, there are also some fundamental problems. If people have some savings, it is not that hard to live with a 4% or 5% inflation for some time. However, the grassroots nowadays are already finding it hard to make ends meet. They have already found it difficult to meet the living expenses, so the impact of inflation will further deal a heavy blow to them. We see that inflation in the future is neither cyclical nor transient in nature. In fact, we are witnessing a structural inflation caused by some long-standing factors that have induced international energy, food and money supplies to trigger a global inflation. Even if there is really an element of cyclical movement, the cycle will only be on the upside as we see no signs of downward movement in the long term.

First, it is of course related to money supply. The United States is very irresponsible in trying to wipe away its debt problems by printing more greenbacks. However, other countries are bearing the brunt of this measure. Should we continue to use the US dollar as the major international currency? China is of course gaining greater bargaining leverage, able to engage in a currency war. Unfortunately, the Hong Kong dollar is pegged to the US dollar, and while we may sometimes benefit as a result of this, more often than not, we can rarely benefit from it. Since the financial turmoil in 1998, we have been discussing whether our currency should be re-pegged to a basket of currencies instead of solely the US dollar. It should be reviewed immediately.

Besides, the food price hike is generally caused by the global climate change which has made the overall supplies of food very unstable. The same goes for the situation on the Mainland. Since the opening of its economy, there has been a rapid reduction in agricultural lands. Many towns and villages have converted their agricultural lands to commercial or industrial purposes. However, the agricultural modernization cannot keep pace with the reduction of agricultural lands. Therefore, the Mainland now also faces the enormous threat of surging food prices. I have a November news report here citing the Provisions, Wine & Spirit Dealers' Association in Hong Kong as saying that the wholesale prices of canned meats have risen by 10% over the year. The import price of white rice (new crop) has also risen by 10% from that of the last imported shipment. As for pork President, I am talking about pork not Japanese beef its wholesale price is \$34 per catty, which is up by \$6 to \$7 from the early period of the year. All these items have recorded a double-digit rise in their prices.

At the international climate change conference held in Mexico last year, China agreed to the setting up of an international relief fund to help the Third World countries, which are suffering from crop failures and famines as a result of climate change, to overcome the food crisis. Hong Kong definitely does not fall within the category of Third World regions, but the wealth gap between the rich and the poor has posed a serious problem. The grass-roots people, no better than people living in the Third World, are suffering badly. As we will not benefit from this fund, we must find a way out ourselves. However, what the Government is doing right now — earmarking \$10 million to \$20 million for food banks — is far from adequate.

As for the CSSA Scheme, the standard payment amount is approximately \$1,800, whereas that for food is \$760. If there is a double-digit rise in food prices, the amount of some \$700 will be of no help to the recipients as there is no room to spend less anymore. The review of CSSA is lagging behind and it takes time for any upward adjustment in payment rates to be effective. How can the recipients live through that interim of a year or more than 10 months? President, the Trade Development Council should therefore not only focus on promoting the export of locally manufactured products, it should also be responsible for widening the import sources for food and foodstuffs. We have already seen a widening of the import sources with imported chilled pork from Thailand, as well as imported chilled beef. The sources should be further widened to cover other Southeast Asian countries so as to secure greater quantities and varieties of imported foodstuffs. By so doing, it will help the grassroots as we will no longer depend solely on the food supplies from the Mainland, better able to counter the inflation as a result of price hikes of food imports.

President, we have discussed the problem of surging housing rents for many times. I very much agree with the view of the Liberal Party this time. I should say the Liberal Party agrees with my viewpoint, that is, to increase the supply of public housing. Be it the resumption of the Home Ownership Scheme or the sale of public housing flats, they will not be effective. It is only by increasing the supply of public housing for grassroots that a knock-on effect will be achieved in bringing down the overall rent level.

Besides, the operation of many public utilities like electricity, gas and transport is monopolized under various franchise agreements. In this regard, the Government should seek to lower the guaranteed profit rate under the franchise

agreement. The guaranteed profit rate for the two power companies has been lowered to the existing 9.9% from over 10% previously. But it still stands at 9.9%. Why can it not be lowered further? President, even if it is necessary to "hand out candies", the problems will certainly not be solved in the long run. We must develop our economy and invest on the future. There are many administrative measures that can help the public without "handing out candies". They can easily be implemented by just redeploying necessary manpower resources in the Civil Service. I hope the Under Secretary will make prompt consideration in this aspect in order to lift the local grassroots out of the deep water.

MR CHAN KIN-POR (in Cantonese): President, the year of 2011 has just begun, but we have seen a wave of price rises in society. With effect from the New Year's Day, the two power companies have taken the lead to raise their tariffs by 2.8%. And the Tai Lam Tunnel toll, auto LPG price and aviation passenger fuel surcharge have all been increased. Operators of the Eastern Harbour Tunnel, Kowloon Motor Bus, tram and taxis have all applied for fare rises one after another. Meanwhile, fast-food chains indicated sometime ago that they would raise their food prices by 3% to 5% this year to cover the rising costs. The food and beverage industry also anticipated a price increase of 5% to 10% in the first quarter of this year. This year will obviously be a "price hike year".

The latest inflation rate stood at 2.9% in November last year, up from the 2.6% of the previous month. This year, the wave of price rises will certainly push up the headline inflation to a peak. Some academics have even estimated that inflation will exceed 5%. To the grassroots, the inflation index means the misery index. With a soaring misery index this year, the general public will certainly have a miserable year!

As Members may be aware, the causes of inflation are not simple, especially in Hong Kong given its unique characteristics. With China as our hinterland, Hong Kong depends very much on the Mainland for staple food supplies. As the Mainland is committed to developing its economy with high economic growth year on year, their consumer prices are naturally on the rise. With signs of a sharp rise in their consumer prices recently, the prices of goods supplied to Hong Kong will of course be seriously affected. As the movement of the Hong Kong dollar is restricted by the Linked Exchange Rate System, the

continuous appreciation of the Renminbi means diminishing purchasing power of the Hong Kong dollar. Members of the public therefore have to pay more to purchase Chinese products in Hong Kong dollars. This is the so-called imported inflation. The problem cannot be tackled unless we abolish the linked rate in Hong Kong.

Another factor causing inflation is the quantitative easing policies launched by various countries in the world, especially the United States, in the wake of the financial tsunami. It has resulted in hot money flooding the market. Hong Kong has also seen a massive capital inflow, pushing up asset prices and fuelling inflation. The economic upturn should normally be viewed in a positive light, but it actually paints a very grim picture for the grassroots, for the benefits brought by economic growth are concentrated mainly in the financial market, property sector and the knowledge-based industries. The grassroots in general will benefit not much from it, but they also have to bear the brunt of inflation that comes along with economic growth.

Besides, the Treasury is flooded with cash. The accountancy sector predicted that this year's fiscal surplus will range from \$62.1 billion to \$70.1 billion, the third highest surplus recorded since the reunification. It is attributable to the much higher-than-expected revenues raked in by stamp duties and land sales. As we are short of means to curb inflation, the Government, which is flooded with cash, should return wealth to the people and introduce inflation relief measures to meet people's immediate needs!

I would like to thank Mr WONG Sing-chi for moving today's motion which has given us an opportunity to debate on the most pressing problem in the community currently. I met with the Financial Secretary on the Budget this Monday. I hope he will propose effective measures — especially relief measures that are one-off, intensive and innovative — with emphasis on easing the pressure on workers living in poverty and the "three noughts" (People who are neither CSSA recipients, property owners nor taxpayers).

Four Members have proposed amendments to the motion today, covering a number of measures to relieve the pressure of inflation and living on the people. I agree to many of these proposals, such as the original motion's proposals of providing an electricity consumption subsidy, rates concession, and rent concession for public housing residents, as well as the prompt resumption of the

Home Ownership Scheme. These measures can provide direct assistance to the people in need. In addition, I support the idea of raising the tax allowances, namely the child allowance and the dependent parent allowance, to a suitable level as they have remained unchanged for several years. However, I am worried about the proposal of abolishing the standard tax rate across the board, as it is necessary to conduct thorough studies before making such a major reform. Therefore, I agree with the Member — Mr CHAN Kam-lam — on his proposal of conducting studies on issues, such as the desirability of abolishing the standard tax rate.

President, Premier WEN Jiabao of the State Council earlier appeared on a programme of the China National Radio and answered questions from the audience. When asked about the problem of inflation on the Mainland, Premier WEN said this problem hurt his heart. I do not know if the problem of inflation in Hong Kong will also hurt the Chief Executive's heart. I only hope that the SAR officials will heed our views and take them to heart to really work out some solutions.

President, I so submit.

MR ALBERT CHAN (in Cantonese): President, I am very pleased to have this opportunity today to express in this Chamber my opinions on the topic of urging the Government to take measures on tackling inflation and enhancing people's livelihoods.

In fact, these opinions should be fully expressed to the Financial Secretary when he presents the Budget or conveyed to him face to face. Unfortunately, our Government seems to be cross-eyed, with bias in selecting and judging people, and with policies skewing to one side.

The Financial Secretary should invite members of each political party to express to him in person their opinions on the Budget. However, the Financial Secretary, like the Chief Executive, only gave us a fixed time and date for such purpose and would not reschedule the meeting if we could not make it. This is the same way in which the Chief Executive handles things. President, this practice should be put on record and be condemned. This sloppy practice of the Financial Secretary and the Chief Executive that disregards Honourable Members' rights must be condemned. This is really a nonsensical practice.

In fact, it is he who invited us for a meeting. One of our three members, Mr WONG Yuk-man, was out of town at that time. I asked him if we could meet at other time. He just gave us an absurd reply that it was the only available time for the meeting, the same as the Chief Executive did last time. Therefore, the League of Social Democrats (LSD) must point out that the biased attitude of the SAR Government has made all the policies skewed to one side. Will he treat Mr LEE Ka-shing the same way when scheduling a meeting with him? Will he treat the rich people the same way when scheduling a meeting with them? He will always please the large conglomerates like a fawning dog begging for mercy. To us, radical legislators representing public opinions, he will take an "Out of Sight, Out of Mind" attitude to avoid meeting with us. Even a minute cut short in the meeting will mean less mental trauma to him. In so doing, he can continue to indulge in ego-inflation and arrogance. With such kind of government, we cannot face our supporters if we do not "sweep him away", "push him down", and throw bananas and durians at him. President, the LSD will certainly give the Financial Secretary a good treat in the upcoming Budget debate.

President, in response to the consultations, the LSD has raised its opinions on the issue of public finance many times. The management of public finance reflects the Government's values and beliefs in respect of public finance and humanity. As a traditional practice, the positive non-intervention policy has been blindly followed by Mr Donald TSANG. However, it does not work anymore in today's world. Even the United States — the leading capitalist country — needs to invest heavily on the finance sector and make enormous public spendings, especially on healthcare, and assumes basic responsibility in these areas. However, the SAR Government is still staying in the era of Social Darwinism, advocating the idea of "survival of the fittest" which encourages the more capable people to gain more. In today's humane societies around the globe, this kind of ideology, policy and value is absolutely outdated. With a government that is driven by outdated ideology and lacks any humane spirit continuing to take charge of public finance policies, the general public will definitely suffer continuously. Even the Macao SAR Government which, like the HKSAR Government, is also formed without a popular mandate, is prepared to offer a "cash subsidy" for three consecutive years. Providing a "cash subsidy" is the fairest and best approach. The LSD had already raised the idea of offering a "cash subsidy" before the Macao Government took such a measure. The SAR

Government is therefore stubborn and narrow-sighted in upholding the already outdated idea, in total neglect of the plight of the community.

The Financial Secretary said earlier that he would not "hand out candies". I am not asking for some "lavish candies" right now. We do not need "lavish candies". Most of the grassroots people are currently living under extreme hardship with no guarantee of enough food and clothings. I am not talking about "lavish candies", but the Government is duty-bound to help people enjoy a human standard of living. Nowadays, there are tens of thousands of citizens who have to collect cardboards and cans to earn extra money in order to maintain their living. This is a shame for Hong Kong. Such a shame is caused by the inhumane policies of the SAR Government. Therefore, we must condemn the entirely unsympathetic and inhumane Government. Please do not say to me things like "Care What the Citizens Care". The word "citizens" (民) here may only refer to "JIANG Zemin" (江澤民), not "Hong Kong citizens".

Therefore, the policies devised by the Financial Secretary of the Government will certainly continue to neglect the basic needs of living of the people. As a responsible Financial Secretary, he should include in the Budget initiatives to tackle inflation, protect people's livelihood and create employment opportunities. Providing a cash subsidy to every citizen direct is an important measure to protect people's livelihood and create employment opportunities. Continuing the measures of rate and rent concessions will only benefit the property developers. This is a skewed policy underpinned by a biased mindset. Such bias has resulted in policies that neglect the basic needs of the people.

Therefore, I call on all Members to refrain from holding the attitude of "making a criticism to help enormously". This is a usual practice of the political parties. They will harshly blame the Government when problems arise from the policies, but only eventually giving a vote of support to the Government. So, I urge these political parties But it is useless to urge them as they always say one thing but do another. Even the Democratic Party has turned to the side of the communists and engaged in closed-door discussions with them on the issue of constitutional reform. They will then also neglect the people's needs and support the Government.

Therefore, I call on the public to keep their eyes open and see how these political parties are going to play their tricks in the Budget debate. These political parties are only capable of chanting slogans in the communities. This is especially the case with the DAB. They often say that they fight for the public this way and that way, and claim credit once minor progress is made. But the public see no improvement in their livelihood in the end. And yet they continue to support the Budget that lacks substance to address the grassroots' needs. Therefore, I will keep a watch on the DAB in the upcoming Budget debate and see whether they will once again bury their conscience, turn their back on the public and neglect the needs of the poor by continuously supporting this lame government.

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

MR LEUNG KWOK-HUNG (in Cantonese): Like yesterday's debate on the minimum wage issue, we can only vote for or against the Budget, but not proposing any amendment to it. Therefore, in order to gain enough votes to pass the Budget, the Government will certainly lobby for supporting votes. It is not that difficult with the functional constituencies, especially at the stage of separate voting as half of the Members come from the functional constituencies. This explains why the Secretaries and Bureau Directors are absent today. What are they doing at this moment? What appointments are they tendering to now? We Members in this Legislative Council Chamber now would like to tell them our requests and what we hope them to do. The problem is actually very simple, because it has been addressed by closed-door politics, that is, to "hand out candies".

In fact, it may not be accurate at all when we say "handing out candies" to the public. A more precise saying should be "handing out candies" to the political parties. If your requests can be met this time, you may just produce a banner in advance for promotion. What is the meaning of "handing out candies"? You give a candy to a child when it is crying. That is what the so-called "handing out candies" means.

Depending on whether the Council will co-operate with us this time, we may not throw things at you. Or hit you certainly not. But I will probably propose a private bill to demand the setting up of a universal retirement protection scheme. I will do so very soon. If you do not pass the bill, I will call on the Members not to vote for you. This is the only way to make you see the coffin and weep. You may then say that the proposal of universal retirement protection may not succeed and confronting the Government this way will do no good at all as vetoing the Budget will trigger a financial crisis and harm the civil servants direct as their salaries cannot be paid out. This is the reality of the existing parliamentary system in Hong Kong. The Legislative Council Members will never dare to exercise their rights to embroil the Government in a political crisis. That is why you are all so arrogant.

The huge cash surplus in the Treasury actually belongs to Hong Kong people. It is certainly wrong not to spend our money on helping the poor and the needy. The senior citizens who have worked for decades but still cannot live a comfortable life and afford to pay their daily living expenditures and medical expenses. But the Government remains not moved.

Another point is on the tax regime. I heard the DAB demand a further tax cut just now. What kind of political party is it? Whenever there is a fiscal deficit, the Government finds ways to cut spending on the civil servants and all members of the public. But once the Government is "flooded with cash", it says that tax cannot be raised. I heard Mr CHAN Kam-lam say earlier that it was necessary to curb inflation, to curb this and curb that. He reminded me of the remarks made by Premier WEN Jiabao. "As the Premier of China, I found the policies on property prices are not enforced well", said WEN Jiabao. This is "ridiculous"! The duty of the Premier is to enforce policies. If he fails to do so, he should tender his resignation or report to his boss that it is not feasible. This is the Mainland system. When the Premier told you such things, it is similar to a general manager saying that it is none of his/her business if he/she fails at work. Then, who should be responsible for that?

Among the views expressed by Members on inflation today, the most ridiculous one is that "handing out candies" will lead to inflation. This is obviously taking the effect as the cause. Inflation is the result of quantitative easing. The extensive money printing efforts by various governments, including

that of the United States and China, have triggered a global inflation — this is an action of "You Print, I Print". The Member said here that we had to curb the situation. But inflation is actually caused by them. Over 90% of the capital gains from inflation go to their pockets. That is the result of inflation. It therefore widens the wealth gap between the rich and the poor. This is a very simple economic theory.

Therefore, if you want to curb this situation, you must work on taxation to increase the Government's tax revenues and invest them on the public. The proposal of the LSD is actually very simple, that is, to introduce progressive profits tax and raise the stamp duty. Could you tell me when you will raise the stamp duty on stock transactions? I know it is no use to talk to you on this. Yuk-man told us not to throw things at him causally. But no matter we lowered or raised our voices, or repeat again and again for 10 times, he will still not accede to it.

So, you are reluctant to raise tax to address this issue. You said there was or would be no money. When you have money — when they are making huge profits, you do not ask them for money. When the economy is shrinking, you ask for money from us. Do you have in place an unemployment relief fund? The Government has recorded \$70 billion in surplus this year. Will it be allocated for such purpose? This will not involve much funding and you have so much money in your purse.

The Democratic Party is even more ridiculous. They proposed the introduction of some bonds for sale to Hong Kong citizens. The sales proceeds will be invested by the Government and the profit thus made will be distributed to the citizens for the purpose of asset preservation. Buddy, this is a futile attempt. You had better ask the Government to impose control on Lehman Brothers minibonds. People bought those bonds for the sake of earning an extra 2% interest rate only. I think this Council has become very messy and I do not want to go on any further. Perhaps I should defer to Yuk-man.

Thank you, President.

MR WONG YUK-MAN (in Cantonese): President, from the angle of economics, the present inflation clearly indicates an economic growth. That is why inflation occurs. If deflation happens, it indicates a weak economy. We are not discussing the economic theories. The prevailing inflation has dealt a heavy blow to the poor people in deep water, making their lives even worse. With over a million of poor people suffering in their lives and some so-called middle-class people falling into the poor class soon, there is no reason for the Government to do nothing about it. Today, some Members have said that we should ask the Secretaries whether they know the prices of fuel, rice, cooking oil and salt. Of course, they do not know. We should go ask the businessmen. Mr Tommy CHEUNG once talked about the catering industry, saying that the prices of corn starch and egg had risen 80% and 50% respectively, and the price of cooking oil had also risen. A typical housewife with limited money is really hard pressed in cooking up a meal.

However, the situation is entirely different when it comes to the huge surplus recorded by the Government. As at 30 November 2010, the accumulated surplus stood at \$582 billion. It will probably exceed \$600 billion at the closing of accounts this year. However, how much is the estimated expenditure for the year? There is also the Exchange Fund. As at 30 October 2010, the amount of foreign exchange reserves stood at US\$266.1 billion. The accumulated surplus amounted to HK\$5,000 Actually I made a mistake with the previous figure cited. The fiscal reserve is \$537.5 billion. The earlier cited figure of some \$580 billion should be the accumulated surplus of the Exchange Fund. Under Secretary, the Government is indeed in such a wealthy position.

The Government is rich, while members of the public are poor. Still, the Government said that it has no responsibility to give them money. How can it say such things and let the public caught in perennial poverty? Does the money belong to them? Is it earned by Mr Donald TSANG? Is it earned by the Secretaries or Bureau Directors? It is earned through the hard work of Hong Kong people. It is earned through painstaking labour and submitted to them in tax payments, OK? It is not earned by the government officials. The problem right now is that there is a problem in their allocation of this money. This is a very simple concept. Now, there is inflation, making the poor people's lives even worse. They are duty-bound to solve this problem for them.

Therefore, the motion moved by Mr WONG Sing-chi and the various amendments proposed by other Members have all spelt out a very simple message, that is, to give away money and redistribute wealth. They include various measures such as the \$30 billion public transport fare stabilization fund raised by Mr CHAN Kam-lam. The Government needs to study them and see which measures can be taken on board and then act immediately. I wish to hear some responses from the Government later on, but most likely there would not be any response. Our views have all been written out and this is not the first time that we made such suggestions. We have been demanding a transport subsidy and other things like electricity subsidy year after year. We also demand two additional months of payments for "fruit grant" and CSSA. What lies in these suggestions? They are all assistance under the existing system. We are only asking for a small upward adjustment. Now, the Government is sitting on so much money. If we do not ask it for money, who else can we ask instead? Talking about the idea of offering a cash subsidy, they said it will lead to inflation. Macao has provided a cash subsidy several times, but we do not see it lead to inflation that makes their citizens suffer from hunger.

Sometimes, I feel what we are talking here and what they are saying here are all rubbish. Unfortunately, they have power and sit on a huge sum of money. We, on the other hand, have no power and no money. We can only beg them to redistribute wealth. These motions and proposed amendments are all demanding redistribution of wealth. They are not any profound ideas. It is so simple. Just do what can be done and say no to what cannot be accomplished and explain the reasons clearly.

This Government is not accountable for its actions, so it should step down and let us re-elect a new government. However, our Government is not subject to this. They do not need to face the public opinion pressure, or be held accountable, or to step down. But can they just do a good deed for us? Now, the poor people let me say it rudely they are really in "deep trouble". Even those who used to be better off are feeling the pinch, not to mention the poor people.

With the rising rental cost and Renminbi appreciation, the businessmen, be they in the catering industry or the retail sector, are all finding it hard to survive if

they are not operating a large conglomerate. Those restaurants and shops operating under sole proprietorship have all been pushed to a dead end by the high rental cost, with little hope of continuous operation. Moreover, by how much can a small enterprise raise its prices? How much profit can be made from selling a cup of milk tea? The price of tea leaves has doubled. You can double check what I have just said here. So, how can we respond to this? To raise the price of milk tea by \$2? My wife's restaurant sets the price of a student meal set, which includes rice and drink, at \$22 dollars. It is really loss-making. But even if the price is set at \$25, it still cannot cover the cost. And if you raise the price to \$25, you will lose half of the student customers.

Therefore, even the SMEs find life difficult, not to mention the poor people. The Government should of course bear the responsibility for it. Some may argue that our job as Members is easy, for we can just blame the Government for everything. Then, what else can we do? Simple. Go ask a member of the public what have been done by the Government with so much money. The Government simply does not know how to distribute its wealth. They are doing all things the same way. The Government said it would not just give petty favours by offering some cash subsidies or "handing out candies" to individual groups of people. It said that there is a need to reform its system in order to solve the problems. Please map out the reformed system, then. I would also like to hear how they will respond to it later on, or how the Financial Secretary will respond later, and see how they are going to solve the problems by reforms to the system.

We discussed over lunch today that the elderly problems are worsening. They include the problems of eye treatment, the suffering of cataract and the drugs list, and so on. Buddy, it costs over \$10,000 for a prescription. If an elderly citizen is so unfortunate to suffer from those diseases, they can only wait to die, right? How can they afford \$10,000 or more for a prescription?

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

MR TAM YIU-CHUNG (in Cantonese): President, Mr Albert CHAN mentioned earlier that the DAB is the "smartest" and said that we had fought for this and fought for that, but asked us not to support the "lame government"

(Mr Albert CHAN stood up)

PRESIDENT (in Cantonese): Mr CHAN, what is your point?

MR ALBERT CHAN (in Cantonese): President, could he clarify when did I praise them as the "smartest"?

PRESIDENT (in Cantonese): Mr TAM, please continue.

MR TAM YIU-CHUNG (in Cantonese): This is exactly the meaning I got from his speech, unless there were other hidden meanings in his remarks. Anyway, "smart" or not, the DAB, as a pragmatic and rational political organization, would never wish to see a "lame" government. We will definitely think of ways to help the Government. What I meant by "help" here is to make proposals to the Government to improve the people's lot. We aim to make some constructive opinions.

We have made 73 proposals and it is of course impossible to speak on each of them in seven minutes. I would like to focus on several items that require further elaboration in order to arouse the Government's attention to and concern for them.

The economy is now flooded with hot money, pushing up inflation further and causing people's living to downgrade. On the other hand, the Government's financial situation is continuously improving, with figures beating the estimates time and again. In this regard, the DAB published its expectations on the Budget in a report entitled "*Boosting the Economy, Tackling Inflation and Maintaining People's Livelihood*" last month, with a total of 73 proposals made to the Government. Some of these suggestions were already presented in the

amendment proposed by Mr CHAN Kam-lam. I would like to especially talk about a few issues. The first is the rationale behind our proposal of setting up a public transport fare stabilization fund, the second is the strengthening of the Food Assistance Service Projects, and the third is the introduction of a short-term unemployment supplement.

Since the middle of last year, major transport operators have raised their fares one after another. The KMB and Long Wing Bus Company Limited have already applied for a fare increase of 8.6% and 7.4% respectively, up \$0.52 and \$0.85 for each trip. The rate of increase is far higher than the 2.3% annual rise of the Composite Consumer Price Index for the year 2010. Besides, the application for tram fare rise is now waiting for approval by the Executive Council. The MTR Corporation Limited (MTRCL) will also apply for a fare increase in the middle of this year. The fare adjustments by the public transport operators will certainly add to the financial burden of the public and push up inflation. Although the Government imposes a certain level of supervision on the fare increase of public transport operators, annual applications for fare rise by the transport operators can envisaged in the next two years in view of the rising operating costs such as the rises in salary and fuel costs.

We have long believed that the Government should no longer regard the fare charging of public transport operators as a simple commercial activity. It should be considered together with other policies such as those related to employment, poverty alleviation and social stability. Take New Territories West as an example. According to data released by the Census and Statistics Department, over 580 000 of the more than 840 000 working citizens in the district have to travel to other districts for work. That represents nearly 70% of the total working population there. In other words, 70% of the working population in New Territories West have to bear relatively high travelling expenses. If the transport fares can be lowered, 70% of the working population in that district will see an increase in their real income. Therefore, the Government should get to the root of the problem and try to ease the transport expenditure burden of the public. For this reason, we suggest the setting up of a \$30 billion transport fare stabilization fund targeting the MTRCL and the three franchised bus companies, namely the KMB, the New World First Bus Services Limited and the Citybus Limited, as well as the ferry service operators. If these

companies' applications for fare increase were approved under the established mechanism, the fund will meet part or whole of the increased fare amount, in order to ensure the actual fares charged remain relatively stable to ease the transport expenditure burden of the public.

As for the strengthening of the Food Assistance Service Projects, the Government allocated \$100 million in 2009 to five NGOs for the operation of food banks across the whole territory, providing foods like rice, noodles and canned foods to people in need. Designated restaurants would also provide hot meals to food voucher holders. The Social Welfare Department indicated that the usage rate for the five short-term food assistance service projects was stable over the past year, anticipating that the \$100 million funding can continue to support the operation until the year 2013. However, the application requirements is actually limiting the number of service applicants. The actual number of people in need of such services may be far higher than the short-term quota offered by the Government. Owing to the fact that the government-subsidized food banks can only offer short-time food assistance for six months in each case, applicants must be referred by social workers and are required to go through stringent vetting before they can get the assistance.

Applicants are mainly families encountering sudden changes, low-income earners, the unemployed, street sleepers, new arrivals or non-Hong Kong residents accepted on humanitarian grounds. They need to make new applications after six months of food assistance. The operating organizations have reflected that most applicants are still in need of such assistance after the six-month period, especially those earning an unstable income, people remaining unemployed for a prolonged period and new arrivals who have lived in Hong Kong for less than seven years.

Another proposal made by the DAB is the introduction of a short-term unemployment supplement to provide assistance for those low-income persons who become unemployed due to the implementation of the minimum wage regime. Research shows that an estimated 40 000 or more people will become unemployed due to the implementation of the minimum wage regime. Most of these people may not be eligible for CSSA. In other words, they are unable to get help under the existing social security system. Therefore, we suggest providing a short-term unemployment supplement to the affected people. The

supplement may last for a period of six months with a monthly payment of say \$4,000, in order to meet their financial needs and help them adjust to the new conditions of the labour market.

Thank you, President.

(Mr Albert CHAN stood up)

PRESIDENT (in Cantonese): Mr CHAN, what is your point?

MR ALBERT CHAN (in Cantonese): President, Mr TAM Yiu-chung has misunderstood my remarks. Can I take this opportunity to clarify this? I had never praised the DAB unless he thinks the saying of "DAB is most shameless" is a compliment.

PRESIDENT (in Cantonese): I think nobody will really interpret your remarks as praising the DAB.

MR ALAN LEONG (in Cantonese): President, it has been estimated by many that the surging consumer prices on the Mainland and QE2 of the United States will lead to an influx of hot money into the Hong Kong market as a result of the United States policies. Against this background, we can almost be certain that inflation is going to be quite serious in Hong Kong. In fact, the inflation rate reached 2.9% in November last year. As most of the local foods are imported from the Mainland, the Mainland inflation coupled with the Renminbi appreciation have therefore quickly pushed up our consumer prices.

The Employers' Federation of Hong Kong has suggested an average salary rise of 2.5% to 3.5% for this year. With an inflation rate of 2.9% recorded in November last year, the suggested pay rise percentage seems to be in line with the inflation rate. However, if we refer to last year's analytical data, we will find that the seemingly inflation-linked pay rise percentage actually lags behind the percentage rise in the prices of some daily necessities. According to last year's survey, among the 30% or more employees given a pay rise, 90% of them

experienced negative real income growth after discounting the effect of increased living expenditure on clothing, food, housing, transportation and other daily necessities.

President, as Mr Ronny TONG has clearly pointed out earlier, the Government has little room to adjust Hong Kong's interest rate and exchange rate as it is restrained by the existing monetary policy. The Government is also unwilling to impose price control as this is an objectively existing constraint. Besides, there is also an internal factor. When the Chief Executive paid his duty visit to Beijing, we heard very often from the State leaders that it is necessary to resolve the deep-rooted conflict in Hong Kong. In fact, the deep-rooted conflict is the factor that explains why we feel the impact of inflation particularly serious.

As far as the Civic Party understands, the so-called deep-rooted conflict actually refers to the problems stemming from the extremely uneven distribution of resources, wealth and fruits of economic success. As the inflation impact on the lower classes is particularly severe, the deep-rooted conflict will further aggravate the impact of inflation on Hong Kong and this cannot be ignored. Therefore, when the Civic Party met with the Financial Secretary to make suggestions on the Budget, it focused on the topic of "tackling inflation", hoping the executive would not ignore this problem.

President, the Government, especially the Financial Secretary, indicated that it will not "hand out candies". In fact, the Civic Party shares the same view. I have just explained our view on why inflation is making a huge impact on Hong Kong because of the deep-rooted conflict and the socio-economic structure. The Civic Party hopes the Government will invest this year's Budget surplus, if any, in the longer-term social institutions, rather than distributing the surplus cash to the public in return for a short-lived applause. For example, it can invest on strengthening basic education and public healthcare. Or it can allocate a minimum of \$50 billion as seed fund, as we have long been advocating, for the implementation of a universal retirement protection scheme. These are the measures the Civic Party think the Government should introduce in order to ease the inflationary pressure on the public.

President, in the remaining time left, I would particularly like to briefly illustrate our points, taking the policy on public markets as an example. The Food and Environmental Hygiene Department is currently in talks with several stall operators on issues such as whether it is necessary to pay the open-market

rent, and install air-conditioning to improve their business environment. However, has the Government ever considered making it an investment of long-term social policy. The public markets play a role in allowing the public estate residents to buy fresh food at less expensive prices and providing business opportunities to entrepreneurs with limited capital. I have raised this example today in the hope that the Government will take this perspective, that is, it is necessary to invest in long-term social engineering when there is a budget surplus. This is then the right direction to go (*The buzzer sounded*) Thank you, President.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Mr WONG Sing-chi, you may now speak on the four amendments.

MR WONG SING-CHI (in Cantonese): President, just now Mr Albert CHAN praised the DAB, but he did not admit it. However, I heard those words in his speech. He also mentioned that the Democratic Party had joined the communists, but I believe the general public and many people would not agree that it is the truth. They would even cast doubts, thinking that the situation is just the opposite.

In fact, some views expressed in the amendments are supported by the Democratic Party. For example, as regards the food banks, we believe it can help people tide over their difficulties, particularly those in abject poverty. In our meeting with the Financial Secretary to discuss the Budget, the Democratic Party did make such a point to him. This is also our position. In fact, the food banks face quite a number of difficulties because of the sharp surge in food prices. Therefore, the Government needs to commit more resources to this.

As a matter of fact, the Democratic Party does not have a definitive position on the Community Care Fund (CCF) yet. In particular, regarding the direction recently set for the Steering Committee on CCF, we have found room for refinement, but obviously, after the establishment of the CCF, principles for a

future long-term system would be drawn up, enabling the Government to continue putting in resources for those disadvantaged who are current not taken care of. We find this approach desirable.

An amendment proposes the provision of a "special fruit grant" or special support for the elderly. I think this is largely similar to our current proposal. Therefore, I do not find it different from our view.

However, the amendment proposed by Ms Miriam LAU is different from ours in principle. In particular, we hope that the Government will resume the construction of Home Ownership Scheme (HOS) flats, but she thinks that it is not necessary and the My Home Purchase (MHP) Plan will suffice. Having regard to our understanding of the public and the voices we have heard from many people, we find no conflict between the MHP Plan and the HOS. Why can't both co-exist? Why can't the Government reconsider constructing HOS flats and resuming the Tenants Purchase Scheme for public housing tenants? I hope the Liberal Party will reconsider this for it is a significant aspiration of the general public. If the Liberal Party does not wish to participate in direct elections, I think they really should consider supporting the resumption of HOS flat production.

Mr Jeffrey LAM mentioned that if the standard rate is abolished, the tax liability will fall focusedly on a certain cohort of people. Those to whom he referred are now paying 30% of the total tax revenue. They can do so. In other words, their income is really very handsome. Then, why can't they pay a little more? This will not necessarily result in tax being levied on an over-concentrated tax base. At present, the money earned by many rich people, particularly those "King Wage Earners", really accounts for the majority of Hong Kong's wealth. So, what is wrong with forking out some resources to help the poor? Therefore, I think that by abolishing the standard rate and enabling everyone to pay the marginal tax rate, it will really increase the Government's resources so as to maintain its efforts in poverty alleviation. The Government will therefore feel more at ease in allocating resources to some ongoing policies and regular services, and the poor will then benefit more. I hope the Government will seriously consider this, so that the plight of the poor people will be alleviated.

Thank you, President.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, I wish to thank Members for the many suggestions they have made on the motion "Urging the Government to take measures for ameliorating inflation and alleviating people's livelihood pressure".

This motion and the measures mentioned by Members earlier in the debate are about people's most basic needs of living like clothing, food, accommodation and transport. There are short-term and one-off relief measures including electricity charge subsidy, rates concession, rent payment for public housing tenants and freeze on government charges. There are also long-term and institutional measures addressing structural problems like increasing Comprehensive Social Security Assistance (CSSA), introducing anti-inflation bonds, elderly healthcare vouchers, unemployment supplement, public transport fare stabilization fund, increasing housing allowance or even a tax reform. I believe today's discussion has highlighted the public's concern and worry about inflation and the urgency of solutions.

Regarding the suggestions and relief measures mentioned by Members today, and the recommendations proposed in a recent consultation between Members and the Financial Secretary, the Government will take them into consideration when preparing the Budget and I will not respond to them *seriatim* today. I will now explain in brief the principle of public finance management.

The Government has been upholding a prudent approach and we will also use the same to review every policy and examine its implications on the overall government finance. We will make good use of resources to determine the best allocation under the limited resources and prioritize the projects by their importance and urgency to ensure proper utilization of public resources. Besides, we have to plan ahead and consider the medium-to-long-term financial position of the Government apart from the pressing and short-term economic issues.

The Government's financial resources are not unlimited. As presented in Members' discussion just now and Mr LEE Cheuk-yan's speech, there are many projects on which we should make spending, therefore we need to discuss and determine the priorities. Actually, the Government has always been generous when there is a need. The current-term Government has increased public expenditure from about \$230 billion to over \$310 billion in the 2010-2011

Budget, rising by more than \$80 billion or 35%, and it is significantly higher than the 9.1% nominal growth of GDP in the same period.

Many Members think that the Government has a huge fiscal surplus of over \$500 billion. But it must be noted that Hong Kong is a small and open economy which is vulnerable to the global financial changes. Several major income sources of the Government, like profits tax and land premium, will be severely affected by such fluctuations.

The fiscal reserve is our emergency fund. It does not only help us handle urgent matters, but also offers timely support and buffer during economic and financial difficulties. For example, in the six years since the 1998-1999 financial year, we drew down the reserve to fill the financial deficit on five occasions and \$200 billion in total was used. Had we not saved such sum of money, how could we cope with the contingency needs? The reserve also enabled us to compile a deficit budget at the time of the financial tsunami to satisfy public needs and invest in infrastructure. It stabilized the economy to a certain extent.

In the long term, there should be sufficient fiscal reserve to cope with daily needs, unprovided liabilities, emergencies due to economic cycle fluctuations and financial pressure brought by structural changes in society.

We adhere to three basic principles in preparing the Budget of the coming year.

The first principle is pragmatism and security. We have to maintain the sound economic fundamentals and development momentum of Hong Kong which are not easy to come by. The Government has to introduce different measures to cope with different economic and social situations. In the past few years, it has introduced various relief measures, created job opportunities and boosted the economy. We have utilized \$110 billion since 2008 to implement these measures to address public needs and stimulate the economy. Hong Kong economy has now returned to the upward trend. In response to the rising inflation pressure, we need to review every proposal pragmatically and prudently to ease the burden of those people with more urgent needs and difficulties and buffer the impacts of inflation on them. For this, Mr Ronny TONG agreed just now that "handing out candies" should be specific and specially for the classes of people in need.

The second principle is development of the fundamentals. The financial tsunami has changed the global financial landscape. Now the crisis is fading with the economy recovering. To enhance Hong Kong's competitiveness, we have to strengthen the four pillar industries and at the same time grasp new opportunities. Dr LAM Tai-fai mentioned that the way to combat inflation is to upgrade our competitiveness and productivity. The Government's proposal to develop six industries with clear advantages can enhance Hong Kong's soft strength and help create more job opportunities to increase productivity.

The third is social responsibility. As a responsible Government, in addition to helping the public overcome difficulties, we also need to prepare for challenges in the future and create a caring community. Only by gathering the forces in society, namely the often mentioned tripartite collaboration among the people, the Government and the business sector, can the difficulties be affectively tackled to solve problems in people's livelihood.

Regarding today's discussion, the Government will continue to pay attention to the inflation movement, especially its effect on the daily life of low-income families. We will base on the principle of spending where necessary to introduce suitable relief measures in the light of different conditions.

Last but not least, I wish to thank Mr WONG Sing-chi and other Members again for their suggestions. I will convey today's main points to the Financial Secretary and consider all suggestions with the relevant Policy Bureaux and departments. If the suggestions are compatible with the policy targets, we may make necessary adjustments in the Budget to help people in need. We will also review frequently the existing policy to build a more harmonious and caring society.

President, I so submit.

PRESIDENT (in Cantonese): Mr Frederick FUNG is not in the Chamber now, but he has advised earlier that he will withdraw his amendment.

Dr PAN Pey-chyou, you may move your amendment now.

DR PAN PEY-CHYOU (in Cantonese): President, I move that Mr WONG Sing-chi's motion be amended.

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

"To add ", as" after "That"; to add "using the same criteria as those of last year" after "Hong Kong Housing Society"; to delete ";" after "Sale of Flats to Sitting Tenants Scheme" and substitute with ", and immediately commence planning for resuming the construction of an appropriate quantity of Home Ownership Scheme flats annually; (f) to expeditiously resume regular land auctions, so as to ensure an adequate supply of residential lands, so that the number of new residential units completed every year is able to meet the demand of users; (g) to consider lowering the rates of property tax or waiving the payment of provisional property tax for the following year, so that a greater number of property owners are willing to let their flats, thereby making it possible for residential rents to go down; (h) to review the operation of the Landlord and Tenant (Consolidation) (Amendment) Ordinance 2004, so as to strengthen the protection for tenants and prevent them from suffering rent increases every year under the Ordinance;"; to delete the original "(f)" and substitute with "(i)"; to delete the original "(g)" and substitute with "(j)"; to delete the original "(h)" and substitute with "(k)"; to delete the original "(i)" and substitute with "(l)"; to delete "and" after "\$60,000 to \$100,000;"; to delete the original "(j)" and substitute with "(m)"; and to add "; (n) to increase the subsidy amount of Elderly Healthcare Vouchers to \$1,000 per person per year; (o) to freeze the various government fees and charges related to the livelihood of grass-root people, market rents and the rents of shops under the Government and the Hong Kong Housing Authority; and (p) to urge the Community Care Fund to provide appropriate assistance for those people who are unable to benefit from the aforesaid assistance measures but are in need of timely assistance, so that they can tide over their temporary difficulties" immediately before the full stop."

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

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

(Members raised their hands)

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

(Members raised their hands)

Mr IP Kwok-him rose to claim a division.

PRESIDENT (in Cantonese): Mr IP Kwok-him has claimed a division. The division bell will ring for three minutes.

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

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

Functional Constituencies:

Dr Margaret NG, Mr CHEUNG Man-kwong, Ms LI Fung-ying, Dr Joseph LEE, Dr LAM Tai-fai, Mr CHEUNG Kwok-che, Mr IP Wai-ming and Dr PAN Pey-chyou voted for the amendment.

Dr Raymond HO, Ms Miriam LAU, Mr Abraham SHEK and Mr Tommy CHEUNG voted against the amendment.

Mr WONG Yung-kan, Mr Jeffrey LAM, Mr WONG Ting-kwong, Mr CHAN Kin-por and Mr IP Kwok-him abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr LEUNG Yiu-chung, Ms Emily LAU, Ms Audrey EU, Mr WONG Kwok-hing, Mr LEE Wing-tat, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO, Mr WONG Sing-chi, Mr WONG Kwok-kin, Mr Alan LEONG, Mr LEUNG Kwok-hung, Miss Tanya CHAN, Mr Albert CHAN and Mr WONG Yuk-man voted for the amendment.

Dr Priscilla LEUNG voted against the amendment.

Mr CHAN Kam-lam, Mr LAU Kong-wah, Mr TAM Yiu-chung, Mr CHEUNG Hok-ming and Mr CHAN Hak-kan abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 17 were present, eight were in favour of the amendment, four against it and five abstained; while among the Members returned by geographical constituencies through direct elections, 26 were present, 19 were in favour of the amendment, one against it and five abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

MS MIRIAM LAU (in Cantonese): President, I move that in the event of further divisions being claimed in respect of the motion "Urging the Government to take measures for ameliorating inflation and alleviating people's livelihood pressure" or any amendment thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

I order that in the event of further divisions being claimed in respect of the motion "Urging the Government to take measures for ameliorating inflation and alleviating people's livelihood pressure" or any amendment thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): Ms Miriam LAU, you may move your amendment now.

MS MIRIAM LAU (in Cantonese): President, I move that Mr WONG Sing-chi's motion be amended.

Ms Miriam LAU moved the following amendment: (Translation)

"To add "since the reunification, the local economy has undergone vicissitudes, causing hardship to people's livelihood; although" after "That"; to delete "but" after "since 2004,"; to add "(a) to strengthen support for food banks and provide food vouchers for families or persons

living in poverty, so as to alleviate the pressure of soaring food prices; (b) to distribute on a monthly basis an extra special Old Age Allowance (i.e. 'special fruit grant') to eligible elderly persons with tight living expenses; (c) to consider renaming 'low earnings Comprehensive Social Security Assistance' as 'Work Incentive Scheme', so as to remove the stigma effect, and extending the scheme to working-poor families not eligible for Comprehensive Social Security Assistance, so that they can receive a monthly living supplement of no more than \$2,500;" after "include:"; to delete the original "(a)" and substitute with "(d)"; to delete the original "(b)" and substitute with "(e)"; to delete the original "(c)" and substitute with "(f)"; to delete the original "(d)" and substitute with "(g)"; to delete the original "(e)" and substitute with "(h)"; to add "expedite the implementation of the My Home Purchase Plan, and consider whether to" before "resume"; to delete "the Sale of Flats to Sitting Tenants Scheme" after "Home Ownership Scheme and" and substitute with "construct additional public rental housing flats, so as to shorten people's waiting time for public rental housing"; to delete the original "(f)" and substitute with "(i)"; to add "and to study how to adjust tax bands and marginal tax rates, so as to relieve the burden on those middle class people whose incomes are not so high; (j) with a view to encouraging the young generation to live close to their parents and elders to take care of them, to relax the restrictions on the dependent parent or dependent grandparent allowance by relaxing the eligible requirement from living in the same unit to living in the same housing estate;" after "\$30,000 to \$60,000;"; to delete "(g) to abolish the standard rate for salaries tax: it is proposed that the standard tax rate be abolished so that members of the public pay their salaries tax according to the marginal tax rate; (h)" before "to provide members of the public" and substitute with "(k)"; to delete the original "(i)" and substitute with "(l)"; to delete "; and" after "\$60,000 to \$100,000" and substitute with ", and to increase the subsidy under the Continuing Education Fund by 100% to \$20,000 in one's lifetime;"; to delete the original "(j)" and substitute with "(m)"; to add "appropriately" before "introduce anti-inflation retail bonds"; to delete ", and the total value of such bonds should be about \$30 billion, with the face values of bonds ranging from \$50,000 to \$100,000 and the maturity periods ranging from two years to five years" after "buying such bonds"; and to add "; and (n) to freeze government fees and charges, including freezing the rents for government wholesale markets and markets, and waiving hawker licence fees for at least one year" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Ms Miriam LAU to Mr WONG Sing-chi's motion, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr IP Kwok-him rose to claim a division.

PRESIDENT (in Cantonese): Mr IP Kwok-him has claimed a division. The division bell will ring for one minute.

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

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

Functional Constituencies:

Dr Raymond HO, Dr Margaret NG, Ms Miriam LAU, Mr Abraham SHEK, Mr Tommy CHEUNG, Dr Joseph LEE, Mr Jeffrey LAM, Dr LAM Tai-fai and Mr CHAN Kin-por voted for the amendment.

Mr CHEUNG Man-kwong and Mr CHEUNG Kwok-che voted against the amendment.

Mr WONG Yung-kan, Ms LI Fung-ying, Mr WONG Ting-kwong, Mr IP Wai-ming, Mr IP Kwok-him and Dr PAN Pey-chyau abstained.

Geographical Constituencies:

Ms Audrey EU, Mr Ronny TONG, Dr Priscilla LEUNG, Mr Alan LEONG, Mr LEUNG Kwok-hung, Miss Tanya CHAN, Mr Albert CHAN and Mr WONG Yuk-man voted for the amendment.

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr LEE Wing-tat, Mr KAM Nai-wai and Mr WONG Sing-chi voted against the amendment.

Mr CHAN Kam-lam, Mr LAU Kong-wah, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr CHEUNG Hok-ming, Ms Cyd HO, Mr CHAN Hak-kan and Mr WONG Kwok-kin abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 17 were present, nine were in favour of the amendment, two against it and six abstained; while among the Members returned by geographical constituencies through direct elections, 26 were present, eight were in favour of the amendment, nine against it and eight abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negated.

PRESIDENT (in Cantonese): Mr CHAN Kam-lam, you may move your amendment.

MR CHAN KAM-LAM (in Cantonese): President, I move that Mr WONG Sing-chi's motion be amended.

Mr CHAN Kam-lam moved the following amendment: (Translation)

"To add "(a) to set up a \$30 billion public transport fare stabilization fund to alleviate the pressure of public transport fare increases on people; (b) to strengthen the Food Assistance Service Projects, so as to benefit a greater number of needy persons; (c) to continue to freeze those government fees and charges directly affecting people's livelihood, as well as the rents of stalls in the markets under the Food and Environmental Hygiene Department and the Hong Kong Housing Authority; (d) to provide short-term rental assistance for those households on the Waiting List who can meet the income and asset requirements for public rental housing but fall outside the coverage of the existing Comprehensive Social Security Assistance rent allowance; (e) to set up a short-term unemployment supplement for providing assistance for those low-income persons who become unemployed due to the implementation of the minimum wage system;" after "include:"; to delete the original "(a)" and substitute with "(f)"; to delete the original "(b)" and substitute with "(g)"; to delete the original "(c)" and substitute with "(h)"; to delete "\$1,500" after "2011-2012, subject to a ceiling of" and substitute with "\$3,000"; to delete the original "(d)" and substitute with "(i)"; to delete the original "(e)" and substitute with "(j)"; to add "increase land supply and" before "resume"; to add ", so as to increase the supply of small and medium flats, meet people's demand for home ownership, balance supply and demand in the property market, and alleviate the upward pressure of property prices and rents" after "Sale of Flats to Sitting Tenants Scheme"; to delete the original "(f)" and substitute with "(k)"; to delete the original "(g)" and substitute with "(l)"; to delete "abolish" before "the standard rate" and substitute with "comprehensively review the salaries tax regime, including studying the abolition of"; to delete ": it is proposed that the standard tax rate be abolished" before "so that" and substitute with ","; to delete the original "(h)" and substitute with "(m)"; to delete the original "(i)" and substitute with "(n)"; to delete "and" after "\$60,000 to \$100,000"; to delete the original "(j)" and substitute with "(o)"; and to add "; and (p) to extend the entitlement period for home loan interest deduction from 10 years to 15 years" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr CHAN Kam-lam to Mr WONG Sing-chi's motion, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr LEE Cheuk-yan rose to claim a division.

PRESIDENT (in Cantonese): Mr LEE Cheuk-yan has claimed a division. The division bell will ring for one minute.

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

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

Functional Constituencies:

Dr Margaret NG, Mr CHEUNG Man-kwong, Mr WONG Yung-kan, Ms LI Fung-ying, Dr Joseph LEE, Mr WONG Ting-kwong, Dr LAM Tai-fai, Mr CHAN Kin-por, Mr IP Wai-ming, Mr IP Kwok-him and Dr PAN Pey-chyou voted for the amendment.

Dr Raymond HO and Mr Abraham SHEK voted against the amendment.

Ms Miriam LAU, Mr Tommy CHEUNG, Mr Jeffrey LAM and Mr CHEUNG Kwok-che abstained.

Geographical Constituencies:

Mr Albert HO, Mr Fred LI, Mr James TO, Mr CHAN Kam-lam, Ms Emily LAU, Mr TAM Yiu-chung, Ms Audrey EU, Mr WONG Kwok-hing, Mr LEE Wing-tat, Mr CHEUNG Hok-ming, Mr Ronny TONG, Mr KAM Nai-wai, Mr CHAN Hak-kan, Mr WONG Sing-chi, Mr WONG Kwok-kin, Mr Alan LEONG and Miss Tanya CHAN voted for the amendment.

Dr Priscilla LEUNG voted against the amendment.

Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Ms Cyd HO, Mr LEUNG Kwok-hung, Mr Albert CHAN and Mr WONG Yuk-man abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 17 were present, 11 were in favour of the amendment, two against it and four abstained; while among the Members returned by geographical constituencies through direct elections, 25 were present, 17 were in favour of the amendment, one against it and six abstained. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was passed.

PRESIDENT (in Cantonese): Mr WONG Sing-chi, kin, you may now reply and you have two minutes four seconds.

MR WONG SING-CHI (in Cantonese): President, it is very lucky that one of the amendments was passed. In fact, it is not a matter of attribution to the

parties or organizations, but rather, most importantly, the hope to exert some pressure on the Government, making it see that the entire society is really in deep water. Today, even though the amendments of Ms Miriam LAU or some other Members are not passed, it does not mean that their proposals are wrong. It only means there may be a lack of consensus over some of the details. However, as regards the general situation, all Members agree that the going will get rough if the Government does nothing about it. Therefore, I hope the Government will implement not only the relief and contingency measures proposed by us today that must be addressed as quickly as possible, but also the essential medium- and long-term strategies. For example, many of our policies should be focused on poverty alleviation, so that more needy people and disadvantaged groups can also enjoy the fruits of the overall economic success. Next, I hope to continue discussions with the Government and everybody through different channels. The Government should also continue to consider introducing additional measures.

I hope that the Government will relinquish the mentality of a miser. The Secretary pointed out just now the need to be pragmatic and prudent, but with \$110 billion already spent, this year's surplus would still likely exceed \$100 billion. Weathering waves of impacts, the Government eventually managed to overcome problems faced by us all in Hong Kong. Still stable and secure today, Hong Kong continues to progress forward. The Government should not be always over worried, so much so that causing many people to remain in such a condition of poverty, abject poverty, living without peace of mind. Therefore, I hope that the Government will give long-term consideration to the needs of the people in the next budget, as well as in its policy on the welfare and livelihood of the people in future.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr CHAN Kam-lam to Mr WONG Sing-chi's motion, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Second motion: Promoting long-term sports development.

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

I now call upon Mr KAM Nai-wai to speak and move the motion.

PROMOTING LONG-TERM SPORTS DEVELOPMENT

MR KAM NAI-WAI (in Cantonese): President, today, on behalf of the Democratic Party, I propose the motion "Promoting long-term sports development" again. Members may be very familiar with the topic of this motion debate because we have been talking about the bid to host the Asian Games over the past few months. It was precisely one year ago, that is 6 January last year, when a similar motion was discussed. On this anniversary day, let us review what the Government has done over the past year.

Looking back, on the same day last year, the motion was endorsed by the Legislative Council in this Chamber. I am not going to read out details of the motion. There were 13 items and a number of proposals had been put forward by Members. One year has passed, what has the Government done so far? I can only summarize in four words: "not much was done". During the past year, the Government has not done much in respect of sports policy and development. Among the 13 proposals set out in the motion endorsed last time, the Government

had only accepted one proposal, that is, item (k), which proposed that the Government should actively consider bidding to host the 18th Asian Games in 2019. As for the other 12 proposals, the Government had not accepted them. The Secretary might have missed the speeches our Honourable colleagues delivered on that day. I had, on behalf of the Democratic Party, highlighted that if the Government really had to bid to host the Asian Games, a number of issues should be considered. First, whether the policy on sports could be genuinely implemented? Second, whether the infrastructures, what we referred to as sports venues, would be properly used in future? Third, certainly the factor of financial consideration should be taken into consideration. Although we are not discussing the bid to host the Asian Games today, we should review what the Government has done in respect of sports policy and development.

There have been extensive discussions in the community lately. Cartoonist Zunzi has also drawn many cartoons about the bid to host the Asian Games, and here is only one of them. In this cartoon, a weak elderly person in a sitting position intends to lift up a dumbbell, signifying the bid to host the Asian Games. I think this elderly person in Zunzi's cartoon does not imply that Hong Kong is poor, but that our sports development is just like the elderly person who is just too weak to lift the dumbbell of bidding to host the Asian Games.

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

How is the development of sports in Hong Kong? To put it crudely, we should square accounts with the Government at the beginning of a new year. In more elegant words, we should conduct a review of the major events. According to the Government, sports in Hong Kong are developing along three strategic directions, namely promoting sports for all, developing elite sports and hosting major sports events in Hong Kong. Has the Government failed in all these aspects? Let us review the achievements made by the Government in these three respects.

Regarding the promotion of sports for all, a survey conducted by the Leisure and Cultural Services Department (LCSD) indicated that over half of Hong Kong people failed to meet the level of the baseline indicator of physical activity level. The findings of the Department of Health also showed that the

obesity rate among primary school students was as high as 21.3% in 2007-2008. The public's participation in sports activities can therefore be fully reflected by these figures.

Other surveys have also been conducted recently. It is nice that Mr WONG Kwok-hing is now in the Chamber; the Federation of Trade Unions (FTU) has commissioned the School of Public Health and Primary Care of The Chinese University of Hong Kong (CUHK) to conduct a review. Over 90% of the 1 000 respondents did not consider it important to bid to host the Asian Games, whereas about 70% (that is 68.6%) even considered that the Government's bid to host the Asian Games did not help to boost their interests in sports at all. While the FTU claimed that it did not conduct the survey, which was merely a reference provided by CUHK, the findings have nonetheless reflected the public's lack of interest and incentive in sports.

In the area of promoting sports for all, let us see if there are enough venues for Hong Kong people to engage in sports activities. According to the information released by the LCSD on its own initiatives, when compared with the planning standard — our standard is actually pretty low — there is a shortfall of 19 indoor sports centres, 209 tennis courts, 11 standard grass soccer pitches and three sports grounds. We can therefore conclude that the sports centres or stadiums for public use are far from enough. In that case, how can we promote sports for all?

What achievement has been attained in the development of elite sports? The Government has cited a lot of figures showcasing our excellent results in this year's Guangzhou Asian Games. Many athletes had won medals, which is certainly a big stride forward. How can young people be attracted to become athletes if we intend to head towards the development of elite sports?

Regarding elite athletes, they can simply be classified as people with "three-NOs". What is meant by "three-NOs"? It means that they have no chance of further studies, no job security and no adequate social support. Why do I say so? As Members may be aware, so far only 16 elite athletes have the opportunity to be nominated for admission into tertiary institutions. No mechanism has been put in place for nominating athletes to enrol in tertiary institutions for further studies.

The case of job security is even worse. Despite a large number of enterprises in Hong Kong, only about 10 of them have employed retired athletes. Are there any other opportunities for these elite athletes? What will happen to these elite athletes when they retire?

While some people blame the lack of community support, some deny this comment by quoting the extensive community support to many athletes, such as WONG Kam-po and WONG Wan-yiu. However, I can only say that they are the selected few. Among the hundreds of elite athletes in Hong Kong, how many of them have actually received community support, so that they can pursue further studies or secure an employment? The Government aims to promote the development of elite sports, but there is actually no future for elite athletes.

How about hosting major sports events in Hong Kong? We can again square accounts with the Government to see how many sports events have been held in Hong Kong. The following figure will give us the answer. In 2008-2009, 37 sports activities had been held in the Hong Kong Stadium — only 37 activities in 365 days. For the Hong Kong Coliseum, which people often mention, I do not even bother to compile any figure for fear of bringing you a shock. I wonder if we need to use all our 10 fingers to count the number of sports activities held in the Hong Kong Coliseum. This is what the Government means by hosting major sports events in Hong Kong.

In conclusion, the so-called promotion of sports for all, development of elite sports and hosting major sports events in Hong Kong are just empty slogans. Has the Government done a good job on the long-term development of sports? The performance of the Government is utterly disappointing.

I also wish to raise another point. Yesterday, I read from the newspaper that the Ka Ying Chow Commercial Association Limited As I am not familiar with this Association, I deliberately consulted Dr LAM Tai-fai yesterday. At first, I thought that the Association supported the bid to host the 2023 Asian Games, but that was not the case. After reading the newspaper heading carefully, I learnt that it only supported the bid to host the Asian Games in 2027 but not 2023. I also agree to the arguments set out therein. For instance, it said that the Government has recently commissioned some soccer consultants to conduct a research, which suggested that Hong Kong should provide 34 "third generation" artificial turf soccer pitches within five years. However, only 11

pitches have been provided to date. In fact, we have put forward a number of proposals in respect of the promotion of sports, and even the Association agreed that Hong Kong should speed up the development of sports events and facilities which we enjoy clear advantages.

The Democratic Party has proposed "seven measures" for the consideration of the Government. These measures include the drawing up of a 10-year blueprint for sports development; establishing a mechanism for protecting current and retired athletes; allocating funds for supporting athletes' after-training academic learning; constructing more district sports facilities and venues; improving students' opportunities to participate in sports; making accurate and precise estimation on the costs of constructing sports venues for the scrutiny of this Council, as well as reforming the Sports Federation and Olympic Committee of Hong Kong, China to increase the transparency of various National Sports Associations. The Democratic Party has some time ago proposed the "seven measures" to the Government, in the hope of promoting long-term sports development. Regrettably, in the reply received earlier, the Government pointed out that the 10-year blueprint proposed by the Democratic Party has already been implemented and three major strategic targets of sports have also been developed as early as 2002. These include promoting sports culture at schools, the nurturing of elite athletes, and so on. I am not going to repeat.

Deputy President, if the Government considers that what has been done is enough, I believe we will not see so many people opposing Hong Kong's bid to host the 2023 Asian Games today. If the Government is really serious in the bid, the work should not be handled by the Secretary alone; instead the whole Government should be involved. We have recently met with members of the Hong Kong Schools Sports Federation, they mentioned about their miserable situation. For instance, students have to travel a long way to the sports ground for competition or training. During weekends, when students have spare time, those venues are nonetheless reserved for the public and cannot be used for training. Can the Government formulate a long-term sports policy so that people will support the bid to host the Asian Games?

Deputy President, here is my conclusion. I do not wish to see the situation as depicted in another cartoon drawn by Zunzi, that is, the Government bids to host the Asian Games on the one hand, and threatens not to invest in sports if the bid to host the Asian Games fails on the other. I believe this is the

last thing Hong Kong people would wish to see. We do not want to see Hong Kong people being threatened by the bid to host the Asian Games. In principle, we do not oppose the bid to host the Asian Games. Hong Kong people are eager to see the genuine implementation of a long-term policy on sports, the promotion of community-wide participation in sports, and the provision of proper training to our elite athletes. We hope the Government will accede to our requests.

With these remarks, Deputy President, I beg to move the motion.

Mr KAM Nai-wai moved the following motion: (Translation)

"That the Hong Kong Government has decided to bid to host the 2023 Asian Games, but it has not put forward any blueprint for long-term sports development, in that it lacks commitment to promote community-wide participation in sports and has no plan to improve training for local athletes, this Council expresses disappointment in this regard; following the Government's failure to bid to host the 2006 Asian Games 10 years ago, it has failed to honour its undertaking of building sports venues, and the hosting of the 2009 East Asian Games did not foster a culture of promoting community-wide participation in sports, this Council considers that the Hong Kong Government should formulate and implement a long-term policy on sports, enhance training for local athletes and treat them well, take concrete steps to promote sports for all, and establish a sound administrative structure for sports; in this connection, this Council urges the Government to implement the following measures:

- (a) to draw up a 10-year blueprint for sports development, set objectives for community-wide participation in sports, and undertake planning for local athletes' training; regardless of whether the bid to host the Asian Games is successful or not, the Government should allocate \$6 billion for establishing a 'Sports Fund', with a view to promoting the policy on community-wide participation in sports and enhancing training for local athletes;
- (b) to establish a mechanism for protecting current and retired athletes, provide scholarships for their pursuit of further studies overseas or locally, and put in place measures to ensure their employment; and by making reference to overseas experience, to provide commercial

organizations with tax concessions, so as to encourage the trades to employ current or retired athletes;

- (c) to allocate funds for supporting athletes' after-training academic learning, with a view to providing them with learning assistance in foundation academic subjects, and to hold discussions with universities on allocating additional resources for providing places specifically for athletes;
- (d) to construct more district sports facilities and venues, and allow members of the public and students to have priority in using such utility-based district sports venues, thereby promoting sports for all;
- (e) to improve students' opportunities to participate in sports, including increasing the number and duration of physical education lessons in secondary and primary schools, so as to cultivate students' interest in sports;
- (f) to make accurate and precise estimation on the costs of constructing sports venues and submit them to the Legislative Council for scrutiny, so that this Council can scrutinize the Government's applications based on the needs for the development of sports for all and elite sports in different districts; and
- (g) to reform the Sports Federation and Olympic Committee of Hong Kong, China and the various National Sports Associations by requiring them to introduce professional administrative management and increase transparency of their finances, as well as to establish reasonable selection and appeal mechanisms, so as to ensure fair treatment of all athletes."

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

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

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

MR WONG KWOK-HING (in Cantonese): I propose this amendment to further improve and supplement the original motion.

Deputy President, my amendment seeks to state clearly, whether or not we succeed in the bid to host the Asian Games — which is not known, and even if we are successful in making the bid, we are not sure we can overcome the obstacles and win the bid — I eagerly hope that the Government will continue to further improve the policy on sports, as well as the hardware and software facilities. This is my purpose in moving this amendment. Furthermore, I also eagerly hope that the Government will give a very clear response this time.

Apart from hardware or software facilities, I think it is most important for Hong Kong to develop a comprehensive, long-term and holistic policy on sports. In order to tie in with this policy, there must be full support in respect of facilities and resources. Only by doing so can we implement long-term and comprehensive policy on sports. Although the Government pointed out that targets had already been laid down in around 2002, as 10 years have passed, I think the original policy should be constantly reviewed to keep abreast of the times and gauge public views, with a view to making further improvements.

I have therefore put forward a number of proposals in my amendment. Firstly, consultation is essential in getting public involvement and drawing on collective wisdom to formulate a good policy. That is why I have included the conducting of extensive consultation for public participation in part (a) of the original motion. On this basis, the policy on sports will be well received and widely supported. What is more, policies formulated on this basis can also involve public participation more easily. This is the first point.

Secondly, in respect of protecting the athletes, especially the provision of support to elite athletes, I propose that the Government should conduct extensive consultation with the Hong Kong sports sector and athletes, such that the proposed mechanism can be more appropriate. The experts in the field should make contributions, and instances of laymen leading professionals should be

avoided. Only with the involvement of Hong Kong athletes and sports sector can the mechanism be improved and have better operation. I therefore hope that the Government will listen to this view and mobilize the local sports sector and athletes to get involved and play an active role.

Thirdly, it is about sports facilities. We have discussed a lot about major facilities; I would now talk about parks and housing estates in Hong Kong. In the face of an ageing population, people are generally eager to improve their physical and mental health. In this connection, it is essential that improvements be made to provide members of the public with suitable venues and facilities for their daily exercise.

Deputy President, I often attend meetings with residents at housing estates. Kaifongs — especially elderly people living in old housing estates — have asked me why no facilities have been provided for them to do simple exercises, like twisting and stretching. After all, these facilities are inexpensive. When we relayed their requests to the Housing Department, the reply was either limitation of resources or prior approval from the Estate Management Advisory Committee (EMAC) must be sought. However, when we approached the EMAC, they said that a limited sum of money was available. The Housing Department might subsequently ask if the residents would like to have the fitness facilities, or would like to carry out improvement works, such as staircase improvement works. In the end, their request for fitness facilities was shelved to improve more important facilities instead.

Honestly speaking, if we go to Shenzhen or the Mainland nowadays, we can see that these kinds of simple fitness facilities are commonly found in many cities, parks or housing estates, either public or private. I think this is an oversight on the part of the Government. Let me cite an example. After our proposal to provide pebble foot message paths had been approved by the former Municipal Councils, many parks were gradually provided with such pebble paths. The provision of such paths had not ceased even after the dissolution of the former Municipal Councils. This proves that this facility is genuinely welcomed by members of the public. Should the Government put in more efforts? It is hoped that the Government will look squarely at the provision of such hardware facilities.

Another hardware facility worthy of concern by the Government has actually been clearly stated in my amendment. Just as I said at the beginning of my speech, regardless of whether we can successfully bid to host the Asian Games or win the bid in the end, the Government should expeditiously submit to this Council funding proposals which amount to tens of billions of dollars for the construction of sports and hardware facilities under the plan to bid to host the Asian Games. It is very important for the Government to do so. The proposals should be submitted to us on project basis, and they should be listed in the agenda for scrutiny in accordance with the timetable and order of priority. We cannot afford to waste any more time in the construction of these sports centres and facilities. Regardless of whether we can successfully bid to host the Asian Games, the Government should expeditiously submit its funding proposal to this Council so as to honour its pledge, that is, the bid to host the Asian Games would not affect the allocation of similar resources. I eagerly hope that the Secretary will make an active response later on.

Furthermore, the original motion also mentions the reform of the Sports Federation and Olympic Committee of Hong Kong, China and the various National Sports Associations. Minor amendments have been made by adding the phrase "urge the relevant authorities to study how to". In my opinion, the abovementioned federation and associations are indeed entities which should be respected, and we should not exceed our authority. Furthermore, their administration should also be respected. Then, is there a need for reform? Yes, there is. I therefore urge the authorities concerned to consider how the reform can be carried out in a better and more reasonable manner. As we cannot pressurize, override or replace them, the best way would be to urge the authorities concerned to exert more effort in this regard. Against this background, I have used more objective wordings.

Last of all, Deputy President, in my amendment, I urge the Government to genuinely review the salaries and fringe benefits of sports coaches, instructors and counsellors. They complained to me that their benefits have been reduced after the dissolution of the former Municipal Councils. Not only have their salaries not been increased for more than 10 years, their existing salaries are actually lower than before. I am very surprised and sad to learn about their remuneration. Many of them are retired athletes and they devote their experiences to the community, but the Government has failed to attach any importance to them. It is hoped that the Government (*The buzzer sounded*)

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

MR WONG KWOK-HING (in Cantonese): would conduct a review in this regard. Thank you, Deputy President.

MISS TANYA CHAN (in Cantonese): As Mr KAM Nai-wai has just said, this motion debate today gives us a homecoming feeling because we discussed the sports policy a year ago. One of the focal points at the time was whether we should bid to host the 2019 Asian Games. The Civic Party moved an amendment to delete the original motion as we considered that it was then inappropriate to bid to host the Asian Games because we should first improve our sports policy.

Today, we have heated discussions about whether Hong Kong should bid to host the 2023 Asian Games. The Secretary may focus on whether we are for or against the bid, and this situation is somewhat similar to the issue of landfill expansion. Through this discussion and the Asian Games that had just been held, the public can better understand the deficiencies of our sports policy and facilities, and the authorities concerned should continue to move ahead at the right direction.

If my amendment is passed, I will also accept Mr WONG Kwok-hing's amendment. Item (a) of my amendment is about the Report of the Sports Policy Review Team entitled "Towards a More Sporting Future" (the Report) published in 2002. The Report is available on the Internet, and the Secretary has referred to the Report earlier. When I went through the Report, I found that many areas had fallen short of expectation. It has been nine years since the Report was published. The responsible Policy Bureau was dissolved, and the Sports Commission (Commission) had been set up; but many proposals mentioned in the Report have not been implemented. The Report was published in the hope that the Administration would formulate a long-term sports policy after taking into consideration the proposals in the Report. I hope that the Secretary would continue to improve our deficient policy on sports in this direction.

I propose in my amendment that the Government should split the Arts and Sports Development Fund. If my memory has not failed me, the Fund was

established in 1995, and it has two portions, namely arts and sports. The three objectives of the Fund are: (a) provide funding to enable athletes to compete in international events; (b) provide one-off grants to promote events; (c) provide funding for the development and promotion of major sports events in Hong Kong. However, all funding will be divided into arts or sports portions. The arts portion has always been used for supporting projects initiated by the Hong Kong Arts Development Council. As far as I know, the Commission is now responsible to advise on sports policy. We really hope that the Arts and Sports Development Fund can explicitly be split into the Arts Development Fund and the Sports Development Fund. Certainly, the Commission is not responsible for making all decisions relating to the Sports Development Fund. I have also proposed in my amendment to review the terms of reference and composition of the Commission, and enlist the participation of more athletes.

As far as I know, some new members joined the Commission on 1 January 2011, and the number of members has increased from 18 to 20. The Commission now comprises more athletes, including HUNG Chung-yam, a former member of the Hong Kong cycling team, and Amy CHAN, a former badminton athlete in the Hong Kong team. With the participation of these former Hong Kong team members, we hope that the Commission can strengthen the focus of the Fund on providing funding for athletes. While some of its members can give advice at the technical level, we hope that the views of athletes would also be heard in the Commission. Furthermore, we hope that the Commission would continue to carry out reforms in this connection.

If the Government really splits the Arts and Sports Development Fund and allocates \$6 billion for establishing a Sports Development Fund, to be managed by the Commission, we hope that the Commission would increase transparency and comprise more members. Since the Commission should give advice in respect of hosting major sports events, promoting sports for all and developing elite athletes, its members should include the relevant persons concerned, such as planning professionals. We expect these planning professionals to provide planning suggestions to the Commission to strengthen community facilities. Deputy President, the Report not only suggests strengthening community facilities but also strengthening the facilities for use by athletes. Athletes frequently need to compete with members of the public for using sports grounds for training, which is an unhealthy situation. We wish to see better planning.

Let me now talk about an issue that I have been striving for over a very long period, the Secretary may have heard about this point numerous times. In item (i) of my amendment, I urge the Government to standardize the present reward mechanisms for able-bodied athletes and disabled athletes participating in international events of equivalent levels. For the sake of convenience, I have made some display boards. As we can see, an individual athlete who wins a gold medal at the Olympic Games gets \$3 million as reward while an athlete who wins a gold medal at the Paralympic Games only gets \$300,000 as reward. The source of this information is from the revised list compiled by the Commission after it has endorsed an increase in reward in 2009. Let us look at bronze medal, an able-bodied athlete gets \$750,000 as reward while an athlete with disability only gets \$75,000. Concerning teams, the rewards for disabled athletes are only one tenth of those for able-bodied athletes. In the recent Asian Games — this is the first time that the Fund gives rewards to winning athletes in Asian Games — an individual athlete who wins a gold medal at the Asian Games gets \$400,000 as reward but an athlete who wins a gold medal at the Asian Para Games only gets \$40,000 as reward. Able-bodied athletes certainly have excellent performance, but disabled athletes have also won many medals. In the Asian Games and the Asian Para Games, the total rewards offered to able-bodied athletes are \$10.3 million while the total rewards to disabled athletes are only \$590,000.

Deputy President, I have so far failed to understand why the rewards for disabled athletes are only one tenth of those for able-bodied athletes. I asked the Secretary the same question in 2009, and he gave me a very special reply at that time. According to him, when determining the rewards, the Hong Kong Sports Institute took into account factors such as the participation and competitiveness of the athletic event, as well as athletes' eligibility for entering the competitions. Does he mean that disabled athletes only have one tenth of the value of able-bodied athletes? I hope this is not the case but I still do not understand why.

If I remember correctly, the Secretary is the Chairman and an ex-officio member of the Commission. I really hope that the Secretary can fight vigorously for this cause in the Commission. I believe he is well aware that the retired disabled athletes may face greater difficulties than their able-bodied counterparts; disabled athletes have not made fewer efforts than able-bodied athletes.

I would like to discuss the issue of funding again. Based on a Legislative Council paper in 2007, the maximum sports training grants for persons with disabilities are \$65,000 per annum, but the annual sports training grants for elite athletes and able-bodied athletes amount to \$300,000. These may not be the most accurate figures but I cannot find the relevant information. I hope the Secretary would tell us the latest information later, and I will be very happy to listen to it. There is really a substantial disparity in the amount of sports training grants provided to these two types of athletes and we do not see how that can possibly be the case.

Of course, we know that disabled athletes receive subsistence allowance from another fund. Nevertheless, Deputy President, the allowance will not be more than \$200,000. I hope that disabled athletes and able-bodied athletes would be treated equally.

Next, I am going to talk about coaches as Mr WONG Kwok-hing has also mentioned. It is proposed in the Report published in 2002 that disabled athletes should have full-time coaches. We would also like to increase the remuneration of coaches. If the Secretary has the information, I hope that he would tell us more about the current remuneration of coaches of elite athletes and of disabled athletes; whether they are all full-time coaches and whether some of them are part-time coaches. We know that coaches of athletes play very important roles. The efforts made by athletes are important, but they may get half the result with twice the effort without the support, assistance and instruction of coaches. Thus, we really hope that the Secretary would later give us an explanation.

As other Members from the Civic Party will speak on other aspects of the sports policy, I would like to speak about venues in the last one minute.

The Secretary may recall that at the special meeting of the Panel on Home Affairs held not long ago, it was mentioned that the Shing Mun River was almost the only training venue for rowing athletes. The Report published in 2002 had already demanded for the upgrading of rowing facilities; however, to which level has the Government upgraded rowing facilities? Today, the rowing team is still using a metal cargo container as its office. At the special meeting, the representative of rowing athletes repeatedly expressed the hope that a spectator stand be constructed because they did not even have a spectator stand. Deputy President, rowing is one of the elite sports, yet the situation is deplorable.

Irrespective of whether we can successfully bid to host the Asian Games, I hope that our sports policy would be taken forward in the right direction.

Thank you, Deputy President.

MR IP KWOK-HIM (in Cantonese): Deputy President, the motion on "Promoting the sports development in Hong Kong" that I moved a year ago was passed. At that time, all of us considered it necessary to promote sports development in Hong Kong and further enhance the standard of local sports. I believe that, to a certain extent, that motion has aroused the Government's enhanced concern for sports development in Hong Kong.

The Hong Kong delegation had outstanding performance in this Asian Games, and their efforts were much appreciated. To promote the further development of local sports, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) suggested earlier that, in addition to the existing resources, the Financial Secretary should allocate \$6 billion for establishing a Sports Fund, so as to provide more comprehensive support to local athletes and to promote sports.

The Hong Kong Sports Institute (HKSI) currently provides subsistence allowances to full-time athletes, mainly from three funding sources: first, the HKSI monthly stipends; second, Sports Aid Foundation Fund; and third, Sports Aid for the Disabled Fund. Nevertheless, there is a substantial disparity between the actual amounts of monthly subsistence allowances received by athletes at different grades. Only the best full-time Grade A athletes can receive more subsistence allowances. In fact, most part-time, Grade B and Grade C athletes, and athletes with potential only receive a few thousand dollars to slightly more than \$10,000 a month as subsistence allowances. Once elite athletes fail to reach new heights and have been downgraded to Grade B athletes, their allowances will be reduced by almost half. Since the subsistence allowances for athletes are generally at a relatively low level, some athletes have bluntly said that they are no match for middle-level officers of the Leisure and Cultural Services Department (LCSD).

Even top-level athletes are in a precarious state, let alone non-elite athletes. As these athletes have to pursue studies and make a living, they cannot receive full-time training and they can only become part-time athletes. The failure to receive full-time training is the reason why some athletes cannot achieve better results.

Deputy President, we cannot expect a horse to run fast without feeding it. If we want to encourage more young people to become athletes, if we want to have more athletes to get good results in international competitions, it is essential for the Government to improve the living conditions of athletes and provide more financial assistance to them. It should increase across-the-board the subsistence allowances for Grade B and Grade C athletes, as well as athletes with potential; it should also consider how to treat downgraded athletes well. For instance, it should consider if flexible arrangements can be made in respect of financial assistance, so as not to affect their morale for getting less financial assistance. If they can be free from worries, they may continue to commit totally to sports training.

On the education front, though outstanding athletes can now receive tertiary education on the recommendation of the Sports Federation and Olympic Committee of Hong Kong, China (SF&OC) and the HKSI, they still need to meet certain academic requirements before being admitted. Yet, there is a certain degree of difficulty for athletes who have been committed to a professional sports career since they were very young. They have spent a lot of time on training during adolescence at the expense of their studies. How can they have good academic results to further their studies in universities? Of course, some athletes were admitted to universities in the past due to personal efforts, yet they are just the minority.

Although the universities have now made some flexible arrangements for athletes, such as allowing them to miss class for training and competition, as well as extending the duration of their studies, Hong Kong is still lagging behind as compared with overseas universities in terms of support for athletes. For example, the universities in the United States give athletes huge scholarships to meet their tuition and living expenses. Moreover, the universities in the United States are highly concerned about the academic results of athletes, and they arrange students with outstanding academic performance to give tutorials to student athletes. When athletes fail to submit homework on time or sit for examinations, their professors will make flexible arrangements in an

understanding and tolerant manner. All these arrangements enable athletes to attend to studies and participate in competitions at the same time. I hope that local universities can draw on overseas experience, and make more flexible and suitable arrangements for athletes.

Deputy President, there has long been a lack of sports facilities in Hong Kong. The local community has been urging the Government to expedite the construction of sports facilities, but to no avail. It is not until the Government has decided to bid for hosting the Asian Games that these projects are brought up again, which reflects that the Government has paid no heed to the public's demand for sports venues in the past. Irrespective of whether we can successfully bid for hosting the Asian Games, the DAB requests the SAR Government to meet two basic demands. The first demand is to construct various sports facilities in accordance with the timetable formulated by the Government for bidding to host the Asian Games, so as to meet local aspirations over the years.

The other demand is to further expand the succession training scheme for young athletes, and enhance the recruitment, identification and training of young athletes at the district level and at the level of National Sports Associations (NSAs). Since 2009, a total of \$15 million has been allocated to 22 NSAs under this scheme, nearly 200 courses and training have been organized and 6 100 young athletes have taken part. The DAB expects the Government to further expand this scheme to allow other NSAs to assist in the identification of athletes with potential and enhance the standards of these athletes.

Deputy President, the LCSD organizes sports classes in various districts. To promote and encourage elderly persons' participation in sports activities, the DAB suggests that the Government should introduce Elderly Sports Vouchers, so that an elderly person can attend a free sports class, such as a Tai Chi class or an elderly aerobics dance class, organized by the LCSD once a year.

Deputy President, another amendment to the original motion that I have proposed is about the operation of the SF&OC and the various NSAs. We are aware that there is no direct affiliation between the Government and the SF&OC, and the Home Affairs Bureau is not responsible for the regulation of the SF&OC. Since the SF&OC is a member of the International Olympic Committee (IOC), the IOC is responsible for the management of the SF&OC. For this reason, it is

inappropriate to ask the SAR Government to reform the SF&OC or enhance its transparency.

There is another fact about the mode of operation of the SF&OC and the various NSAs. The Olympic Committees in various parts of the world (including the SF&OC) need the support of local NSAs, and they form a global sports management organization. The local NSAs are subordinate to various NSAs in the continents, and many NSAs in Hong Kong are subordinate to the Asian Sports Associations. These associations have the autonomy to promote respective sports events.

Although local NSAs are subordinate to the SF&OC, they enjoy autonomy in handling matters in connection with athlete training, the accreditation of athletes, coaches and professionals, as well as daily administrative operations and the selection of athletes to participate in competitions. They do not need to seek the approval of the SF&OC. However, when athletes participate in the Olympic Games, Asian Games and East Asian Games in the name of the "Hong Kong delegation", the delegation must be organized by the SF&OC, and it will, in the capacity as a regional Olympic Committee, lead the delegation to participate in competitions held in the host countries. Hence, the SF&OC and the local NSAs maintain their respective autonomy while maintaining division of labour and co-operation.

The DAB is of the view that we should respect the autonomous operation of the SF&OC and various NSAs, and the Government can assist in upgrading the transparency of their administrative management, finances and selection mechanisms, so as to ensure fair treatment of all athletes. For the above reasons, the DAB will not support the original motion and Miss Tanya CHAN's amendment.

A few months ago, the Panel on Home Affairs visited the redeveloped HKSI, and we saw various advanced equipment, sports facilities and medical facilities. The athletes present at that time praised the Government for the results achieved in supporting elite athletes. The DAB does not agree to what is stated in the preamble of the original motion (*The buzzer sounded*)

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

MR IP KWOK-HIM (in Cantonese): Therefore, we cannot support Mr WONG Kwok-hing's amendment. Thank you, Deputy President.

DEPUTY PRESIDENT (in Cantonese): Mr IP, your speaking time is up.

SECRETARY FOR HOME AFFAIRS (in Cantonese): Deputy President, I have to thank the Legislative Council for discussing the motion on "Promoting long-term sports development" again and for Members' concern about sports development in Hong Kong.

Members may recall that the Legislative Council had a motion debate on the sports development in Hong Kong in January last year. In that original motion, it was proposed that the Government should actively consider bidding to host the Asian Games in 2019. This is the key issue in promoting long-term sports development, and the motion last year had been passed by a majority in the Legislative Council.

Over the past year, the Government has implemented various policies and strategies in sports development in a steady pace. At the same time, it has made preparation for supporting the Sports Federation and Olympic Committee of Hong Kong, China (SF&OC) in bidding for the hosting of the Asian Games, including the commencement of public consultation. We have scheduled to submit an application to the Finance Committee on 14 January to obtain approval in principle, so that we can support the SF&OC in making a formal bid to the Olympic Council of Asia. I hope that through the debate today, the public may have a better understanding of the strategies and directions of the SAR Government in sports development, and the policy intention of supporting the bid to host 2023 Asian Games.

Since Hong Kong has reunited with the Motherland, the sports development in Hong Kong has turned a new page. After a thorough review, the SAR Government published a report titled "Towards a More Sporting Future", setting out the broad strategic aims for sports development, that is, to "develop a strong sporting culture in the community, achieve greater excellence by our elite athletes and raise our international profile on sports". For the implementation of the development strategies, the Government has set up the Sports Commission

(the Commission) and the Community Sports Committee, the Elite Sports Committee and the Major Sports Events Committee under the Commission. The Commission and the committees will conduct studies and propose policies and measures respectively in the light of the actual situation in Hong Kong. Besides, additional resources will be put in gradually to promote long-term sports development.

In respect of the promotion for sports for all, the Leisure and Cultural Services Department (LCSD) has organized various kinds of recreational events to encourage public participation, and it is expected that the attendance rate this year will reach 2 million. The Hong Kong Games is held every two years since 2007, attracting the participation of athletes and the public from the 18 districts. The 3rd Hong Kong Games will be held this year, 2011. The preparation work is now in full swing, and we believe the number of players joining the competitions and the number of participants will set a new record. At school, the LCSD has implemented the School Sports Programme, and subsidies are provided to various National Sports Associations (NSAs) to organize around 7 800 events this year for students from more than 1 000 schools.

As for the nurturing of athletes, the Home Affairs Bureau allocates around \$160 million to the Hong Kong Sports Institute (HKSI) on a yearly basis to offer comprehensive support to elite athletes, which includes direct financial subsidies, training programmes, accommodation and various counselling services, and so on. At present, there are close to 1 000 elite athletes and potential athletes, including athletes with disabilities, receiving training and support from the HKSI, and the number keeps increasing. For elite athletes at the highest level, they may receive financial subsidies of close to \$30,000 monthly.

Moreover, the Government has launched the Sports Subsidy Scheme to promote various sports events, and identify and nurture athletes. The amount of subsidy under the Scheme will be increased on a yearly basis. In the financial year 2010-2011, the LCSD has provided \$213 million subsidies to 58 National Sports Associations and 22 sports groups for various activities, such as staging competitions, conducting trainings and coaching work.

To ensure the succession of athletes, the HKSI has been granted an additional recurrent funding of \$3 million since last year to enhance the training of young athletes. We have co-operated with various NSAs, including the two

NSAs of persons with disabilities, to establish more systematic feeder programmes to raise more young people with potentials, so that they will take up sports as their career. In 2010, the HKSI launched the Talent Development Programme to carry out sports-specific testing of students to identify more talented junior elite athletes.

In July last year, the Finance Committee approved our application for the injection of \$3 billion into the Arts and Sports Development Fund as seed money. Half of the annual investment return of the Fund will be used for promoting sports development. The additional resources will be used to provide better support to elite athletes in participating in major international sports events, promoting team sports, organizing more school and district-level sports programmes and promoting football sports.

All along, sports include competitions and races, and the hosting of athletic meets should be the proper meaning of sports development. I believe Members still have fresh memory of the grand scenes of the East Asian Games. To encourage local organizations to stage more major international sports events, the Government has set up the "M" Mark System and Support Packages. Since 2004, 46 major sports events have been awarded the "M" status, including the Hong Kong Marathon, the Hong Kong Sevens, the FIVB World Grand Prix, the Hong Kong Open Badminton Super Series and the Hong Kong Open Championship for golf, and many of those events have received enormous support from sponsors. The Government has allotted matching grant amounting to some \$32 million. Recently, the Commission has passed the proposal of enhancing the matching grant for major sports events, so that the maximum subsidizing period and amount for each event will be increased from six to eight years and from \$9 million to \$11.5 million respectively.

From the aforementioned figures, we can calculate the expenditure for the next 10 years. Even if hardware expenditures, including venues and facilities, are not included, the estimated amount to be invested in the development of sports for all, elite sports and major sports events will exceed \$6 million.

I have mentioned in the previous paragraphs the new measures taken and the latest progress achieved last year.

We attach great importance to the studies and employment of athletes. Starting from 2008, the HKSI introduced the Enhanced Athletes Educational and Vocational Development Programme to provide education and career development support to athletes, including schools referrals, academic guidance, consultation and tutorial services, and so on. Training programmes on personal development are also available to help athletes enhance their knowledge and skills in financial management, time management and public speaking. At present, funded institutions under the University Grants Committee accept enrolment applications from athletes recommended by the HKSI or the SF&OC. They allow athletes who have been admitted to their institutions to defer commencement of studies; take leave as necessary to carry on with sport training and competitions; and extend their period of study. The HKSI and the Beijing Sport University have jointly organized a part-time degree programme on Bachelor of Education in Sports Training, and by now, 50 students have completed the course.

The HKSI has also provided career counselling to athletes who are about to retire. It has set up the Elite Coaching Apprenticeship Programme for athletes who are about to retire to receive part-time coach training. These athletes may also join the Coach Education Programme to receive subsidy for taking relevant courses to obtain the coach qualifications. So far, nearly 850 athletes have received the relevant training and counselling.

The Government has allocated \$11 million subsidy to the SF&OC for the launching of the Hong Kong Athletes Career and Education Programme to provide support to serving athletes and athletes retired for four years. The support provided includes vocational training, mentorship programme, Sports Ambassador Programme, consultation services on career development and employment and internship opportunities. Retired athletes may enrol at universities on special conditions and receive scholarships or grants. Serving athletes may also receive financial support for part-time education and enrol in education and career development workshops. Since the introduction of the Career and Education Programme, dozens of business organizations have rendered their support and more than 30 NSAs and some 130 athletes have benefited from the programme.

The SAR Government has been persistent in implementing the strategic aims of sports development, and this is producing effect gradually. At the

Guangzhou Asian Games and Asian Para Games, Hong Kong athletes have made unprecedented achievements, winning eight gold medals, 15 silver medals and 17 bronze medals in the former event and five gold medals, nine silver medals and 14 bronze medals in the latter. Performance of young athletes of the new generation has been particularly impressive, for they have shown their fighting spirit and skills, winning extensive commendation from the people of Hong Kong and China.

In respect of sports facilities, in the past decade, the Government had constructed nine stadiums in various districts. From 2005 onwards, the authorities have spent more than \$3.5 billion to complete the construction and improvement works of sports venues and facilities. At present, 18 projects on sports venues and facilities are still underway, and the total investment incurred exceeds \$10 billion. In the discussion paper on the bid to host the Asian Games published earlier, we have set out the sports facilities to be planned and constructed, such as the Multi-purpose Stadium Complex at Kai Tak development area and the sports venues and facilities in various districts. These facilities may be used for staging events at Asian Games, and meeting the demand of the public and athletes during normal days. As for soccer pitches, there are 15 "third generation" artificial turf soccer pitches at present, and 21 additional pitches will be built in the next five years to make the total number of pitches to 36.

In the original motion, it is mentioned that as Hong Kong failed to bid to host the 2006 Asian Games 10 years ago, the Government had not honoured its undertaking of building sports venues. This allegation is only hearsay but not the actual fact. Indeed, the "facilities undertaken to be built", as referred in the report, are the initial proposals proposed by the consultant commissioned by the Government in 1999 in the bid to host the Asian Games. There had not been any specific plan for the sports venues mentioned, and the funding for the plan had not been granted by the Legislative Council. After consideration, the authorities had eventually excluded certain proposed facilities in the bidding documents for 2006 Asian Games submitted by Hong Kong. However, as I said earlier, in the past 10 years, many new venues have been completed and facilities have been improved in the territory.

(THE PRESIDENT resumed the Chair)

In the implementation of sports policies, the Government always consults stakeholders, including various sports organizations, and listens to the views of various sectors. For instance, before the introduction of the Enhanced Athletes Educational and Vocational Development Programme and the Hong Kong Athletes Career and Education Programme in 2008, the Government had listened comprehensively to the views of the sports sector, including those of retired athletes. Serving and retired athletes are included in the Commission and its three committees. Mr WONG Kwok-hing stresses that extensive consultation should be conducted and public participation should be mobilized, I agree with him.

The Government has been consistent in policies on sports promotion, and support is given to both able-bodied athletes and athletes with disabilities. For Hong Kong athletes winning awards in different sports events, the amount of prize money granted may vary, which is an established practice basing on the different scopes of participation and competition of different sports events. For instance, at the Beijing Olympic Games, there was only one gold medal for the 100 m Men race, but at the Beijing Paralympic Games, the 100 m Men race was divided into 13 levels according to the degree of disabilities. Hence, the scopes of participation and competition of the two sports events are different. It is unnecessary to standardize the prize money for athletes winning awards in sports events of a different nature. Take the case in the United States and Australia as an example. They do not adopt a broad-brush approach in prize money awarded to able-bodied athletes and athletes with disabilities. The sports sector in general understands this practice, and this should not be connected to the issue of fairness.

President, we should have noticed the progress of the sports field in Hong Kong and should fully recognize the achievements made by the sports sectors and athletes with their continuous efforts. Actually, sports development in Hong Kong is not lack of success, and the SAR Government has long since laid down the long-term strategies and aims for sports development. The proposal on supporting the bid to host the 2023 Asian Games is an important opportunity in the implementation of long-term sports development. If Hong Kong can successfully bid to host the Asian Games, it will set a common goal for various sectors in Hong Kong to strive for vigorously and give strong impetus for Hong Kong to strive to mount a new platform.

I look forward to listening to the views of Members and will give my response later.

Thank you, President.

DR LAM TAI-FAI (in Cantonese): President, apart from the constitutional reform, minimum wage and the Express Rail Link, I think that the most controversial issue in the community over the past two years is the bid to host the Asian Games. In fact, I believe the issue of whether the funding proposal will successfully get its way through the Legislative Council will pretty much be settled in the middle of this month.

Just now, the Secretary delivered a 20-minute speech in a relaxed manner. Is he confident of the approval of the funding proposal or has he prepared to accept defeats? I believe the Secretary should know this only too well. Although I am a pretty optimistic person, I cannot help to be pessimistic about this proposal. I think that even if the funding proposal is endorsed, the Secretary should not be overjoyed as this does not mean that we have won the bid to host the Asian Games. On the contrary, if the proposal fails to get its way through the Legislative Council, the Secretary needs not be disheartened as there will definitely be a chance in future. No doubt, the chance may only come up again two or three decades later and the Secretary will no longer be in charge by that time. Perhaps, he and I may sit in front of the television to cheer for the Hong Kong team.

Regardless of whether we can successfully win the bid, it is a boost to the local sports sector after all. The extensive consultation conducted over the past few months has undoubtedly deepened the understanding of the general public, the Central Government and the SAR Government towards Hong Kong's sports sector. Despite the failure of forging a consensus within the community on the bid to host the Asian Games, people almost share the same view and idea on the need for the Government to formulate a policy to promote sports development. From the colonial era to the present, Hong Kong has not formulated any comprehensive policy on sports. As a matter of fact, sports activities do not only make us physically strong, it is also a very powerful force in the community. Not only can this force help foster unity, cohesion and national spirit in the community, it can also enhance people's recognition of the country. Perhaps the

Hong Kong British Government knew very well that this force would make Hong Kong people too united, thus no policy had been formulated to proactively promote the development of sports. This is understandable, and certainly there would not be any bid to host the Asian Games like this time. At an earlier time, Mr WONG Kam-po said that he hoped political parties or Members would not bundle politics and sports together for discussion. Nonetheless, I hope that the Secretary would explain to Ah Po in private that politics and sports are inseparable.

Over the past 13 years after the reunification, we had three terms of governments. Why has a comprehensive and sustainable long-term sports policy yet to be implemented? Is it because the Central Government fears that Hong Kong will run out of control so that the formulation of sports policy and the promotion of sports are prohibited? No. The support of the Central Government is evident from the fact that after major sports events, such as the Beijing Olympics Games, the Chinese athletes immediately came to Hong Kong to share their achievements with Hong Kong people instead of returning home. As we all know, their arrival can lift the spirits of the people and unite the community. What is more, their arrival is a show of encouragement by our Motherland for the development and promotion of local sports.

Then, is it because we lack money to promote sports? This is impossible. Just as Members have mentioned earlier, we have a huge reserve of hundreds of billions of dollars. No one will believe that the Government lacks the funding to promote sports. Is it because of a lack of talents? Being such a small place with no natural resources, Hong Kong's success is absolutely attributable to the abundant supply of local talents. Then why are we lacking in sports talents? Honestly speaking, the Government should be blamed for not attaching importance to sports talents and nurturing them. It also fails to attract outstanding sports talents to come to Hong Kong to help promote the development of sports.

Since we are not in lack of support from the Central Government, not in lack of funding or talents, then why no policy has been formulated to promote long-term development of sports? The reason is very simple, Secretary, it is a matter of the mindset. As the saying goes, thinking affects behaviour, and behaviour affects outcome. All along, the Government has not taken sports development as an urgent, essential and obliged task. It therefore lacks the

determination or energy to expeditiously formulate policies to promote sports development and put them into practice. I can boldly say that this is, after all, a stalling tactic of the Government.

President, time changes, both the people of Hong Kong and the Central Government cannot tolerate the stalling tactic of the SAR Government any longer. People are indeed gravely dissatisfied with the Government's lack of rigorous support for the development of elite sports, for the nurturing of elite athletes and the promotion of sports for all. Many people blame that district sports facilities are inadequate for them to participate in sports activities. As the quality of living is deteriorating, coupled with the increasingly serious deep-rooted conflicts in society, public confidence in the Government has gradually eroded. This has seriously undermined the Government's prestige in governance. I therefore consider that if the Government is still not determined to formulate policies to promote sports, not only will the development of our elite athletes and elite events be hindered, resulting in the failure to promote sports for all, the governance of the Government will also be seriously undermined, thereby intensifying social grievances.

President, I basically agree with the views expressed by Mr KAM Nai-wai and other colleagues today. However, I think that their opinions have focused too much on operation. To address the root of the problem, the focus should be placed on the formulation of sports policy and the persons in charge of this policy. These are very important issues. Furthermore, the Government should also develop a sporting culture. I therefore propose to the Government to establish a Sports Development Council to formulate policies on all fronts. I have put forward this proposal to the Government time and again. Should the Government fail to identify suitable expertise to head this Sports Development Council from within the Government, it may turn to the community or even overseas countries, as in the case of the Western Kowloon Cultural District Authority, which is led by a foreigner. The purpose is to have people in the sector leading the laymen, or professionals leading the amateurs. On the other hand, the Sports Commission, the Community Sports Committee and the Elite Sports Committee can continue to give advice.

Furthermore, I opine that the Sports Development Council should review and redefine the roles, functions, interests, as well as powers and responsibilities of the Government, the Hong Kong Sports Institute, the Sports Federation and

Olympic Committee of Hong Kong, China, various National Sports Associations, tertiary institutions and even the Leisure and Cultural Services Department, with a view to ensuring a proper balance of power, a fair distribution of interests and a clear distribution of responsibilities. What is more, the Sports Development Council should act with fairness, take bold and resolute measures, and have a mindset of making a breakthrough. It should not be hesitant to press forward and it should face personnel problems with determination and courage; otherwise the problem will become an obstacle. When formulating the policy on sports, factors such as business development, people's livelihood, and the balance between entertainment and gambling must be taken into consideration. How can the American NBA and English Premier League be so successful if they have no support from the sector? Last of all, it is the power of enforcement. It is hoped that after the formulation of policies, there will be a strong enforcement power to promote development. President, I so submit.

MR RONNY TONG (in Cantonese): President, to an ordinary Hong Kong people, our policy on sports can only be described with two words: black gold. "Black" refers to our completely non-transparent selection mechanism. May I ask which committee in Hong Kong is so wealthy and powerful that is served by two pairs of father and son at the same time? Does Hong Kong really have such a superb family of athletes?

President, Mr IP Kwok-him just said that he did not support the amendment proposed by Miss Tanya CHAN of the Civic Party because the Sports Federation and Olympic Committee of Hong Kong, China (SF&OC) is an independent body and a kingdom which should not be interfered with. However, in his amendment, he highlighted the need to upgrade the transparency of the mechanism. It is therefore an undisputed fact that the mechanism lacks transparency.

Today, there is something I must say. To my regret, the Member representing the sports sector is unable to attend today's meeting. As far as I can remember, his attendance is not high. Even though the discussion today is about sports, which relates to his work, he is again absent. I wonder if his son is watching television at home. He should at least listen to Members' criticisms against the SF&OC, as this might be helpful in making future improvements.

Regarding the selection mechanism, I find it totally unacceptable. I have recently received complaints from a parent that his son was not allowed to take part in the Guangzhou Asian Games though he has met the requirements for participating in international competitions, as promulgated by the SF&OC. They even indicated to the Government that they were willing to buy their own tickets to Guangzhou since the tickets were not very expensive. Yet, the Government refused, claiming that this was not a matter of money. Then, was it a matter of quota? Or were there too many athletes? No. The event which his son would enter is roller sports. No one in Hong Kong has taken part in this competition. Furthermore, even athletes whom he had defeated in international competitions were allowed to take part, only he was left out. How can they lodge an appeal? Nobody knows. I am still waiting for the Secretary to spare some time to talk to me, and yet no arrangement has been made. I would certainly wish to meet with Mr FOK, but also in no avail. As an ordinary citizen and a humble Member, it is very difficult for us to redress the grievances of these parents. This is the "black" side of Hong Kong's policy on sports.

How about the "gold"? It is very simple indeed. All along, the Government has attached great importance to money, thinking that money can solve all problems. Earlier, the Secretary has spent 15 minutes to report on the expenditure and work in this regard. There are nonetheless some very important questions. First, the Government must develop an appropriate sporting culture. Second, young people and their parents should be provided with incentives to fully engage in sports activities. The Government has only provided a direct subsidy of \$300,000 to elite athletes, is that enough? As we know, just as Miss Tanya CHAN has mentioned earlier, the amount of \$300,000 is dedicated for elite athletes. The term "elite athlete" is clearly defined and not all athletes are elite. According to the parents who have complained to me, as their children are not elite athletes, they cannot even have \$30,000 or \$3,000, not to mention \$300,000. If their children have to take part in overseas international competitions, they would have to pay out of their own pocket for the air-tickets. Worse still, due to a lack of money, they can only stay home and obtain information about their children's performances from the radio or television. This is indeed very sad.

Another parent complained to me, his son is a good swimmer, but seeing the dim prospect of being a member of the swimming team in Hong Kong, he asked his son to make a choice. This is precisely what my professor asked me to do years ago, that is, to choose between playing the band or be a lawyer. I chose

the latter and here I am. While his mother asked him to choose, his father told him to study well to get admitted to a good university. Fortunately, his son listened to his words and was admitted to a good university. Yet, his father said to me, "Mr TONG, I am still not sure if my decision was right. Perhaps I had taken away his chance of having a glorious sporting life." Today, he still feels sorry about his son. Let us look at some overseas examples. Tiger WOODS was admitted to the Stanford University simply for his golf achievements. Mrs Regina IP is also a graduate of the Stanford University. President, what is so good about enrolling in these universities? After being admitted to a university, even though one's academic results may not be good, at least he has a bachelor degree, and this may be an asset for him. As the career life of an athlete is very short, if the retired athlete can be awarded with a bachelor degree, he can at least get a job and earn his own living. If you were an athlete in Hong Kong, just as the example which I have cited earlier, no matter how well you swim, you may even won a medal in the Asian Games, what can you do when your athlete life ends if you cannot be admitted to the university? Not long ago, we read from the newspaper that an outstanding Hong Kong athlete had committed a criminal offence due to the lack of money.

President, these are problems that we should tackle. We need to formulate a comprehensive policy on sports. The Government should not just sit with its arms folded after the provision of funding, nor should it think that the issue is as simple as the construction of several sports grounds. Rather, we must seriously consider the necessary incentives to be provided for young people to start receiving training at an early age until they become a professional, and for parents to rest assured that their children can pursue a sports career.

President, in my opinion, the crux of today's discussion is a comprehensive policy. The answer to the question is not a mere provision of an additional tens of millions of dollars. Rather, I hope that the SAR Government would look squarely at the need for a long-term sports policy, and exert influence on the existing selection mechanism by all means. Thank you, President.

MR ALBERT CHAN (in Cantonese): President, like Mr Ronny TONG, I am also disappointed because as we discuss the issue of long-term policy on sports, a subject seldom discussed in this Chamber, the only Member representing this functional constituency is absent. This reflects on how influential the

representative of this functional constituency is in this Council and how concerned he is about this issue.

President, the promotion of a long-term policy on sports is invariably related to the issues of hardware and software. By the same token, the bid to host the Asian Games is related to the issues of hardware and software. I often wonder, given such overwhelming public opposition, the Government has worked so diligently, actively and proactively for the bid to host the Asian Games, possibly because of a political objective, that is, it does not want Taiwan to win, right? In other words, it may have a political mission because at this stage, the Central Government still feels reluctant to send its athletes to Taiwan to participate in the Asian Games. Therefore, better not let Taiwan win the bid. The Hong Kong Government has to act underhand and it must take up this political mission wholeheartedly, so as to spare the Central Government from any embarrassment. If an official delegation was to go to Taiwan to participate in the Asian Games, many political difficulties would arise. One of the issues would definitely be the flying of flags. Regarding this conspiracy theory, I know the Secretary will deny emphatically.

President, just now I mention the issues of hardware and software. All along, I do not have too much worry about hardware. For example, the Airport Core projects, which cost more than 100 billion dollars, could be completed within 10 years. In terms of expenditure, the Government has always been indifferent to the needs of the grassroots for its pursuit of grandiose. It would rather dump money into the sea and waste its money to construct the cultural centre than looking after the grassroots. The Government always dumps money into the sea and it is nothing new. The Government will keep on burning money and creating waste for its pursuit of grandiose.

In terms of hardware, the Government can certainly buy everything it needs with money. Even if there is a lack of talents in Hong Kong, such as the construction of the Tsing Ma Bridge which was designed by FOSTER, it can ultimately engage professionals from overseas countries to undertake the construction projects. However, there are deficiencies in terms of software. There are two major deficiencies: the first deficiency is the central governing structure of sports; the second deficiency is related to the National Sports Associations.

Looking back to the changes in the framework for sports development in Hong Kong in the past 20-odd years, we can only sigh in disapproval. In 1973, the matter was taken up by the Council for Recreation and Sports which was an advisory body and the relevant services were provided by the Recreation and Sports Services. People growing up in the same generation as me would have participated in many activities organized by the Recreation and Sports Services. But many a times, there were serious co-ordination problems between this advisory body and government departments because after all, the Council's role was advisory in nature, it did not implement policies and had no real power. Subsequently in the 1980s, with the formation of the Regional Council, many policies on sports were co-ordinated by the two municipal councils. The Urban Council was responsible for policies in the urban areas while the Regional Council was responsible for policies in the New Territories. In 1990, the Government established the Sports Development Board which was responsible, in principle, for the planning and co-ordination of some elite athletes' programmes and dedicated projects. Back then, I had served as a member of the Sports Development Board for two years and hence, I had also been involved in some of the developments. However, on retrospect, there was a lack of policy co-ordination in respect of professional, specific and long-term development; there was also a lack of vision and concrete enforcement to achieve the desired development.

Then, in 2000, the two municipal councils were abolished, and the Sports Development Board was dissolved in 2003. Thereafter, the organization for sports development, that is, the current framework, is even more ridiculous because three different committees have been established, namely the Community Sports Committee, Major Sports Events Committee and Elite Sports Committee. Basically, these three organizations do not have any real powers as they are merely advisory bodies responsible for giving advice. Other work is basically undertaken by the Leisure and Cultural Services Department which is under the Secretary's purview. The entire framework is led by the opinions of Government bureaucrats and they will appoint persons they consider proper, obedient or suitable to sit on these committees. I am also acquainted with some of the persons-in-charge and I have known them for 20 or 30 years. I absolutely have no doubts about their sincerity and passion in promoting sports. However, many of them are only serving in these committees on a part-time basis and they may not have practical experience; they have neither been athletes nor organizers of sports activities. Many of them are justices of peace, local gentry or social

celebrities. While they indeed like sports, they do not necessarily have the relevant professional knowledge. This central framework has no merits at all.

Another major deficiency or problem lies with the National Sports Associations (NSAs). We have voiced our views many times in this Chamber in the past decade or so. There are the seven vices of the NSAs including specialists led by laymen, black-box operation, underhand dealings, and so on. These problems have been mentioned many times indeed.

I have asked my staff to conduct an online research so as to find out as much information as possible about the 69 NSAs in Hong Kong. Out of these 69 organizations, only one organization named the Hong Kong Netball Association has set out detailed information, such as the names of office bearers, organizational structure, audit reports, constitution, minutes of meeting, contact information, and so on. As for the other 68 organizations, the information is incomplete. Four organizations do not have information on the list of office bearers, organizational structure, financial status, constitution or minutes of meeting. From this example, you can realize that the NSAs or the organizations representing Hong Kong have problems relating to the disclosure of information. Hence, if the persons-in-charge of the NSAs do not embark on a reform, the development of sports in Hong Kong is also doomed because the seven vices still exist. About 10 years or so ago, I had already said that as long as the Hong Kong Football Association (HKFA) does not reform, the football scene in Hong Kong is doomed. Even with successive changes in the chairmanship of the HKFA, the development of football in Hong Kong remains the same for there are deep-rooted conflicts in the HKFA's organization.

Another major problem that is unique to Hong Kong but not in any other places in the world, that is, the Sports Federation of Hong Kong, China and the Olympic Committee of Hong Kong, China join together to form the Sports Federation and Olympic Committee of Hong Kong, China. In overseas countries, national sports associations and federations are separate entities. As National Olympic Committees are independent organizations, they will not be affiliated with the sports federations. This is a ridiculous organizational structure. Because of this unhealthy organizational structure, the development of sports in Hong Kong will continue to decline.

MS MIRIAM LAU (in Cantonese): President, in both the East Asian Games held in Hong Kong in 2009 and the Asian Games held in Guangzhou last year, Hong Kong athletes had won medals after medals through their unyielding spirit and years of unremitting training. All the people of Hong Kong are proud of their outstanding achievement. Unfortunately, while the authorities have tried to widely publicize the bid to host the Asian Games with the help of the medal winners, members of the public are never quite convinced that the Government is genuine and sincere in proactively promoting the development of sports in Hong Kong.

In mentioning a comprehensive policy on sports, the Secretary may again repeat the two key missions outlined in the report entitled "Towards a More Sporting Future" published in 2002, namely the promotion of a sustainable and community-wide sporting culture as well as the training of high performance athletes. The problem is, after eight years of development, the authorities still come under criticisms for their disappointing achievements in these two areas of work.

Let us consider, for example, the promotion of a "sports for all" culture. According to the findings of a "sports for all" survey published by the Sports Commission in September 2009, only 65% of Hong Kong citizens indicated that they had participated in sports at least once in the past three months. Moreover, over half of the respondents (that is, 51.4%) failed to meet the level of the baseline indicator for physical activity (which means doing sports at least three days a week and at least an accumulation of 30 minutes a day). These figures really reflect that the authorities have totally failed in terms of promoting sports for all.

The Liberal Party considers that in order to promote a "sports for all" culture, the authorities can consider arranging, through various National Sports Associations, athletes to visit schools as sports ambassadors to promote students' participation in sports, which can in turn train up and nurture new talents in the local sports scene. Moreover, consideration can also be given to allowing district sports associations or clubs to have priority in using sports venues so as to promote more training and competitions of young athletes at the district level.

Regarding elite sports, the authorities have been promoting the policy of elite sports for many years. Although a group of elite athletes in individual

events have been nurtured under this policy, the authorities have tilted towards elite sports in terms of resource allocation to the disadvantage of non-elite sports, particularly the development of team sports. Under the policy of elite sports, local football development has always been neglected. If it is not for the "legend" created by the Hong Kong football team in the East Asian Games, it is unlikely that the Government would commission the subsequent consultancy study on football development.

The Liberal Party considers that as the Government is not a commercial sponsor, the number of medals won should not be the only factor of consideration in deciding the amount of resources to be allocated to sports items or in listing certain sports as elite sports. In considering whether a certain sport should be listed as elite sport, can the authorities consider factors such as the take-up rate or cohesive force of the sport? Should another independent selection mechanism be established for team sports? We of course hope that the authorities can seriously review the relevant arrangements.

Moreover, many former athletes have complained to us that under the elite system, only meagre support is provided to promising young athletes before they make it to the Hong Kong team. Even though they are selected to receive intensive training, they have to pay their own expenses for training and competition. While they certainly do not have the opportunity to use the facilities of the Hong Kong Sports Institute, they must also compete with ordinary members of the public for use of facilities in venues managed by the Leisure and Cultural Services Department when undertaking training on their own. Due to insufficient support and the shadow of a "gloomy career prospect in sports", many promising young athletes have sadly quit before they can make it to the Hong Kong team.

Therefore, we consider that the authorities should practically strengthen the support for athletes, such as provide them with counselling services for further education and training allowance, so as to minimize wastage of promising athletes and prevent succession problems of the Hong Kong team.

In order to promote the development of sports for all and elite sports, the Liberal Party supports in principle that more resources should be allocated for sports. As the Government has already established the Arts and Sports Development Fund (the Fund), and the Legislative Council has just approved the

injection of \$3 billion into the Fund in July 2010, if Honourable colleagues consider the amount inadequate, they can request the authorities to inject additional funds into the Fund. If another Sports Fund, which is similar in nature, is to be established, it seems that the fund is proposed just for the purpose of having another fund; it may not be conducive to the promotion of sports development.

President, the Liberal Party acknowledges the contribution made by various National Sports Associations (NSAs) over the years for promoting sports development. However, we also notice that the operation of some NSAs and sports organizations lack transparency, such as allegations of black-box operation in connection with the recommendation of athletes to join the Hong Kong team or the selection of athletes to compete in sports events. In some more extreme cases, a situation similar to succession has occurred, which is detrimental to local sports development. Therefore, under the premise of respecting the independence and autonomy of the Sports Federation and Olympic Committee of Hong Kong, China, as well as its NSAs, we support that active encouragement measures should be adopted by the authorities to promote the self-reform of the NSAs as a response to the concerns raised by the community and the athletes.

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

MR LEUNG KWOK-HUNG (in Cantonese): President, I intend to recite a couplet just now, but as I kept on talking about minimum wage, I miss the chance to do so. However, it turns out that this couplet is also applicable to this motion debate. The couplet, which was written by the poet LIU Yuxi, reads as follows, "Ornaments of beauties and signets of kings, all thou shiny gold panned from gravel washed by waves." This couplet depicts the hard labour of girls who pan for gold day in and day out, so that the gold panned can be used to make head ornaments and jewellery for the beauties, as well as signets for the kings.

Talking about sports, in fact I play football and hence, I can be counted as one who has participated in sports activities. I am also a football fan but I do not intend to discuss this matter in this Council. I think the crux of the whole issue is that given the wealthy society we are living in — as measured by our high per

capita income — many people in fact do not have time to engage in any sports activities. The reason is that our working hours are so long. If I want to play football with some friends, we have to meet after 9.30 pm because many friends work late. Some of them work in the transport industry and some in design industry, but they all finish work after 8 pm. If they go to the football pitch after 8 pm, they do not have time to eat. Sometimes, I also play in a football match with an empty stomach. Given such conditions, how can we play a serious match and how can this be regarded as doing sports? This is at best a leisure activity.

Nowadays, in our society, the leisure or sports activities undertaken by members of the public have turned into problems to be solved by the market. In other words, if you do not have to work long hours in the market, you will have spare time for leisure or sports activities. Or if a commercial entity is interested in a particular sport, this sport will have a chance to survive. I think it is in fact quite laughable. After the legalization of football betting in Hong Kong, I have heard a theory that, "Football betting can attract more people to watch football matches; if more people watch football matches, there will be more football players." However, this theory is actually wrong. Football betting will only attract more people to watch football matches for gambling sake; people who bet on football will not start playing football. It is because people gamble for money but not for the match. Therefore, in our present society, the original behaviour of human beings, either our aesthetic judgment or our basic needs, have been downgraded into an act to be fulfilled through market transactions.

Actually, this situation is not confined to Hong Kong. At present, many sports activities have become television programmes and relatively speaking, the number of genuine participants has been decreasing. That is also the reason for the demise of sports. At present, sports are like movies for the spectators, we do not have to get involved. In terms of alienation, our participation in sports is only confined to watching; we watch the performance of the athletes, just like watching a circus show.

Of course, this phenomenon is not unique to Hong Kong. Now that we are having this motion debate in this Chamber, how can the Government ensure that the people of Hong Kong have the opportunity to genuinely participate in sports activities? First, it must reduce the working hours of the people of Hong Kong. If a person needs to work long hours in order to earn his living and

support his family, I honestly cannot see how the working population of Hong Kong can find time to take part in any sports activities. This is the first point. What is the point of talking about the promotion of long-term sports development if we do not first tackle this problem, it is like putting the cart before the horse. By long-term sports development, we mean that members of our community can participate, according to their own talent, in a sport which they consider an expression of themselves, or in a sport that they enjoy. If this condition is missing, the whole situation is just unthinkable.

Second, there is the question of venue, which I have mentioned time and again in this Chamber. As a result of the existing high land premium policy, all types of sports venues are in acute short supply. Secretary, in booking a football pitch, I find that speculation of venue is rampant, and the price to be paid can be doubled the original charge. For example, the charge for renting a venue managed by the Leisure and Cultural Services Department is originally \$450, but I have to pay \$900 before I can use the venue. This is the second question. Any further discussion is meaningless if this problem is not resolved.

Third, sports should never be politicized. More specifically, sports should not be manipulated at will by people who are rich and powerful. Sports are of course related to politics. Anything with the participation of people is related to politics. But what I mean by "politicized" is that, sports should never be manipulated by these people. Therefore, Secretary, sorry, given the current wealth gap in Hong Kong, I absolutely cannot support the spending of money to bid for hosting the Asian Games. It is because in our society, many people have no money to eat or participate in sports, and they have no time to participate in sports. Given the situation, what meaning can be served even if we were to host the Asian Games?

I also want to tell the athletes that there is no difference between holding the Asian Games in Hong Kong and providing financial support for them to take part in the Asian Games held elsewhere. There is no difference at all for them as athletes. We need not put on this show, and this is our reply, a show will not make people interested in sports.

MR CHEUNG KWOK-CHE (in Cantonese): President, recently, there has been heated discussion about Hong Kong's bidding to host the Asian Games. In my view, instead of spending public money to bid to host the Asian Games, the Government should invest more resources to promote long-term sports development and advocate sports for all in the community.

Honestly speaking, the present sporting culture of Hong Kong is far from popular. Moreover, many people consider sports are for leisure and fun, and should not be taken as a proper career. Parents would rather their children be lawyers and doctors than outstanding athletes. It is evident that the public still have great discrimination against people taking up athlete as their occupation. The public is not too keen to watch sports events on the spot. Occasionally, when certain sports stars come to Hong Kong to show their skills, the venues will be full of spectators, in other times when local competitions are held, the venues are often full of empty seats.

Moreover, Hong Kong people lack the consciousness in doing sports, which has gone to the extent of affecting their health. According to the studies conducted by the Health Department, in 1997, around 11% of children were fat, but by 2009, the percentage had increased to 17%. As indicated by the figures of Maternal and Child Care Centres, 17% of young children aged between three and five are overweight or fat. Certainly, apart from the diet of young children with less vegetables and more meat, and frequent consumption of high calories food, the most important reason is the lack of exercise.

I think the Government must step up its effort in promoting sports for all. For instance, it should speed up the improvement works on existing district sports venues rather than delaying the work progress despite our frequent requests. As for the Education Bureau and the Home Affairs Bureau, they should reinforce their co-operation with various National Sports Associations (NSAs) and vigorously promote recreational and sports programmes. Hong Kong students should not just concentrate on their studies, they should be fully developed in the personal, intellectual, physical, social and aesthetic aspects.

When it comes to NSAs, the demand from society for reforming NSAs must be brought forth. The sports sector often cries aloud that "Sports should be sports; politics should be politics". But this is indeed ludicrous. If these two issues can really be separated, when the Government requests athletes of the

Hong Kong team to act as the political tool in the bid to host the Asian Games, should the athletes not turn down such request?

Certainly, I disagree that the Government should directly intervene in the operation of NSAs and the selection of athletes. However, the transparency of many NSAs is relatively low at present. Besides, the Sports Federation and Olympic Committee of Hong Kong, China (SF&OC), which is responsible for selecting athletes for participating in major sports competitions, is a highly enclosed organization comparable to "the reign of a family". Hence, it is necessary for the Government to make suitable intervention to enhance the transparency of these organizations and establish good governing system to rectify this undesirable tendency. The first organization to be reformed should be the SF&OC. Though the 13 members of the committee are all volunteers, it does not mean that they can adopt black-box operation. We should understand that the SF&OC is holding great power in the sports sector. It holds the lifeline of sports development in Hong Kong, and it is the major organization responsible for selecting athletes to take part in major sports events. Hence, the composition of the committee should not allow it to develop into an independent empire as in the present case.

Among the 13 volunteer members of the SF&OC, an overwhelming majority has made great contribution to the sports sector, but most of them have been in office for more than 10 years, and some even for more than 20 years. The long duration of their office is astonishing. However, it is even more baffling that the appointment system of committee members and the selection system have no transparency. As far as we know, one of the newly appointed Deputy Secretary General has nearly no experience in the sports sector, except that the person is a relative of the President of the SF&OC. Moreover, its mechanism for selecting athletes lacks transparency. Earlier, there was the incident of an athlete with outstanding achievement at the National Games of the People's Republic of China being refused by the SF&OC for attending the Asian Games, and the SF&OC had been criticized for this.

The Government often stresses that it has to respect the autonomy and independence of the SF&OC and various NSAs, and that it will monitor the effective use of public money in promoting sports development. But the present situation is that the Government is turning a blind eye to the problems and condoning these organizations to develop into an independent empire. Hence, I

think the Government should reform the SF&OC as soon as possible to enhance its transparency. A reform should be carried out in a bottom-up manner by reforming the governance structure of various NSAs, so that sporting culture in Hong Kong will be geared towards the direction of civilized development.

President, I so submit.

DR PRISCILLA LEUNG (in Cantonese): President, the day before yesterday, I had an opportunity to meet the Financial Secretary to discuss the budget. During the meeting, I commended him for teaching fencing on a voluntary basis for his mother school La Salle College over the past 20 years. However, not many children or secondary students can be as lucky as the students at La Salle College, who can be coached by such an outstanding teacher and be able to win in competitions. Not many people can be as lucky as the Financial Secretary as well, for he coaches fencing voluntarily purely out of his passion for this sport, rather than relying on this sport to make a living.

Hence, in considering today's motion on sports policy, we must face squarely issues concerning the athletes, students, schools and teachers, as well as those relating to studying, making a living and making ends meet. In fact, we do not need to mention the case of Gloria CHAN Hok-yan anymore. It is a tragedy. More importantly, when we discuss the policy on sports or support for sports, we should not focus only on the conditions of retired athletes, but also on the overall perception of fostering the spirit of playing sports in Hong Kong, so as to attain the goal of encouraging public participation in and developing their passion for sports.

If we look at our neighbouring countries, such as South Korea and Japan, they attach great importance to sports because sports can help in nurturing the next generation, especially young people. Just like when we were small, we were greatly inspired by the unflinching spirit of the characters and their team spirit displayed in the Japanese television drama Sign V. If a youngster likes sports, he will let go of his ego and selfish thoughts, be more considerate and attach greater importance to team spirit. Thus, I am very fond of sports, though I do not like to take part in sports competitions because I do not have the talents. However, I hold that playing sports is very important in fostering values about life.

The fact that we are holding this motion debate today and the territory-wide concern over the treatment of athletes are mostly attributed to the Government's proposal of bidding to host the Asian Games. Otherwise, I honestly do not think there would have been such a territory-wide concern. Different political parties would not have repeatedly examined what has gone wrong with our sports policy. One of the major reasons why I am so concerned about sports education is that I learn that my son, who is a Secondary Three student, has to sit for a written examination on physical education. Back in those years when we were students, we were most happy to attend physical education lesson as it was time purely for fun. I do not know why the curriculum has now turned this subject into one that requires examination. I think this is exactly where the problem is.

In fact, I personally hope that the Government can succeed in bidding for the Asian Games because I do not concur with the view that sports development and poverty alleviation are opposing each other. Sports should be enjoyed by everyone, irrespective of your sex, age or wealth. Even those lacking the means can enrich their lives through sports. Hence, I hope that the Government can regard the Asian Games bid as a priority project and consider afresh, after the relevant proposal has been approved, how to make use of this priority project to properly nurture our next generation in the years to come. Children who were born this year will be at their prime time for training as athletes in 13 years' time. Children who are now aged three will only be 16 years old by then.

Hence, I basically agree that sports development should follow this direction because I adopt a pragmatic view of the government proposal. With our accurate understanding and judgment of the Government, if its proposal is vetoed at the first stage, its main drive and passion for promoting sports will surely dissipate in the near future, if not immediately. I think the Government indeed has the vanity to host a large-scale sports event, and I hope that, through the bidding to host a mega event like the Asian Games, the Government can be driven to do a good job. Hence, apart from the hardware and software, I also hope that the Government can do a better job in this regard.

Unfortunately, in the course of the bidding, the Government suddenly announced a reduction of the budget for hosting the Asian Games to \$6 billion, a decision perhaps based on the judgment of not getting sufficient votes. I believe the actual costs involved have not been clearly sorted out. I also believe that by slashing the budget, the Government will not be able to attain our original goal of

taking forward the entire sports policy by supporting the Asian Games bid. I hope that the public officer can later explain whether there will be a second or even third stage of work after using up the \$6 billion, so that we will not have empty hope. I find it too dramatic to cut the budget to \$6 billion in one go. Apart from having a tight budget for constructing the hardware, with such a budget, how can we even start discussing our aspiration of strengthening the software through the Asian Games?

There is another very important point. Many elite athletes cannot find a stable job. As far as education is concerned, can the Government arrange retired athletes to work as sports coaches in secondary and primary schools, so that students can give full play to their sports talents? Moreover, the authorities should carry out a large-scale sports re-engineering project, so that sports facilities in secondary and primary schools can be improved. Every school, not just elite school, can have its own swimming pool. Only by so doing will there be a prospect for athletes, because I believe that teaching is a relatively stable and attractive job. This arrangement can help ensure that they will not go astray after their retirement. As a matter of fact, quite a number of prize-winning athletes very much hope that the Government can formulate a better sports policy. Thank you, President.

MS AUDREY EU (in Cantonese): President, though the issue of whether we should bid to host the Asian Games is very controversial, it has a favourable side-effect, and that is, it can foster consensus in the community. What I mean is that Hong Kong people actually support the promotion of sports and hope that in addition to elite sports, the Government can also promote sports for all. I fully share the views expressed by many colleagues earlier in their speeches about the situation in schools, the problem of obese students and the importance of sports.

However, due to time constraint, I would like to focus my discussion on one point, and that is, why do we fail to achieve the goal of promoting sports for all? In fact, the reason is not because Hong Kong people do not support or discriminate against sports, but why do parents often have reservations when they learn that their children are interested in sports? This is due to the issue of market and future prospects, which is very practical. Parents will encourage their children if they are interested in music, for even if their children do not engage in music as a career or occupation, they will still have other prospects, for

example, they will have a very good prospect in teaching music. As an occupation, they can choose to join a band or even the entertainment industry. As such, many parents will basically not object if their children are interested in music.

However, it will be more complicated when it comes to sports, for parents worry that if their children spend all their time on training, what else can they do in future? What prospects are there? Both Mr Ronny TONG and Mr CHEUNG Kwok-che have raised this issue when they spoke earlier. However, I would like to take the opportunity of this motion debate to share a touching story which I read recently. I learned from an entertainment magazine that a former Miss Hong Kong sold properties and stocks to help her daughter participate in the equestrian jumping competition, so as to fulfil her horse-riding dream. Horses for entering such jumping and hurdle jumping events cost several million dollars each, and instead of just buying one horse, she has to buy two horses, one as a back-up in case the other one gets sick. Thus, in order to support her daughter to participate in the equestrian competition, the former Miss Hong Kong has moved from a big house into a small one, and she even has to sell her furniture and stocks, just for her daughter's sake. It was only until recently when her daughter won a medal and the Jockey Club promised to offer subsidy that she could relax a little. As such, there are certain exceptional parents who would support their children. Here, I would like to commend Ms NG Ha-ping for telling her story publicly.

However, most parents will not do so. Therefore, the Government does have a responsibility to let those who are interested in taking up sports to see a prospect; the recent incident of CHAN Hok-yan in particular has caused worries by people that athletes may meet with misfortune and have bitter experiences as they grow old.

Hence, we may actually consider one point, can the resources intended for bidding to host the Asian Games be invested directly on providing better prospects or opportunities for athletes? To put it simply, can the Government consider using the funds directly on establishing some posts for retired athletes to promote sports in the community and in schools? As Dr Priscilla LEUNG has said earlier, not everyone or every school is as lucky as La Salle College, as the Financial Secretary teaches fencing in that school on a voluntary basis. Can we conduct a study to see whether 100 posts, say at a monthly salary of \$20,000, can be established each year, which amounts to only about \$24 million a year.

Though this only constitutes 1% of the \$2 billion annual salary expenditure of the Leisure and Cultural Services Department, people can immediately infer that after all, there are many prospects for people who join the sports profession or become athletes. We may also consider the practices of other places like Germany where athletes join the disciplinary forces, so that young athletes can receive trainings in sports alongside with training of the disciplinary forces. At the 2006 Winter Olympics Games, 80% of the members of the German team are from disciplinary units, like the military force, federal police and customs. In fact, in addition to only finding venues at schools for sports, the Government can consider adopting various policies to promote sports for all, for apart from hardware, software is also required.

Furthermore, in the long-run, we should also draw references on the practices of foreign countries, where many athletes start training at the age of seven, eight or 10. Some schools are specially catered for students who love sports and students have to study as well. For example, there is a school in Florida, United States which specializes in teaching tennis, Maria SHARAPOVA is a student of that school. In Spain, there is also such kind of prestigious school which offers joint programmes with international schools, the Scottish tennis player Andy MURRAY was trained in such kind of school. In Hong Kong, we also have the Hong Kong Sports Institute, will the Government consider expanding the Institute? Can the Government merge the Institute with an international school to allow students to be trained in sports and at the same time receive appropriate or flexible education, so that no matter they go to universities or pursue further studies abroad in future, they can still have other prospects apart from sports?

President, I think there are actually many areas which should be developed by the Government, and in conjunction with the construction of venues, as mentioned by many colleagues. President, I would like to use the little time remaining to respond to what the Secretary has said earlier about the ratio between disabled and able-bodied athletes. He said the question of equity should not be involved, but if it does not involve the question of equity, then does it mean that this is a question of discrimination? I believe that efforts made by disabled athletes would only be more than that of an average able-bodied person, thus I really hope that the Secretary can actively consider this issue, to find ways for encouraging Hong Kong people with disabilities to develop in sports. Thank you, President.

PROF PATRICK LAU (in Cantonese): President, I would like to thank Mr KAM Nai-wai for moving the motion on "Promoting long-term sports development" today. After reading this motion carefully, I find that not much has actually been said about the bid to host the Asian Games, but many Members have spoken at great length on the issue.

I would like to look at this issue from another perspective. The key advantages of promoting long-term sports development are certainly the health of the whole community, the sports itself, as well as personal health and family harmony. If people of the whole territory do more sports, they will be in better health, and our medical expenditure will also decrease accordingly.

Secondly, it is the issue of social unity which many Members have talked about earlier, thus it is not necessary for me to repeat. I am most happy to see the Hong Kong team winning gold medals at the East Asian Games and displaying impressive power. President, I bet you have never seen people applause for the Chief Executive but people have done so at the Hong Kong Stadium, so what can this be if not the power of unity? Any political figure will need the help of sport activities to promote social unity, which is of utmost importance. Thus, in this connection, what are the advantages of promoting long-term sports development? I would like to explain to Mr KAM.

It is all right and I very much agree to what several Members said earlier. Mr Ronny TONG said I do not know whether it is because he is a barrister and thus he fails to understand that the sports organizations have many problems. He has mentioned issues like the selection of athletes but I do not want to go into details. I also fully agree to what Mr Albert CHAN has said for he has followed-up on sports issues for a long time and we both like sports. As regards the problems of sports associations as a whole, we really have to consider how this "cancer" can be removed in order to resolve the problem.

However, I would like to view this issue from a more fundamental perspective. Actually, President, what is most important factor to the long-term development of sports? It is our education system. Some Members — Dr Priscilla LEUNG and Ms Audrey EU have said earlier — that interests for sports should be nurtured from a young age. President, I had attended several schools, including Pui Ching, La Salle and St. Paul's; as the Secretary and the President

had also attended St. Paul's, you should know too well how poorly equipped our school campus was, there was only a basketball court.

We were very fond of playing football, and I clearly remembered that we only had plastic balls. There were six teams of people playing football in a basketball court with six plastic balls at the same time, during which students from different teams managed to pass the ball to members of the same team. How "absurd" was that? Therefore, St. Paul's never had a good football team, which was only natural. Thus, later, I started to play basketball and since there was only one basketball court in school, we had to compete fiercely for its use. Even table tennis tables had to be "forcibly occupy". Our best exercise was to get a table tennis table during recess for we had to run very fast. The lack of sports facilities in schools is a fundamental and the most crucial problem since the development of sports has to start in schools.

I had also studied in La Salle College. There were spacious sports grounds, we also had coaches and physical education (PE) teachers responsible for promoting sports development; whereas in other schools, they did not attach any importance to sports. I clearly remembered that the PE teacher of St. Paul's was too lazy to do any physical exercises with us at PE lessons, he just asked us to form teams and play ball games, without giving any thought to coaching, which is actually of great importance.

As I care about education, I am acquainted with many elite athletes. Secretary, you are right in saying that the training for elite athletes has gradually improved, for we can see prospects for athletes like KWOK Ka-ming and Amy CHAN Nim-chee. Apart from being athletes, they must also study and hence, they can promote the integration of sports and education upon completion of their studies. As such, I think that the authorities have currently done a lot of work in this regard, but if we really want to nurture good athletes, we have to start by identifying their talents.

I have been involved in the construction work of many international schools, the greatest difference between my design for such schools and that of basic Hong Kong schools is the facilities. For international schools, there are indoor gymnasiums and indoor swimming pools, thus providing venues for training students, and students can get good results in such areas. If the Secretary asks us in what ways can we help elite athletes? I would say that we

should not just offer them with monetary awards, instead we should offer more scholarships, so that they can further their studies, which in turn enable them to have developments in different areas and their various talents can be identified.

Ms Audrey EU is right in saying that if parents think that there are no prospects for sports, why would they allow their children to develop in this area? If that is not the case I have recommended many students who are talented at ball games to study at international schools, so that they can have more balanced developments; whereas for our traditional education system, the only focus is academic studies, and that is the biggest problem. Thus, I hope that we can see things from this perspective and if we really wish to have long-term developments for sports, we should start from the primary stage. As such, this issue is worth discussing.

As regards schools, in addition to venues, I think that in designing schools, how can we utilize such a small area to provide sports facilities for students? The designs of primary and secondary schools in Hong Kong are all "ridiculous" in that the school is built in the centre of a piece of land, thus leaving no space as sports ground. Hence, the school should be built on one side, leaving more space for building a sports ground for sports activities. And if there are no facilities in schools, can we consider making use of other facilities, such as community facilities. Thank you, President.

MR CHAN KIN-POR (in Cantonese): President, the real meaning of sports does not only lie in getting medals. The ultimate goal for promoting the development of sports is to train the public to build up the spirit of challenging themselves and never give up, and to develop the habit of doing physical exercises to stay fit and healthy.

In western societies, sports are generally regarded as having an active and essential educational role. Through sport activities, young people are instilled with a set of correct values and behaviors; at the same time, they can build up the spirit of working arduously to achieve goals, the ability of independent thinking and problem solving. Through taking part in sports activities like football and basketball which require teamwork, young people can learn the spirit of co-operation and mutual respect.

From the medical perspective, exercises can enhance physical fitness and effectively prevent illness. Many international studies have confirmed that regular exercises have significant benefits on health, which include reducing the risks of suffering from various diseases and depression, thereby reducing the public and the Government's huge expenditure on healthcare.

According to the statistics of the Centers for Disease Control and Prevention (CDC) of the United States, the United States spends about US\$147 billion on curing diseases relating to obesity each year and the annual medical expenses for each obese person is higher than that of a person with normal weight by US\$1,429 on average. About US\$116 billion are spent on the treatment of diabetes, cardiovascular diseases and various types of cancers each year. The CDC is of the opinion that such diseases are all related to diets and lack of exercises, and that an effective national exercise programme can reduce the incidence rates of a number of chronic diseases.

A study on the national nutrition of the United States also found that if a person exercises more than seven hours a week, his risk of suffering from cardiovascular diseases in future will be reduced by 45% and that of suffering from coronary heart disease can even be reduced by 51%.

With an ageing population, the medical expenses of Hong Kong is bound to increase significantly. Without taking into consideration the inflation factor, the public expenditure on health services will increase from about \$37.8 billion in 2004 to about \$186.6 billion in 2033.

We all agree that the most valuable resources of a country or a place is its people and the health of the people will directly affect the power of production and development, it may even have an impact on national security. In order to keep people in good health, the Government is definitely obliged to encourage the public to do exercises. More important still, the Government should provide adequate resources and a wide range of venues, so that people can easily engage in different types of sports activities.

However, an earlier survey conducted by the Leisure and Cultural Services Department found that the physical activity level for over half of the population in Hong Kong has failed to reach the baseline indicator level. By baseline indicator level, it means at least an accumulation of 30 minutes a day and at least

three times a week in moderate or vigorous physical activities, such as brisk walking, jogging, stair climbing, slow cycling, dancing, and so on. The Professor of the Department of Sports Science of The Chinese University of Hong Kong who conducted the survey said that the findings reflected the inactive physical activity level of the public, and their exercise level was lower than that of the United States and Japan.

In fact, various governments around the world attach great importance to the health of their people and encourage their people to do more exercises through multi-faceted policies. The Singaporean Government introduced a programme entitled "Sports for Life" many years ago to encourage its nationals to choose a sports activity to engage in at a young age, with a view to developing a habit of doing physical exercises. A specific strategic goal was set under the programme to increase the percentage of active sports participants in the population of Singapore within a specified period of time; eventually the percentage was increased from 24% in 1992 to 50% in 2005.

In the area of district facilities, the Singaporean Government has set up sports clubs in 83 districts throughout the country for organizing family sports activities and health activities. The Singaporean Government has even decided to hold a Singapore Games, which is similar to the National Games of other countries, once every two years starting from 2012 for all people to participate in sport activities.

In France, one third of the primary school hours are spent on physical education lessons, with eight to nine hours of physical activities a week, while secondary school students have five hours of physical activities a week.

Canada is even more progressive in that it offers tax rebate incentives to encourage children to do exercises. One of the policies is that parents of children of the right age are offered tax concessions if their children participate in at least one physical education lesson a week for eight consecutive weeks.

Looking back at Hong Kong, policies on encouraging national sports are still very inadequate and not progressive enough. On the so-called "Sport for All Day", fee-charging facilities of the Government are opened to the public free of charge for a short period of time. There is a complete lack of comprehensive and long-term strategy.

The Government should educate the public on the benefits of sports and formulate a long-term policy at the same time, so as to encourage the public to participate more actively in sports activities in a strategic and systematic manner. The Government may also consider working together with the business sector to promote flexi-hour work culture and sports activities at the same time. For example, the Standard Chartered Marathon has attracted the participation of many people every year.

President, it has always been my deepest belief that our greatest investment in life is health. I recalled that I had moved a motion on "Promoting medical check-up for the whole community" (during which I had also put forward a proposal on encouraging the whole community to do more exercises), the first motion moved by me as a Legislative Council Member when I joined the Legislative Council.

The idea behind my proposal is to build a healthy society in Hong Kong, in which all people advocate sports and care for their health, and everyone work hard for their careers and families in great spirits and energy. Perhaps, some people may think that this is too idealistic, but I always firmly believe that Hong Kong can certainly become a healthy and energetic city, as long as we have the determination and the Government is willing to take a step forward in introducing a comprehensive and long-term sports programme.

President, I so submit.

DR RAYMOND HO (in Cantonese): President, Hong Kong's athletes have attained remarkable results in winning eight gold medals, 15 silver medals and 17 bronze medals at the Asian Games recently held in Guangzhou, breaking the record on the total number of gold and other medals won by Hong Kong at previous Asian Games, and we should be proud of such achievements. On the other hand, the delegates of Hong Kong have also achieved very good results at the Asian Para Games held in Guangzhou, they won five gold medals, nine silver medals and 14 bronze medals in total. Hong Kong people are very exhilarated and proud of the results.

Though the people of Hong Kong are very enthusiastic about major international sports events, in particular football matches, they are basically spectators. People who actually participate in regular sports activities or engage

in sports related activities are very small in number. I believe there are many reasons leading to this asymmetry, among which includes long working hours, over emphasis on economic considerations, choices of lifestyles, and so on. Many school children lack exercise as their spare time are mostly spent on watching television or playing computer games, this situation has aroused concerns in the community. In this connection, I have raised a written question on sports facilities in schools at this Council meeting.

There are even fewer Hong Kong people who choose to develop in sports and become outstanding athletes, I believe the main obstacles are the restricted prospects for development and worries about the lack of safeguards for livelihood. The Government's past negligence in investing resources on sports development is certainly also one of the unfavourable factors. A case in point is the construction of the Kai Tak Stadium, which has been conceived for more than 10 years but still has no signs of implementation. Owing to the lack of sports facilities, I believe many people have experienced difficulties in booking sports facilities, especially during busy periods and I also have similar experiences. Furthermore, the facilities and management of some venues have left much to be desired, and this will certainly dampen the public's interest in booking venues.

It seems that the Government is also aware of the undesirable situation and has actively put forward the proposal of bidding to host the Asian Games, I greatly support and welcome the proposal. There is no doubt that the bid to host the Asian Games will increase the resources allocated for sports development, especially in respect of stadiums, sports facilities and athletes training. I agree to and support the Government's view that the hosting of the Asian Games can lay down a common goal for the community to work towards, and is conducive to promoting sports development. As major events like the hosting of the Asian Games require the co-operation of all sectors of society and the fostering of team spirit, it will enhance people's sense of belonging and identification with Hong Kong, and release great power of appeal, cohesion and confidence in Hong Kong; at the same time, it can enhance the interest of the public in participating in sports. If Hong Kong decides to host the Asian Games, apart from sports facilities, the relevant infrastructural facilities will also be improved, and the people of Hong Kong will certainly be benefited. Such new developments will strengthen Hong Kong's international image and establish our position as an metropolis in Asia. Our urban environment will also be improved with more greening works, and in turn, strengthen our tourism industry.

In fact, hosting major events will also bring about other invisible benefits. From the recent experience of Guangzhou, we learn that many Guangzhou citizens are proud of their success in hosting the Asian Games, and this will also increase their sense of identification with the city. Hosting the Asian Games will also give local people a good lesson on public education. It helps to improve the quality of people, such as basic courtesy and etiquette, and also enhance their awareness in complying with public order, hence giving visitors a good impression. The recent experiences of Guangzhou should provide Hong Kong with very important references on deciding whether or not we should bid to host the Asian Games. No matter what decision is made, the Government does have a responsibility to publicize and promote long-term sports development. On the one hand, it should strive to encourage the public to participate in sports activities, so as to improve their physique and health; and on the other hand, it should offer prospects for aspiring athletes with potentials to fulfil their dreams in sports.

President, resources have to be allocated for improving sport venues and facilities, as well as enhancing the publicity to the public on the benefits of sports; and regarding the work in the latter area, it is necessary for the Government to provide enduring and strong support in respect of training and ancillary facilities. As such, the long-term commitment of the Government is most essential.

I so submit. Thank you, President.

MR LEE WING-TAT (in Cantonese): I would like to have an in-depth discussion on item (g) of Mr KAM Nai-wai's proposal, that is, the issues relating to the management and financial management of the Sport Federation and Olympic Committee of Hong Kong, China and various National Sports Associations (NSAs).

President, I had a discussion with a group of friends from the business sector when I had dinner with them last night after the Legislative Council debate. I asked them, how come Hong Kong businessmen, who were so brilliant in doing businesses and could earn such huge profits, would be so lousy at management after they joined the NSAs? On this point, not only members of the democracy camp agreed with me — I am not going to give names — even some members of the non-democracy camp nodded in agreement. In fact, I really cannot understand why, and this is not the first time I raised the question, for I have

talked about this issue during the past reviews. The so-called Sports Association I know that the Hong Kong Football Association is now conducting a review. However, President, people of the sports sector, even those who are not involved — I like watching football matches, I like sports and I like watching sports programmes — I also know that the management of various sports organizations are very backwards and this is almost an indisputable fact.

Sometimes, I really cannot understand why businessmen, who can easily earn tens of millions of dollars in doing business, would very often have great problems in managing the NSAs? Of course, when we talk about management, organization and the so-called governance, there are always certain criteria which must be met. The first of which is to be fair and open, have high transparency and be accountable to the public. In this regard, many of such organizations in Hong Kong have an inherent problem. We have also voiced our dissatisfaction when we discussed the issue of cultural groups and government-funded groups in Hong Kong with the Secretary last year. Of course, I understand that the Sports Federation and Olympic Committee of Hong Kong and various NSAs have received relatively little funding from the Government, and very often, we cannot use financial support as a means to intervene in their management or as an incentive to encourage them to improve their management. As the NSAs often do not have to rely on financial assistance from the Government and taxpayers, the Government cannot threaten to stop allocating funds if no improvements are made in the management. However, we must bear in mind that when these NSAs send athletes out for competitions, they are representing us, is that correct? This is the first point.

Secondly, I find that the management teams of many NSAs have remained unchanged from the time when I was a kid up till now. If you ask me whether they have made any improvements, I would say that I can hardly find any. Should the Government make up its mind to do something to address this issue? The Secretary will certainly say that the authorities are aware of the problem, and in respect of football, certain consultancy studies are underway and some progress have been made. However, why do I still have to raise this issue? It is because the issue does not only involve a fair and open selection of athletes, it also concerns about how to make the public feel that these are our sports activities.

President, it is not enough that only people involve in the management of sports think that sports are important, the general public must also think that they can join such sports activities. Let me quote an example. There are many sports clubs in small villages and towns of the United Kingdom, nearly 15% to 20% of the people are members of these clubs and there is a very high and sophisticated level of community involvement. Are there such sports clubs in Hong Kong? I understand that there are culture, recreation and sports organizations and recreation and sports clubs in our 18 districts, but Secretary, I am sorry to say that, such recreation and sports clubs are only established for the purpose of holding district recreational and sports activities. They only apply to District Councils for funding to hold activities, they have not established any so-called public participation network. In Hong Kong, there is only one football association which has established a so-called fans club of a relatively significant scale, I believe you all know which association I am talking about. Other football associations do not have any fans club.

As regards the NSAs for other sports, such as swimming, rowing or cycling, they have also organize many activities. I have looked at the websites of such NSAs on my ipad during my spare time — Secretary, I am really sorry to say that I hope you will also have the opportunity to browse at these websites — the majority of these NSAs have not provided much information. And, what kind of information is uploaded? It is mainly on activities to be held by the NSAs in the coming weeks. I cannot find any information which we generally refer to as organizational structure and membership; moreover I cannot find any information concerning their mission. As regards finances, I have browsed the websites of more than 10 NSAs, and I find that no such information has been made public. Though the Secretary may say that since these NSAs have not received any public funding, why should they make public their finances? To a certain extent, this point can actually reflect the problem relating to the modernization of sports, a mere allocation of \$6 billion for building 10 modern sports venues or a athletes' village is not enough. Such problems have arisen because the sports organizations in Hong Kong have, for a long period of time, lagged behind that of the whole community. In fact, many of such problems have been raised in the past, and I also believe that the Government has once considered conducting reforms, and many difficulties are involved. I am well aware of this situation. However, if the Secretary really intends to listen to my views, he should know that the point which I have focused on discussing is very important.

If no improvements are made in areas of management culture, organizational structure and code of practice of our sports organizations, either the Sports Federation or individual national sports association; and if we fail to do a good job in the course of modernization, then even if the Government allocates \$6 billion to host the Asian Games or spends the \$6 billion on athletes training, the development of our sports organizations will still always lag behind that of our overall development.

Thank you, President.

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

MR TAM YIU-CHUNG (in Cantonese): President, coincidentally, we held a discussion in this Council on the promotion of sports development in Hong Kong on the same date last year in 2010, and back then, the motion was moved by my partner Mr IP Kwok-him, who is now sitting next to me. This year, on the same date, we discussed the same issue again. Last year, the motion, moved by Mr IP Kwok-him, was amended by Mr LEE Wing-tat and Mr Paul CHAN, and a total of 13 proposals were eventually passed. In my view, the 13 proposals were very comprehensive, practical, constructive, fair and positive. However, it is a pity that I found the original motion of this year, including some of the amendments, more critical in content, in particular, the preamble part is rather negative. Therefore, Mr IP Kwok-him of the Democratic Alliance for the Betterment of Hong Kong (DAB) deleted part of the preamble and we found this acceptable.

We can all witness the strenuous efforts of the athletes of Hong Kong, particularly at the East Asian Games or the Asian Games recently held in Guangzhou, and we are greatly elated by their remarkable results. In this regard, we can tally with the sports development of the State, for many coaches, outstanding coaches of the national team or even athletes on the Mainland have emigrated to Hong Kong. They play an active role in promoting the development of sports in Hong Kong and training of elite athletes. I believe we can thus be benefited.

One of the proposals we made last year was to request the Government to actively consider bidding to host the 18th Asian Games in 2019. At that time,

the East Asian Games had just been successfully completed, and in view of the commendable results attained by the athletes at the Games, the public hoped that further progress could be made. In this connection, we urged the Government to actively consider bidding to host the 2019 Asian Games. However, looking back, how come the current situation is greatly different from that of last year? After the motion was passed, from January to mid-September, the Government only submitted its consultation paper shortly before the National Day. In my view, the Government might have spend too much time in its deliberation, the period for internal preparation work was too long, and the Government failed to make sufficient preparation before publicizing the document. As the consultation paper submitted by the Government was also quite crude and the figures provided were rather simple, it had immediately aroused a lot of doubts and attracted much criticism. I think the Government should learn from this experience.

For the DAB, we were very mad when the consultation paper was released, especially in the first eight to 10 days. As the consultation paper was so simple and the consultation period so tight, how could we, in view of the inadequate information and the great worries expressed by members of the public, forge a consensus to support the hosting of the Asian Games 13 years later? In this regard, upon repeated deliberations, we opined that since we were not yet ready, we should temporarily shelve the plan, and bid again when we were better prepared, this would increase our chance of success. For if such a major event fails to secure consensus in the community or fails to get the support of the majority of people, the results may not be satisfactory and also the bid may not be successful. We can also find similar situations in some foreign countries, where the Government moved ahead in spite of cool response or even disagreement of the people. A cohesive force can hardly be formed.

Nevertheless, since the subject of bidding to host the Asian Games has been submitted for discussion by the community, and the Government has planned to submit the funding proposal to the Finance Committee of the Legislative Council next Friday (that is, 14 January), we should decide by then whether or not to support the Government's bid to host the Games. Several Members have pointed out in their speeches that even if the bid is not endorsed, they hope that the Government's enthusiasm in bidding to host the Asian Games will not be adversely affected by the outcome on 14 January, and that it should continue to turn such enthusiasm into a force for promoting the long-term

development of sports. I share with their views. The Government should listen to the views expressed today, expedite the construction of sports venue facilities, improve our existing venues and put in more efforts to train elite athletes. There is one other very crucial point, that is, how sports activities can be made more popular, for popular sport activities are very essential to promoting the health of the people. I believe that if we do a good job in the area of sports, the public will be more healthy, and our medical expenditure can definitely be reduced.

Furthermore, I also agree that the Government should host more international single sports competitions for this will not only solve the "home turf" problems, but also raise the standard of local athletes. If we can put in more efforts in single sports competitions, we will surely be benefited.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Mr KAM Nai-wai, you may now speak on the three amendments.

MR KAM NAI-WAI (in Cantonese): President, I am pleased that many colleagues have expressed their views and put forward several amendments. When the Secretary spoke just now, he pointed out that sports development in Hong Kong was not without progress. However, from the views raised by many colleagues, including the amendments proposed, we can conclude that even though sports development is not without progress, it has been fraught with problems.

Regarding the Government's promotion of sports development, some colleagues queried, in their amendments, the adequacy of sports development in primary and secondary schools. Although some colleagues have not put forward any amendments, they have expressed their views, for example, Dr LAM Tai-fai suggested setting up a sports development bureau and commented on the management structure and other initiatives. Some colleagues mentioned the

construction of sports venues, which include district venues, sports grounds, venues for training athletes, as well as large venues for competitions. They also talked about the division of work, classification, construction schedule and various practices. They have proposed many amendments in these respects.

I wish to talk about the amendment on the Sports Federation & Olympic Committee of Hong Kong, China (SF&OC) and various National Sports Associations (NSAs) proposed by the DAB. We understand that the International Olympic Committee (IOC) is an independent organization, as stipulated in the Olympic Charter of the IOC. We urge the Government to get involved in the reform because, as mentioned by some colleagues, sports committee and Olympic Committee are two independent organizations in some countries, though the two are combined into one in some other countries. Some colleagues mentioned that every year the Government allocates certain amount of subsidy to various NSAs and last year, a total of \$180 million was allocated. We all know that in the Director of Audit's report 2009, it was pointed out that in a random check of six NSAs, all of them had inadequacies and omissions in their accounts as well as late submission of financial statements. If sports committees or various NSAs refuse to reform on the pretext of autonomy in sports development, I believe that when more subsidies are allocated to these organizations in the event that Hong Kong bids to host the Asian Games, there will be greater disagreement from the public. We can continue to treat the SF&OC as an independent organization and let it run and execute international practices without intervention, but how should we impose stricter regulation on various NSAs and sports committees?

Similar to the art groups mentioned by Mr LEE Wing-tat, the Leisure and Cultural Services Department has stipulated the Code of Practice for sponsored NSAs, but it only contains 10 paragraphs with 10 lines. I am worried that it will be the case of Direct Subsidy Scheme Schools. The Government has given subsidy but how should the money be spent? How should the Government monitor the appropriate use of subsidy? The Government should get involved in the reform to avoid the situation getting out of control.

Mr IP Kwok-him shared similar views with the Secretary, therefore he deleted some negative views in the original motion. Regarding the failure to fulfil the promise of building sports venues after being rejected to host the Asian Games in 2000, the Secretary said it is only a rumour and the Government did not

make any promise. It is just a play of words. The Government did not submit the proposals in the relevant consultation report for discussion in the Legislative Council at all. For example, about the proposal of building a sports venue in Kai Tak, the Government did not apply for funds from the Legislative Council or make any planning, so how can it be carried out? Therefore, we do not support and will abstain from voting on the amendment proposed by Mr IP Kwok-him. We hope to reform all NSAs and the SF&OC, and it is one of the conditions that we think can help the healthy development of sports. Thank you, President.

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, I wish to thank Members for their views on the motion. I would like to make some response.

As I have said at the beginning, the Government has set a clear direction on sports development long ago, and an organizational structure was established to implement measures based on the actual situation.

Mr WONG Kwok-hing is concerned over the salaries of sports coaches and related workers. Currently, the Leisure and Cultural Services Department (LCSD) undertakes studies on the hourly salaries of part-time sports coaches and workers every year and makes corresponding adjustments to ensure that their salaries are competitive and reasonable.

Regarding the suggestion that facilities should be provided in parks for people of different ages to do simple fitness exercises, we have already taken some actions. In the Sun Yat Sen Memorial Park opened in June 2010, there are various facilities, including a promenade for jogging, walking tiles, a walking track with simple fitness facilities, an elderly fitness area and a children's playground. The Tsing Yi Northeast Park was opened in the same month, it also has various health facilities including a gateball court, a cycling track, a children's cycling track, a skateboard arena, a children's palyground, walking tiles, a piazza for Tai-chi, a promenade, an elderly fitness area and a walking track with fitness stations.

Regarding sports development in schools, we agree that physical education plays an important part in promoting sports culture in the society. We encourage schools to adopt a life-wide learning approach for students. Apart from physical education lessons, there should be activities like interest classes,

training, in-house as well as inter-school competitions for all-round development. As proposed by the Curriculum Development Council, primary and secondary schools should have at least 5% of class hours for sports, but schools can decide whether they can add more hours or lessons according to their own conditions.

The LCSD will continue to strengthen the School Sports Programme launched in 2001 and offer information and sports training to students from primary, secondary and special schools to promote sports to the young generation.

In addition, after years of co-ordination between the LCSD and related departments, there are now 60 schools which are willing to open their sports facilities after school as Joint Schools Training Centres and competition venues.

Some Members mentioned the support for disabled athletes. The Government places great emphasis on this and has taken various actions. In the past five years, we have provided over \$43 million of funds to two sports associations for the disabled, namely the Hong Kong Paralympic Committee and Sports Association for the Physically Disabled and the Hong Kong Sports Association for the Mentally Handicapped, for the development of disabled athletes and participation in international competitions.

Starting from last year, we have also funded the two associations to establish feeder programmes for budding athletes.

We also provided support to over 180 elite and potential disabled athletes, and during the redevelopment of the Hong Kong Sports Institute (HKSI), we also offer training and other facilities to disabled athletes.

Last year, the Sports Commission approved to raise significantly the rewards offered to Hong Kong athletes, including disabled athletes, for winning in major international events.

Many Members mentioned the Sports Federation and Olympic Committee of Hong Kong, China (SF&OC) and various National Sports Associations (NSAs). The Government works closely with the SF&OC and various NSAs and they have different roles. The SF&OC is a member of the International Olympic Committee (IOC) and the Olympic Council of Asia (OCA). According to the Olympic Charter, the IOC is responsible for sports promotion and should

be free from political, religious or economic pressures. The various NSAs under SF&OC are non-profit making organizations. Some of them have been registered as limited companies while the others were formed under the Society Ordinance, they have the autonomy to handle internal affairs in accordance with their memoranda and articles of association. To be fair, many people from the sports sector have been donating money and offering volunteer service to promote sports in Hong Kong. The Government has measures to support the work of the SF&OC and various NSAs. We appreciate the freedom and independent operation of the SF&OC and various NSAs and at the same time, we will monitor the use of public resources.

The LCSD set up a steering committee in January 2010 to conduct a comprehensive review on the existing sports sponsorship scheme. It will introduce a series of measures to improve the internal management and governance of the NSAs, which include enhancing the financial and activity reporting system, strengthening the management and facilitating the preparation and timely submission of reports, upgrading the standards for annual audit report to perfect the related arrangement and stipulate more specific performance indicators. In addition, the LCSD will help the NSAs improve their financial management skills and manpower, as well as providing internal management guidelines to enhance transparency.

The selection of athletes for international events is the function of the SF&OC and various NSAs and the Government has never intervened the procedures of athlete selection. We believe that the SF&OC and various NSAs will comply with the existing mechanism and have the expertise to select suitable athletes to join international events for Hong Kong. Even so, the LCSD has requested the NSAs to make known the selection criteria and mechanisms. The ICAC is also preparing a set of good practice to enhance the governance of the NSAs and the LCSD will incorporate the practice into the internal control guidelines for the compliance of the NSAs.

As Dr Raymond HO has said, hosting the Asian Games can boost the long-term sports development of Hong Kong. As far as I know, the local sports sector, the academic and other sectors have high aspirations on the bid. Although some people had reservation earlier, they were actually doubtful about the budget and expenses. Following our further explanation in the past months of consultation, and upon the completion of the Guangzhou Asian Games and the Asian Para Games, the public is more supportive of hosting the Asian Games.

Public opinions will change with situations but people generally support the promotion of sports development in Hong Kong. We should treasure this enthusiasm.

After considering the long-term benefits for Hong Kong, we should grasp this opportunity and hesitate no more. We believe that Hong Kong is capable to host the Asian Games 12 years later. We will actively seek the funding approval of the Finance Committee of the Legislative Council, so that the SF&OC can submit documents to the IOC and OCA for hosting Asian Games before the deadline on 15 February. I believe that with the concerted efforts of the Government and the public, we can realize the dream of Mr CHAN Kin-por to create a healthy and lively Hong Kong.

President, I so submit.

PRESIDENT (in Cantonese): I now call upon Mr WONG Kwok-hing to move an amendment to the motion.

MR WONG KWOK-HING (in Cantonese): President, I move that Mr KAM Nai-wai's motion be amended.

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

"To add ", as" after "That"; to add "all along," after "Asian Games, but"; to add "and comprehensive" after "blueprint for long-term"; to add "and comprehensive" after "implement a long-term"; to add "by way of extensive consultation and mobilizing public participation," after "(a)"; to add "to conduct extensive consultation with the Hong Kong sports sector and athletes, and on this basis," after "(b)"; to add "and at the same time" after "and retired athletes,"; to add "and at the same time to extensively install simple fitness facilities suitable for people of different ages in parks and public housing estates throughout the territory," after "district sports venues,"; to delete "submit them" after "sports venues and" and substitute with "expeditiously submit information about all the sports venues and facilities proposed to be constructed or improved under the plan to bid to host the Asian Games"; to delete "; and" after "in different districts" and substitute with "and their relevant timetables,"; to add "urge the relevant

authorities to study how to" after "(g) to"; and to add "; and (h) to urge the relevant departments and sports institutions to undertake studies on the salaries and fringe benefits of sports coaches, instructors and counsellors, etc., and conduct timely reviews, so as to facilitate the retention and nurturing of local sports elites" immediately before the full stop."

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

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

(Members raised their hands)

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

(No hands raised)

Mr IP Kwok-him rose to claim a division.

PRESIDENT (in Cantonese): Mr IP Kwok-him has claimed a division. The division bell will ring for three minutes.

(After the division bell rang)

PRESIDENT (in Cantonese): Since a quorum is not present, will the Clerk please ring the bell to summon Members.

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

PRESIDENT (in Cantonese): A quorum is now present. We now deal with the question and that is: That the amendment, moved by Mr WONG Kwok-hing to Mr KAM Nai-wai's motion, be passed.

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

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

Functional Constituencies:

Dr Raymond HO, Dr Margaret NG, Mr CHEUNG Man-kwong, Ms Miriam LAU, Ms LI Fung-ying, Mr Tommy CHEUNG, Mr CHAN Kin-por, Mr CHEUNG Kwok-che and Dr Samson TAM voted for the amendment.

Mr WONG Yung-kan and Mr IP Kwok-him abstained.

Geographical Constituencies:

Mr Albert HO, Mr Fred LI, Ms Emily LAU, Mr Frederick FUNG, Ms Audrey EU, Mr WONG Kwok-hing, Mr LEE Wing-tat, Mr Ronny TONG, Mr KAM Nai-wai, Dr Priscilla LEUNG, Mr WONG Sing-chi, Mr WONG Kwok-kin, Mrs Regina IP, Mr Alan LEONG, Mr LEUNG Kwok-hung and Miss Tanya CHAN voted for the amendment.

Mr LAU Kong-wah and Mr TAM Yiu-chung abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 11 were present, nine were in favour of the amendment and two

abstained; while among the Members returned by geographical constituencies through direct elections, 19 were present, 16 were in favour of the amendment and two abstained. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was passed.

PRESIDENT (in Cantonese): As Members have been informed, Mr IP Kwok-him has withdrawn his amendment subsequent to Mr WONG Kwok-hing's amendment having been passed.

PRESIDENT (in Cantonese): Miss Tanya CHAN, as Mr WONG Kwok-hing's amendment has been passed, will you please move your revised amendment now.

MISS TANYA CHAN (in Cantonese): President, I move that Mr KAM Nai-wai's motion as amended by Mr WONG Kwok-hing be further amended by my revised amendment.

Miss Tanya CHAN moved the following further amendment to the motion as amended by Mr WONG Kwok-hing: (Translation)

"To add "; (i) by making reference to the Report of the Sports Policy Review Team entitled 'Towards a more sporting future' published in 2002, to implement the feasible recommendations made therein, and at the same time conduct studies on those areas not covered by the Report for the purpose of formulating a long-term policy on sports; (j) the Government should split the 'Arts and Sports Development Fund' and enhance training for local athletes and invest more resources, so as to promote sports development; (k) to standardize the present reward mechanisms for able-bodied athletes and disabled athletes participating in international events of equivalent levels, so as to give fair recognition to the achievements of all athletes; and (l) to review the terms of reference and composition of the Sports Commission, enlist the participation of more athletes, and enhance the transparency of the Commission"immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Miss Tanya CHAN's amendment to Mr KAM Nai-wai's motion as amended by Mr WONG Kwok-hing be passed.

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

(Members raised their hands)

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

(Members raised their hands)

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

PRESIDENT (in Cantonese): Mr KAM Nai-wai, you may now reply and you have one minute forty seconds.

MR KAM NAI-WAI (in Cantonese): President, I hope that after hearing the speeches of so many colleagues and so many proposals today, the Secretary will, irrespective of the success or failure of bidding to host the 2023 Asian Games, consider the 12 recommendations (excluding the one for the Asian Games bid) we made last year, as well as more than 10 recommendations put forward today. I hope he will really push forward the long-term sports development of Hong Kong.

Thank you, President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the amendment, moved by Mr WONG Kwok-hing and Miss Tanya CHAN to Mr KAM Nai-wai's motion, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

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

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11 am on Wednesday, 12 January 2011.

Adjourned accordingly at twenty minutes to Nine o'clock.