

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 16 February 2011

The Council met at Eleven o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

THE HONOURABLE ALBERT HO CHUN-YAN

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

THE HONOURABLE LEE CHEUK-YAN

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

THE HONOURABLE FRED LI WAH-MING, 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 LAU WONG-FAT, G.B.M., G.B.S., J.P.

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

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

THE HONOURABLE ANDREW CHENG KAR-FOO

THE HONOURABLE 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 ANDREW LEUNG KWAN-YUEN, G.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

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

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

THE HONOURABLE CHAN HAK-KAN

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

THE HONOURABLE CHAN KIN-POR, J.P.

DR THE HONOURABLE PRISCILLA LEUNG MEI-FUN

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE CHEUNG KWOK-CHE

THE HONOURABLE WONG SING-CHI

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

THE HONOURABLE IP WAI-MING, M.H.

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

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

DR THE HONOURABLE PAN PEY-CHYOU

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:

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

THE HONOURABLE PAUL TSE WAI-CHUN

PUBLIC OFFICERS ATTENDING:

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

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

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

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

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

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

CLERKS IN ATTENDANCE:

MS PAULINE NG MAN-WAH, SECRETARY GENERAL

MRS VIVIAN KAM NG LAI-MAN, ASSISTANT SECRETARY GENERAL

MRS PERCY MA, ASSISTANT SECRETARY GENERAL

PRESIDENT (in Cantonese): A quorum is not present. Will the Clerk please ring the bell to summon Members to the Chamber?

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

PRESIDENT (in Cantonese): A quorum is now present.

TABLING OF PAPERS

The following papers were laid on the table under Rule 21(2) of the Rules of Procedure:

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
Antiquities and Monuments (Declaration of Proposed Monument) (Ho Tung Gardens) Notice.....	26/2011
Mutual Legal Assistance in Criminal Matters (Sri Lanka) Order (Commencement) Notice.....	27/2011

Other Papers

- No. 61 — AIDS Trust Fund
Financial statements together with the Director of Audit's report for the year ended 31 March 2010
- No. 62 — Report by the Commissioner of Correctional Services of Hong Kong Incorporated on the Administration of the Correctional Services Department Welfare Fund for the year ended 31 March 2010

- No. 63 — Report of the Public Accounts Committee on the Reports of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2010 and the Results of Value for Money Audits (Report No. 55)
(February 2011 — P.A.C. Report No. 55)

Report No. 12/10-11 of the House Committee on Consideration of Subsidiary Legislation and Other Instruments

ADDRESSES

PRESIDENT (in Cantonese): Address. Dr Philip WONG will address this Council on the Public Accounts Committee's Report No. 55.

Report of the Public Accounts Committee on the Reports of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2010 and the Results of Value for Money Audits (Report No. 55)
(February 2011 — P.A.C. Report No. 55)

DR PHILIP WONG (in Cantonese): President, on behalf of the Public Accounts Committee, I table our Report No. 55. This Report corresponds with the Report of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2010 and his Report No. 55 on the results of value for money audits (Audit Report).

The Committee's Report contains three main parts:

- (a) the Committee's assessment of the actions taken by the Administration in response to our recommendations made in the Committee's previous Reports Nos. 52, 53 and 53A;
- (b) our observations on the Report of the Director of Audit on the Accounts of the Government for the year ended 31 March 2010; and

- (c) the conclusions reached by the Committee on the Director of Audit's Report No. 55.

On the Director of Audit's Report No. 55, the Committee has, in line with past practice, selected for detailed examination only those chapters in the Audit Report which, in our view, contained more serious allegations of irregularities or shortcomings. The Report tabled today covers our deliberations on the four chapters selected.

I now succinctly report the conclusions and recommendations made by the Committee.

Regarding the chapter on "Administration of the Direct Subsidy Scheme and Governance and Administration of Direct Subsidy Scheme Schools", the Committee points out in the first place that the audit conducted by the Audit Commission (Audit) is on the Direct Subsidy Scheme (DSS) administered by the Education Bureau and not on individual DSS schools *per se*; and the audit is confined to the Education Bureau's administration and supervision of the DSS and the governance and administrative matters of DSS schools, which do not include the quality of education provided by DSS schools.

The Committee notes that the objective of the DSS is to inject diversity to Hong Kong's school system through the growth of a strong subsidized private school sector so that parents would have more choices, and the DSS schools are allowed to have greater flexibility in various areas. Despite that, the Committee considers that the Education Bureau has to perform a monitoring role to ensure that the schools comply with its requirements, and that their governance, accountability and transparency are up to the required standard and public expectation.

However, we are disappointed that the Education Bureau has failed to discharge its monitoring role over the DSS schools effectively, as reflected by some serious cases of non-compliance with the Education Bureau's guiding principles or requirements and its failure to take effective actions to ensure timely rectification of those problems.

The Committee also finds that the Education Bureau has failed to attach sufficient importance to the gravity of the problems in the administration of DSS schools in that they were simply dealt with as operational issues without adequate

appreciation of the need to bring them to the attention of the Secretary for Education for policy review. As such, the Secretary for Education has not been made aware of the widespread compliance problems in DSS schools. Also, there is no dedicated high-level body in the Education Bureau to oversee the administration of the DSS and the schools' compliance with the DSS requirements. The Committee is gravely dismayed and finds such situation unacceptable.

In addition, the Committee is surprised at and does not accept the Secretary for Education's statement that the Education Bureau was toothless towards non-compliant DSS schools, given the administrative and punitive measures that the Education Bureau may take against them. Such measures include issuing advisory or warning letters, appointing school managers to the School Management Committee, withdrawing the subsidy payable to the school with a resultant loss of DSS status, and so on.

The Committee notes that in the early stage of the DSS, in order to encourage more schools to join the scheme, the Administration allowed some schools to join the DSS before they had been able to complete all the admission requirements. However, the Administration had failed to consider the circumstances of individual schools, making it difficult for the Education Bureau to deal with the problems that surfaced subsequently in requiring the schools to comply with certain admission conditions. The Committee expresses disappointment in this regard.

The Committee also notes that the DSS schools are required to adopt a fee remission and scholarship scheme in order that students will not be deprived of the chance to study at DSS schools solely because of their inability to pay school fees. We are therefore dismayed that some DSS schools have not set aside the required amounts of school fee income for the purpose of their fee remission and scholarship schemes, and some schools have not clearly set out the eligibility criteria or adequately publicized the schemes, because this might have discouraged needy parents from applying for their children's admission to the DSS schools due to lack of information. The Committee finds it totally unacceptable that the Education Bureau has failed to discharge its duty to monitor schools' compliance with its requirements on the schemes, and that the Secretary for Education and the Permanent Secretary for Education are not aware of schools' non-compliance.

Furthermore, under the existing policy of the Comprehensive Social Security Assistance (CSSA) Scheme, no special grant for school fees would normally be given under the CSSA Scheme to students who choose to attend DSS schools. The Committee is dismayed that this may deprive students from families in receipt of CSSA of the chance to study at DSS schools.

In response to the issues mentioned above, the Committee has made a number of recommendations which include strongly urging the Secretary for Education to:

- (a) enhance his supervision of the DSS and ensure that the Education Bureau will perform its monitoring role over the DSS schools more effectively;
- (b) establish a dedicated high-level body in the Education Bureau to oversee the administration of the DSS as well as its control and monitoring of DSS schools; and
- (c) put in place a system that requires the Education Bureau staff to report, in appropriate cases, the DSS schools' non-compliance and malpractices to sufficiently high-level staff, including the Permanent Secretary for Education and the Secretary for Education, for follow-up actions.

The Committee also urges the Secretary for Education that apart from requiring DSS schools to improve their fee remission and scholarship schemes, he should also conduct a comprehensive review to explore effective measures to ensure that students from grass-roots families will have a fair chance of studying in the DSS schools. Besides, the Secretary for Education should consider devising a self-assessment system for the DSS schools to declare if they have complied with the various requirements of the Education Bureau and request the schools to document the justifications for not complying with the requirements, with a view to improving the schools' governance and administration.

President, I would also like to point out that the Committee considers there is room for improvement regarding how the Education Bureau disclosed the identity of the DSS schools studied in the Audit Report and how it handled the draft Audit Report.

After the publication of the Audit Report, the issues relating to DSS schools as identified in the report aroused wide public concern and there had been speculation by the media about the identity of the schools examined in the Audit Report. To prepare for the public hearings, the Committee requested the Education Bureau to provide it with the names of the four DSS schools which had been visited by Audit and their irregularities. The Committee also made clear that, in view of the public concern over the matter, it did not have any objection to the Education Bureau's making public the information sought by the Committee. However, the Secretary for Education indicated that the Audit Report involved not only the four schools but also all the DSS schools in general. The Education Bureau considered it more appropriate to provide information relating to all the DSS schools covered in the Audit Report, rather than singling out the four schools concerned. The Education Bureau also provided the information relating to all DSS schools concerned to the Committee.

Having considered all relevant circumstances and the public's right to know, the Committee considers that the Education Bureau should make public the relevant information. I have to point out that it had all along been the Committee's view that it was up to the executive authorities to decide on the method and timing of making public the names of DSS schools concerned. Subsequently, the Education Bureau released to the public the names of and information on all DSS schools concerned.

In addition, the Committee noted from the hearings that the Education Bureau had not verified with individual schools the cases of non-compliance raised in the draft Audit Report when responding to the report, resulting in discrepancies between certain matters set out in the Audit Report and the actual situation, and causing undue pressure on the schools concerned. The Committee is of the view that, as a general principle, the Policy Bureaux and government departments being audited have the obligation to clarify the facts set out in the draft Audit Report, including the situation of the relevant bodies, before responding to the report, for the consideration of the Director of Audit in finalizing his report.

Regarding the chapter on "Residential treatment and rehabilitation services for drug abusers", the Committee points out in our Report that despite the widespread public concern over the persistent shift from heroin abuse to psychotropic substance abuse (PSA) and the Government's heightened efforts to

combat the escalating youth drug abuse problem, the Secretary for Security has failed to re-align the treatment and rehabilitation services for drug abusers with the changing drug scene and service demands, as reflected by the sluggish resources adjustment from heroin abuse treatment to PSA treatment, the uneven workloads among treatment centres, and the decrease in the overall capacity of treatment centre. The Committee is gravely dismayed and finds such situation unacceptable.

The Committee considers that the problems identified in the Audit Report in the provision of residential treatment and rehabilitation services are mainly attributable to there being no sufficiently high-ranking government official to take charge of the formulation of the Government's anti-drug policy and the overall co-ordination of anti-drug efforts, as well as the slackness of the Department of Health, Social Welfare Department, Lands Department and Narcotics Division in performing their respective monitoring roles.

The Committee also considers that although the Government's control over non-subsidized treatment centres is limited, it should persuade and assist the centres to provide appropriate services that are geared to the needs of drug abusers, particularly the young psychotropic substance abusers.

The Committee urges the Secretary for Security to give more personal attention to, and designate a sufficiently high-ranking official to take charge of, the formulation of the Government's anti-drug policy and the co-ordination of the Government's anti-drug efforts with other government bureaux, departments and non-governmental organizations. In addition, the Committee also urges the Department of Health, Social Welfare Department, Lands Department and Narcotics Division to properly perform their respective monitoring roles over the treatment centres.

Another chapter examined by the Committee is "The Community Investment and Inclusion Fund (CIIF)".

The Committee is concerned that although the CIIF has operated for more than eight years since its establishment in 2002, the pace of fund disbursement has been slow and the number of successful applications small. As follow-up reviews have not been conducted on completed projects to assess their effectiveness, it is not ascertainable how successful the projects funded by the

CIIF have been able to promote and build social capital. We are also concerned that the operation and requirements of the CIIF may not be conducive to encouraging smaller organizations to apply for the CIIF funding.

The Committee urges that the Secretary for Labour and Welfare and the CIIF Committee should, before completion of the second external review, critically review the overall achievement of the CIIF objectives and work out the way forward for the CIIF, taking into account the availability of other sources of funding that support the development of social capital.

President, as always, the Committee has made its conclusions and recommendations in this Report with the aim of ensuring the achievement of value for money in the delivery of public services by the Administration.

Lastly, I wish to register my appreciation of the contributions made by members of the Committee. Our gratitude also goes to the representatives of the Administration and other organizations who attended the hearings held by the Committee. We would also like to express our gratitude to the Director of Audit and his colleagues, as well as the staff of the Legislative Council Secretariat, for their unfailing support.

Thank you.

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. First question.

Charges for Transfer of Securities

1. **MR CHIM PUI-CHUNG** (in Cantonese): *President, Secretary and friends who are listening to me, Happy New Year.*

President, the main question I have to ask is: I have received a complaint from an investor that when he transferred his holdings kept in the Central Clearing and Settlement System (CCASS) to other persons, he was charged HK\$1.5 per board lot by the Hong Kong Securities Clearing Company Limited

(HKSCC). *The shares he held, however, were only traded at HK\$0.05 per share in board lots of 2 000 shares, meaning that the value per board lot was only HK\$100 but the HKSCC charged him \$1.5, so the proportion was 1.5%. In this connection, my main question is: Will the Government inform this Council:*

- (a) given that the stamp duty on stock transaction levied by the Government is only 0.1% on the value of each transaction, whether it has assessed if the fee charged by the HKSCC at a rate equivalent to 1.5% is excessive; if it has assessed, of the outcome;*
- (b) given that investors can hold and transfer their securities electronically via CCASS at present, and that the process involved in handling securities traded in board lots of 2 000 or 100 million shares is the same, whether it has assessed if the HKSCC is oppressing investors by imposing the above charges; if it has assessed, of the outcome; and*
- (c) whether the Government will initiate investigation on the above charges and remove the monopoly of the HKSCC in order to further internationalize the stock market of Hong Kong?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, my replies to various parts of the question are as follows:

- (a) According to the existing tariff of the HKSCC of the Hong Kong Exchanges and Clearing Limited (HKEx), the only fee item to be charged at HK\$1.50 per board lot is the Registration and Transfer fee. Nevertheless, the Registration and Transfer fee will be charged only during execution of certain designated corporate actions (for example, distribution of dividends or rights, mandatory takeovers, and so on), and is irrelevant to transfer of stocks.

According to the Securities and Futures Ordinance (SFO), prior approval shall be obtained from the Securities and Futures Commission (SFC) for fees imposed by the HKEx. In approving the HKEx's fees, the SFC shall make reference to relevant fees imposed by exchanges and clearing houses in major overseas

markets, and have regard to the level of competition in Hong Kong for the matter for which the fee is imposed and whether the HKEx has created unfairness to certain market participants by abusing its monopolistic status.

Given that the market is still based upon physical share certificates, it remains necessary for the HKSCC to maintain and operate a vault for physical share certificates behind electronic book entries. The above fees are required to offset part of the expenditure for operating the vault. Upon the formal implementation of a scripless market for which preparation is underway, as the functions of the vault for physical share certificates may gradually be phasing out, fees associated with physical share certificates can also be adjusted or abolished.

- (b) The HKEx is reviewing its fees in light of the implementation of a scripless securities market, including examination of the HKSCC's fee structure. In the course of formulating its new fee levels, the HKEx would cautiously assess and take into account factors like the development and annual maintenance costs to be borne by the CCASS in supporting the implementation of the scripless initiative, as well as their potential effects to relevant persons. In the process, the HKEx will listen to market views, while maintaining competitiveness of the HKSCC's services and fees. Upon completion of the relevant fee review, the HKEx will submit the fee proposals to the SFC for approval.
- (c) According to the Securities and Futures Ordinance, the HKSCC has no monopoly in providing clearing services in Hong Kong. The SFC may, after consultation with the Financial Secretary, recognize other companies as clearing houses.

MR CHIM PUI-CHUNG (in Cantonese): *President, the Secretary's main reply is not clear. We understand that the Government has done its utmost by reducing the stamp duty to 0.1%. Certainly, the Government has also promised to abolish the stamp duty but to the Government, this is a piece of juicy pork, so it is understandable that it does not want to abolish it for the time being.*

The commission charged by stock brokers has also been reduced to a minimum but unfortunately, on power of the monopoly granted to it by the Government, the HKEx is still charging very high fees. May I ask the Secretary through the President if he knows that even though the licences of many companies have been suspended for several years and no transfer of ownership has been made, the HKSCC still charges them annual fees and that such fees are calculated on a per board lot basis according to the volume of shares issued? Has the Secretary ever looked into this issue?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, just now, I said in the main reply that the various fees charged by the HKSCC have been approved by the SFC. At present, the transaction fees approved by the SFC are valid for two years after each approval and on each occasion before the HKEx recommends a renewal, it will also review all the fees charged by the HKSCC and compare them the relevant fees levied by the exchanges and clearing houses in major overseas markets. We will conduct such reviews on a regular and ongoing basis. The SFC will also consider the HKEx fee levels to see if, generally speaking, they are comparable to those in overseas markets.

MR CHAN KAM-LAM (in Cantonese): *President, it is said in the Secretary's main reply that upon the implementation of a scripless market, the fees associated with physical share certificates may also be reduced or abolished. May I ask the Secretary when the scripless transaction arrangement will be implemented? If it will take a very long time for the arrangement to be implemented, will the Secretary consider urging the HKEx to reduce the fees associated with physical share transactions at this stage?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): I have already said in the main reply that the HKEx is reviewing its fees in the light of the implementation of a scripless securities market. They are now examining the entire tariff.

Earlier on, Mr CHIM Pui-chung asked in his main question if the present Registration and Transfer fee was too high. We have also examined this.

According to the information of the HKEx, they have kept this subject under constant review and adjusted the fees downwards. For example, in 2006, the HKEx abolished the fee levied on the so-called scrip fee on the "deemed book-close date". What I wish to say is that the issue of fees has all along been kept under review and it was not raised only now.

As regards going scripless, in December 2009, we also published or rather, the SFC, the HKEx and the Federation of Share Registrars Limited published a consultation paper in December 2009 as well as a document on the consultation conclusions in this connection on 21 September 2010. The response of the market was largely positive. We are now making preparations in this regard. As regards the legislative changes required for going scripless, a Part VII has been included in the Companies (Amendment) Bill 2010. Our plan as a whole is now under way.

PRESIDENT (in Cantonese): Mr CHAN, has your supplementary question not been answered?

MR CHAN KAM-LAM (in Cantonese): *The Secretary did not give a reply on the time of implementation other than saying that preparations were being made. Can he provide a timetable or tell us the time of implementation?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Today, I can only say that we have to take further steps by enacting relevant legislation. We hope to issue a consultation paper in mid-2011 to carry out consultation on the relevant legislation.

DR RAYMOND HO (in Cantonese): *Concerning the scripless securities market, Mr CHAN Kam-lam asked the Secretary a question about the timetable. May I also ask the Secretary what conditions must be met if we really want to put in place a scripless securities market?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, thanks to the Honourable Member for his supplementary question. In fact, it can be seen from past consultation exercises that the great majority of representations supported going scripless and the responses were positive. The next step is to introduce legislative amendments. The sector may be concerned about how the costs should be shared in the eventuality of going scripless, that is, whether or not the fees at that time will be higher than those at present and how they will compare. We know that the market has expressed concern about this, so when the development of this mode has become more mature, we will introduce more specific proposals for consideration by the market.

PRESIDENT (in Cantonese): Has your supplementary question not been answered?

DR RAYMOND HO (in Cantonese): *Just now, I asked the Secretary in clear terms what conditions had to be met in order to introduce a scripless securities market, but the Secretary only talked about the responses of the market.*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): I can add that the great majority of market players think that the actual operation is feasible, so we cannot see what new conditions have to be met. The great majority of market players hope that a scripless system and a system with physical share certificates can operate in parallel for a period of time, that is, the changes must not be abrupt. Therefore, the main issue is how to make the transition. In addition, I also mentioned the issue of fees just now and the market also expressed its concern about this. I wish to raise one point. We are all concerned about whether or not going scripless will lead to a reduction in the overall fee level, but who should bear the relevant costs? This is the concern of the market.

DR SAMSON TAM (in Cantonese): *The Secretary mentioned in part (c) of the main reply that according to the SFO, the HKSCC has no monopoly, but the reality is that throughout the many years of its operation, it is the only player in*

the market, or on account of various reasons, no new competitor has appeared in the market. Since there is no competitor, I think we must examine if it is making excessive profits. Therefore, may I ask the Secretary if the HKSCC is required to submit information on its profit situation? If yes, how much profit it has made presently?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, I replied earlier on that since the HKCSS under the HKEx has a special status in Hong Kong, its fee levels are subject to the supervision and approval of the SFC. We have to compare the fees of the local market with those of other markets and the SFC undertakes such work frequently. We have also looked at some figures. Of course, it is difficult to look at each and every fee item. We do not compare each fee item with its counterparts in other markets because the operation of each market is different. However, generally speaking, compared with other major markets, the fees in Hong Kong are comparable and we even found that compared with some large markets, our fees are even on the low side. Therefore, some of our fees are lower while some others are higher but, on the whole, our fees are on a par with those in other markets.

DR SAMSON TAM (in Cantonese): *President, I asked the Secretary just now the profit situation of the HKSCC, not about its revenues only.*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, right now, I do not have any information on the profit situation of the HKSCC. However, I think the crux of the matter is whether or not the fees are fair to the market. To this, I think I have already replied.

MR ABRAHAM SHEK (in Cantonese): *President, in his reply to Dr Samson TAM's supplementary question on comparison with other exchanges, the Secretary said some of the transactions fees in Hong Kong were even on the low side but according to my observation, the fees in Hong Kong are arguably the highest in the world and have even exceeded those in many places. May I ask the Secretary if it is due to the fact the HKEx is a listed company and that the*

SFC is unable to control it or is incapable of imposing control on it? Will the Government consider abolishing the monopolistic status of the HKEx by means of the Competition Bill?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, I do not agree with this statement made by Mr Abraham SHEK because if we compare some of the costs, the transaction costs in the Hong Kong market are actually no higher than those in many markets, as Mr Abraham SHEK claimed. Therefore, concerning the costs, I uphold my assertion in the reply given just now, that is, our costs are on a par with those in other markets and the SFC has the capability to supervise the fee levels.

As regards the other question, it may not be relevant to the main question today but since the Honourable Member has asked about the Competition Bill According to clauses 4 and 5 of the Competition Bill, the Chief Executive in Council may by regulation exempt the activity of a statutory body in certain areas and when the Chief Executive considers making an exemption, he will evaluate whether or not the statutory body is directly related to the provision of an essential public service or the implementation of public policy and whether or not there are other exceptional reasons of public policy for making such an exemption. We are currently examining which bodies can be exempted, and no conclusion has been drawn yet. However, I can add that insofar as the HKEx is concerned, the factors that we must consider include the implications on Hong Kong's financial security and stability, the relationships with the regulatory regime under the SFO at present, as well as the practices of overseas and major markets. We will consider these factors and put forward proposals.

PRESIDENT (in Cantonese): Mr Abraham SHEK, has your supplementary question not been answered?

MR ABRAHAM SHEK (in Cantonese): *I asked the Secretary just now about the issue of fees. I have done some research and asked the Secretary a question seeking a written reply. I mainly want him to tell us*

PRESIDENT (in Cantonese): Mr Abraham SHEK, please repeat in brief the part not answered by the Secretary.

MR ABRAHAM SHEK (in Cantonese): *I think his reply is fine because he said that compared with Hong Kong — I do not know with which market he made the comparison and I wonder if he has compared Hong Kong with the Mainland market*

PRESIDENT (in Cantonese): Mr Abraham SHEK, no debate can be opened in question time. Regarding your supplementary question just now, if you think the Secretary has not answered it, please point out the part not answered.

MR ABRAHAM SHEK (in Cantonese): *President, I mean that in terms of transaction fees, Hong Kong is one of the markets charging the highest fees.*

PRESIDENT (in Cantonese): Mr Abraham SHEK, you have voiced your view but the Secretary has already said that he disagrees. I do not think this means he has not given you an answer.

MR CHIM PUI-CHUNG (in Cantonese): *President, can the Secretary provide information on the issue raised by Dr TAM in his supplementary question just now to tell us whether or not the HKSCC under the HKEx has made any profits from the Registration and Transfer fee in the past three years, so that members of the public can evaluate if it is making excessive profits and whether or not there is a need for the Government to conduct a review again?*

President, you know that the HKEx has been established for 25 years, that is, for as long as a quarter of a century. When will the review actually be conducted? Investors can only endure quietly because it enjoys a monopolistic status. Therefore, the Government has to pay special attention, so as to allay the dissatisfaction in society.

PRESIDENT (in Cantonese): Secretary, will you provide the information?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, may I clarify if the Member wants to obtain the information on the revenue from the Registration and Transfer fee discussed just now?

MR CHIM PUI-CHUNG (in Cantonese): *President, what I mean is the proceeds received by the HKSCC under the HKEx from this fee item in the past three years, so that members of the public and investors can know the percentage that it accounts for in the fees relating to the shares of listed companies, so as to assess if it is making excessive profits.*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): I have heard the Member's request. We can ask the HKSCC for the relevant information. (Appendix I)

MR CHAN KAM-LAM (in Cantonese): *President, I am a non-executive director of the SFC. I have to point out that the SFC supervises the tariff of the HKEx in accordance with the SFO. The Secretary replied just now that the fees were required to offset part of the cost. Can the Secretary tell us the percentage of operation cost offset by the so-called transaction fees at present? Is the cost fully recovered or is any profit derived from the fees?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, concerning this supplementary question asked by the Member, it is difficult for me to answer it today. We all know that it is very difficult to directly compare the fee charged in every instance with the cost of an item. However, I can say that the HKEx is reviewing various fees currently and certainly, the reason is related in part to the plan for a scripless market, but this is not the whole reason. The HKEx hopes to review various areas, so that the fees can better reflect the costs and enhance the competitiveness of the Hong Kong market. The Government strongly supports and encourages the HKEx to conduct this review. As regards Members' views, I will convey them to the HKEx.

PRESIDENT (in Cantonese): Second question.

Chilled Beef Imported from the Mainland

2. **MR TOMMY CHEUNG** (in Cantonese): *President, some members of the trade have pointed out that it was originally thought that the introduction of Mainland chilled beef to Hong Kong early this year would offer the public one more choice of lower-priced meat products and help counter inflation, but in the past one and a half months, the importer concerned imported a limited quantity of Mainland chilled beef on each consignment and only supplied the chilled beef to supermarkets and a few restaurants, which not only disappointed many members of the public, meat retailers and restaurants who could not purchase chilled beef, it has also, as at to date, failed to have the slightest alleviating effect on the price of fresh beef. In this connection, will the Government inform this Council:*

- (a) *of the total number of applications for import licences for chilled beef received by the authorities since the introduction of Mainland chilled beef; and among them, the number of importers and wholesale quantities involved; the number of applications which eventually succeeded in importing chilled beef and wholesale quantities involved, as well as the respective numbers of supermarkets and retail shops which have been supplied with chilled beef;*
- (b) *whether it has looked into the reasons why only one chilled beef trader has obtained the approval of the Mainland authorities for exporting chilled beef to Hong Kong during the past one and a half months; if it has, of the reasons; if not, whether it will reflect to the Mainland authorities the keen local demand for chilled beef, with a view to expediting the relevant application process and increasing the relevant supply, so that chilled beef will be available for sale at more retail outlets in Hong Kong; and*
- (c) *whether it knows the existing number of slaughtering and meat processing plants on the Mainland which have obtained approval for*

exporting chilled beef to Hong Kong; whether the number of such plants will be increased in future in order to increase the supply of beef to Hong Kong and alleviate the price of beef; if so, of the relevant timetable; if not, the reasons for that?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, since Hong Kong is a city which relies heavily on imported food, the policy objective of the Government is to maintain an open market and to ensure food safety. The major task of the Food and Health Bureau is to ensure the safety of food for sale in Hong Kong. To this end, we strive to facilitate the sale of food which meets hygiene standards from all over the world by formulating relevant hygiene standards and maintaining an open and competitive market. Food price has always been determined by a free market. It is the Government's responsibility to improve market transparency and enhance market efficiency so as to allow consumers to make a wise choice.

The Food and Health Bureau has also been proactively broadening food sources with a view to diversifying food types. For example, the Food and Health Bureau and the State Ministry of Commerce reached an agreement in 2007 that the market for supplying live pigs to Hong Kong should be opened up, and introduced two more live pig agents. In the past few years, the supply of live pigs from the Mainland has remained stable with some 4 500 pigs imported into Hong Kong every day. Moreover, starting from 2006, Mainland chilled pork has also been imported into Hong Kong. Last year, about 18 200 tonnes of Mainland chilled pork was imported, representing an increase by 17% as compared with that in 2009. As regards the supply of beef, the number of live cattle imported from the Mainland was around 28 000 heads last year, which was about the same as in 2009. Starting from December 2010, local importers may import chilled beef from the Mainland. This arrangement not only provides more food choices for the general public, but also helps maintain food prices at a reasonable and stable level. Detailed response to various parts of the question is set out as follows:

- (a) The Food and Health Bureau reached an agreement with the State General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) on the arrangements for the import of chilled beef from the Mainland into Hong Kong in early December last year.

Stringent control measures are implemented to ensure that imported chilled beef is safe for consumption. The Food and Environmental Hygiene Department (FEHD) has been accepting applications for the import of chilled beef from the Mainland since 7 December last year. Local importers may negotiate with the relevant Mainland enterprises direct and the Government does not set a quota for the amount of beef imports.

As at 14 February 2011, the FEHD has received and approved 10 applications for import licence to import chilled beef from the Mainland, involving three import companies and the total weight of over 100 tonnes. As at to date, only one company has imported chilled beef from the Mainland which was shipped in three consignments totalling around 56 tonnes. We understand from the importer concerned that the first consignment of Mainland chilled beef was supplied to a major local supermarket chain whereas the second and the third consignments were supplied to two major local supermarket chains.

- (b) The Government's policy is to ensure that food imported into Hong Kong meets relevant hygiene and safety standards. Other supply arrangements and the relevant details are matters of commercial decisions of the market. Since an agreement has been reached between the Food and Health Bureau and the AQSIQ on the arrangement for import of chilled beef from the Mainland and the requirement for the inspection and quarantine of chilled beef, local traders may negotiate and deal with the relevant Mainland enterprises direct for the import of chilled beef after applying to the FEHD for an import licence in accordance with the law.

The FEHD has relayed to the AQSIQ the trade's keen demand for chilled beef from the Mainland and has received a positive response. The AQSIQ has asked the inspection and quarantine authorities in the Mainland to recommend more chilled beef production enterprises.

- (c) To ensure food safety, all chilled beef imported from the Mainland must come from processing plants registered for the processing and

export of chilled beef under the AQSIQ. These processing plants are recommended by the AQSIQ to the FEHD, with further on-site and audit inspections conducted by FEHD staff to ensure compliance with the relevant requirements before the chilled beef is exported to Hong Kong. At present, the chilled beef processing plant on the Mainland eligible for exporting to Hong Kong is an enterprise in Changchun, Jilin Province, and is the largest company supplying chilled beef in the country.

Given that the import of chilled beef from the Mainland is a new arrangement, we expect that it would take some time for the market to assess the supply and demand situation. If local demand for Mainland chilled beef is on the rise, it is believed that under the lead of the market, more eligible processing plants in the Mainland will apply to the AQSIQ in response to the request of the trade in Hong Kong for processing and supplying chilled beef to Hong Kong.

MR TOMMY CHEUNG (in Cantonese): *President, in part (b) of the main reply, the Secretary said, "The Government's policy is to ensure that food imported into Hong Kong meets relevant hygiene and safety standards." President, I have some opinions about this reply because the Food and Health Bureau is duty-bound to ensure this. The Government's policy should ensure that there is an open market allowing fair competition for all food imported into Hong Kong, so that everyone can choose whether or not to buy it, rather than restricting its sale to just one supermarket chain.*

Actually, this is a good policy. Despite the Secretary's high-profile announcement of the supply of chilled beef, members of the public wishing to buy chilled beef find that it is sold in one supermarket chain only. This is precisely the reason why the SAR Government is frequently criticized for tilting towards property developers and major enterprises.

President, my supplementary question is: Given these remarks of mine, should the Secretary, as a member of the government team, not come up with a policy to, apart from ensuring the hygiene of food imported into Hong Kong, enable large enterprises, small enterprises and small traders to have fair access

to chilled beef for sale to members of the public, rather than restricting its sale outlet to only one supermarket chain?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, the Government's policy is to allow anyone to negotiate with suppliers direct for the importation of chilled beef into Hong Kong. The arrangement was made just because the first three consignments were imported through the same importer, who had a commercial agreement with the relevant supermarket chain.

As I mentioned just now, there are currently three import companies, involving a total of 10 applications for import licence to import chilled beef from the Mainland. These applications for import licence are valid for six weeks. In other words, if a company's application is approved, it may use the granted licence to import chilled beef into Hong Kong within six weeks. In that case, there will be more than one importer, unlike the current case.

Generally speaking, the FEHD has to conduct a so-called "3+3" test on all new products imported into Hong Kong, which means that the first three consignments have to be impounded and tested to ascertain if there is any problem with the food before it is allowed to be supplied to the market, whereas the next three consignments will be subject to random testing. In this way, every consignment may be tested but, at the same time, the products are also allowed to be shipped to the market as early as possible. In this respect, many traders may not wish to be among the first batch of importers. I believe the market will become more robust after the first few consignments. Besides these 10 import licences, 17 local import companies have applied for import approval as of today, which means that they are all interested in applying for the importation of chilled beef.

Currently, there is only one Mainland company supplying chilled beef to Hong Kong, but this company is very large. According to my knowledge, a considerably large ratio, or nearly 50%, of the chilled beef exported to markets outside the Mainland is supplied by this company. Therefore, I believe this is not a question of figures. However, insofar as commercial operation is concerned, the Government believes that the market should be allowed to operate freely, and we should not interfere with it.

MR WONG YUNG-KAN (in Cantonese): *President, if more beef can be supplied to Hong Kong, we hope that the price of fresh beef can be lowered, at least in principle. When pork or chilled chicken was imported into Hong Kong in the past, there were problems with inspection and quarantine. Of course, the Government has indicated that such problems no longer exist.*

My supplementary question is: What control measures or approach will be adopted by the Government when chilled beef can be sold in Hong Kong? What preparations will be made by the Government, given that there were instances of chilled chicken and pork passing off as fresh food for sale in the market? Given that both fresh beef and chilled beef are now offered, what will be done to prevent chilled beef from being passed off as fresh beef for sale if the entire market is opened up in the future, when chilled beef is sold in markets and other places?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, to my understanding, unlike chilled pork, which can be unwrapped and divided after importation, all the newly imported chilled beef is already packaged. I believe no major problem will arise. Meanwhile, however, the FEHD will inspect all supermarkets and retailers to examine if they have any problems in this respect. In the past, we had conducted such inspections and undertaken such work in respect of chilled pork. In order to maintain the integrity of food sale in Hong Kong, we believe we must co-operate with the trade.

PRESIDENT (in Cantonese): Has your supplementary question not been answered?

MR WONG YUNG-KAN (in Cantonese): *No. Despite the Secretary's remark that relevant efforts have been made, what can be done to achieve better results and has the Secretary discussed with the trade ways to handle the matter better? We were told by the Secretary at that time that both chicken and pork faced the same situation*

PRESIDENT (in Cantonese): Mr WONG Yung-kan, please repeat your supplementary question briefly.

MR WONG YUNG-KAN (in Cantonese): *That was why I asked the Government*
.....

PRESIDENT (in Cantonese): What can be done?

MR WONG YUNG-KAN (in Cantonese): *how to ensure a proper supply?*

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

SECRETARY FOR FOOD AND HEALTH (in Cantonese): As I mentioned just now, chilled beef will already be cut up and packaged at the source of supply for retail sale in packs, not in bulk. In this respect, chilled beef is different from other products, such as chilled pork. In the past, we had certain ways of inspecting and controlling chilled pork, namely, all stalls selling fresh pork in the market are not allowed to sell fresh meat concurrently. We have already laid down rules and regulations on this, and colleagues from the FEHD will also continue with their inspection work in this regard.

MS MIRIAM LAU (in Cantonese): *President, the Secretary is obviously unaware of the fact that food expenses are really very high now. In his very brief main reply, he mentioned thrice that chilled beef should be led by a free market. But what is happening in the market now? Compared with the importation of 18 200 tonnes of chilled pork, the importation of a mere 56 tonnes of chilled beef is actually negligible. Obviously, chilled beef, which is relatively cheap and capable of slightly alleviating the inflationary pressure on the public, is in very short supply.*

Although there are only three import companies in Hong Kong and one processing plant for chilled beef in the Mainland, the Government says that there is nothing it can do about it. The Government is really trying very hard to shirk its responsibility without doing anything to address the people's pressing needs. If it senses people's urgent concerns, it should at least make some efforts. I am not requesting the Government to intervene in the market, but should it not at

least make more facilitating efforts by, for instance, proactively discussing with the Mainland the feasibility of providing one or two additional processing plants eligible for exporting chilled beef to Hong Kong? Because the chilled beef processing plant in the Mainland has to supply chilled beef to outlets all over the country as well. So, what quantity of chilled beef is available for importation into Hong Kong?

Furthermore, many users in Hong Kong, including members of the public, meat retailers and restaurants mentioned in the main reply, actually still do not know where they can buy chilled beef. Can the Government, as a facilitator, provide some information to traders who are interested in importing chilled beef, so that they can know through what channels and with which supplier or plant they can liaise in order to purchase chilled beef? Can the Government make more facilitating efforts rather than just sitting back and relying on the market?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, in respect of the importation of chilled beef into Hong Kong, we have actually made a lot of efforts in the dissemination of information to the public. As for the sale of food in all quarters, I believe every retailer has their own sale practices. Although I seldom buy groceries, I know that the price of chilled beef is lower than that of fresh beef. While the current price of fresh beef is around \$64 per catty, the price of the first consignment of chilled beef imported into Hong Kong was around \$50 per catty, and the price of imported chilled beef has now dropped to \$44 per catty. This shows that the price is lower than before. I believe the market will adjust prices having regard to customers' needs, too.

We also note that the number of importers, especially of chilled beef, will grow in the days to come. As I mentioned just now, many people may not wish to be the first three importers because of the "3+3" test, for they hope to wait until they have a clearer picture of the impoundage and test system and the market situation before deciding whether or not to import chilled beef. We also saw a similar situation when chilled pork was first introduced into Hong Kong in 2006 — it took some time before the market started to pick up. Most members of the public will also adopt a wait-and-see attitude towards any new source of food. Some people will also question whether or not such a change is worthwhile after trying it.

Hence, I think it is most important to, first, ensure an adequate supply in terms of food source; second, ensure that its safety standard meets the standard of consumption by Hong Kong people; and third, ensure a free market, so that everyone can choose their favourite food. While people wishing to try new products may do so, common food, such as fresh meat, should also be available for purchase. Most importantly, more sources and competition must be introduced before our commodity prices can stabilize.

MRS REGINA IP (in Cantonese): *President, may I ask Secretary Dr York CHOW whether he is aware that the Trade and Industry Department, or even the former Commerce and Industry Department, has a reserved commodity scheme whereby food and chilled poultry most needed by members of the public are regarded as reserved commodities, and importers are required to keep a certain quantity of them as reserves, such that the Government can make adjustments to ensure that the public has an adequate supply? May I ask the Secretary if he knows whether or not this scheme still exists? I am aware that the restriction on rice importers has now been relaxed.*

The current supply of chilled beef is small, and so is the supply of formula milk. As inflation is rampant, competition is very keen in supply and demand. Will the Secretary join other Policy Bureaux in studying the expansion of this scheme and including essential commodities in it, so that members of the public will not go without food when inflation becomes rampant or when there is poor crop harvest or abnormal global climate?

PRESIDENT (in Cantonese): You should confine your question to the subject of chilled beef.

MRS REGINA IP (in Cantonese): *President, let me raise another supplementary question about chilled beef. Will the Government ensure an adequate supply of chilled beef and make it as a reserved commodity?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, as Principal Officials, we usually meet every request and answer every question.

Regarding the supplementary question raised just now, rice is the principal commodity required to be stored as reserve in Hong Kong. Currently, we do not have any special policy requiring the maintenance of a reserve stock of other foods.

Furthermore, as Hong Kong is a free market, our food comes from all parts of the world. It is most important for us to maintain a free economy, so that when there is an inadequate supply in a certain sector, the supply of relevant food can be introduced expeditiously from other sources.

Hence, we think that it is all the more unnecessary to keep reserve stock of beef. As beef cannot be stored for too long, and an enormous refrigerated facility will be required for its storage, we think that there is no need to accord beef special treatment. As for other issues, we have other ways to deal with them. For instance, regarding the issue of formula milk raised just now, we have given a written reply today to a question raised by Mr CHAN Hak-kan.

MR FRED LI (in Cantonese): *President, the Secretary clearly pointed out in the main reply that the first consignment of chilled beef was provided by the largest supplier in the Mainland. My supplementary question is: According to my understanding, the Mainland supplier has required the importer in Hong Kong to supply the chilled beef to supermarket chains specified by it and not to let the chilled beef to be sold at other retail outlets. Should such an arrangement continue in the future, such that importers in Hong Kong will similarly be required to supply the chilled beef to two major supermarket chains for sale, even though there are more suppliers in the Mainland, will the Secretary accept this?*

According to the Secretary, this is a commercial decision. However, the supply comes from the Mainland. Monopolization will arise if the Mainland supplier is allowed to take control and specify the sale outlets before food is imported into Hong Kong, for importers will also meet the request of the supplier. Has the Secretary examined this? What should be done to prevent monopolization?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, as far as I am aware, it is the importers, not the supplier in the Mainland, who make the decision regarding the sale of chilled beef by any retailers. Therefore, if some

importers in Hong Kong approach Mainland suppliers, the latter will also talk business with the former.

As I mentioned just now, the three import licences currently granted have been issued to three different importers, who will probably negotiate with different retailers. I believe not only the two supermarket chains can sell chilled beef.

Meanwhile, as many as 17 importers have had their import applications granted. If these importers, whose applications have been approved, are prepared to import chilled beef and have reached an agreement with the Mainland supplier, they may import chilled beef, too. Hence, this is a case of fair competition.

PRESIDENT (in Cantonese): Third question.

Performance of Driving Duties by Foreign Domestic Helpers

3. **MS LI FUNG-YING** (in Cantonese): *President, at present, foreign domestic helpers (FDHs) may perform driving duties which are incidental to or arising from domestic duties upon their obtaining special permission from the Immigration Department (ImmD). I have received complaints alleging that such special permission has been abused in that the work of some FDHs mainly involves driving duties with little domestic work, which in effect turns them into personal chauffeurs and affected the job opportunities of local drivers. In this connection, will the Government inform this Council:*

- (a) *of the number of applications received by the ImmD in each of the past three years for special permission for FDHs to perform driving duties as well as the number of approved and rejected applications, with a breakdown by the gender of FDHs, and the respective percentage of the figures in the number of FDHs of that gender in the year;*
- (b) *of the respective numbers of FDHs to whom special permission had been given once, twice, three times and more than three times by the ImmD in the past three years, with a breakdown by the gender of FDHs; and*

- (c) *whether the ImmD had taken any concrete action in the past three years to prevent FDHs from performing driving duties which were not incidental to or arising from domestic duties; if it had, of the content and number of actions taken, the number of prosecutions instituted, the number of cases in which the persons involved were convicted and the penalties imposed; if not, the reasons for that?*

SECRETARY FOR SECURITY (in Cantonese): President, according to the policy announced by the then Education and Manpower Bureau, the Government decided that, starting from 1 January 2000, a ban be imposed on driving duties by FDHs. At the same time, the Government implemented a special arrangement, administered by the ImmD, under which FDHs employed by employers with genuine need may apply to the Government to perform driving duties incidental to and arising from domestic duties. This special arrangement, on the one hand, facilitates effective enforcement action by the ImmD against abuse and, on the other, allows individual FDH to perform driving duties genuinely incidental to and arising from domestic duties.

According to this special arrangement, the employer must provide, in the FDH's application form, full justifications and supporting information on the need of driving service to be performed by his/her FDH incidental to and arising from any of the five broad categories of domestic duties, namely household chores; cooking; looking after aged persons in the household; baby-sitting; and child-minding. The relevant FDH must be a live-in helper and possess a valid Hong Kong driving licence, whereas the vehicle concerned must be registered under the name of the employer or his/her spouse. Attached to the application form is an addendum to the schedule of accommodation and domestic duties which specifies, in addition to general domestic duties, the incidental driving duties that the FDH needs to perform. The employer and FDH must both sign on the application form and the addendum to the schedule of accommodation and domestic duties, declaring that both parties agree to and abide by the specified arrangement of driving duties. Upon approval of the application by the ImmD, the addendum to the schedule of accommodation and domestic duties will become part of the employment contract of the FDH, by which the employer and the FDH must abide accordingly.

According to the policy of the then Education and Manpower Bureau, the ban on driving duties by FDHs and at the same time allowing them to perform

specified driving duties upon special permission becomes one of the conditions of stay imposed by the ImmD on FDHs. Therefore, an FDH who contravenes a condition of the special permission or performs driving duties without special permission is in breach of his/her condition of stay. According to the Immigration Ordinance, an FDH is liable on conviction to a fine of \$50,000 and imprisonment of two years. The employer may be liable to the same maximum penalty for aiding and abetting the breach of condition of stay by an FDH. In addition, according to the Immigration Ordinance, an employer and an FDH who provide false information in the application for special permission is liable on summary conviction to a fine of \$100,000 and imprisonment of two years.

Regarding the three parts of the question, my reply is as follows:

- (a) The concerned statistics in the past three years are detailed at the Annex. In general, the number of special permission cases as a percentage of the FDH population stays at a stable level, that is, around 30% for male, around 0.1% for female and 0.6% for both sexes. There were no significant changes in the past three years.
- (b) The ImmD does not maintain statistics on the number of times FDHs who are granted special permission to perform driving duties. Generally speaking, of the cases where special permissions are given, around 90% are applications made upon contract renewal or change of employers, while only around 10% are made by new visa applicants.
- (c) As I mentioned just now, since the implementation of the new policy on 1 January 2000, the ban on driving duties by FDHs and at the same time allowing them to perform specified driving duties upon special permission has become a condition of stay imposed by the ImmD on FDHs. An FDH who contravenes a condition of the special permission or performs driving duties without special permission is in breach of a condition of stay.

In the past three years, the ImmD investigated into six reports where FDHs were suspected to have contravened conditions of the special permission or performed driving duties without special permission. After investigation, there was no concrete evidence that FDHs had contravened the Immigration Ordinance in four cases; the concerned

FDH in another case was found not guilty after court hearing; whereas the concerned party in the remaining case was convicted and sentenced to imprisonment for overstaying and breach of other conditions of stay.

Annex

Year	2008			2009			2010		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Special Permissions									
Number of applications	1 271	274	1 545	1 290	286	1 576	1 459	354	1 813
Number of applications approved	1 245	269	1 514	1 269	277	1 546	1 442	345	1 787
Percentage of approved applications to number of FDHs in that year (%)	30.37	0.11	0.59	29.84	0.11	0.58	32.38	0.12	0.62
Number of applications refused or withdrawn ^{Note}	26	5	31	21	9	30	17	9	26

Note:

In 2008 to 2010, percentages of the number of applications refused or withdrawn to the number of FDHs in the corresponding year were less than 1%, 0.005% and 0.015% for male, female and both sexes respectively.

MS LI FUNG-YING (in Cantonese): *President, from the reply given by the Secretary, it can be seen that in the past three years, the ImmD only investigated into six reports and no inspection was made on its own initiative. The situation is practically free of regulation. From the figures, it can be deduced that it is extremely difficult for the ImmD to prosecute FDHs who have contravened the law or employers who have abused the relevant policy. There is no way the Government can prevent employers from abusing the policy of hiring FDHs as personal chauffeurs.*

May I ask the Secretary, if this policy is not changed and if FDHs are still permitted to perform driving duties which are incidental to or arising from domestic duties, what measures the Secretary has to prevent employers from abusing this policy? What methods does the Secretary have to convince the public that these employers have not abused this policy?

SECRETARY FOR SECURITY (in Cantonese): Thanks to Ms LI Fung-ying for the supplementary question. Before 2000, and as a matter of fact, all FDHs could perform driving duties. But in 2000 the Government tightened up this policy. Generally speaking, FDHs are banned from performing driving duties except under the two conditions mentioned by me earlier. First, such driving duties are incidental to domestic duties and second, such duties are arising from domestic duties, such as looking after aged persons in the household, child-minding, cooking, and so on.

Ever since that year, the number or percentage of FDHs performing driving duties has remained at a stable level. When the number of prosecutions instituted is low, does it mean that there are many cases of abuse? Or alternatively, when the number of prosecutions instituted is low, does it prove that cases of abuse are few? These are subject to different interpretations.

It must be admitted that during the past three years, we have had only six cases of investigation and prosecution. The figure can be said to be low. But we must not forget that of the some 270 000 FDHs now in Hong Kong, only some 1 000 are granted permission to perform special driving duties each year. The percentage is low. So from the figures, can we infer that the policy concerned is being abused? We consider that with respect to gate-keeping, that is, whether or not permission is given to FDHs to perform special driving duties, the ImmD is already playing the role of a gatekeeper. Certainly, should anyone abuse this policy, we would receive reports and in fact we do receive such reports very often. And once reports are received, we will launch investigations immediately.

I have also mentioned earlier that in the six reports received, it was found that the allegation could not be substantiated in four cases. When the ImmD implements this policy, it will certainly do its gate-keeping part in enforcement. If complaints are received, we will certainly carry out investigations. Moreover, every year the ImmD will conduct operations in respect of FDHs breaching their

conditions of stay and such cases certainly include FDHs who have contravened the conditions of the special permission given to perform driving duties. In such special operations, we have actually found some FDHs who have breached their conditions of stay.

DR PAN PEY-CHYOU (in Cantonese): *President, after listening to the reply by the Secretary, I have an impression that this so-called regulation is nothing but a toothless tiger. For over the past three years, the ImmD has only investigated into six reports and it was found in four of these cases that there was no concrete evidence to support prosecution and the FDH concerned in another case was found not guilty after court hearing.*

May I ask the Secretary, in circumstances like these, what the use of this regulation is? Would it be an exaggeration if I describe this policy as a toothless tiger? If this is the case, how can we protect local citizens who genuinely work as drivers? If an employer tells his FDH to use three to four hours to pick him up or go to many places and places a grocery basket in the trunk of his car, claiming that he is going to the market, would that comply with the requirements? What I really want to ask the Secretary is: will the Government consider amending the Immigration Ordinance to make it clear and more stringent so that enforcement and prosecution officers can really enforce this Ordinance to protect local workers?

PRESIDENT (in Cantonese): Dr PAN, what are you trying to ask the Secretary really?

DR PAN PEY-CHYOU (in Cantonese): *It is the last question.*

PRESIDENT (in Cantonese): You are asking the Secretary if the law will be amended, right? Secretary, please reply.

SECRETARY FOR SECURITY (in Cantonese): President, Dr PAN Pey-chyou has raised a number of questions. But I wish to add one point. I have said that on 1 January 2000 the Government announced a new policy and as a general rule,

all FDHs are banned from performing driving duties. But at that time, many employers who hired FDHs found that the policy would mean a big problem to them. So the then Education and Manpower Bureau pointed out that although the new policy imposed a ban on driving duties by FDHs, they were allowed to apply for special permission from the Government to perform driving duties incidental to or arising from their domestic duties. This is the policy of the authorities.

This policy has been in force for 11 years and the number of FDHs performing such incidental driving duties as a percentage of the FDH population has remained at a stable level. Recently, we have sought the advice of the Labour and Welfare Bureau because this policy of the then Education and Manpower Bureau has been put under the charge of the Labour and Welfare Bureau. The advice from the Labour and Welfare Bureau is that the policy does not affect the employment opportunities of local drivers. Of course, if Dr PAN Pey-chyou asks me whether the Government will consider amending this policy, my reply is we will convey the idea to the Labour and Welfare Bureau and discuss with colleagues whether or not the policy should be further tightened.

MR LEE CHEUK-YAN (in Cantonese): *Actually, the policy cannot really be enforced. May I ask the Secretary who will you get to enforce this policy? When a policeman sees in Central a FDH driver drive his employer to work and park the car at a conspicuous spot in Central, will the policeman walk up to him and ask, "FDH driver, are you doing your domestic duties or are you driving your employer to work?" Or will the ImmD deploy some colleagues to Central and carry out patrols and inspections? This is really absurd.*

The Secretary must admit that this policy cannot be enforced. It was said earlier that the situation was free of regulation, but I would say nothing can be regulated. It was also said earlier that the policy was a toothless tiger. But I would add that there is no bite at all. The whole policy cannot be enforced. May I ask the Secretary what people he will get to enforce the policy? If the policy cannot be enforced, it is useless and meaningless. Nor can it ever protect the interests of local workers. Put simply, the FDHs can drive their employers to the market for shopping, but they cannot drive their employers to their office. But how are we going to define and differentiate the two cases?

PRESIDENT (in Cantonese): Mr LEE, please raise your supplementary question.

MR LEE CHEUK-YAN (in Cantonese): *Are we going to check at the traffic light intersections whether the FDH is driving his employer to the market or to the office? Do we really have this ability to tell which is which?*

PRESIDENT (in Cantonese): Mr LEE, please raise your supplementary question.

MR LEE CHEUK-YAN (in Cantonese): *My question is, does the Secretary admit that this policy can never be enforced? If it cannot be enforced, then the policy is superfluous. Will the Secretary admit that this is so?*

SECRETARY FOR SECURITY (in Cantonese): President, as Mr LEE Cheuk-yan has mentioned, there are indeed some difficulties in enforcement, but we do not think this policy cannot be enforced.

It is the duty of the ImmD task force to crack down on FDHs who have breached their conditions of stay. Over the past three years, the ImmD task force has carried out 328 inspections on FDHs and found 88 FDHs alleged to have breached their conditions of stay. Prosecution was instituted against 76 FDHs.

What then are incidental driving duties? As Mr LEE Cheuk-yan has said, if it is driving the employer to office every day, we will definitely not approve of it. But if it is driving the children of the employer to school every day, would this constitute an extension of the domestic duties? We think that this is not. As far as I can remember, the ImmD once carried out some blitz checks in some elite school areas to see if there are FDHs driving children to school. This is because driving the children to school every day is not considered incidental driving duties. In these operations, we did not find any FDHs breaching their conditions of stay. Of course, as to the question of whether we can intercept and

check some drivers who look like FDHs on the street, I think the situation has not gone to such an extent that we should do so.

MR IP WAI-MING (in Cantonese): *After listening to the response from the Secretary, I have a feeling that it is quite ridiculous. It is because the Secretary said that the Labour and Welfare Bureau has not received any complaints, but Ms LI Fung-ying has raised this oral question and a number of our colleagues have received complaints from the Motor Transport Workers General Union. Many of these complaints are about the problem of these FDHs having affected the job opportunities of local drivers, especially those private car chauffeurs.*

In the past, domestic helpers were divided into amahs and chauffeurs and they performed their duties separately. But since this policy was introduced some 10 years ago, we are seeing less and less of this situation. According to the table annexed to the Secretary's main reply, most of the applications for special permissions in 2008, 2009 and 2010 are related to male FDHs and their percentage among the total is not low at all. For example, the number of applications concerning male FDHs in 2008 took up 30% of the total, that is, some 30% of the 4 000-odd male FDHs applied to the Government for special permission. And this percentage is roughly the same every year. It rose to 32% in the year 2010. Secretary, why is the percentage so high? Do you really think that this policy has not been abused? I would like to hear an explanation from the Secretary. Do the inspections made by the authorities target these some 1 000 people?

SECRETARY FOR SECURITY (in Cantonese): President, the figures are correct. Insofar as the applications for special permission to undertake special driving duties are concerned, that is, those duties which are incidental to or arising from domestic duties, there are more applications in respect of male FDHs. The situation has remained the same over the last 10 years. The percentage of applications concerning male FDHs takes up about 30%. This is the percentage for the years 2008, 2009 and 2010. But does that imply abuse? I do not think I should jump to a conclusion here, for if I do, this may constitute sex discrimination against male FDHs.

On the issue of enforcement mentioned by Mr IP Wai-ming, I can assure him that the ImmD does have the duty and capacity to undertake such inspections. If they find any FDHs having breached the conditions of the special permission or have not obtained any special permission, they will certainly act according to the law.

PRESIDENT (in Cantonese): Mr IP, is your supplementary question not answered?

MR IP WAI-MING (in Cantonese): *The Secretary was talking about general inspections, but I would like to know if there are any special plans or inspections targeting these some 1 000 applicants?*

SECRETARY FOR SECURITY (in Cantonese): President, we have operations to combat FDHs breaching their conditions of stay. But we have not random checked these some 1 000 applicants for that purpose. If we find in the school areas that there are many FDH drivers or drivers looking like FDHs driving children to school and picking them up, we will certainly make blitz checks.

PRESIDENT (in Cantonese): We have spent more than 22 minutes on this question. Fourth question.

Management of External Walls of Private Residential Buildings

4. **MRS REGINA IP** (in Cantonese): *President, the owners of some residential units of Taikoo Shing, which is a large housing estate, who sought assistance from me pointed out that the developer had all along held the titles to the external walls of the buildings of the housing estate since the completion of the estate, and that during the period from 1993 to 1996, that is, after the Building Management Ordinance (the Ordinance) (Cap. 344) had come into effect, the developer transferred the titles to the external walls of the buildings of various phases in the estate to a property management agency wholly owned by it, which was also in charge of the management of the estate. According to the*

information from the Land Registry, that property management agency is currently the holder of the titles to the external walls of the buildings of the housing estate. The aforesaid owners also pointed out that the property management agency claimed that it had acquired such titles on behalf of all owners and was their trustee, and the repair and maintenance fees of the external walls had all along been shared among owners of all units over the years. In this connection, will the Government inform this Council:

- (a) if it has looked into whether that property management agency can acquire the titles to the external walls of the aforesaid buildings on behalf of all owners and be their trustee when no owners' corporation (OC) has been set up; if it has looked into the matter, of the results;*
- (b) if it has looked into whether the repair and maintenance fees of the external walls in the aforesaid case should be borne by that property management agency or all owners under the existing legislation, and whether that property management agency or all owners should be responsible for making compensation in respect of causalities or injuries caused by poor management of the aforesaid external walls; if it has looked into the matter, of the results; and*
- (c) given that I have learnt that many large housing estates have also encountered similar problems relating to management rights and obligations, what concrete measures the authorities have to assist owners in handling such disputes, so as to safeguard their legitimate interests?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, I thank Mrs Regina IP for her questions.

The multi-storey buildings in Hong Kong, in particular the individual blocks that comprise a large housing estate, involve various stakeholders of different interests, which concern residents' personal interest. The Ordinance provides a legal framework for the formation of OCs to facilitate effective building management. In 2007, the Legislative Council amended the Ordinance to further regulate the operation of OCs and their management committees.

We note that the existing Ordinance may not fully cover all disputes over the titles to and management of the buildings and housing estates. As such, we have established the Review Committee on the Building Management Ordinance (the Committee), which convened its first meeting last month and commenced the review of the Ordinance. The Committee and its co-opted members include the Members of the Legislative Council, relevant professionals and experienced members of the management committees of OCs. The Committee discussed the existing problems in respect of building management, which include matters regarding the interests between Deeds of Mutual Covenant (DMC) managers and owners. The Committee will examine if the identified problems can be resolved through amending the Ordinance. In addition, the Committee will make recommendations to the Government on how to take forward proposals to enhance the operation of OCs and to protect the interests of individual owners.

The reply to the three parts of the question is as follows:

- (a) Regarding the dispute over the titles to and management of the external walls of the residential buildings of Taikoo Shing, the Home Affairs Department (HAD) and the District Officer concerned have been keeping close watch on the issue. Given that there is no provision under the existing Ordinance stating whether or not property management agency can acquire the titles to the external walls of a building on behalf of owners and be their trustee, it depends upon the relevant provisions in the DMC concerned and whether there is any relevant agreement between owners and the property management agency.
- (b) A DMC is a private contractual agreement among the owners, the manager and the developer of a building, stipulating the rights and obligations of the parties to the agreement, including specifying, among others, the common parts of the buildings and the sharing of repair costs, and so on. Some DMCs also specify the titles to and the management right of the external walls. The Ordinance also stipulates the liability and responsibility of the maintenance of the property and the common parts of the buildings. As such, whether the property management agency or owners should bear the cost of repair and be held legally responsible for the casualties or injuries caused by poor management of the external walls of a building would vary from case to case, and the circumstances of each case,

the applicable DMC clauses and relevant legislation should be considered.

- (c) Building management issues involve various stakeholders, including owners, tenants, OCs (or other residents' associations) and property management companies. Ineffective communication among stakeholders or inadequate professional knowledge are possible sources of conflicts and disputes. The HAD has been providing assistance and support to OCs to enable them to handle building management matters effectively. Such assistance and support include attending meetings upon invitation, handling enquiries on building management and giving advice on procedures of the meeting convened under the Ordinance and procedures pertaining to procurement, repair and financial management for reference.

The Government encourages owners to resolve disputes over building management through communication and by mediation in order to find a win-win solution and reduce the financial burden on the parties involved. District Offices handle enquiries and complaints relating to building management, encourage owners to resolve disputes with a positive attitude, and refer those owners who are in need to any of the 10 Property Management Advisory Centres of the Hong Kong Housing Society for free appointments with lawyers, during which professional legal advice can be sought. With the active co-ordination of the Building Management Liaison Teams, most of the cases can be settled through enhanced communication among the parties concerned. If the parties concerned are willing to resolve their disputes through professional mediation service, the HAD will make the necessary arrangements. The Lands Tribunal also offers free consultation services to any party seeking mediation and provides the parties concerned with a list of qualified mediators.

I have already mentioned that we are reviewing the need to further amend the Ordinance, so as to keep pace with time and better meet actual social needs. We have also started the public consultation on the regulation of the property management industry, which will end in the middle of next month. Having regard to the views collected, we will consider introducing a legal regulatory framework to

enhance the professionalism of the industry. We believe that these will help safeguard owners' interests.

MRS REGINA IP (in Cantonese): *President, the Secretary's review is indeed like distant water which cannot put out a nearby fire. I am very much astonished by part (a) of the Secretary's main reply. He said that given that there is no provision under the existing Ordinance stipulating whether or not a property management agency can acquire the titles to the external walls of a building on behalf of owners and be their trustee, he is, therefore, not too sure about the relevant situation in law.*

I wonder if the Secretary is aware that in section 34H of the Ordinance within the ambit of his Bureau, it is clearly stipulated that the repair and maintenance of the external walls shall be the responsibility of the owner of the titles to the external walls and this provision shall apply disregarding the contents of the DMC. According to the Land Registry, Swire Properties is the registered owner of the external walls of the buildings in the housing estate. Even though Swire Properties had subsequently transferred the titles to the external walls to a property management agency wholly owned by it, Swire Properties should bear the repair and maintenance costs of the external walls. Taikoo Shing has 61 blocks of buildings, the oldest of which can be 34 years old. Over these 30 years or so, owners may have been overcharged hundreds of million dollars in repair and maintenance fees.

May I ask the Secretary what measures can be adopted to truly help the owners? Firstly, to stop further charging them fees for repair and maintenance of the external walls, and secondly, to recover on their behalf the overcharged amounts for repair and maintenance of the external walls over the years.

SECRETARY FOR HOME AFFAIRS (in Cantonese): I understand that owners of Taikoo Shing are currently seeking legal advice with the assistance of the Member, in order to solve problems involving the repair and maintenance fees of the external walls and the management fees. It is inappropriate for us to make a judgment from the legal viewpoint here. As to who should bear the repair and maintenance costs of the external walls, a decision should be made according to law.

PRESIDENT (in Cantonese): Mrs Regina IP, has your supplementary question not been answered?

MRS REGINA IP (in Cantonese): *According to the legal opinion obtained by owners of Taikoo Shing through the HAD, the repair and maintenance fees of the external walls should be borne by Swire Properties. Secretary, how will you provide assistance to the owners?*

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

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

MS AUDREY EU (in Cantonese): *President, the Secretary talked about matters in other aspects instead, for he was unwilling to answer Mrs Regina IP's supplementary question or he was trying to evade it. President, my supplementary question is related to other aspects. In part (c) of the main reply, the Secretary said that the HAD had been providing assistance and support to OCs to enable them to handle building management matters effectively, adding that such assistance and support included attending meetings upon invitation, handling enquiries on building management, and so on. President, I would like to raise a supplementary question on this part.*

President, in Sham Shui Po yesterday, I received a complaint regarding a certain housing estate in Tuen Mun. Let me just leave out the name of this housing estate. The complainant said that the HAD had attended their meetings but when they asked the HAD to provide assistance or do justice, the HAD said that they attended the meetings only as guests, but not to entertain enquiries. The residents would like to ask a specific question and I am going to raise it here.

President, under section 27 of the Ordinance, an OC commits a criminal offence for not providing a financial report. The management company of that housing estate has failed to provide a financial report for two years (2008 and 2009), and owners of that housing estate therefore lodged a complaint to the

HAD and to the Office of the Chief Executive and also to The Ombudsman, but all the complaints have come to no avail.

President, my supplementary question is this: Does the Ordinance currently fall within the ambit of the Home Affairs Bureau? Should the HAD institute prosecution against any person who has acted in contravention of the Ordinance? Is anyone in your Bureau responsible for this area of work? If not, can the Government tell us which department is responsible for prosecuting offenders of section 27 of the Ordinance?

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, on receipt of any report of a suspected breach of the Ordinance, colleagues in the HAD will seek the opinion of the Department of Justice on the need to take legal actions.

MR RONNY TONG (in Cantonese): *There seems to be problems with both sides. In fact, we have received countless complaints in this respect. Ms Audrey EU mentioned earlier a complaint she had received yesterday, and I also received a similar complaint in the Complaints Division today. President, in most of these complaints, the owners do not know very well their own rights and interests; there is also a lack of channels for them to lodge complaints, and the HAD has failed to provide assistance to them.*

President, part (c) of the Secretary's main reply is actually problematic. Ms Audrey EU has just read out the relevant part, but I wish to read it out again. Part (c) stated that the HAD had been providing assistance and support to OCs. President, it is often the owners, not the OCs, who are in need of support now. Unfortunately, many OCs have abused their powers and misused the funds of the buildings but the small owners cannot overthrow the OCs. The OCs collude with the management companies and when small owners want to override a decision, they face obstacles purposely imposed to thwart them; when they seek assistance from the HAD, the HAD said that this is not their business or that they can only act as guests, and when their views are sought, they said that they are sorry and tell the small owners to file a case to the Lands Tribunal by themselves. How can small owners file a case to the Lands Tribunal to sue the OC? If they sue the OC, the OC will make a defence in the hearing with the funds of the OC

while the small owners have to proceed at their own expense. How can disputes be resolved under such circumstances?

President, my supplementary question is very simple. Does the Secretary agree or accept that he also has the duty to provide assistance to the small owners apart from assisting the OCs? If he has the duty to provide assistance to the small owners, should the Bureau provide detailed and clear guidelines to enable small owners to clearly understand their rights and interests? In respect of law enforcement, I really must ask the Secretary to tell us explicitly whether the Bureau has ever tried to enforce the law and institute prosecution by virtue of the Ordinance. If it has, can the Secretary tell us how many prosecutions the Bureau has instituted?

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, in fact, the general spirit of assisting the OCs is to assist the owners. Our policy objective is to encourage owners to form OCs, so that they can fully co-operate with each other and make concerted efforts to manage their buildings effectively. This is for the common interest of owners, and I do not see why owners and the OCs must be in a dichotomy. If the owners are dissatisfied with the OC, they can, in fact, change the composition of the OC through regular elections in accordance with the established procedures and then reappoint a management committee to manage their building effectively.

As to whether prosecution has been instituted, we have actually received from time to time cases of disputes arising from owners' allegations about unsatisfactory performance of OCs, and we will look into these cases in detail. We have kept statistics on these cases. After studying these cases, we considered prosecution unwarranted in most cases. In my impression, there has not been any case in which prosecution was considered warranted.

PRESIDENT (in Cantonese): Has your supplementary question not been answered?

MR RONNY TONG (in Cantonese): *The Secretary has entirely failed to see where the problem lies.*

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

MR RONNY TONG (in Cantonese): *A great majority of the complaints received by us involve disputes between owners and the OCs*

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

MR RONNY TONG (in Cantonese): *..... as well as conflicts between them. President, if the Secretary said that assisting the OCs is tantamount to assisting owners, he has actually failed to address the problem squarely. The supplementary question that I have just asked is simple. I asked whether the Secretary will provide a detailed guideline to remind and assist the owners, and also whether any prosecution has been instituted. His reply just now was ambiguous, which seemed to suggest that not even in one case had prosecution been instituted. Can he confirm that the authorities have never instituted any prosecutions?*

PRESIDENT (in Cantonese): You can only repeat your supplementary question. Secretary, please.

SECRETARY FOR HOME AFFAIRS (in Cantonese): We have provided guidelines to the owners and assisted them in forming OCs.

MR RONNY TONG (in Cantonese): *President, this is not my supplementary question. Owners have already formed their OCs. The problem now is that the OCs have abused their powers and small owners are feeling at a loss as to what they can do, and small owners do not know where they can lodge complaints. The question is about disputes between owners and the OCs, President.*

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, we have received complaints from owners against OCs. So, small owners do know where they can lodge complaints if they are dissatisfied with the OCs.

MR JAMES TO (in Cantonese): *President, I wish to follow up part (a) of the main question which asked whether, under the existing legislation, a property management company has the power to acquire, among other things, properties (such as external walls) on behalf of small owners or owners. A management company can, of course, buy brooms to keep the place clean or buy uniforms for caretakers, for the purpose of day-to-day management. But can the Secretary tell us if it is the case that a management company can buy everything under the existing legislation? Can a management company buy such properties as the external walls of a building so long as it thinks that owners can fully own their flats after paying money to buy the external walls of the building which will hence facilitate effective building management? Is there any restriction on this power or is such power unlimited? Part (a) of the main question asked whether a management company can acquire everything or whether they can even acquire external walls or properties. I hope the Secretary can give us an answer.*

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, Mrs Regina IP is currently assisting owners of Taikoo Shing in handling this matter. The Ordinance has no provision stating explicitly whether or not management companies can acquire the external walls of buildings on behalf of owners and be their trustee. Mr TO may know very well the provisions of the Ordinance, and there is no provision stating whether or not the manager of a property can acquire the external walls and collect management fees on behalf of the owners. This is where the problem lies, and this has given rise to disputes in law.

PRESIDENT (in Cantonese): Has your supplementary question not been answered?

MR JAMES TO (in Cantonese): *As far as I understand it, what the Secretary means is that the Government, after understanding and interpreting the Ordinance, has formed the opinion that management companies are not subject*

to any restriction and that they can even acquire external walls of buildings. Is that what the Secretary means, or is the Government still unsure as to whether they are allowed to do so under the existing legislation?

President, this involves the Government's position, and it may give rise to legal proceedings in future. I am also indirectly assisting owners of Taikoo Shing in handling this matter.

PRESIDENT (in Cantonese): Mr TO, you asked about a fact just now and that is, you asked what stipulations are made in the existing legislation, and I think the Secretary has already answered that.

MR JAMES TO (in Cantonese): *President, according to your understanding, did he give an answer to the former or the latter part of the question asked by me just now?*

PRESIDENT (in Cantonese): With regard to the question that you have just asked, please repeat the part which, in your view, the Secretary has failed to answer.

MR JAMES TO (in Cantonese): *Originally, my supplementary question was only about*

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

MR JAMES TO (in Cantonese): *..... whether there is any restriction in the existing Ordinance on management companies in acquiring on behalf of owners*

PRESIDENT (in Cantonese): Your question is very clear.

MR JAMES TO (in Cantonese): *things including the external walls of buildings. This involves May I ask the Secretary, insofar as the Ordinance is concerned, how the Government interprets or understands it?*

PRESIDENT (in Cantonese): Are you asking how the Government interprets the Ordinance? Secretary, do you have anything to add?

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, all I can say is that in the existing Ordinance, there is no provision setting out any stipulation in this respect. The Government has no role to play in interpreting a legal provision in this case.

MR ALAN LEONG (in Cantonese): *President, "those who have a choice are the boss". A fact being revealed by this problem today is that small owners do not have the right to choose because the property management company is a wholly-owned subsidiary of the developer. It has revealed an even more deep-rooted problem, that is, hegemony and monopolization by property developers. The result is that the public and small owners are deprived of their right to choose, and they are even left at the mercy of property developers. May I ask the Secretary whether the Bureau will consider further amending the Ordinance and the unfair terms and conditions in the DMCs concerned in view of the more deep-rooted problem revealed by this problem, in order to eradicate these cases?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, I cannot jump to a conclusion here and say that there are unfair terms and conditions in the DMCs. Having said that, we have commenced a review of the Ordinance and after discussions in the first meeting, we will put the focus of the future review on the DMCs and the interest of small owners.

PRESIDENT (in Cantonese): We have spent more than 23 minutes on this question. Fifth question.

Fees and Charges in Bankruptcy

5. **MR ALBERT HO** (in Cantonese): *President, the Official Receiver's Office (ORO) calculated the fees and percentages charged for proceedings in bankruptcy in accordance with the Bankruptcy (Fees and Percentages) Order (the Order). A bankrupt may apply to the Court for remission of such fees by invoking section 114(2) of the Bankruptcy Ordinance if he does not agree to the fees. There have been comments that the Order only stipulates the method for calculating the fees but the method does not take into account the actual operating costs incurred by the ORO in performing the relevant work. In June 2000 and January 2011, the Court had twice ruled that the fees calculated according to the Order were unreasonable and reduced such fees. In this connection, will the executive authorities inform this Council:*

- (a) *of the number of cases of fee remission ruled by the Court in each of the past five years, as well as the percentages of such numbers in the total numbers of bankruptcies in those years; the amounts and extent of fees remitted; the party responsible for absorbing the resulting difference between the fees originally demanded by the ORO and the reduced fees, and the financial impact on the ORO;*
- (b) *in formulating the method for calculating the fees as stipulated in the Order, whether the authorities intended to make use of the fees in bankruptcy successfully collected to subsidize the majority of bankruptcies in which fees cannot be collected successfully so as to recover the costs incurred by the ORO in handling bankruptcies; if so, of the reasons for that; and*
- (c) *whether they had conducted studies in the past to ascertain if it is fairer to calculate the aforesaid fees according to the actual costs incurred by the ORO in performing the relevant duties, and whether it is necessary to amend the existing Order so as to avoid charging inappropriate fees; if the outcome of the studies is in the affirmative, of the reasons for that?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, my reply to the three-part question is as follows:

- (a) The ORO calculates its fees in respect of bankruptcy proceedings in accordance with the Order. The Court may remit or waive payment of the fees under section 114(2) of the Bankruptcy Ordinance.

Between 2006 and 2010, seven fee remission cases were ruled by the Court. The total number of bankruptcy cases in the same period was 57 486. Please refer to Annex 1 for details. The percentage of fee remission cases in the total number of cases was very low, at 0.01%.

The total amount remitted for the seven cases was around \$4.8 million, representing about 0.4% of the total income of the ORO in the same period, which had no significant impact on its financial status. The amount and extent of the fees remitted depended on the circumstances of individual cases. Please refer to Annex 2 for details.

In exercising its discretion for remission, the Court will usually consider the individual merits of the case concerned, such as severe financial hardship of the applicant.

- (b) The policy consideration of the Order is for recovering the costs for services of the ORO as far as possible in order to avoid using public money to subsidize the expenses incurred in the administration of bankruptcy cases. In order to achieve full cost recovery, the Order allows some degree of cross-subsidization. That means the fees charged in some cases will be higher than the actual costs incurred to defray the costs of administering other cases where there are no or inadequate assets to cover costs. Section 114(3) of the Bankruptcy Ordinance provides that "the amount of any fees prescribed under the section shall not be limited by reference to the amount of administrative or other costs incurred or likely to be incurred by the Official Receiver in proceedings in bankruptcy or in any particular bankruptcy." If individual bankrupts wish to have their costs remitted for special reasons such as severe financial difficulty, they may apply to the Court under section 114(2) of the Bankruptcy Ordinance.

- (c) In the past five years, the ORO did not conduct any studies to ascertain if the fees regime should be changed so that the fees charged would be based on the actual costs incurred in performing its relevant duties in each case. We consider that if fees were to be levied on the basis of actual costs, it would mean that the fees would differ from case to case depending on the complexity of the case concerned. It would likely lead to a significant increase in fees in many cases. On the other hand, in most cases where there are little or no assets for realization, full cost recovery will not be possible and as no subsidy could be obtained through cross-subsidization, it would inevitably lead to the use of public fund to subsidize a substantial amount of fees for the services provided by the ORO. We are of the view that it would be inappropriate to use taxpayers' money to shoulder most of the expenses incurred in the administration of bankruptcy cases of individual bankrupts.

The ORO is reviewing the level of fees and charges under the Order. We will revert to the Legislative Council Panel on Financial Affairs when the review is completed.

Annex 1

Number of cases of fee remission ruled by the Court from 2006 to 2010

	<i>Number of cases of fee remission</i>	<i>Bankruptcy orders made by the Court</i>	<i>Percentage of cases of fee remission in total number of bankruptcy cases in respective year</i>
2006	2	10 324	0.02%
2007	2	11 063	0.02%
2008	1	10 779	0.01%
2009	1	16 157	0.01%
2010	1	9 163	0.01%
Five years' total	7	57 486	0.01%

Annex 2

Amount and extent of fees remitted from 2006 to 2010

	<i>Statutory fees of cases concerned (\$)</i>	<i>Amount remitted (\$)</i>	<i>Percentage of fees remitted</i>
2006	1,317,657	1,017,657	77%
2007	1,575,503	1,297,514	82%
2008	2,380,248	2,260,248	95%
2009	257,795	157,795	61%
2010	128,580	87,630	68%
Five years' total	5,659,783	4,820,844	85%

MR ALBERT HO (in Cantonese): *President, taking a closer look at Annex 2 to the main reply, which was not read out by the Secretary, one will find that the average rate of fees remitted in the relevant cases from 2006 to 2010 was 85%. In other words, the Court considered that the fees charged by the ORO in these cases should be reduced by 15%, that is, they should be reduced to 85%. As evident in some cases, the judge criticized this fee-charging method as unreasonable. We can also find that exorbitant fees were actually charged by the ORO on those who did not have the means. This is tantamount to robbing the poor, no different from extracting money through immoral means.*

The Secretary said just now that the Government is currently conducting a review. However, we can see that the Court had pointed out in some cases as early as a decade ago that this practice was problematic, and thus the Government should review it as soon as possible and ceasing using such a fee scale. May I ask the Secretary whether there was any dereliction of duty on the part of the Government in not responding to such comments made by the judges in different cases over the years? Has this practice allowed the ORO to charge fees which are unwarranted, thereby causing an extremely unjust fee burden on those people who are already unfortunate enough to become bankrupt? Does it involve any dereliction of duty on the part of the Government and when will the outcome of the review be available?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): *President, thanks to Mr HO for this supplementary question. Let*

me make a clarification. Regarding the principle of cross-subsidization in calculating the overall costs I mentioned just now, it has legal backing which is provided for in the Bankruptcy Ordinance as amended in 1987. In dealing with the fee remission of a bankruptcy case in 2008, the Court already confirmed the overall cost calculation regime mentioned just now.

Regarding the comments made by the Court a decade ago, that is, in 2000, they were mainly concerned with whether or not the Official Receiver should have the discretion for fee remission. In this connection, we disagree to conferring on the Official Receiver this power, which should be vested in the Court.

As for Mr HO's question of why the Court may exercise discretion to remit fees charged in certain cases by such a substantial rate as shown in the Annex provided by me, the reasons certainly vary in individual cases, but I wish to point out that one of the reasons is that financial hardship may be included as one of the considerations. Basically, the ORO has to recover the costs, and it is now conducting a review of fees and charges, which is ongoing in nature. The ORO will review from time to time the principle of cost recovery and the actual operation. I hope some outcomes of the review will be submitted to the Legislative Council Panel on Financial Affairs within this year for discussion.

MR JAMES TO (in Cantonese): *President, bankruptcy is part of capitalism. According to part (c) of the main reply, if the Government really introduces changes to the existing regime, it will inevitably lead to the use of public funds to subsidize a substantial amount of fees for the services provided by the ORO. My supplementary question is that in adopting this mentality, the Government is actually requiring those people who have no alternative but to file for bankruptcy to make a greater amount of loan before filing for bankruptcy to, for example, pay the fees charged by the ORO. As Mr Albert HO put it just now, though being unpleasant to the ear, this is just like robbing the poor. It is a criminal offence for any person to make a loan to cover other expenses, knowing that he will have to file for bankruptcy due to financial hardship. What exactly does the Government think about this? Does it really want those people who have no other alternatives to run the risk of committing a criminal offence in order to pay the costs incurred by the ORO? Is it really so heartless?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, thanks to the Member for asking this supplementary question. The policy of full cost recovery is in line with the principles governing the use of public fund. The existing legislation has provided the Court with the flexibility to exercise discretion for fee remission in the light of the financial status of the applicant for bankruptcy. The relevant figures show that there were not many such cases, and the rate of fee remission also reflected that the Court considered the relevant fees reasonable.

I wish to explain that the ORO has to require certain persons filing for bankruptcy to pay a deposit of \$8,650, which will be used for paying the statutory fees charged and expenses incurred by the ORO, such as advertisement expenses. This amount is certainly unable to reflect the costs incurred by the ORO in handling the relevant case. Overall, the existing cross-subsidization mechanism seeks to strike a proper balance so that the ORO can give regard to the financial status of the various persons filing for bankruptcy without using public money.

MR ALBERT CHAN (in Cantonese): *President, in such bankruptcy cases, it can be said that the members of the public affected are in great agony. They will not be able to file for bankruptcy if they do not have the financial means to do so, but even if they have succeeded in declaring themselves bankrupt, they will have to face great hardship afterwards. If they do not file for bankruptcy, they will have to suffer the constant suppression and intimidation of the alleged loan sharks. I have relayed these problems to Secretary Ambrose LEE plenty of times.*

Regarding the bankruptcy proceedings, it is often hard for the applicants to know whether the fees are reasonable. Recently, I have been handling two cases and discussing them with the relevant departments. In the first case, the Mandatory Provident Fund (MPF) savings of the person filing for bankruptcy were deducted during the process. Originally, it was said that a person's MPF savings would not be deducted after he had declared himself bankrupt, but some recent cases showed that the relevant persons' MPF savings were deducted during the bankruptcy process. As for whether the deduction was made by the ORO or the creditors, it remains to be confirmed.

In another case, the person concerned received compensation for work injury after he had filed for bankruptcy. Originally, he owed a debt of \$170,000,

but as certain costs were incurred in the bankruptcy proceedings, \$400,000 was deducted from his work injury compensation in the end. In other words, apart from the original debt of \$170,000, an additional \$230,000 was deducted as the administrative expenses for bankruptcy application. In that case, was he asking for trouble in filing for bankruptcy? Regarding the arrangement of bankruptcy fees, I certainly understand that part of them is the administrative cost charged by the ORO. However, many professional fees are incurred in the bankruptcy process, or the creditors may incur some professional and administrative fees. Will the Secretary conduct a review of the entire bankruptcy proceedings to find out, apart from the duties of the ORO, what duties the creditors have in particular in relation to the distribution of the relevant fees? Regarding the two kinds of funds mentioned by me just now, the first one being the MPF savings, and the second one being certain compensation received by the relevant person after he has filed for bankruptcy, such as

PRESIDENT (in Cantonese): Please put your supplementary question in a concise manner.

MR ALBERT CHAN (in Cantonese): *work injury compensation, will the authorities conduct a review of its arrangement again to ensure that members of the general public will not be treated in an unreasonable, unjust and fastidious manner because of the lack of clarity in this respect or changes in circumstances?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, it is hard for me to comment on individual cases. However, regarding the more general questions raised by Mr CHAN, such as the issue concerning the MPF savings, I wish to point out that the legislative intent of implementing the MPF System is to ensure that a person's MPF savings will not be used to offset his debts when he files for bankruptcy. This point is crystal clear. We will introduce an amendment to the relevant legislation later to make this legislative intent clear. This is part of my reply.

Besides, I also understand that a person has to face many problems during the bankruptcy process, which is indeed not an easy feat. Regarding fees and charges, I can tell Members that the existing fees are actually far below the

overall costs. We will certainly review the overall fee levels again. However, we wish to point out that we were actually unable to recover the full costs in many cases, and neither did we intend to do so because it would only push up the fees. Therefore, it remains our policy objective to explore ways to strike a better balance between offsetting the overall costs and obtaining returns through global costing.

PRESIDENT (in Cantonese): Has your supplementary question not been answered?

MR ALBERT CHAN (in Cantonese): *My question is: in the work injury compensation case mentioned just now, the person filing for bankruptcy originally owed a debt of \$170,000, but the amount deducted to cover the expenses was as much as \$400,000 in the end. In other words, the amount of administrative and professional fees incurred was much larger than the debt itself. Will the Secretary review the handling of such cases so that this situation will not recur in the future and people who have filed for bankruptcy will not be subject to unjust and unreasonable treatment?*

PRESIDENT (in Cantonese): Do you mean the fees and charges of the ORO?

MR ALBERT CHAN (in Cantonese): *They are probably part of it, and others may be the administrative and professional fees incurred by the creditors I mentioned just now. However, in issuing the relevant bankruptcy order, the ORO will actually seek the ruling and assistance of the judge in relation to how to deal with the relevant fees. I only hope that the Secretary will conduct a review of the present situation, that is, the situation I pointed out just now. As long as amendments can be made to the guidelines or legislation, the debtor will be protected against unreasonable treatment.*

PRESIDENT (in Cantonese): Secretary, will a review be conducted?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): We will review the overall fee levels. As for the financial difficulties of individual debtors or individual problems, the Court may, to a certain extent, rule on individual cases during the court proceedings.

MR RONNY TONG (in Cantonese): *President, I understand the spirit behind the legislation, but in the recent case which has aroused a public outcry, actually the person involved should not be ruled bankrupt. The value of his property is in fact far greater than the amount of his debts, and that is why the case has aroused an outcry from different sectors in society.*

May I ask the Secretary whether consideration will be given to preventing the recurrence of such outrageous cases by adopting the two existing options? The first one is: if the person involved is unreasonably and wrongfully ruled bankrupt, should he not be charged the relevant fees? The second one is: the main purpose of charging these fees is that the ORO has to take possession of and maintain the person's property or even realize his property and make payments to the creditors. However, if the ORO has not undertaken such duties, such a percentage of fees should not be charged. This was exactly the situation of the recent case mentioned just now. The value of the person's property is far greater than the amount of his debts. I cannot remember the exact amounts, but there is definitely a great difference between the two. Actually, his property amounts to a few tens of million dollars. Even if the ORO has to take possession of his property, it does not have to carry out any work. However, the ORO still charged him fees according to a certain percentage

PRESIDENT (in Cantonese): Please put your supplementary question clearly.

MR RONNY TONG (in Cantonese): *..... and so members of the public generally consider it extremely unfair. May I ask the Secretary whether he will consider amending the relevant legislation in these two aspects?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): I wish to tell Members that in considering conducting a review of the

fee levels, we will give full regard to various developments in the past and the actual circumstances. The case mentioned by the Member just now was rather special. I have to point out that it is a rather special case that cannot reflect the other common situations. In ruling that fees be remitted, the Court also pointed out that it was a special case because the debtor possessed assets, and so the Court should not have issued a bankruptcy order against him. However, after the issuance of the bankruptcy order, as the Official Receiver does not have the discretion for fee remission, the fee remission decision had to be made by the Court. We will take on board Members' views and conduct a review by examining ways to reflect various past circumstances in the overall fees.

MR RONNY TONG (in Cantonese): *Does this reply mean that the authorities will consider introducing legislative amendments?*

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

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, I mean we will conduct a review of the fee levels.

PRESIDENT (in Cantonese): We have spent more than 21 minutes on this question. Last oral question.

Indecent Assault Offences Committed by Juveniles

6. **MR CHEUNG MAN-KWONG** (in Cantonese): *President, the Government earlier reported on the overall crime situation in Hong Kong in 2010 at a meeting of the Panel on Security of this Council. The figures indicated that there was a rise in the number of indecent assault cases which occurred in schools when compared with that in the preceding year, with cases involving indecent assault among schoolmates recording an increase of 37.8%; the number of indecent assault cases involving juveniles under 16 years of age also increased by as much as 34.9%. In this connection, will the Government inform this Council:*

- (a) *of the number of indecent assault cases committed by juveniles under 16 years of age last year, and among such cases, the age distribution of the offenders and victims, the number of cases in which prosecutions had been instituted and the conviction rate of the offenders;*
- (b) *according to the assessment of the authorities, of the reasons for the increase in indecent assault cases and whether the measures taken at present to prevent sex crimes committed by children are adequate; if the outcome of the assessment is in the affirmative, why the number of such indecent assault cases continues to rise; if the outcome of the assessment is in the negative, how the authorities will rectify the existing inadequacies; and*
- (c) *given that there was an increase of close to 40% in indecent assault cases among schoolmates, whether the authorities will review the contents of the existing sex education programmes, including the Guidelines on Sex Education in Schools published in 1997, and enhance support for schools in implementing sex education; if so, of the contents to be added and the present progress in implementing the programmes; if not, the reasons for that?*

SECRETARY FOR SECURITY (in Cantonese): President,

- (a) In 2010, the police arrested a total of 3 576 juveniles under the age of 16, representing a decline of 10.7% when compared with the figure in 2009. Among them, 168 were arrested on suspicion of committing the offence of indecent assault (accounting for about 4.7% of the total number of arrestees under the age of 16). Compared with 2009, the number of the same category of arrestees was 137, accounting for 3.4% of the cases in that year.

Regarding juveniles under the age of 16 arrested for indecent assault cases, the police have not maintained statistics on the detailed age distribution of the arrestees and victims. Between January and September 2010, the police arrested 125 juveniles under the age of 16 on suspicion of committing the offence of indecent assault.

During the same period, 29 and 15 juveniles under the age of 16 suspected of committing the same offence were prosecuted and convicted respectively. However, it is worth noting that these prosecution and conviction figures are counted by the year of conclusion of the trials, and as the Court proceedings of quite a number of the cases last for a relatively long time, the year of arrest by the police and the year of conclusion of the respective cases may be different. Hence, these figures should not be used to deduce the so-called prosecution or conviction rate.

(b) and (c)

One of the reasons for the increase in indecent assault cases is that the victims are more willing to report the crime to the police. The police will continue to enhance their efforts in organizing public education and promotion activities with the aim of encouraging the public and victims to report the crime to the police, and to co-operate with the police in providing crime information. This enables the police to detect and combat such offence more effectively. On the work of preventing sexual offences, the police actively offer advice on personal safety to the public, including ways to avoid becoming victims of sexual offences. The police also strive to complement the multi-agency and cross-sectoral approach which aims at deterring first-time offenders and reduce juvenile recidivism.

At the same time, since the publication of the Guidelines on Sex Education in Schools by the then Education Department in 1997, guidance has been provided for schools as they introduce sex education. Sex education aims at helping students to understand sex issues while growing up, and to nurture in them a sense of responsibility so that they will adopt a sensible and responsible attitude when facing various challenges and temptations, and to make the correct value judgments.

The then Education and Manpower Bureau launched the Curriculum Reform in 2001 which advocated the whole-person development of students through a holistic curriculum comprising of knowledge, skills and attitudes. The reform also provides a strong linkage

between various value-related themes while emphasizing the cultivation of positive values and attitudes in sex education. The Education Bureau encourages schools to adopt a life-event approach to engage students in discussing real-life experiences in order to establish meaningful connections between students' daily life encounters and their learning. The use of authentic situations provides meaningful contexts for students to reflect upon the values they hold and to provide them with opportunities to express and reflect upon their own views. All this will enable them to adopt a responsible attitude when facing various issues and challenges regarding sex.

To support the implementation of sex education in schools and to assist and support teachers in promoting sex education, the Education Bureau is forging partnership with different organizations and professionals (for example, doctors, sex educators) to organize professional development programmes, seminars and workshops. Furthermore, various theme-based websites as well as learning and teaching resource materials have also been developed by the Education Bureau to assist teachers in promoting sex education (for example, the website "網上交友、網上色情資訊網站", various educational television programmes such as "青春變變變", "保護自己，尊重別人", "心事會議室", "性教育ABC") (Chinese version only), and so on).

Besides, the Education Bureau provides schools with guidelines on student guidance. Schools are advised to organize sex-related preventive and developmental guidance activities for students to explore issues regarding relationships with the opposite sex and to help them develop appropriate values and attitudes. This enables students to handle the situations rationally and analytically and to make responsible decisions when problems arise.

The Education Bureau conducts talks and seminars annually to raise the awareness of education professionals about the protection of children against sexual abuse.

On the work of the police, they will continue to disseminate positive messages through School Liaison Officers (SLOs) in primary and

secondary schools, and instill positive values and the ability to discern right from wrong in primary and secondary school students. In support of sex education courses launched by schools to promote positive sexual attitudes, SLOs will continue to enhance juveniles' awareness of sexual offences and relevant criminal liability. In 2010, SLOs, in collaboration with various Crime Prevention Units, organized more than 550 talks and seminars on sexual offences, attracting the participation of about 156 000 primary and secondary school students. For the 2010-2011 school year, the police will conduct activities for over 1 000 primary and secondary schools in Hong Kong, using "Don't Trust people in the Cyber World; Be Vigilant when meeting New Friends" as the slogan to disseminate the message of staying alert to Internet activities to students and remind them to beware of making friends with unruly elements. The police also produced a set of instruction materials for SLOs to give extensive promotion of the risk of Internet activities when visiting schools and to teach young people ways and skills to better protect themselves from becoming victims. Furthermore, the Police Public Relations Branch presented several situation programmes on "Preventing sexual abuse" on Police Magazine.

In fact, parents also play a very important role in the prevention of and combating sexual offences involving children. The police always call on parents to care more about and pay attention to the Internet activities of their children in order to prevent the latter from receiving objectionable information and making friends with unruly elements. Parents may also make use of content filtering software available on the market to filter out websites with objectionable content. This is to prevent their children from browsing information and images which falsely represent or advocate inappropriate sexual values and thus the occurrence of sexual offences.

The police will continue to monitor the trend of indecent assault cases and combat such crime through promotion and education.

MR CHEUNG MAN-KWONG (in Cantonese): *President, the number of indecent assault cases involving students has recorded an alarming increase of over 30% this year. I wonder why Mr Michael SUEN, Secretary for Education, has not been assigned to answer this main question today.*

According to the response of the Security Bureau, the reason for the increased number of indecent assault cases is that victims are more willing to report the crime to the police. Such a response has evaded the crux of the problem and ignored the proliferation of sex information and games on the Internet as well as their adverse effects. Moreover, it has turned a blind eye to the fact that sex education in schools is now detached from the times. Some individual students simply regard indecent assault as a kind of casual behaviour among friends or games in the virtual world bearing no responsibility at all. In their view, they may imitate whatever they have seen on the Internet and do not regard indecent assault as sexual abuse or even a criminal offence.

May I ask the Government if this has revealed that our sex education in families and schools has lagged far behind the Internet era and changes in values of individual students? The Government only advocates the installation of content filtering software in computers, rather than enhancing sex education to bring it in line with the times. Is this not an ostrich policy which can hardly remedy the situation? I wonder if the Guidelines on Sex Education in Schools drawn up 15 years ago has lagged behind the times.

SECRETARY FOR SECURITY (in Cantonese): *President, I fully subscribe to the views put forth by Mr CHEUNG Man-kwong. It is because, in order to tackle the problem of sex offences committed by juveniles, we need to make efforts in various aspects, namely first, education; second, family and third, of course, enforcement. I agree that our sex education should keep up with the times. We will convey Mr CHEUNG Man-kwong's views to the Education Bureau.*

Talking about sex information on the Internet, it is undeniable that juveniles have become increasingly open towards sex during this past decade and the Internet is indeed flooded with sex information. As for online safety, the police will intensify its enforcement whilst we have all along been making substantial investments in both manpower and computer facilities. The police

have set up a cyber patrol team, designated to monitor daily whether any web information has contravened legislation relating to sex. In case any irregularities are found, we will step up our efforts to combat them.

However, regarding the problem of indecent assault or sex offences committed by juveniles, I think it should be tackled in a holistic manner through education and publicity, family education and enforcement concurrently.

MS EMILY LAU (in Cantonese): *President, Mr CHEUNG has also mentioned this point just now. I really do not understand why the Secretary for Education has not shown up to answer questions today. I have made this comment as my supplementary question is related to him. As pointed out in the main reply, the Education Bureau has provided schools with guidelines on student guidance and organized various kinds of guidance activities to help them develop appropriate values and attitudes. In fact, the Education Bureau has all along been making such efforts. However, President, the problem is becoming more serious now. What else has the Government done to tackle it? Has it injected more resources? And what is the effectiveness? The Secretary has not answered these questions at all.*

I think the authorities are really ridiculous, President. The Government should take a look at the content of the question to consider which public officer should be assigned to answer questions here. But now, the Government only tells us that it has noted our views and will convey them to the relevant Secretary. In that case, how can it manifest its accountability?

SECRETARY FOR SECURITY (in Cantonese): President, as a matter of fact, the Education Bureau has made efforts whilst we have addressed the problem according to its guidelines. However, as Mr CHEUNG Man-kwong has just said, the times have changed over the past 10-odd years. Therefore, we should examine whether the curriculum and programmes on sex education are up to date. As I am not well versed in the situation in this regard, I will convey your views to the Education Bureau.

MS EMILY LAU (in Cantonese): *President, he is, of course, not well versed in it as this is not within his purview. However, President, as the question was presented in written form, I think the Secretary should have anticipated that Members would probably follow it up, right? How can the Government assign a certain Secretary to attend this meeting, who would then tell us that he would reflect our views to another Secretary? If so, what is the point of the Government assigning the Secretary to come here?*

PRESIDENT (in Cantonese): Ms LAU, you have expressed your views. It is the Government's decision to assign which Secretary to attend the meeting and answer questions. Anyway, I believe the Government has got your point.

MR JAMES TO (in Cantonese): *President, I must also make a point here. As the Secretary for Security is assigned to attend the meeting, the Government has seemingly regarded this question as a matter of public order. But frankly speaking, if we understand the question, we will realize that it is not related to public order or enforcement at all. Rather, it is solely related to education.*

President, my question is about the following viewpoint. In recent years, quite a consistent conclusion has been drawn up by many of those who are engaged in education and sex education. They consider that the number of such cases, or what they call "sex addiction" cases, is now on the rise as juveniles have been exposed to a lot of things and games in the virtual world, thinking that everyone in the real world are also so open and will engage in certain behaviour and relationships as they wish. Even though such behaviour has violated general social norms, they also find them acceptable.

President, may I ask the Government if it considers that the crux of the problem in recent years lies in sex addition and the arbitrary adoption of behaviour of the virtual world in the real world? Has the Government ever conducted any research in this regard? If so, has it come up with a conclusion that the said problem is the main reason for the rise in the number of such cases? And will the Government address the problem in the context of this crucial conclusion?

SECRETARY FOR SECURITY (in Cantonese): President, Mr James TO has just asked whether there are children (today's question is about students or children under the age of 16) who are addicted to sex because of surfing on the Internet nowadays. In my opinion, this problem is not restricted to children, and sex addiction is found not among juveniles only. Frankly, many adults may also have such addiction.

I agree with Mr James TO that this is not solely a matter of public order, but it may even be a social problem overall. Given that many aspects are involved, such as personal values and attitudes, family education, and so on, I think it quite unfair for many Members to shift all the responsibilities to the Secretary for Education just now. As a matter of fact, in order to implement sex education effectively — the Education Bureau should, of course, be responsible for it as education is within its purview — we should bear in mind that schools, parents and society also have a very important role to play.

President, certain schools have conveyed to me that some parents may not understand and approve of the implementation of sex education in schools. Therefore, apart from suggesting that schools should maintain close communication with parents, we should also strive for parents' co-operation and support. For example, we should explain the purpose and content of sex education to parents via parent-teacher associations or parents' hearings. It is because parents, rather than schools, have the most frequent contact with juveniles. Therefore, if we only shift the responsibilities to the Secretary for Education and blame him for failing to put in place effective sex education, which is just one of the solutions, while we fail to secure support from parents or teachers in society, rendering juveniles harbouring wrong concepts about sex during their development, our work will become even more difficult.

DR LAM TAI-FAI (in Cantonese): *President, I think you will also agree that juveniles are the future successors and masters of society. Whether juveniles can develop and grow healthily will, in turn, cause substantial impact on the healthy development and growth of society. The rise in the number of juvenile crimes has in fact sounded an alarm for the prosperity, stability and harmonious development of Hong Kong. As pointed out by the Secretary in his reply just now, one of the reasons for the increased number of indecent assaults at present is that more victims or members of the public are willing to report the crime to*

the police. But I am afraid the Government has indulged itself in self-admiration and self-complacency. Is it really the cause? I think the Secretary must look into the matter seriously by making some overt and secret enquiries, so as to find out the real cause.

I wonder if the Secretary has ever heard the saying "a person who steals a needle in childhood will steal gold when he grows up". By the same token, we can anticipate along the same line of thought that "a person who commits indecent assault in childhood will rape people when he grows up". The consequences will be very serious. As the Government has assigned the Secretary for Security to come here, I cannot put a question on sex education to him, so I can only ask him something about rehabilitation. Apart from arresting offenders and enhancing education, we hope that they can, most importantly, turn over a new leaf, reintegrate into society and refrain from committing the offence again.

May I ask the Government if it has formulated any measures to review the policy on rehabilitation regularly, so as to prevent offenders from relapse? And can it provide relevant figures to show whether such measures are effective or not?

SECRETARY FOR SECURITY (in Cantonese): President, I have to rectify part of the remarks made by Dr LAM Tai-fai. As a matter of fact, during the past two years, the number of juvenile offenders has decreased, but that of sex offences committed by juveniles has risen. This explains why Mr CHEUNG Man-kwong has asked this question today. Despite the drop in the overall figure of juvenile crimes, the number of indecent assault offences committed by juveniles has been on the rise. Therefore, we have this discussion focusing on the problem of indecent assault offences committed by them today.

Dr LAM Tai-fai mentioned the correctional work just now. This is of course important as we do not hope to see that juveniles, once having committed offences, become recidivists. In order to assist sex offenders who have been sentenced to penal institutions to turn over a new leaf, the Correctional Services Department (CSD) will provide them with systematic psychological treatment and counselling services, as well as individual psychological evaluation and treatment. These services are provided mainly through cross-sectoral

professional organizations, such as assessment and treatment teams. Moreover, the CSD will also invoke other relevant legislation to require those sex offenders who are subject to supervision after discharge to receive counselling services and supervision.

Moreover, as for those sex offenders who are not required to be subject to supervision after discharge, the CSD will, upon obtaining their consent, refer them to counselling services in the community, such as referring their cases to the Caritas Community Support Project on Development of Sexual Health, so as to assist those in need to establish an inter-personal relationship based on mutual respect and rebuild a healthy life.

At present, about 250 sex offenders are institutionalized in the panel institutions of the CSD and most of them are adults. The Psychological Services Section will take the initiative to contact and conduct psychological evaluation for sex offenders. Among them, about 60% are willing to receive follow-up psychological counselling and treatment. Generally speaking, sex offenders can show substantial improvement after treatment and alleviate their distorted attitudes towards sex. They can better understand victims' feelings and master various ways to prevent relapse. Most of those who have received supervision and counselling after discharge can complete the bind-over successfully. However, the programme on psychological counselling and supervision cannot fully guarantee that sex offenders will not commit offences again.

PRESIDENT (in Cantonese): Which part of your supplementary question has not been answered?

DR LAM TAI-FAI (in Cantonese): *Can the Secretary provide the relevant figures, or can he provide a reply in writing after the meeting?*

SECRETARY FOR SECURITY (in Cantonese): President, I will check it up and provide supplementary information in writing if such figures are available. (Appendix II)

PRESIDENT (in Cantonese): We have spent more than 22 minutes on this question. Oral questions end here.

WRITTEN ANSWERS TO QUESTIONS

Water Saving Measures

7. **MRS SOPHIE LEUNG** (in Chinese): *President, it has been more than two years since the Water Supplies Department (WSD) formulated the Total Water Management (TWM) strategy in 2008. In this connection, will the Government inform this Council:*

- (a) *whether the amount of water saved at present is in line with the objectives laid down in TWM strategy; whether the Government will, on a regular basis, announce its water conservation targets in the coming five years; apart from the total amount of water to be saved, whether "average daily water consumption per person" will be used as a conservation indicator;*
- (b) *of the models of showers for bathing and water taps of different water efficient grading registered under the Water Efficiency Labelling Scheme (WELS) at present; how the authorities will assess the effectiveness of WELS; what is the timetable of including other water saving devices in WELS; whether the authorities will consider adopting other measures (for example, providing subsidies) to encourage all households in Hong Kong to switch to using devices of higher water efficient grading;*
- (c) *whether the authorities have assessed the actual effectiveness of public education on water conservation; if they have, of the assessment criteria and specific effectiveness; apart from publicity, what other plans they have to reduce water consumption by the public; when water consumption by members of the public remains high, how the authorities will make better use of water resources; and*
- (d) *given that with the appreciation of Renminbi and increase in wages on the Mainland, the price of Dongjiang water will continue to rise,*

what corresponding measures will be adopted by the Government; in discussing the new agreement of the supply of Dongjiang water with the Guangdong provincial authorities, whether the Government has taken into consideration that the actual total water consumption in Hong Kong may be lower than the anticipated level after members of the public have reduced their water consumption; of the amount of Dongjiang water that the authorities expect Hong Kong to purchase each year under the new water supply agreement?

SECRETARY FOR DEVELOPMENT (in Chinese): President, since the formulation of the TWM Strategy in 2008, the Government has launched a raft of water conservations measures to enhance public education on water conservation, promote use of water saving devices, step up leakage control and extend use of seawater for toilet flushing. We have also taken into active consideration the use of reclaimed water and kept a close watch on technological developments in seawater desalination overseas.

The WSD will continue to monitor the effectiveness of these measures and, where necessary, make adjustments to achieve the objective of saving 236 million cubic metres (mcm) in annual total water consumption by 2030. To evaluate the effectiveness of these water conservation measures, we plan to conduct a random sampling survey on domestic water consumption this year to gather information on the water consumption patterns of the general public, their use of water saving devices and their knowledge in water conservation. Other information will also be collected for reference of the department in drawing up further measures to implement the water conservation strategy.

My reply to the four parts of the question is as follows:

- (a) The TWM Strategy projects that a saving of 236 mcm in total water consumption can be achieved by 2030. After completing the domestic water consumption survey this year, the WSD will consider the feasibility of establishing water conservation targets for the medium term and other water saving targets in addition to the above total water saving target.
- (b) The WELS for showerheads for bathing and water taps were launched in September of 2009 and 2010 respectively. As at

31 January 2011, the numbers of showerheads and water tap models registered under the Scheme are as follows:

<i>Water Saving Devices</i>	<i>Grade 1</i>	<i>Grade 2</i>	<i>Grade 3</i>	<i>Total</i>
Showerheads for bathing	97	17	18	132
Water taps	9	10	6	25

The WSD will implement the WELS for other water-consuming appliances in phases. The WELS for washing machines and urinals will be launched in March 2011 and early 2012 respectively.

The domestic water consumption survey to be conducted shortly by the WSD will help assess the effectiveness of WELS. In the meantime, we consider that encouraging the public to change their water consumption habits to save water through education is more important than providing subsidy. To this end, the WSD has strived to inculcate water saving habits in the public through various initiatives and activities, including regular talks and seminars on saving drinking water, school publicity campaigns, and media promotions on water conservation.

- (c) The WSD's random sampling survey on domestic water consumption in this year will provide data for the department to assess the effectiveness of public education on water conservation.

In addition to various publicity initiatives, the Government plans to set up a public water conservation education centre to enhance public education. The centre will disseminate information to help the general public understand the importance of water conservation and encourage them to cultivate water conservation habits. With increasing public awareness, there will be room for further water saving.

- (d) The current water supply agreement with Guangdong authorities for purchasing Dongjiang water covers a three-year period from 2009 to 2010, with the annual lump sum payment fixed within the agreement period. Therefore, the recent appreciation of Renminbi and wage increases in the Mainland will not affect the payment for Dongjiang water supply for the current year. We will take into account the

actual total water consumption in Hong Kong when negotiating with the Guangdong provincial authorities for a new agreement on Dongjiang water supply. According to our current estimate, an annual supply of 820 mcm will be sufficient to guarantee continuous water supply in Hong Kong even under extreme drought conditions with a return period of one in 100 years.

Anti-smoking Measures

8. **MR VINCENT FANG** (in Chinese): *President, I have received complaints from smokers and non-smokers recently. The former have pointed out that following the Government's significant increase in tobacco duty in 2009, that is, levying the duty at a flat rate of \$24 per packet of cigarettes containing 20 cigarettes, even the prices of low-priced cigarettes have increased sharply, which has added to their burden; furthermore, some anti-smoking groups have recently called for a further increase of tobacco duty rate to 75% of the retail price of cigarettes. The smokers worry that a further increase in tobacco duty will render duty-paid cigarettes beyond their means, and they cannot but to switch to illicit cigarettes. Non-smokers have also pointed out that many smokers stand on the pedestrian walkways to smoke after the Government's total ban on smoking, causing a nuisance to passers-by, hence the non-smokers hope that the Government can protect non-smoking passers-by from the impact of second-hand smoking by setting up smoking rooms or resorting to other means. In this connection, will the Government inform this Council:*

- (a) *whether the Government has compiled statistics on the smoking prevalence of the Hong Kong population and average daily cigarette consumption among smokers at present, as well as comparisons of these figures with those before the introduction of the total ban on smoking in 2007 and the significant increase in tobacco duty in 2009;*
- (b) *of the respective ratios of tobacco duty to the retail price, the quantities of duty-paid cigarettes, as well as the revenues collected on tobacco duty by the Government of cigarettes sold in Hong Kong in the 12 months before and after the significant increase in tobacco duty in 2009 (set out in table form);*

- (c) *whether it knows which 10 countries and cities have the highest and lowest ratios of tobacco duty to retail price of cigarettes at present (for tobacco duty only, excluding other taxes such as consumption tax), as well as the respective smoking population and average annual consumption in these countries and cities (set out in table form);*
- (d) *whether the Government has any established policy to increase tobacco duty until it reaches a certain ratio to the retail price of cigarettes, and whether tobacco duty will be levied on a percentage basis instead of the flat-rate at present;*
- (e) *given that some members of the public have relayed to me that it is increasingly common for smokers to smoke at home and on pedestrian walkways, whether the Government will reconsider setting up smoking rooms so as to reduce the impact of second-hand smoking on non-smokers; if it will not, whether the Government has any other means to address this issue; and*
- (f) *whether the Government will consider listing cigarettes as contraband and prohibiting the sale of cigarettes in Hong Kong; if it will, of the plan; if not, whether it will allow more flexibility for operating the business of this commodity and more respectable smoking areas for smokers?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, first of all, I have to point out that it has been recognized both locally and internationally that smoking is hazardous to public health and personal health. For the public, smoking and second-hand smoke will not only affect the population's health, but will also cause various diseases that result in economic loss to society and pose a long-term burden to our healthcare system. For smokers, smoking addiction is a chronic disease that causes health problems. Giving up such a harmful habit as smoking will not only benefit personal health, but also do away with a wasteful and avoidable expenditure item.

Over the years, the Government has been strengthening its tobacco control in a progressive manner in an effort to minimize the use of tobacco and prevent young people from becoming addicted to smoking. The Government has also

strived to strike a balance between the expectations of non-smokers and smokers in designating no smoking areas and enforcing a smoking ban to reduce exposure of the public to second-hand smoke. The Government will continue to take a multi-pronged approach in implementing its tobacco control policies comprising publicity, education, legislation, law enforcement, taxation and promotion of smoking cessation, so as to contain the proliferation of tobacco use and safeguard public health.

My reply to the question raised by the Honourable Member is as follows:

- (a) The Government collects statistics relating to tobacco control from time to time, including the percentage of smokers in the Hong Kong population, the average daily consumption of cigarettes by smokers, the number of duty-paid cigarettes, and so on. The statistics on smoking pattern since the 1980s and the rates of tobacco duty over the same period are at Annex 1. The last two surveys on smoking pattern were conducted from December 2007 to March 2008 and from November 2009 to February 2010 respectively by the Census and Statistics Department.

Statistics from these two surveys showed that the proportion of persons who had a smoking habit among all persons aged 15 and above accounted for 13.1% and 13.0% respectively, and the proportion of daily smokers being 11.8% and 12.0% respectively. There was no significant change in the overall proportion of smokers between the two surveys. However, an analysis by age group showed that the proportion of smokers in the younger age groups of 15 to 29 dropped significantly by more than 10% between the two surveys while the average daily consumption of cigarettes among daily smokers dropped moderately from 13.9 sticks to 13.7 sticks. There was a more significant drop in the average daily consumption of cigarettes (from an average of 33.9 sticks per day to 28.5 sticks) among heavy smokers (those with daily consumption of more than 20 sticks).

- (b) The tobacco duty rates and the amount of cigarette duty collected in the past are shown in Annex 1. According to the Customs and Excise Department, the percentage of tobacco duty in the retail prices of cigarettes (each packet of 20 cigarettes) since 2007 was

around 56% (in 2007), 55% (in 2008) and 62% (in 2009 and 2010) respectively, taking reference with the retail price of the brand with the highest quantity of duty-paid cigarettes.

- (c) The 10 countries with the highest and lowest proportion of tobacco duty to retail price of cigarettes, the percentage of their smoking population, the retail price of cigarettes, and the proportion of tobacco duty to cigarette retail price in these countries as reported in the "WHO Report on the Global Tobacco Epidemic, 2009: Implementing Smoke-free Environments" are shown at Annex 2. We do not have information about the average annual consumption of cigarettes in these countries. It should be noted that in the 10 countries with the highest proportion of tobacco duty to cigarette retail price, their rates of tobacco duty are all at 78% or above, significantly higher than that of Hong Kong (62%).
- (d) The Government has no established policy to increase the rate of tobacco duty to a certain percentage of the retail price. The Financial Secretary will review the necessity of adjusting tobacco duty in the annual Budget exercise after taking into consideration factors such as public finance, economic conditions and relevant tobacco control policies. In considering whether to increase the tobacco duty, apart from the objective of implementing tobacco control by way of taxation, factors such as the affordability of the public and whether it will give rise to more smuggling activities and illegal sale of illicit cigarettes on the streets will also be taken into account in order to strike an appropriate balance.
- (e) Safeguarding public health through implementing smoking ban at all indoor public places and workplaces as well as individual leisure grounds or other outdoor places was the consensus reached when the Smoking (Public Health) Ordinance was last amended in 2006. As we reported to the Legislative Council in 2009 on the findings of a feasibility study on smoking room, both our study findings and the experience of overseas countries showed that establishment of smoking rooms entail significant technical and operation difficulties. There was currently no conclusive evidence to prove that smoking rooms can effectively segregate smokers from non-smokers. We

thus considered that provision of smoking room was not practicable in light of actual circumstances in Hong Kong.

The Government noted that after implementation of the indoor smoking ban, more smokers turn to smoking outdoors such as smoking on the streets. To reduce the exposure of the public to second-hand smoke, the most effective way is to reduce the overall smoking population through assisting smokers to quit smoking and preventing young people from picking up the smoking habit.

On smoking cessation, the Department of Health (DH) and the Hospital Authority (HA) provide various kind of smoking cessation services, including a hotline, clinics, and an interactive online cessation centre, providing smokers with advice to quitting, psychological counselling and pharmaceutical treatment. To further strengthen its efforts on smoking prevention and cessation, the DH has launched a community-based smoking cessation programme jointly with the Tung Wah Group of Hospitals since January 2009, and also launched a pilot community-based smoking cessation programme through counselling and acupuncture with Pok Oi Hospital since April 2010. The number of enquiries received by the DH's smoking cessation hotline has increased in multiples since the increase in tobacco duty in 2009, reflecting an overall upward trend in the number of smokers seeking help for smoking cessation.

- (f) Smoking is an unhealthy lifestyle. The Government has been taking a progressive and multi-pronged approach in its tobacco control policies, comprising legislation, taxation, publicity, education and law enforcement to advise the public of the health hazards of smoking, discourage them from smoking, encourage smokers to quit or reduce smoking as early as possible, and protect the public from the adverse impact of second-hand smoke to the extent possible. The Government has no plan at this stage to prohibit tobacco sale in Hong Kong. We will continue to keep in view the compliance situation after implementation of smoking ban in various venues, with a view to assessing the need and means for further strengthening our efforts in tobacco control so as to minimize the impact of second-hand smoke on the public for safeguarding public health.

Smoking Pattern and Tobacco Duty

<i>Year</i>	<i>Proportion of smokers among population aged 15 or above (%)⁽¹⁾</i>	<i>Average number of daily cigarette consumption of daily cigarette smokers (sticks)⁽²⁾</i>	<i>Tobacco duty (based on a packet of 20 cigarettes) (\$)</i>	<i>Quantity of duty-paid cigarettes (million sticks)</i>	<i>Cigarette duty collected (\$ million)</i>
1982	23.3%	16	0.889	7 029	250
1983	19.9%	14	3.56	4 445	489
1984	18.7%	15	3.56	4 639	661
1986	17.4%	15	4.2	3 776	634
1988	16.8%	15	3.5	6 831	1,175
1990	15.7%	13	4.8	6 940	1,543
1993	14.9%	13	11.6	4 169	2,322
1996	14.8%	16	13.64	3 981	2,631
1998	15.0%	16	15.32	3 368	2,535
2000	12.4%	15	15.32	3 168	2,427
2002	14.4%	14	16.08	2 730	2,195
2005	14.0%	13	16.08	2 938	2,362
2007	-	-	16.08	3 496	2,811
2008 ⁽³⁾	11.8%	13.9	16.08	3 790	3,047
2009	-	-	24.12	2 887	3,110
2010 ⁽⁴⁾	12.0%	13.7	24.12	3 137	3,784

Notes:

- (1) The percentage of people in the population aged 15 and over who have daily smoking habit in the respective survey periods.
- (2) Only rounded integer numbers are available before 2005.
- (3) The survey on smoking pattern was conducted from December 2007 to March 2008.
- (4) The survey on smoking pattern was conducted from November 2009 to February 2010.

Annex 2

Countries with the Highest and Lowest Proportion of Tobacco Duty to Cigarette Retail Price⁽¹⁾

Ten countries with the highest proportion

<i>Country</i>	<i>Year</i>	<i>Age Group</i>	<i>Smoking prevalence</i>	<i>Cigarette retail price (US\$)</i>	<i>Proportion of tobacco duty to cigarette retail price</i>
1. Poland	2007	Aged 15 and above	29.0%	1.94 (around HK\$15.13)	94%
2. Slovak	2003	Aged 18 and above	22.1%	2.45 (around HK\$19.11)	90%
3. Cuba	2001	Aged 15 and above	31.6%	0.30 (around HK\$2.34)	87%
4. Bulgaria	2007	Aged 25 to 64	39.7%	1.98 (around HK\$15.44)	87%
5. Mauritius	2003	Aged 18 and above	16.4%	2.05 (around HK\$15.99)	81%
6. France	2005	Aged 12 to 75	25.0%	7.38 (around HK\$57.56)	80%
7. United Kingdom	2007	Aged 16 and above	21.0%	7.64 (around HK\$59.59)	80%
8. Czech Republic	2008	Aged 15 and above	22.6%	3.00 (around HK\$23.4)	79%
9. Ireland	2007	Aged 18 and above	29.0%	11.27 (around HK\$87.91)	79%
10. Bolivarian Republic of Venezuela	2005	Aged 15 and above	16.9%	3.96 (around HK\$30.89)	78%

Ten countries with the lowest proportion

<i>Country</i>	<i>Year</i>	<i>Age group</i>	<i>Smoking prevalence</i>	<i>Cigarette retail price (US\$)</i>	<i>Proportion of tobacco duty to cigarette retail price</i>
1. Libyan Arab Jamahiriya	N/A	N/A	N/A	0.8 (around HK\$6.24)	2%
2. Afghanistan	N/A	N/A	N/A	0.51 (around HK\$3.98)	8%

<i>Country</i>	<i>Year</i>	<i>Age group</i>	<i>Smoking prevalence</i>	<i>Cigarette retail price (US\$)</i>	<i>Proportion of tobacco duty to cigarette retail price</i>
3. Saint Lucia	1991-1994	Aged 25 and above	19.9%	3.7 (around HK\$28.86)	14%
4. Guinea Bissau	N/A	N/A	N/A	2.12 (around HK\$16.54)	18%
5. Paraguay	2003	Aged 18 and above	14.9%	0.20 (around HK\$1.56)	19%
6. Iran (Islamic Republic of)	2005	Aged 15 to 64	11.9%	1.32 (around HK\$10.3)	19%
7. Comoros	2003	Aged 18 and above	19.5%	2.83 (around HK\$22.07)	20%
8. Kazakhstan	2003	Aged 18 and above	21.6%	0.75 (around HK\$5.85)	20%
9. Cambodia	2005	Aged 18 and above	23.0%	0.30 (around HK\$2.34)	20%
10. Burkina Faso	2003	Aged 18 and above	14.4%	1.06 (around HK\$8.27)	20%

Notes:

HK\$7.8 = US\$1

- (1) Source: WHO Report on the Global Tobacco Epidemic 2009. On the basis of the retail price of 20-piece pack of most sold local brands.

Electronic Teaching and Learning Materials

9. **MR ANDREW LEUNG** (in Chinese): *President, with the growing popularity of e-books in Hong Kong, more and more members of the public use e-readers for reading, and some local primary and secondary schools have replaced conventional textbooks with electronic teaching materials in teaching. In this connection, will the Government inform this Council:*

- (a) *whether it knows the share of e-books in Hong Kong's publication market in the past five years; of the respective numbers of primary and secondary schools which use electronic teaching materials in the current school year, as well as the respective percentages of such figures in the total number of primary and secondary schools in Hong Kong;*

- (b) *whether it has assessed if there are differences in academic achievements and health, including vision, between students using e-learning resources and those using conventional textbooks; if it has assessed, of the outcome; if not, the reasons for that; and*
- (c) *whether it knows the respective average amounts of expenditure incurred by students who purchased e-learning resources and those who purchased conventional textbooks last year, and apart from providing subsidies for the purchase of e-learning resources, how the authorities support the schools and teachers who have opted to use electronic materials in instruction?*

SECRETARY FOR EDUCATION (in Chinese): President, our reply to the three-part question is as follows:

- (a) Whether a textbook will be published in printed or electronic form is the commercial decision of publishers. Other than textbooks, e-books and e-Learning resources are not subject to review by the Education Bureau, thus we have no information on the market of electronic teaching materials.
- (b) The Education Bureau has not assessed whether there are differences in academic achievements and health, including vision, between students using e-Learning resources and those using conventional textbooks. Teachers may adapt the content of textbooks in the light of students' abilities and learning needs, and supplement textbooks with other learning materials, including e-Learning resources and other online resources. As a result, it is common practice for schools to use e-Learning resources in order to enhance effectiveness of learning and teaching. Moreover, learning materials used by students nowadays are no longer confined to just electronic learning materials or conventional textbooks. Schools could also deploy electronic media and tools to facilitate learning. Furthermore, free e-Learning resources are widely available on the Internet for reference and use.

In order to explore and develop viable options for implementing e-Learning further in schools as well as to assess their effectiveness,

the Education Bureau launched, in late 2010, a three-year Pilot Scheme on e-Learning in Schools. A total of 21 pilot projects have been selected and they will be completed in 2014. The Education Bureau will review the Scheme regularly and publish the relevant findings.

- (c) E-Learning materials have effectively become a routine part of schools' teaching materials. It is impossible to separate the costs of e-Learning materials and conventional textbooks since schools subsume in the same booklist textbooks and essential e-Learning materials. According to an annual survey conducted by the Consumer Council, the average expenditure on textbooks (including electronic and other forms of learning materials) in the past three years is as follows:

<i>Average expenditure on textbooks</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
Primary School	\$2,153	\$2,032	\$2,091
Secondary School	\$1,947	\$1,796	\$2,016

To support schools to enhance students' e-Learning capability, the Education Bureau has provided public-sector schools with a one-off grant in the 2009-2010 school year, amounting to some \$30,000 to \$70,000 per school, for the purchase of e-Learning materials within a three-year period. In addition, regular professional development programmes are organized to equip teachers with skills on using the latest technologies to enhance learning and teaching, and helping them to apply information technology for student-centred learning activities.

Asbestos Survey Under Operation Building Bright

10. **DR LEUNG KA-LAU** (in Chinese): *President, the Government, in collaboration with the Hong Kong Housing Society (HKHS) and the Urban Renewal Authority (URA), launched the two-billion dollar Operation Building Bright (OBB) in 2009 to help owners of some 2 000 target buildings which are over 30 years old to carry out building repair works. In 2010, the Government injected an additional funding of \$500 million to increase the number of buildings that could benefit from the OBB. However, it has been learnt that from time to*

time, building materials containing asbestos are found to have been used in old buildings and repair works may lead to the release of asbestos fibres, affecting the health of the repair workers and the residents. In this connection, will the Government inform this Council:

- (a) whether the authorities have conducted asbestos assessments in old buildings which received grants to carry out repair works since the launch of the first round of the OBB; if they have, of the relevant data (including the number of buildings which have undergone asbestos assessments and the number of those confirmed to contain asbestos materials); if not, how the authorities ensure that the health of both the workers and the residents is adequately protected from being affected by asbestos before repair works for the assisted buildings are carried out;*
- (b) if the authorities have conducted asbestos assessments in old buildings which participated in the OBB for the first time, whether the Labour Department (LD) and the Environmental Protection Department (EPD) have monitored and inspected thoroughly the risks of these repair works; if they have, of the number of the relevant inspections and prosecutions; if not, whether the authorities will monitor and inspect these repair works and report the relevant data and details to the public on a half-yearly basis;*
- (c) whether it will consider requiring owners whose applications for the new round of the OBB have been approved to conduct asbestos assessments in their buildings first and approval for commencement of the repair works will not be given until the places under repair are proved to be free of asbestos materials; if it will, of the details; if not, the reasons for that; and*
- (d) given that the information provided by the Development Bureau showed that since the launch of the OBB, more than 5 900 job opportunities (including construction workers, technical workers, contractors, and professionals) have been created, but from time to time, building materials containing asbestos are found to have been used in old buildings, whether the authorities have provided workers undertaking the repair works with appropriate training and instructions to ensure that they are equipped with the skills and*

knowledge necessary for undertaking the asbestos works; if they have, of the details; if not, how the health of these repair workers can be safeguarded?

SECRETARY FOR DEVELOPMENT (in Chinese): President, works involving asbestos are regulated by the Air Pollution Control Ordinance (Cap. 311) (the Ordinance) and the Factories and Industrial Undertakings (Asbestos) Regulation (Cap. 59AD) (the Regulation).

The Ordinance provides for detailed control on works involving asbestos containing material. Works involving contact with asbestos containing material are mainly related to demolition or repair of buildings containing asbestos materials. The Ordinance requires that if the demolition or repair works of a premises involve asbestos containing material, the owner of the premises shall engage a registered asbestos consultant and a registered asbestos contractor to handle the relevant asbestos works and notify the EPD in writing prior to commencement of the works. Contractors for asbestos works are required to register with the EPD to ensure that they have appropriate equipment, training, experience and capability in complying with the relevant requirements of the Ordinance.

According to the requirements of the Regulation, a proprietor/contractor who carries out asbestos work shall notify the LD not less than 28 days before commencement of the work. Prior to the carrying out of the work, the proprietor/contractor shall also arrange qualified persons to carry out an adequate assessment of the conditions of exposure of the workers to asbestos, and take out effective measures to control the risk arising from asbestos in the course of the work. In addition, to further protect the health of the workers, the proprietor/contractor shall also ensure that the workers have undergone a medical examination before being employed to carry out the asbestos work, and that they are kept under periodic health surveillance.

The target buildings under the OBB are divided into two categories. Category 1 covers buildings with owners' corporations (OCs). Category 2 covers buildings with difficulties in organizing repair works, such as buildings without OCs. The repair works for Category 1 target buildings are organized voluntarily by OCs. If the owners of a Category 2 target building are unable to organize repair works by themselves, the Buildings Department (BD) will hire

consultants and contractors to carry out the relevant works on behalf of the owners.

The OBB has all along been putting emphasis in reminding the participants (including owners and practitioners of the construction industry) of the requirements of various safety aspects. We have co-ordinated different departments to conduct extensive publicity and monitoring work. The HKHS and the URA have organized four briefings for authorized persons (APs) and registered general building contractors, with the participation of representatives of the EPD to explain to the participants the requirements of the Ordinance and the responsibilities of investigation and removal works of asbestos as well as to remind them of the issues that warrant attention and need to be complied with. For the OBB, the LD has also organized over 20 seminars on the safety of renovation and repair works to enhance the understanding of the importance of occupational safety of repair works of the APs, consultants, contractors and workers responsible for the repair works of the target buildings under the OBB. The seminars also covered matters related to occupational safety and health of asbestos work.

When issuing an "approval-in-principle" to the OC of a target building, the HKHS/URA will at the same time attach pamphlets and posters related to matters that warrant attention and compliance in the removal of asbestos containing material to remind the OC of the requirements of the Ordinance. The HKHS/URA will also remind the AP engaged by the OC to pay attention to and comply with all the relevant legislation, including the requirements related to the handling of asbestos containing material as provided in the Ordinance. Regarding repair of old-style buildings, APs should assess whether the proposed repair works would involve asbestos containing material. If it is assessed that the repair items involve asbestos containing material, the APs should comply with the requirements in the Ordinance and the "Practice Note for Authorized Persons, Registered Structural Engineers and Registered Geotechnical Engineers" issued by the BD in carrying out the repair works concerned, which include engagement of a registered asbestos consultant to carry out an investigation for the proposed repair works, and engagement of a registered asbestos contractor to carry out the relevant works, and so on. The costs of the works, including those for investigation and removal works of asbestos and the associated professional service, and so on, that comply with the requirements of the OBB, could be covered by the scope of grant.

Regarding Category 2 target buildings, the BD will request its consultants to pay attention to whether the proposed repair items would involve asbestos containing material. If the repair items involve asbestos containing material, the BD will require its consultants to arrange for the removal of the asbestos containing material, including the engagement of registered asbestos consultants and registered asbestos contractors to carry out the relevant works. The registered asbestos consultants and registered asbestos contractors should also comply with the relevant statutory requirements.

We will continue to adopt the abovementioned measures to implement the OBB in order to enhance the safety of asbestos issues that might need to be handled during the carrying out of repair works.

The reply to the four-part question is as follows:

(a) and (b)

Since the implementation of the OBB, the HKHS, the URA, the BD, the EPD and the LD have been maintaining close liaison. The HKHS, the URA and the BD provide the EPD and the LD with name lists and information of target buildings monthly. The information includes whether APs have been engaged, tentative or actual commencement date of works and the works involved, and so on, in order to facilitate inspection and regulatory actions by the EPD and the LD.

Up to the end of 2010, the EPD has conducted initial assessment for about 1 400 target buildings and confirmed that about 1 100 buildings contain asbestos containing material. The EPD has issued letters to the owners of individual units and OCs of such buildings to explain the issues that warrant attention and the requirements of the Ordinance in relation to the removal of asbestos containing material. This is to remind the owners and parties concerned that they should follow the requirements of the Ordinance in carrying out repair works of the buildings. The EPD has also sent staff to the abovementioned buildings to carry out assessments and inspections for about 1 500 times. No incidents of contravention of the Ordinance have been found.

Besides, after receipt of information provided by the HKHS, the URA and the BD, the LD has also carried out inspections. Up to the end of 2010, the LD has inspected about 1 400 target buildings. The Department has not found any incidents in contravention of the Regulation in the course of the inspections.

- (c) The works to be subsidized under both the first and second rounds of the OBB must comply with the requirements of all the relevant legislation, including the Ordinance which requires that the owner of a premises should follow the requirements of the Ordinance to handle works involving asbestos. Therefore, before carrying out building repair works, an owner of a premises should arrange to assess whether the proposed works would involve asbestos containing material. If necessary, a registered asbestos consultant and a registered asbestos contractor should be employed to carry out the works involving asbestos in accordance with the requirements of the Ordinance.
- (d) Up to the end of January 2011, the OBB has created around 15 600 job opportunities for building professionals, contractors, technicians, workers, and so on. The Ordinance has stringent requirements on the control of abatement works involving asbestos containing material. According to the requirements of the Ordinance, it is necessary to engage a registered asbestos contractor to handle abatement works involving asbestos containing material. The EPD has compiled a set of detailed code of practice for reference by the industry. The code of practice includes the issues of concern, guidelines and advice in respect of different types of asbestos abatement works as well as individuals' protective installations that should be equipped for the practitioners of asbestos works, and so on. The Ordinance also requires registered asbestos contractors to provide regular training to their staff. In applying for or renewal of registration, the contractors shall also submit the relevant records to the EPD for scrutiny to ensure that the staff possess the required skill and knowledge.

The Regulation requires proprietors/contractors to provide adequate information, instructions and training about the risks of asbestos and the safety precautions for workers engaged in asbestos work. In

addition, the Occupational Safety and Health Council has also been organizing occupational safety and health courses on asbestos work for the industry regularly to enable workers to understand asbestos hazards and provide training on the adoption of proper methods in performing asbestos work to safeguard their health.

Motorcycle Parking Spaces

11. **MR LAU WONG-FAT** (in Chinese): *President, regarding the situation of parking spaces for motorcycles, will the Government inform this Council:*

- (a) *of the total number of open parking spaces for motorcycles in Hong Kong that are managed by the Government at present, and among them, the respective numbers of metered and free parking spaces; and*
- (b) *whether the Government has considered converting all the public parking spaces for motorcycles to metered ones; if not, of the reasons for that?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, my reply to the two parts of the question is as follows:

- (a) Currently, there are about 7 700 publicly-managed open on-street motorcycle parking spaces in the territory. All of them are free of charge.
- (b) The installation of parking meters at on-street parking spaces is for traffic management reasons, so as to meet the need for short-term parking. We are of the view that based on the current on-street parking situation, as well as resource allocation and enforcement consideration, it does not warrant the management of motorcycle parking spaces by charging. The Transport Department will continue to monitor the situation of on-street motorcycle parking, and will conduct a review when necessary.

General Services Assistants and Technical Services Assistants Employed by Hospital Authority

12. **DR PAN PEY-CHYOU** (in Chinese): *President, since 2001 the Hospital Authority (HA) has recruited junior staff on contract terms and replaced former posts of Workman II and Clerical Officer II and III, and so on, with General Service Assistants (GSAs) and Technical Services Assistants (TSAs) and their remuneration has also been delinked from the civil service pay structure. Some GSAs and TSAs have relayed to me that their remuneration and benefit packages have remained on the low side for years, and there is also the phenomenon of equal work with unequal pay, which has led to persistent low staff morale and staff wastage, and that staff wastage will in turn affect the quality of public healthcare services. It has been reported that the HA has commenced a comprehensive review of the GSA and TSA grades. In this connection, will the Government inform this Council:*

- (a) *whether it knows which organization is responsible for the aforesaid review and when the outcome of the review is to be announced; whether staff will participate in the review process and be consulted, if they will, of the details; if not, the reasons for that;*
- (b) *given that the remuneration packages for GSA and TSA posts in different hospital clusters or departments also differ, whether it knows if the HA will consider setting up a unified ranking, remuneration and benefit mechanism, and formulating uniform employment terms so as to alleviate the unfair situation of different remuneration packages being offered for the same post; if the HA will do so, of the details; if not, the reasons for that; and*
- (c) *given that the Government has announced earlier that it will remove the employment system commonly known as the "3+3" system and instead civil servants may be offered further appointment on permanent terms immediately after completion of the three-year probation period to the satisfaction of the management, whether it knows if the HA will follow the Government's new employment system and abolish the existing six-year contract entry system for GSAs and TSAs by replacing it with a three-year contract which, upon expiry, will be renewed for further appointment on permanent terms; if the HA will do so, of the details; if not, the reasons for that?*

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

- (a) In 2001, the HA formally established the grades of GSA and TSA by setting up a broad-banded grade structure to reduce the constraints of a single-skill grade structure and to make available staff with multi-skills, thereby allowing greater flexibility in the deployment of staff to meet changing operational needs.

Basically, the remuneration packages for the GSA/TSA grades are determined according to the pay levels in the market and their job duties. Adjustments will be made annually as appropriate having regard to the changes in market pay rates and staff performance. Staff members joining the HA at different times may have been offered different pay and conditions of service in the light of the prevailing socio-economic environment and operational needs at the time of their appointment.

The GSA/TSA grades have been created for nearly 10 years and the market has since then changed considerably. There have also been changes in the operational needs of hospitals. Under such circumstances, the HA decided in mid-2010 to conduct a comprehensive review of the GSA/TSA grades and commissioned a human resources consultancy firm with rich experience in pay structure and grade structure planning to conduct the review. The review covers the grade structure, the overall remuneration package including pay and benefit as well as various terms of employment to ensure that the remuneration packages for the GSA/TSA grades are similar to that offered in the market and competitive. The annual pay adjustment mechanism will also be reviewed in an effort to attract and retain talents.

The review has started since August 2010 and is near to completion. The consultancy firm is in the process of consolidating the review outcome, and will submit proposals and reports to the HA management and the HA Board for consideration.

In the course of review, the consultancy firm has conducted consultations with staff through various channels, including nine staff consultation forums held at the HA Head Office and various

clusters. A briefing session has also been held at the Supporting Staff Group Consultative Committee, which comprises representatives from various staff unions, to inform staff of the scope of the review and collect their views. In addition, several consultation forums with front-line management staff and senior management have been held at the HA Head office and various clusters to ensure that there is adequate understanding of the views and concerns of the management and staff. The consultancy firm has also maintained communications with relevant staff and collected their views through a dedicated webpage and facsimile line as well as designated contacts at the HA Head Office and the Human Resources Departments of clusters. In the review process, over 1 500 staff have participated in the consultation forums and nearly 3 000 written submissions have been received.

- (b) Individual clusters may flexibly decide, under the same pay structure, the remunerations of individual staff members of the GSA/TSA grades in the light of the particular characteristics of their districts as well as the demand and supply of manpower. The current grade review will also examine whether consideration needs to be given to the setting up of a more standardized pay administration system under the principle that a balance should be struck among operational needs, flexibility in administrative management and comparability of the remunerations for posts with similar duties and requirements within the HA. A concrete plan has yet to be drawn up, pending submission of the relevant proposals by the consultancy firm to the HA management and the HA Board for consideration.
- (c) As for the HA's current arrangements for conversion of employment on contract to permanent employment, under normal circumstances, most contract staff including doctors, allied health practitioners, administrative and management staff as well as various ranks of supporting staff are required to have at least six years of service in the HA and good performance in order to be eligible for consideration by the HA to convert their employment on contract to permanent employment to meet operational needs. The HA will review the relevant arrangements as appropriate having regard to the actual operations.

Handling of Fuel Ashes Generated by Power Stations

13. **MR CHAN KIN-POR** (in Chinese): *President, it has been reported that more than 20 substances (including heavy metals and chemical compounds such as cadmium, chromium, arsenic, mercury and lead, and so on) that are harmful to the environment and human health have been found by a green group in the samples of pulverized fuel ashes gathered from 14 ash sites of power stations on the Mainland. Some environmentalists have pointed out that at present, coal dominates more than half (about 54%) of the fuel mix for power generation in Hong Kong, and the impact of the fuel ashes generated each year on the environment and public health has all along been of grave concern. In this connection, will the Government inform this Council:*

- (a) *whether it knows the amount of fuel ashes generated in Hong Kong in each of the past five years and the way in which they had been handled;*
- (b) *whether it knows the handling process adopted by power stations in Hong Kong for delivering fuel ashes to ash lagoons; how they ensure that the fuel ashes exposed to the air do not contain heavy metals and chemical compounds so as to avoid affecting the surrounding environment; and of the measures to prevent diffusion and permeation;*
- (c) *whether the Government had conducted any test in the past five years on the heavy metal and chemical compound contained in treated fuel ashes generated by power stations; if it had, of the outcome; if not, the reasons for that; whether it knows if fuel ashes disposed of at collection sites contain heavy metal and chemical compounds; if so, of their contents, and whether such contents have any impact on the surrounding environment and living creatures, including the public and migratory birds, and how the Government ensures that the ashes do not affect the environment and public health; and*
- (d) *whether it knows the present environment of the sites used for the disposal of fuel ashes and the situation of their surrounding areas; of*

the criteria based on which the Government assesses if those sites meet the environmental safety standards; whether there are any indications that the sites will be full in the next few years; if so, how the Government will deal with the matter?

SECRETARY FOR THE ENVIRONMENT (in Chinese): President,

- (a) In the past five years, the annual average amount of coal ash produced from power generation by CLP Power Hong Kong Limited (CLP) and The Hongkong Electric Company, Limited (HEC) in Hong Kong was around 240 000 tonnes and 320 000 tonnes respectively, the majority of which had been recycled and sold for the production of cement, concrete and other construction materials.
- (b) For coal ash which has not been sold and requires storage, the power companies use water as the medium for transporting the ash through completely enclosed pipelines to the ash lagoons for storage. There will not be any air-borne dust in the transportation process. The ash lagoons have also adopted measures for preventing fugitive dust, for example, putting in place dust suppression system or keeping the stored ash below the lagoon water level. The lagoons are also protected with liner to prevent the seepage of coal ash and water.

The HEC's ash lagoon is only used for fallback temporary ash storage in the unlikely event that regular ash off-take is interrupted. In the past five years, there was no need for the HEC to transfer any ash to the lagoon.

(c) and (d)

The principle constituents of coal ash are silica, alumina, iron and calcium, and so on. In general, coal, like soil, rocks and other natural materials, contains a small amount of heavy metal. Coal ash resulting from coal-fired generation has a very low level of heavy metal.

The Environmental Impact Assessment (EIA) Ordinance specifies that "a waste disposal facility for pulverized fuel ash, furnace bottom ash or gypsum" is a designated project. All newly proposed designated projects have to go through the statutory EIA process to demonstrate that their construction and operation at the selected sites can comply with the criteria specified in the Technical Memorandum on the EIA Process before an environmental permit can be issued. Operation of these facilities is also regulated by other relevant pollution control ordinances.

The CLP's ash lagoon is located at Tsang Tsui which is 7 km away from the power station. Dust and underground water monitoring stations have been set up in the periphery of the ash lagoon to monitor the environmental impact of the ash lagoon in accordance with the requirements of the Environmental Protection Department (EPD). Monitoring data have to be submitted to the EPD regularly. According to the data for the past three years, the 24-hour average dust concentrations in the area were comparable to other air monitoring stations in Hong Kong and complied with the relevant air quality objective. Findings from periodic underground water monitoring do not indicate any adverse impact on the underground water quality in the vicinity. For the HEC, its ash lagoon is located inside the Lamma Power Station. The HEC has set up equipment to monitor the dust concentration in the vicinity of the power station and the data showed that the relevant air quality objective was met.

The CLP believes that the existing capacity of the ash lagoon is adequate for the coming few years. The HEC does not see any need for additional storage facilities either, in view of the demand for coal ash by local and Mainland construction industries.

Measures to Facilitate Development of Logistics Industry

14. **MR JEFFREY LAM** (in Chinese): *President, in recent years, the Government has been committed to facilitating the gradual shift of the development of the logistics industry in Hong Kong to high-value goods and services, and co-operating with other areas in the Pearl River Delta Region to*

build that region into an advanced global manufacturing and modern services base. In this connection, will the Government inform this Council:

- (a) given the different standards currently set by the Mainland and Hong Kong on the specifications of cross-boundary vehicles, whether the Hong Kong SAR Government has discussed standardizing such standards with the Mainland authorities, so as to reduce vehicle owners' expenses in maintaining and checking their vehicles;*
- (b) whether it has conducted any study on connecting the "Road Cargo System" (ROCARS) in Hong Kong with the automatic customs declaration system "H2000" on the Mainland so that the transport trade will no longer need to submit separate cargo information for clearance under these two systems;*
- (c) whether it has studied the implementation of one-stop customs clearance arrangements at each border control point;*
- (d) whether it will provide more suitable land in the New Territories and in other appropriate locations for tenders for the use of shipping, port development and the logistics industry, and in particular, provide suitable land in Kwai Tsing to serve as port back-up sites;*
- (e) whether it will construct a dedicated berth for barges next to the container terminals in Kwai Chung and equip it with large cranes so as to enhance the efficiency and carrying capacity of the barging service; and*
- (f) whether it will make more effective use of information technology to co-ordinate barging arrangements and extend the operation hours of the barging service so as to cope with the demand?*

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

- (a) The SAR Government has been discussing with the relevant Mainland authorities vehicle inspection standards on both sides of

the boundary. However, the issue must be handled carefully as it involves different systems and law-enforcement concerns of the two sides. We will continue our work in this area.

Separately, the trade has earlier on proposed that if the arrangements for vehicle inspection on both sides cannot be standardized for the time being, the Administration should look into whether the timing of vehicle inspection could be aligned in order to help save time and expenses. The Transport Department is currently studying the feasibility of the proposal.

We have consulted the Commerce and Economic Development Bureau on parts (b) and (c) of the question:

- (b) In May last year, the Customs and Excise Department (C&ED) launched the electronic ROCARS to enable seamless clearance of road cargoes. The Mainland Customs is also developing an electronic system for receiving road cargo manifests. To reduce traders' data input efforts, the two customs authorities have reached agreement to align the formats for data fields common to the two systems. To further facilitate the industry, the Mainland Customs is examining the feasibility of establishing a third-party IT platform to enable the trading community to make submissions electronically at one go to ROCARS and the Mainland's existing H2000 Clearance Management System. The C&ED is taking proactive steps to facilitate this.
- (c) The launch of ROCARS has brought about opportunities for the Administration to gradually introduce one-stop service at the land boundary points to expedite cargo flow. Since May last year, the C&ED and the Immigration Department have been merging their inspection kiosks for cross-boundary goods vehicles in phases. This enables drivers to complete both the immigration and customs clearance processes at the same stop. The kiosk merging work is scheduled for completion by mid-2011. The integration of the two processes would be fully implemented at all the land boundary points when the use of ROCARS would become mandatory in November this year.

Besides, the Department of Health is examining the feasibility of installing an automatic system for temperature screening at the same kiosks mentioned above, with a view to carrying out health measures for truck drivers at one go.

- (d) The SAR Government notes that appropriate land supply is vital to the sustainable development of Hong Kong's logistics industry. Therefore, as set out in the Chief Executive's "2010-11 Policy Address", to support the logistics industry's switch to high-value goods and services, we are gradually making available long-term sites in Kwai Tsing for the development of a logistics cluster. The first of such sites in Tsing Yi was granted through open tender last December. Depending on the market needs and the traffic impact of logistics developments in Kwai Tsing, we plan to release the second site in Tsing Yi in the second half of 2011. Meanwhile, the Transport and Housing Bureau and relevant government departments have also been looking into the availability of suitable long-term sites for logistics use in other districts.

In addition, to facilitate efficient port operations and strengthen Hong Kong's position as an international maritime centre, the Government will continue to provide suitable sites for port back-up uses. As at January this year, we have tendered out over 80 hectares of land in Kwai Tsing under short-term tenancy (STT) for such uses. After the commissioning of Route 8 in late 2009, we have identified an additional 30 hectares of land from the former Route 8 construction sites, and have started releasing them to the market in phases under STT for port back-up uses since late 2010. The first site for container vehicles/lorries parking was successfully granted in late December last year. The second site for container storage/cargo consolidation is expected to be granted in March this year.

We will continue to communicate with the trade with a view to providing more suitable sites in Kwai Tsing and other districts to meet the demands for the long-term development of the industry.

(e) and (f)

In response to the increasing demand for berths for barges, the Government has been making efforts to identify more sites for barge berthing in Kwai Tsing. In fact, apart from those barge berths set up within the container terminals by the operators, the Government has identified and granted four other sites for barge berthing use near the container terminals. Of the four sites, one is located in the north of Container Terminal No. 9 and the other three are in southern Tsing Yi. Besides, the Transport and Housing Bureau has been examining the feasibility of using two former Route 8 construction sites, which are located on the waterfront of southeast Tsing Yi and the western side of Stonecutters Island respectively, for barge berthing purpose in consultation with the trade and relevant government departments.

As regards the provision of large cranes and other on-shore facilities at the barge berthing sites as well as the application of relevant information technology, it has been the established practice for the operators to decide on and make the necessary arrangements having regard to their own operational needs. As for the operation hours, only the barge berthing site in the north of Container Terminal No. 9 is subject to restrictions due to its proximity to dwellings. The other three sites have no such restrictions.

Furthermore, the Stonecutters Island Public Cargo Working Area adjacent to the Kwai Chung Container Terminal can also be used for loading and unloading of cargoes by barges.

Measures to Improve Public Hygiene

15. **MR ALAN LEONG** (in Chinese): *President, recently, I have received complaints from residents in Kwun Tong that the operators of a small number of wet goods stalls located on the ground floor of their building did not conduct thorough cleaning work after operation hours, resulting in an accumulation of bloody discharge and meat scraps which gave off bad smell from time to time and*

caused cockroach and rodent infestation problems. These residents pointed out that apart from affecting the hygienic conditions of the streets, such a situation also caused inconvenience to the residents upstairs and nearby. In this connection, will the Government inform this Council:

- (a) what criteria are adopted by the authorities for identifying hygiene blackspots;*
- (b) whether the authorities will regularly publicize the latest list of hygiene blackspots to enable the public to monitor improvements made to the hygiene blackspots; if so, of the details; if not, the reasons for that; and*
- (c) whether the authorities had formulated special hygiene guidelines for wet goods stalls on the street and those near residential buildings in the past three years; if they had, whether the authorities will conduct regular inspections to ensure that those stalls comply with the guidelines?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, one of the important tasks of the Food and Environmental Hygiene Department (FEHD) is to provide a clean and hygienic environment for the people of Hong Kong, including undertaking regular street sweeping/washing and pest control work. Having regard to characteristics of individual sites (for example, locations where there is a conglomeration of different types of shops causing environmental hygiene problems), the FEHD will increase the frequency of street washing and pest control work as appropriate. Shop operators also have the responsibility to keep their shops and surroundings clean and hygienic in order not to affect pedestrians and residents.

Regarding the three parts of the question, my response is set out as follows:

- (a) and (b)

In light of the exceptional circumstances of the global and local outbreaks of human swine influenza, the FEHD, after taking into

account the hygiene conditions of various districts and in consultation with the District Councils (DCs), identified 105 hygiene blackspots in the territory in May 2009 and conducted large-scale cleansing operations at these blackspots. The cleansing operations were completed in February last year. After inspection, the DCs agreed that the condition of the blackspots in their respective districts had significantly improved and the blackspots could be removed from the list. Nonetheless, the FEHD will continue to be in close liaison with various political parties, DC members and local personalities to monitor the hygiene condition of the locations concerned as well as all other areas across the territory. Additional cleansing services will be provided where necessary to maintain environmental cleanliness and hygiene.

- (c) If the shop concerned is a licensed food premises (for example, a fresh provision shop selling meat), the FEHD officers will conduct regular inspections to the premises. To safeguard food safety, maintain environmental hygiene and prevent polluting the environment, inspecting officers will check the hygiene standards of the food and premises, as well as the hygiene condition of the surroundings of the premises to ensure that food business operators and workers comply with statutory requirements and licensing conditions. Taking the rear lanes of food premises as an example, the FEHD officers will also conduct inspections to ensure that no food is prepared or utensils washed by the operators there, otherwise warnings will be issued or prosecutions will be initiated. During the inspection of premises, the FEHD officers will provide advice to food business operators on how to uphold food and environmental hygiene, for example, pest control measures, proper ways to store and dispose of waste and garbage, and so on. In case of breaches of statutory requirements or licensing conditions, the FEHD officers will take appropriate actions against the food business operators concerned, including issue of warning, initiation of prosecution as well as registration of points under the Demerit Points System. For recalcitrant operators, they will be penalized through suspension or cancellation of licences.

If the shop is not a licensed food premises (for example, a vegetable or fruit stall which is not required to apply for a food premises licence from the FEHD), in case of hygiene problems, the FEHD will also take enforcement actions as appropriate having regard to the circumstances. Moreover, the FEHD works with the DCs and relevant departments from time to time to implement measures to improve environmental hygiene. The FEHD also organizes promotional activities to strengthen the dissemination of environmental hygiene messages to shop operators and the general public.

Juveniles Arrested by Police

16. **MS CYD HO** (in Chinese): *President, according to the local crime figures in 2010 released by the Hong Kong Police Force in January 2011, a total of 3 576 juveniles aged between 10 and 15 were arrested for crimes in 2010. In this connection, will the Government inform this Council:*

- (a) of the number of juveniles aged between 10 and 15 who had been arrested for crimes in each of the past five years, together with a breakdown by the offence committed (set out in table form);*
- (b) how many juveniles in part (a) had been convicted, and what penalties had been imposed on them (with a breakdown set out in table form);*
- (c) whether it knows the number of juveniles in part (b) who had to leave their original schools because they were sentenced to detention;*
- (d) what procedures have been adopted by the authorities to assist these juveniles in returning to school after serving their sentences; and*
- (e) whether it knows the average time taken by the juveniles in part (c) to apply for returning to school after having served their sentences; how many juveniles had still not been able to return to school one*

month (excluding holidays) after having served their sentences; during this period, how the authorities assisted them in getting back on the right track; and how many juveniles had been able to return to mainstream government schools, subsidized schools, private schools or other types of schools after having served their sentences, broken down by the type of school attended by them (set out in table form)?

SECRETARY FOR SECURITY (in Chinese): President,

(a) and (b)

Information on juveniles between the age of 10 and 15 who were arrested, convicted and sentenced for crimes in the past five years is set out at Annex.

(c), (d) and (e)

Convicted juveniles between the age of 10 and 15 may be sentenced to detention at a probation home⁽¹⁾ under the Social Welfare Department (SWD) and may have to leave their original schools. Those aged 14 or above may be sentenced to detention at correctional facilities under the Correctional Services Department (CSD). After serving their sentences at the probation home or correctional facilities, juveniles under 15 have to return to school while those aged 15 or above or have completed Form Three of secondary education may choose to continue their study or work.

According to the records of the SWD and the CSD, a total of 110 juveniles aged between 10 and 15 were sentenced to the SWD's probation home and left their original schools in 2010. Another 130 juveniles aged between 14 and 15 were sentenced to the CSD's correctional facilities.

(1) A probation home refers to an "approved institution" under the Probation of Offenders Ordinance (Cap. 298) or a "reformatory school" under the Reformatory Schools Ordinance (Cap. 225).

The probation home under the SWD provides programmes on academic, generic and vocational knowledge and skills training programmes to juveniles in regard to their duration of detention and their learning needs so as to facilitate their continuation of studies or employment upon discharge. The training programmes are designed by the Vocational Training Council and provided inside the probation home. Through individual counselling and group work, resident social workers help the juveniles adapt to the life in the probation home and complete the rehabilitation programmes during their detention. Case conferences with the juveniles' parents/guardians and supervising caseworkers/probation officers will be conducted to work out appropriate arrangements for the juveniles after discharge, including rehabilitation plans for continuation of studies or employment. Social workers of the SWD's probation home will, in collaboration with the professionals concerned, provide aftercare services to discharged juvenile offenders until the end of court orders.

To help juvenile offenders reintegrate into society or return to schools upon discharge, the CSD provides half-day education programmes for juvenile inmates under the age of 21. In addition to general subjects such as Chinese Language, English Language, Mathematics and Liberal Studies, the CSD offers practical courses such as those on computer and commercial subjects which are taught by qualified teachers. Staff of the Rehabilitation Unit of the CSD encourage and assist juvenile offenders to make future plans, including arrangements for continuation of study or employment, with their families before discharge. In general, juvenile offenders will be subject to statutory supervision after discharge. Supervision staff of the CSD will visit and counsel supervisees from time to time during this period to help them adapt to the new life and stay away from crime. A breach of the supervision conditions may result in the supervisees being recalled back to an institution for further training.

In 2010, 122 juvenile offenders aged between 10 and 15 were discharged from the SWD's probation home after having served their

sentences. Among them, 96 returned to primary schools, secondary schools or other types of schools upon discharge; 18 took up employment and eight were transferred to correctional facilities to serve their sentences for having committed other crimes. In the same year, 80 juvenile offenders between the age of 14 and 15 were discharged from the CSD's correctional facilities. Among them, 26 returned to secondary schools or other types of schools within one month after discharge; 48 took up employment after discharge; three were deported immediately after discharge for violating the Immigration Ordinance, and three found in breach of supervision orders after release were recalled for further training. Both the SWD and the CSD do not have statistical data on the types of schools attended by juveniles who have left the probation home or correctional facilities after having served their sentence.

Annex

Table 1: Number of arrested juveniles aged between 10 and 15

<i>Offences</i>	<i>Number of arrested juveniles aged between 10 and 15</i>				
	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
Shop theft	1 116	1 019	1 072	1 118	1 010
Other miscellaneous theft	1 014	1 027	833	714	657
Wounding and serious assault	697	727	643	615	515
Robbery	243	207	178	97	93
Unlawful society offences	173	211	165	152	141
Serious narcotics offences	52	111	144	169	84
Other offences ⁽²⁾	1 215	1 342	1 143	1 141	1 076
Total	4 510	4 644	4 178	4 006	3 576

Note:

(2) Other offences include burglary, criminal damage and disorderly conduct in a public place.

Table 2: Number of convicted juveniles aged between 10 and 15

	<i>Number of convicted juveniles aged between 10 and 15</i>				
	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010 (January to September)</i>
Total ⁽³⁾	827	744	836	696	463
<i>Sentence pattern</i>					
Immediate imprisonment	15	3	7	3	3
Suspended imprisonment	0	1	1	0	0
Probation order	617	588	642	536	359
CSD detention order	75	61	90	57	39
Others ⁽⁴⁾	120	91	96	100	62

Notes:

- (3) Above figures refer to cases concluded in a given year. As some prosecutions took a longer time, the year that the juveniles arrested may be different from the year that their cases were concluded.
- (4) Others include sentences to training centre, drug addiction treatment centre and community service order, and so on.

Handling of Expired Drugs

17. **MS AUDREY EU** (in Chinese): *President, the Government and the Hospital Authority (HA) need to handle expired drugs every year, such as the 3 million doses of Human Swine Influenza (HSI) vaccines purchased by the Government in the year before which needed to be disposed of upon their expiry in September and October last year. In this connection, will the Government inform this Council:*

- (a) *of the quantity and value of expired drugs that needed to be disposed of by the Government and the HA in the past three years;*
- (b) *as at the expiry dates of the aforesaid HSI vaccines, of the total number of vaccinated persons, with a breakdown by target group;*
- (c) *of the ways to deal with the remainder of HSI vaccines as well as the progress and the costs involved;*
- (d) *given that the Food and Health Bureau indicated in its paper provided to the Panel on Health Services of this Council on 13 July*

2009 that in the procurement of HSI vaccines, the Government would include a clause in the tender conditions to the effect that any unused vaccines ordered and delivered could be returned to the manufacturer with refund, of the implementation of such clause; and

- (e) *of the total number of doses of vaccines ordered by the Government under the 2010-2011 Vaccination Programme; whether the "refund of unused vaccines" clause in part (d) has been included in such orders; of the number of vaccinated persons in the current year to date, with a breakdown by target group?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, the responsibility of the public healthcare system is to safeguard public health and ensure that the public and patients can be provided with timely treatment and necessary drugs. Professional and clinical judgment is needed in considering the types and quantity of drugs to be kept in stock, and factors such as the epidemic trends, patients' needs and technology development will also be taken into account. In this connection, besides the commonly-used drugs, the Government and the HA will stockpile drugs (for example, vaccines) for protection of public health and prevention of diseases, as well as drugs (for example, antivenoms) for emergency treatment to ensure that appropriate and timely prevention and treatment can be provided to the public and patients in need. To ensure that there is sufficient stockpile of drugs for emergency, it is inevitable that some drugs kept in stock will need to be disposed of upon their expiry.

The replies to the five parts of the question are as follows:

- (a) The Department of Health (DH) and the HA have well-established mechanisms to monitor and manage the safety and efficacy of drugs. In the procurement of drugs, suppliers are generally required to supply drugs with an expiry date beyond a minimum of 18 months. The drugs will also be issued for use on the "first-in-first-out" principle for stock management purpose. Staff of the pharmacies and wards will check the expiry dates of drugs from time to time, a list of drugs in the HA that will soon expire will also be circulated in public hospitals and clinics so that these drugs will be distributed to various hospitals for use as appropriate. Therefore, disposal of these commonly-used drugs is seldom required.

As there are various different dosage forms and units of drugs (including tablets, syrup, capsules, ointment, drops, granules, aerosol, ampoule and other different dosage forms), we are not able to give an estimation of the quantity of all the expired drugs which have been disposed of. Generally speaking, expired drugs in the DH that need to be disposed of are mainly vaccines stockpiled for protection of public health. The retention period of vaccines is generally shorter and their price is higher. On the other hand, most expired drugs in the HA that need to be disposed of are drugs for emergency uses, such as antidotes and antivenoms, and so on, that must be stockpiled. However, drugs of this kind only account for a relatively small portion of the total drugs used in the HA.

In each of the past three years, the total value of expired drugs that have been disposed of by the DH is as follows:

	<i>2007-2008 (\$ million)</i>	<i>2008-2009 (\$ million)</i>	<i>2009-2010 (\$ million)</i>
Value of drugs which have expired and have been disposed of	0.844	0.739	2.07
Total drug expenditure	188.759	196.705	563.293
Percentage	0.45%	0.37%	0.37%

The total value of expired drugs that have been disposed of by the HA is as follows:

	<i>2007-2008 (\$ million)</i>	<i>2008-2009 (\$ million)</i>	<i>2009-2010 (\$ million)</i>
Value of drugs which have expired and have been disposed of*	2.52	3.40	3.04
Total drug expenditure	2,278	2,408	2,680
Percentage	0.11%	0.14%	0.11%

Note:

* The above figures may include the value of drugs which have been disposed of under different categories by some public hospitals and clinics, for example, expired drugs for emergency uses and depleted drugs, and so on.

- (b) A breakdown of the total number of HSI vaccine recipients by target group as at the expiry date is shown below:

<i>Target group</i>	<i>Number of recipients</i>
Elderly aged 65 or above (including elderly people living in residential care homes)	99 178
Persons aged under 65 with chronic illnesses	43 963
Pregnant women	1 564
Healthcare workers	13 790
Children aged between six months and less than six years	20 334*
Pig farmers and pig-slaughtering industry personnel	528
Total:	179 357* [192 484 doses]

Note:

- * Some children received two doses of HSI vaccine as required and hence a total of 33 461 doses of vaccine have been used for this target group.

- (c) According to the Waste Disposal Ordinance (Cap. 354), all vaccines including HSI vaccines should be disposed of by the Environmental Protection Department (EPD) by way of incineration. With the approval of the EPD, most of the remaining HSI vaccines were collected on 21 December 2010 and conveyed to the Chemical Waste Treatment Plant at Tsing Yi for incineration under the supervision of the DH staff, and the incineration process was completed on 8 January 2011. The total expenditure incurred was \$11,470. Besides, a small amount of the vaccines were disposed of by individual clinics through the aforesaid waste disposal process.
- (d) In the first tender exercise for procurement of HSI vaccines, the Government included a clause in the tender conditions to the effect that any unused vaccines ordered and delivered could be returned to the manufacturer with refund. In this tender exercise, however, this clause was not accepted by the suppliers at that time. Only after the clause had been removed did the suppliers bid for the tender to

supply the vaccines. To ensure timely supply of adequate vaccines for public use, the clause was not adopted in that procurement exercise.

When tendering for the procurement of vaccines (including seasonal influenza vaccines), the Government will normally include in the tender conditions a clause to the effect that any unused vaccines could be returned, and a flexibility clause on the quantity to be ordered. For instance, the Government and the suppliers fix the specific quantity of vaccines to be ordered first. The Government can then require the suppliers to increase/decrease the supply according to the actual needs, within an upper and lower limit of 30%.

- (e) The Government has placed orders for 300 000 doses for the 2010-2011 seasonal influenza vaccination. When tendering for the procurement of vaccines, the Government included a clause in the tender conditions to the effect that any unused vaccines ordered and delivered could be returned to the manufacturer with refund.

A breakdown of the number of vaccine recipients by target group as at 6 February 2011 is shown below:

<i>Category of target groups</i>	<i>Programmes</i>	<i>Number of recipients</i>
Elderly aged 65 or above (including elderly persons living in residential care homes)	Government Vaccination Programme (GVP)	161 807
	Elderly Vaccination Subsidy Scheme (EVSS)	104 340 [#]
Persons under 65 years with chronic illness (including long-stay residents of institutions for the disabled)	GVP	18 106
Pregnant women receiving Comprehensive Social Security Assistance	GVP	16
Healthcare workers in public sector and residential care homes	GVP	22 715

<i>Category of target groups</i>	<i>Programmes</i>	<i>Number of recipients</i>
Children between the age of six months and less than six years	GVP	3 617*
	Childhood Influenza Vaccination Subsidy Scheme (CIVSS)	42 629*#
Poultry workers	GVP	3 955
Pig farmers and pig-slaughtering industry personnel	GVP	226
Total		357 411 (362 810 doses)

Notes:

* Some children who had no seasonal influenza vaccination before received two doses. Therefore, the numbers of doses for this target group under the GVP and CIVSS are 4 182 and 47 463 respectively (total 51 645 doses).

Vaccines used in EVSS and CIVSS are provided by private doctors enrolled in the Schemes.

Supply of Milk Powder

18. **MR CHAN HAK-KAN** (in Chinese): *President, it has been reported that many travellers and "couriers" from the Mainland buy milk powder in Hong Kong, causing a short supply of as well as a speculative surge in the prices of milk powder locally, and the North District in the New Territories, which is adjacent to the border, is most affected in that some pharmacies sold out all their milk powder in less than 10 minutes after replenishment. Some parents have initiated a campaign on the Internet to urge the Government to levy a milk powder export tax as a means to combat the situation. In this connection, will the Government inform this Council:*

- (a) *given that the Secretary for Food and Health revealed on 28 January that the authorities had contacted the trade which supplied milk powder and it considered that there was sufficient supply on the market, of the details of the contact between both sides; whether the trade had provided any data or information to show that there was sufficient supply, and what concrete arrangements had been made to further increase the supply of milk powder on the market;*

- (b) *whether it has assessed the shortage of milk powder at the retail level and whether there was stockpiling by retailers, if so, of the details, and the measures to be adopted to solve the problem; if not, whether it will consider conducting the aforesaid assessment;*
- (c) *of the concrete measures to stabilize milk powder prices in Hong Kong and avoid speculative surge of prices;*
- (d) *given that quite a number of travellers from the Mainland came to Hong Kong during the Chinese New Year, whether the Government has assessed if the problem of milk powder shortage has further been aggravated; and*
- (e) *whether it will consider taking any measure, including studying the aforesaid proposal of the parents, to restrict bulk purchase of milk powder by any person; if it will, of the details; if not, the reasons for that?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, the Government cares about babies' health and pays particular attention to the safety and supply of milk powder. Since the reports of possible shortage of infant formula, we have been proactively liaising closely with milk powder suppliers, the Hong Kong General Chamber of Pharmacy and major retailers. We were assured by the suppliers that they had sufficient stock, and that they would increase supply to cope with the growing market demand. Our reply to various parts of the question is as follows:

- (a) The Food and Health Bureau and the Consumer Council have been keeping close liaison with major milk powder suppliers, which have responded positively by increasing the supply of infant formula in the market. According to the trade, one of the major suppliers has been shipping in milk powder to Hong Kong by air since the last quarter, and its supply in February this year will be more than twice of that last year. Another major supplier has made a continuous effort to increase the supply in the Hong Kong market over the past four years and its supply in 2010 was more than doubled when compared with that in 2006.

The major suppliers of milk powder have also set up free membership systems and they provide delivery service to Hong Kong customers. They also make use of different channels to enhance communication with Hong Kong parents (for example, short messaging service). Their hotline service advises members of the retail outlets with stocks, and assists parents in placing orders for milk powder. Voice mail service was also provided during the Lunar New Year holidays.

Retailers have also been closely monitoring the sale situation, particularly those retail outlets in areas near the boundary and along the East Rail Line. They have actively approached the suppliers to discuss arrangements for increasing supply and delivery to expedite replenishment, so as to meet the demand of the market. Some retail outlets have set sale quota for certain brands of milk powder to cater for the demand of local citizens.

- (b) According to our assessment and the information obtained from the trade, the overall supply of infant formula in the market is sufficient. The shortage in the supply of particular brands at some retail outlets was mainly due to the great demand at these retail outlets at certain times. It is basically an issue of demand and supply.
- (c) We believe that the measures mentioned in our reply to part (a) will help stabilize the supply and price of milk powder. We will continue to keep the market condition in view.
- (d) The suppliers and retailers of milk powder have actively taken steps to meet the market demand. During the Lunar New Year holidays, the supply of milk powder was stable without any report of serious shortage.
- (e) Hong Kong has been pursuing a free trade policy and is well known for its simple tax system. In considering whether a duty should be imposed on the export of a certain product (for example, milk powder), we must consider thoroughly various factors, such as whether it is in line with our free trade policy, the implications on our tax system, and whether the imposition of such tax is the most effective way to stabilize the local supply. Having taken into

account various factors, we do not consider there is a need to impose a duty on milk powder when being taken outside Hong Kong.

Introduction of Guide Dogs for Visually Impaired

19. **MR FRED LI** (in Chinese): *President, guide dogs for the blind (guide dogs) have not been seen on the streets of Hong Kong for many years. It has been reported that the newly established Hong Kong Guide Dogs Association (HKGDA) has imported puppies and after they have been trained to become guide dogs, they will be given to suitable visually impaired persons for guiding their way. In this connection, will the Government inform this Council:*

- (a) *whether the Government has assessed what complementary work is needed following the introduction of guide dogs; if it has assessed, of the details; if not, the reasons for that;*
- (b) *whether there are government and public bodies' facilities which at present do not allow entry of guide dogs; if so, whether the Government has any improvement measures to complement the introduction of guide dogs;*
- (c) *given that the existing subsidiary legislation of some public transport, for example, public light bus (PLB), tram, Ngong Ping Cable Car, taxi, and so on, does not provide that visually impaired passengers may bring their guide dogs when using such public transport, and only provides that the people in charge may decide at their discretion in this regard, whether the Government will amend the relevant subsidiary legislation to stipulate in writing that visually impaired passengers may bring their guide dogs when riding on such public transport, so as to complement the introduction of guide dogs; if it will, of the details; if not, the reasons for that;*
- (d) *given that it has been learnt that at present some private premises, for example, restaurants, hotels, and so on, stipulate in writing that dogs, including guide dogs, are not allowed to enter, whether the Government will work with HKGDA to promote permission of entry of guide dogs to these premises; if it will, of the details; if not, the reasons for that;*

- (e) *whether the Government will follow the practices of other countries such as Japan in enacting legislation on guide dogs to prohibit commercial buildings, cinemas, shops and all community facilities from denying entry of guide dogs which provide assistance to persons with disabilities; if it will, of the details; if not, the reasons for that;*
- (f) *how the Government ensures that guide dogs will receive proper care during their service and retirement; and*
- (g) *given that Hong Kong people are relatively unfamiliar with guide dogs, whether the Government will enhance public education to teach the public how to get along with guide dogs and their owners?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, the objective of the Government's rehabilitation policy is to offer necessary support for persons with disabilities, including persons with visual impairment, to enhance their capacity to lead an independent life, thereby improving their quality of life and facilitating their integration into the community. To this end, the Government has been making proactive efforts in developing the rehabilitation services for persons with disabilities and creating a barrier-free living environment. We also welcome any new ideas put forward by various sectors of the community for the continuous enhancement of the rehabilitation services. My reply to the various parts of the question raised by Mr Fred LI is as follows:

(a), (d) and (g)

In general, support measures for introducing guide dogs, including puppy breeding, medical care, dog raising and training, and so on, will be provided by the HKGDA. When a guide dog goes into service, its daily needs, feeding, vaccination, and so on, will be taken care of by the visually impaired person whom it serves.

The Government welcomes the HKGDA's project of introducing young guide dogs and has contacted the Association to obtain further details of the project. The Government stands ready to offer assistance where required to facilitate the implementation of the project. In fact, with the support of the Government, a

rehabilitation organization is applying for grants from a charitable fund to launch a pilot training scheme for guide dog users. Apart from introducing guide dogs and providing training and follow-up services for the users, public education activities will be organized under the pilot scheme to promote public awareness and acceptance for the use of guide dogs by the visually impaired.

Meanwhile, the Government will continue to enhance public understanding of the rights and needs of persons with disabilities through public education. Apart from territory-wide publicity efforts, we have also increased funding to subsidize non-governmental organizations, the 18 District Councils, and so on, to organize public education activities. Organizations are welcome to apply for funds to hold public education events, including activities which aim at enhancing the understanding of guide dogs by the business sector (for example, hotel and catering sectors).

Furthermore, entry of guide dogs into food premises is permitted under existing legislation. While section 10B of the Food Business Regulation (Chapter 132X) stipulates that no person shall bring any dog onto food premises, the Regulation provides for an exception for the presence of a dog serving as a guide for a totally or partially blind person.

(b), (c) and (e)

According to the Disability Discrimination Ordinance (Cap. 487), refusing to allow a visually impaired person accompanied by a guide dog to enter any premises that the public is allowed to enter, or refusing to provide that person with services or facilities may be construed as a contravention of the Ordinance. The premises, services and facilities covered by the Ordinance include hotels, and facilities for banking services, education, entertainment, recreation, transport, and so on.

The Government and public bodies allow guide dogs accompanying visually impaired persons to enter their premises, including public facilities frequently visited by members of the public (such as recreation venues, civic centres, public libraries, museums, public

markets, and so on). For public housing premises under the Hong Kong Housing Authority, there is no restriction on the entry of guide dogs, and tenants with visual impairment are allowed to keep licensed guide dogs. As regards schools, if visually impaired students need to bring along their guide dogs to schools, the schools will make suitable arrangements.

Regarding public transport facilities, the relevant legislation governing the MTR Corporation Limited, franchised buses and the Peak Tram currently permit the boarding of guide dogs accompanying blind persons, whereas those on other transport modes (such as the tram, ferries, taxis and PLBs) allow the drivers or operators to decide at their discretion whether to give such permission. The tram and ferry companies have all along allowed guide dogs accompanying blind persons to ride on trams and ferries as appropriate, and provided guidance to their employees, reminding them to offer assistance to passengers in need. As for taxis and the PLBs, guide dogs accompanying blind persons are allowed on board under normal circumstances. The Transport Department (TD) has been encouraging the transport operators through various channels to provide passengers in need with appropriate assistance. The TD will continue the promotional efforts in this regard. As the existing arrangements have been implemented for a long time and proved effective, there is no need to amend the relevant legislation.

- (f) As mentioned above, the daily needs of a serving guide dog will be provided by the visually impaired user. When a guide dog reaches an age that is no longer fit for service, the HKGDA will arrange for its retirement and adoption by a suitable person/family.

Procurement of New Ambulances

20. **MR IP WAI-MING** (in Chinese): *President, it has been reported that the Fire Services Department (FSD) procured over 200 ambulances of new models in 2009; however, due to problems in the FSD's procurement process, the first batch of approximately 70 new ambulances delivered to Hong Kong are 30 cm taller and 10 cm wider than the old ones, making it impossible for the new ambulances*

to enter or leave the ambulance depots. In this connection, will the Government inform this Council:

- (a) among the ambulance depots in Hong Kong at present, of the number of those which the new ambulances, due to their excessive sizes, are unable to enter; whether the FSD will carry out conversion works at such ambulance depots so that the new ambulances will be able to enter or leave all ambulance depots in Hong Kong; if the FSD will do so, of the expenditure involved;
- (b) what measures the FSD has to avoid the situation of the aforesaid batch of new ambulances being unable to arrive in time at places in need of emergency rescue services because of their sizes;
- (c) of the FSD's procurement procedures for the aforesaid batch of new ambulances; the number of staff members responsible for procedures such as putting forth the procurement proposal, making procurement, supervising the procurement procedures, as well as inspecting and accepting the new ambulances; why the staff concerned have all along failed to notice the implications of and problems arising from the enlarged size of the new ambulances;
- (d) whether the authorities will conduct a review of the FSD's overall existing procedures for ambulance procurement and penalize staff who were derelict in their duties; if they will, of the details; if not, the reasons for that; and
- (e) whether the FSD will consider returning such ambulances to the supplier, or recovering the costs of carrying out conversion works at ambulance depots and lodging claims for compensation from the supplier; if the FSD will do so, of the details; if not, the reasons for that?

SECRETARY FOR SECURITY (in Chinese): President,

- (a) The FSD has replaced 196 ambulances and acquired 21 additional ambulances in batches between early 2009 and January this year. To improve operational efficiency, and having taken into account

views of the staff side and occupational safety and health of front-line staff, the FSD has slightly increased the width and height of the new ambulance model. These new ambulances are more spacious and provide more storage room for new ambulance items and equipment acquired in recent years, such as a dedicated cabinet for drugs, vacuum splint, light breaking-in equipment, additional spinal boards and oxygen cylinders, and so on.

These new ambulances can enter and exit all ambulance depots in Hong Kong. However, the Sha Tin Ambulance Depot is of an old design and its electrical folding gate is narrower than those of other ambulance depots. Hence new ambulances are currently using the side entrance of that depot. The FSD is already undertaking improvement works to widen the electrical folding gate. The works will be completed by the end of June this year and cost about HK\$1.34 million.

- (b) The new ambulances do not encounter particular difficulties during rescue operations or accessing scene of incidents. Among the 217 new ambulances mentioned above, only the first two batches consisting of 70 new ambulances are slightly taller than the old ones. The FSD has already replaced the communication antenna of those ambulances with softer and highly bendable ones to facilitate their passage of covered passages with lower ceilings. The remaining 147 new ambulances do not have this problem.

- (c) and (d)

The procurement exercise of ambulances is conducted by the Ambulance Command of the FSD, Electrical and Mechanical Services Department and Government Logistics Department collaboratively. Replacement of ambulances involves some general procedures such as drafting of specifications, tendering, manufacturing, installation, testing and pre-training. A number of factors, such as efficiency of rescue operations, occupational safety and health of front-line staff, views of the staff side and market supply, will also be taken into account in the procurement process.

When drawing up the specifications for the new ambulances, the FSD has increased the capacity of the patient compartment in the light of comments of front-line staff. Except for issues mentioned in parts (a) and (b) above, the new ambulances do not encounter any particular difficulties during rescue operations, including the access to ambulance depots and places for emergency rescue.

- (e) The specifications of the new ambulances tally with the requirements stated in the procurement contract. No breach of procurement contract is found.

BILLS

First Reading of Bills

PRESIDENT (in Cantonese): Bill: First Reading.

INLAND REVENUE (AMENDMENT) BILL 2011

CLERK (in Cantonese): Inland Revenue (Amendment) Bill 2011.

Bill read the First time and ordered to be set down for Second Reading pursuant to Rule 53(3) of the Rules of Procedure.

Second Reading of Bills

PRESIDENT (in Cantonese): Bill: Second Reading.

INLAND REVENUE (AMENDMENT) BILL 2011

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, I move the Second Reading of the Inland Revenue (Amendment) Bill 2011 (the Bill).

The Bill seeks mainly to amend the Inland Revenue Ordinance (IRO) so as to effect the tax concession proposal for qualifying debt instruments (QDI) which was announced in the Government's Budget for 2010-2011. It aims to enhance the relevant debt instrument scheme of Hong Kong so that it could better attract overseas debt issuers to Hong Kong, enlarge the local debt market, and enhance the competitiveness of Hong Kong *vis-à-vis* other financial centres in the region.

An active and diverse debt market is important to the further development of Hong Kong as an international financial centre. One of the most commonly used and effective ways to promote the development of a debt market is to provide tax incentives to participants of the market. Some financial centres in the region are indeed providing such tax incentives to participants of their debt markets. The Government introduced the QDI scheme in the mid-1990s. The scheme provides concessionary tax treatment in respect of interest income and trading profits derived from QDIs. There is a need to improve the QDI scheme from time to time in response to the changing market landscape and measures adopted by other financial centres in the region for developing their respective debt markets in order to preserve the competitiveness of the local debt market and facilitate its development.

Having conducted a review of the QDI scheme and consulted the market players, we have identified several areas for improvement. First, the structure of the tax incentives offered under the scheme may not match the landscape of Hong Kong's corporate bond market. While Hong Kong's corporate bond market is currently dominated by privately-placed short-term debt instruments with a tenor of less than three years, the scheme only offers tax incentives to debt instruments of a tenor of three years or more and which are "issued to the public". In this regard, we propose that the 50% tax concession currently granted under section 14A of the IRO be extended to interest income and trading profits derived from debt instruments with a tenor of less than three years. This amendment seeks to place short-term debt instruments on a level playing field with longer-term debt instruments in respect of profits tax treatment and help stimulate new demand for bond issues in Hong Kong.

Second, since the "issued to the public" criterion is not clearly defined in the IRO, there are some uncertainties in the market about how such criterion should be interpreted in practice. To provide greater certainty for interpretation,

we have proposed a new requirement to replace the "issued to the public" criterion after making reference to similar schemes overseas which are considered effective in facilitating the development of their respective debt markets. Under our proposal, the minimum number of persons a debt instrument has to be issued to so that it will be eligible for the QDI scheme will be set at 10. To cater for the large amount of private-placement debt issues in Hong Kong that may be offered to a large number of potential investors but are usually only issued to less than 10 investors at the end, an alternative requirement is provided for debt instruments that are issued to less than 10 persons at issuance, under which none of the investors should be an associate of the issuer at the time of issuance. This requirement will cater for the actual development of the market on the one hand and safeguard against potential intra-group tax avoidance arrangements by the issuer on the other.

While putting forth enhancements to meet the market development needs, we propose that additional provision be introduced to minimize the risk of tax avoidance. The new provision stipulates that the relevant profits tax concession will not apply in respect of any interest income and trading profits received by or accrued to a person in relation to the QDI if, at the time during which such interest income and trading profits is/are so received or accrued, the person is an associate of the issuer of the QDI.

In connection with the newly added provisions above, we will also include a definition of "associate" in section 14A of the IRO. In considering the definition of "associate", we wish to avoid unduly undermining the participation of some practically non-associated companies in the debt market, particularly companies which are associated merely because of common ownership by the central government of a country or its sovereign wealth funds or similar state-owned enterprises, but in practice operate independently as separate commercial entities. Therefore, we propose to carve out such companies from the definition of "associate" for the purpose of the QDI scheme. This is important because we would like to encourage and attract more such companies to make use of the debt market platform in Hong Kong to meet their financial intermediation needs, either as an issuer or investor. It is consistent with our efforts to promote Hong Kong as an international financial centre.

President, I look forward to Members' support for the Bill so that the enhancements to the QDI scheme could be implemented early, thereby facilitating the further development of the debt market in Hong Kong.

I so submit. Thank you, President.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Inland Revenue (Amendment) Bill 2011 be read the Second time.

In accordance with the Rules of Procedure, the debate is now adjourned and the Bill is referred to the House Committee.

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. Two proposed resolutions under the Interpretation and General Clauses Ordinance.

PRESIDENT (in Cantonese): First motion: Extending the period for amending the Building (Construction) (Amendment) Regulation 2011.

I now call upon Dr Raymond HO to speak and move the motion.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

DR RAYMOND HO (in Cantonese): President, I move that the motion under my name be passed. The details of the motion are set out on the Agenda.

At the House Committee meeting on 21 January 2011, Members agreed to form a subcommittee to examine the Building (Construction) (Amendment) Regulation 2011 laid on the table of the Legislative Council on 19 January 2011. To allow sufficient time for the Subcommittee to conduct scrutiny work, and to report the result of the scrutiny to the House Committee, in my capacity as

Chairman of the Subcommittee, I move that the scrutiny period of the subsidiary legislation be extended to the Council meeting of 9 March 2011.

President, I implore Members to support the motion.

Dr Raymond HO moved the following motion:

"RESOLVED that in relation to the Building (Construction) (Amendment) Regulation 2011, published in the Gazette as Legal Notice No. 3 of 2011, and laid on the table of the Legislative Council on 19 January 2011, the period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) be extended under section 34(4) of that Ordinance to the meeting of 9 March 2011."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Dr Raymond HO be passed.

PRESIDENT (in Cantonese): 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.

PRESIDENT (in Cantonese): Second Motion: Extending the period for amending the Buildings Energy Efficiency (Fees) Regulation and the Buildings Energy Efficiency (Registered Energy Assessors) Regulation.

I now call upon Ms Miriam LAU to speak and move the motion.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MS MIRIAM LAU (in Cantonese): President, at the House Committee meeting on 11 February 2011, Members resolved to establish a subcommittee to study the two items of subsidiary legislation as set out in the motion.

To allow the Subcommittee ample time for scrutiny, Members also agreed that I shall move a motion in my capacity as Chairman of the House Committee to extend the scrutiny period of the two items of subsidiary legislation to 16 March 2011.

President, the details of the motion are set out on the Agenda. I implore Members to support the motion.

Ms Miriam LAU moved the following motion:

"RESOLVED that in relation to the —

- (a) Buildings Energy Efficiency (Fees) Regulation, published in the Gazette as Legal Notice No. 18 of 2011; and
- (b) Buildings Energy Efficiency (Registered Energy Assessors) Regulation, published in the Gazette as Legal Notice No. 19 of 2011,

and laid on the table of the Legislative Council on 262011, the period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) be extended under section 34(4) of that Ordinance to the meeting of 16 March 2011."

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.

PRESIDENT (in Cantonese): Two motions with no legislative effect. I have accepted the recommendations of the House Committee: that is, the movers of the motions each may speak, including reply, for up to 15 minutes, and the mover of the first motion may have 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: Striving for 15-year free education.

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

I now call upon Mr CHEUNG Man-kwong to speak and move the motion.

STRIVING FOR 15-YEAR FREE EDUCATION

MR CHEUNG MAN-KWONG (in Cantonese): President, it is expected that in the Budget to be released by the Government next week, the fiscal surplus this year will eventually reach some \$60 billion to \$80 billion, and it is likely that the fiscal reserves will pass the \$600 billion mark, equivalent to 23 months of government expenditure. As we all know, this is a Budget awash with surplus. In the face of an enormous fiscal surplus, the Financial Secretary, John TSANG, retorted that this could not be described as "the Government is rich while the public is poor". John TSANG was right because this can be described as "the Government is extremely rich while the public is even poorer".

Looking back at education in Hong Kong, in particular, early childhood education (ECE), is it doing poorly or doing well? The total expenditure on education in Hong Kong accounts for only 3.25% of its Gross Domestic Product (GDP). According to the information on a webpage of the Central Intelligence Agency of the United States, of 186 economies in the world, the ranking of Hong Kong in terms of its proportion of education expenditure to the GDP is 137. Not only is its education expenditure the lowest among the four Asian dragons, it even cannot compare favourably with such Asian countries as Malaysia and Thailand. In Hong Kong's education expenditure, the amount for ECE stood at \$2.3 billion in 2009, and even after factoring in the subsidy in the form of education vouchers, it accounted for only 0.14% of the GDP. So arguably, it is faring even worse.

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

Education is not welfare. Rather, it is an important investment that drives the sustained development of society. The nurturing of talents is crucial to the development of a knowledge-based economy. However, on the one hand, John TSANG said that our wealth should be used to make secure investments that seek a satisfactory return, so as to build a robust firewall for our next generation; but on the other, the authorities turned down the strong demand of the ECE sector and parents throughout Hong Kong for the provision of 15-year free education by the Government.

Deputy President, the aspiration of society for free and subsidized ECE is by no means excessive. According to preliminary estimates, it is only necessary to allocate an additional \$1 billion to make 15-year free education a reality. The beneficiaries of fully subsidized ECE are the 140 000 small children and this is absolutely affordable to us. This measure would also be quite worthwhile. Our neighbouring Macao and Taiwan Governments have both affirmed the importance of ECE through actual action by announcing the introduction of 15-year free education this year and bringing ECE into the scope of subsidization. Although their modes of subsidization are different, their ambition to nurture talents and improve basic education is evident. If the Hong Kong Government still does not think about making improvements, its policy will lag behind those of such other places as Macao and Taiwan and it will lose competitiveness in the international arena.

It is both reasonable and justified to provide free education to small children in Hong Kong. However, the mass media pointed out recently that the Government had cited some specious grounds as excuses for not fully subsidizing ECE, including those relating to school premises and the allocation of places. However, all of these are only technicalities and they have exposed the fact that the Government's position is totally unjustifiable and indefensible. What is lacking in the implementation of free education is not the method, but the Government's courage and resolve to make commitments in education.

Reviewing the development of education in Hong Kong, when the Government implemented nine-year free education in 1978, the conditions of schools in Hong Kong were even worse than those of kindergartens nowadays. At that time, there were roof-top schools, village schools and even schools in such resettlement estates as the Tsui Ping Road Resettlement Estate, commonly referred to as "Kai Liu". Not only was there the mode of "teaching by

combining two classes", there was also the mode of the so-called "teaching by combining three classes", that is, a teacher was responsible for teaching three classes at the same time and the conditions were far worse than those currently. Nevertheless, back then, the Government had the boldness and method to establish a funding system step by step, so does it mean that the SAR Government cannot even compare favourably with the colonial Government? Moreover, given that ECE has gone through the experience of the voucher scheme, the past gaps in the quality, teacher qualifications and tuition fees among kindergartens have been narrowed significantly, so five favourable conditions have been created for bringing ECE into the scope of full subsidization.

First, self-evaluation and external evaluation systems have been established under the voucher scheme to provide quality assurance to government subsidization, including evaluations of school management and teaching. Kindergartens must pass the evaluations before they can continue to receive education vouchers. So far, more than 700 kindergartens have undergone the first round of evaluations and the evaluation results must be published on the Internet, so this requirement is even more stringent than that for primary schools and secondary schools.

Second, a limit on tuition fee is imposed under subsidization through vouchers, so the differences in the fees charged by kindergartens have narrowed. Take the 762 kindergartens participating in the Pre-primary Education Voucher Scheme (PEVS) in the 2009 academic year as an example, the average tuition fee of half-day kindergartens is \$17,993 and that of whole-day kindergartens is \$29,295. These kindergartens account for 95% of the 807 non-profit-making kindergartens in Hong Kong. Even if the calculation is based on all 950 kindergartens in Hong Kong, they still account for 80% of the total. The differences in tuition fees are being narrowed gradually under standardization, which is conducive to calculating the unit cost by making reference to the Direct Subsidy Scheme (DSS) mode in providing full subsidization to all kindergartens according to the number of students enrolled. Of course, in order to avoid class divisions in education, the Education Bureau must learn from the criticisms in the Audit Report by working harder to plug the loopholes in the supervision of DSS primary and secondary schools, so that grass-roots children can also receive free education and subsidies on a unit cost basis and enjoy equal opportunities in receiving better quality ECE.

Third, the Teacher Development Subsidy is offered under the PEVS whereby kindergarten teachers are required to complete their diploma studies in five years and that principals hold undergraduate qualifications, so the basic requirements on the qualifications of kindergarten teachers are prescribed and standardized. At present, 94% of the kindergarten teachers have already obtained postgraduate qualifications or are studying for them and will meet the relevant requirements, so the foundation has been laid for putting in place a pay scale and providing standard subsidization on pay.

Fourth, since over 140 000 children were enrolled at various kindergarten grades in the 2009 academic year, it can be seen that although ECE is not compulsory, nearly 100% of the pupils have enrolled voluntarily. Hence ECE has become an essential stage articulating with primary education and it is the beginning of basic education for small children. The provision of free ECE can also dovetail with social development and meet the needs of parents. The subsidization system advocated by us is similar to the one for DSS schools, and it does not involve student selection or place allocation. It is not compulsory education, and it is also different from the mode of place allocation introduced for subsidized primary schools and secondary schools, so the technical difficulties can be reduced. This is conducive to the transition in the mode of subsidization.

Fifth, although kindergartens do not have dedicated school premises and many of them are located in shopping centres or the ground floors of residential buildings, when the Government was harmonizing ECE services in 2005, not only did it carry out co-ordination among the regulatory departments, it also amended the Child Care Services Ordinance to define and make improvements within the scope of regulation, including the activity areas for children on school premises and the teacher-to-student ratio. Even the provision of kitchen facilities was subject to regulation, so as to ensure compliance with the basic requirements on software and hardware in the operation of kindergartens.

Deputy President, the conditions are now ripe for implementing 15-year free education. All conditions are present except the "east wind", the essential element, in the form of government funding amounting to no more than \$1 billion per annum. On 13 last month, 3 600 kindergarten teachers and parents, together with their small children, braved the cold wind to make a petition to the Chief

Executive's Office, so this is the public sentiment. The number of people in this group will swell in the future, so the Government must face this issue squarely. I hope that Donald TSANG can turn back and he must not disregard the reality, the chaos caused by the PEVS, the complaints of the ECE sector and parents' criticisms because in the four years since the implementation of the PEVS, it has been amply manifested that relying purely on the free market is not favourable to the long-term development of ECE that gives priority to quality and is founded on professionalism, so this is veritably a dead end.

One of the greatest failings of the PEVS is to use the packaging of free market to abolish the pay scale of kindergarten teachers, thus denying them their only job security. As a result, the pay of kindergarten teachers is no longer based on their professional qualifications. Rather, it fluctuates according to the demography of society, the number of students enrolled, the economic conditions and the supply of teachers. As a result, great mobility and rates of wastage are found among kindergarten, with the rate of wastage of whole-day kindergarten teachers standing at 50%. A high 50%! In addition, although subsidies for further studies are offered under the PEVS, the scheme also created a lot of administrative work, so an even heavier burden is imposed on kindergarten teachers and their physical and psychological health is in jeopardy. It is difficult for them to give play to what they have learnt and the benefits of professional development are offset. All these run counter to the goal of promoting quality education under the PEVS.

In addition, the support for dual-income families under the PEVS also lags behind the demand. A large number of dual-income families earning a limited income but not meeting the requirements for tuition fee remission have seen their children being denied the opportunity of access to full-time service. Moreover, subsidization through vouchers has also limited parents' choices and failed to be equitable, so not all pre-school age children are enabled to enjoy the same rights.

The Democratic Party and the Hong Kong Professional Teachers' Union are lobbying for 15-year free education and the inclusion of ECE in the scope of subsidization, in the hope that even as parents and students can enjoy completely free basic education, the opportunity will also be taken to improve the teaching conditions of kindergarten teachers and raise the overall quality of ECE, so that a

win-win policy can be established. For this reason, when including kindergartens in the scope of full subsidization, the problems created by the PEVS must also be plugged by formulating anew a pay structure of kindergarten teachers and drawing up a pay scale based on qualifications rather than the supply and demand in the market created by demographic changes. A sound training system should also be established, for example, by establishing a fund for further studies of kindergarten teachers, so as to nurture and attract outstanding talents in ECE as well as retaining talents, thereby raising the quality of education.

In addition, the authorities must also ensure the healthy development of whole-day and half-day kindergartens by offering additional weighted subsidy to whole-day services, rather than giving whole-day kindergartens and half-day ones the same treatment and prescribing the same number of vouchers to them regardless of how long students stay in their schools and how much the workload of teachers is, so that small children studying in whole-day or half-day kindergartens can all receive reasonable support and subsidies. The authorities should also help kindergartens create better teaching conditions through direct subsidies, for example, by improving the ratio of kindergarten teachers, so that kindergarten teachers can have free lessons to prepare their classes and take breaks — at present, kindergarten teachers work from the morning until the end of school hours and the greatest difference between them and teachers in primary schools and secondary schools is the absence of free lessons for the former — and devote all their energy to giving play to their teaching abilities.

The ECE sector has campaigned for full subsidization for more than two decades. The children who took part in presenting petitions back then have now grown up. Kindergarten teachers have also developed from needing not to receive professional training back then to the majority of them having obtained diplomas and even degree qualifications nowadays. The conditions for the development of ECE are ripe and everything is poised and ready for full funding. The only misfortune is that this sunset Government with only one year left in its tenure is not thinking about making improvements, only waiting to "call it a day". However, the education sector and parents will not call it a day, nor will they give up. We can only continue to make endeavours, in the hope that the future Government and Chief Executive will hear the voices of the Legislative Council and society, and until 15-year free education has become a reality, so as to lay a

new milestone for education in Hong Kong. Moreover, we will not let up without attaining our goal. We hope that education in Hong Kong, from kindergarten education to secondary education, can all be free, so as to benefit parents and students.

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

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

"That early childhood education ('ECE') is an important stage in children's articulation to primary education, and the provision of quality ECE for children is a responsibility that the Government cannot shy away from; last year, the Macao SAR Government already announced the implementation of 15-year free education, indicating that Hong Kong's basic education policy lags behind that of Macao; given Hong Kong's strong financial position and its increase in fiscal reserve year after year, the Hong Kong Government is definitely able to and needs to make greater commitment to ECE; in this connection, this Council urges the Government to expeditiously implement 15-year free education, include ECE in the scope of subsidization, draw up a pay scale and directly subsidize the payment of kindergarten teachers' salaries, and reasonably increase the subsidies for half-day and whole-day kindergartens, so as to enable parents and children to benefit from completely free basic education, create quality teaching conditions for kindergarten teachers, retain quality kindergarten teachers and comprehensively upgrade the quality of basic education, thereby creating a new chapter of Hong Kong education."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr CHEUNG Man-kwong 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 Ms Audrey EU to speak first, to be followed by Ms Starry LEE and Dr Priscilla LEUNG respectively; but no amendments are to be moved at this stage.

MS AUDREY EU (in Cantonese): Deputy President, on behalf of the Civic Party, I am pleased to support Mr CHEUNG Man-kwong's motion and the other amendments. In fact, in 2007, when Mr Alan LEONG of the Civic Party ran in the Chief Executive Election, he also stated clearly that we in the Civic Party supported 15-year free education.

Mr CHEUNG Man-kwong mentioned in his original motion today that the introduction of 15-year free education had been announced in Macao last year, but it does not mean that free ECE was introduced there only last year. Rather, in 2006, there were already discussions in Macao on whether 12-year free education should be introduced into basic education or senior secondary education. After a series of studies and surveys, it was found there that ECE was even more important, so ECE was included in the scope of 12-year free education in 2006. Therefore, the introduction of 15-year free education announced in Macao last year actually refers to the introduction of free education at the senior secondary level. In this regard, ECE in Macao is recognized as basic and free education that should be provided by the Government, so it seems Macao is five years ahead of us.

As regards small-class teaching in Macao, it has also been introduced into the six years of primary education. In this regard, it is also three years ahead of Hong Kong and small-class teaching for matriculation classes will also be implemented in 2012. Therefore, it can be seen that although Macao is much smaller than Hong Kong in terms of area, at least, it is more advanced than we are in making investments in education.

Deputy President, just now, Mr CHEUNG Man-kwong also mentioned in his speech that last week, 3 000 kindergarten teachers had staged a rally demanding that ECE be included in the scope of free education. Last night, I also hosted a one-hour programme in our private Internet television station called "OurTV", in which I invited some people from the ECE sector to discuss this topic. One of them bade me to ask the Secretary today why, no soon had those 3 000 or so participants of the rally last week gone home than the Government

declared categorically that their demands were infeasible. Why is the Government like this? Is it really in a hurry to call it a day? This is what some ECE experts and the sector bade me to ask the Secretary. I pointed out to them: "Yes, the Government is often like this nowadays. Earlier on, when the Legislative Council discussed whether or not a secondary school should be built on Lantau, the Government also said that there was no need." Even on matters on which the relevant sectors, members of the public, the Legislative Council and all parties feel that a consensus has been reached, the Government would invariably "stand firm" and say that nothing can be done. Often, I really do not know where the "east wind" that Mr CHEUNG Man-kwong referred to actually is. Is the Government really sitting on our money — in fact, this is our money, Deputy President; public funds are our money — is this Government, which is sitting on our money, withholding our "east wind"? Or is it in a hurry to call it a day? Or are there other reasons?

Deputy President, coming back to the original motion moved by Mr CHEUNG Man-kwong, I wish to raise several points in particular for discussion. One of them is the pay for kindergarten teachers and the other is the subsidy for full-time kindergartens. I think the issues in these areas have aroused the greatest opposition from experts in the ECE sector. On the one hand, the Government has introduced the PEVS and required kindergarten teachers and principals to upgrade their qualifications; on the other, due to the abolition of their pay system, they enjoy no security, so ECE is forced into a totally free and competitive market. Consequently, although the qualifications of kindergarten teachers have been upgraded, their pay has decreased instead. Due to the fact that there are limits on voucher values, the services provided by many kindergartens have to be reduced, thus also depriving kindergarten teachers of their pay protection.

In addition, concerning the subsidy for full-time kindergartens, there are indeed many double-income parents in Hong Kong who do not always have grandparents or domestic helpers to take care of their children. Therefore, they have to rely on whole-day kindergartens to take care of their children. The difference between whole-day and half-day kindergartens is actually very great because whole-day kindergartens are open from Monday to Friday for 10 hours daily and for five hours on Saturdays, so they are open for a total of 55 hours weekly. As for half-day kindergartens, they are open from Monday to Friday for five hours daily, so they cannot compare with the former. However, the

values of vouchers received by these two types of kindergartens are the same. This has led to a serious wastage of teachers in whole-day kindergartens. Just now, Mr CHEUNG Man-kwong said in his speech that the rate was 50%. Last night, I also asked the experts who appeared as guests in my programme and they said that it was 40%. Be it 40% or 50%, such a rate of wastage is still very shocking. Although we are talking about the overall wastage rate, even if the rate in half-day kindergartens is also factored in, the wastage rate still stands at 30%. These are also the figures found in the information notes provided to us by the Legislative Council Secretariat. Therefore, we can see that on the one hand, the policy implemented by the Government represents some sort of progress because teachers' qualifications have been upgraded, and on the other, it has also put ECE in a great dilemma.

Even on some very simple matters for which we lobby together with the sector, for example, to consider calculating the face values of education vouchers first before offering remissions, so as to prevent a lot of people from getting less despite the increase in subsidy, although the Government has promised to deal with this matter, it has not yet announced when this measure will be introduced. This is also an issue that the teachers attending the programme yesterday bade me to ask the Secretary. They want to know if the authorities can at least deal earnestly with those matters that have been promised by them by September this year.

Deputy President, apart from supporting Mr CHEUNG Man-kwong's original motion, I am also going to talk about several main points in my amendment, in particular, the proposal to reduce the administrative duties of kindergarten teachers. This point is also very important because many teachers will have free lessons to prepare their lessons, but kindergarten teachers do not. In addition, they also have to handle a lot of clerical work, for example, contacting parents. Certainly, this is part of their duties but they do not have any free lessons at all. They have to take care of the pupils during lessons, so they have to use the time after lessons to deal with a lot of matters. This leaves them physically and mentally exhausted, which is a major reason for the wastage of teachers. Therefore, I have pointed out in particular the need to reduce the administrative duties of kindergarten teachers.

In addition, concerning the provision of rent allowances, we can also talk about making reasonable increases to the allowances for half-day kindergartens

and whole-day kindergartens. Under the PEVS, only non-profit-making kindergartens in districts without vacant places are qualified for rent allowances. For this reason, when many independent kindergartens turn into non-profit-making kindergartens, since they do not qualify for this rent allowance, their operating costs are close to the upper limit of their tuition fees. In order to balance the books, these kindergartens have to cut back on their costs, including suppressing the pay for their principals and teachers. This is also the reason for the great fluctuations in the pay of kindergarten teachers and their wastage. This is a point that I have specifically added to my amendment.

I also mentioned the formulation of a pre-primary education curriculum in my amendment. Of course, I understand that many parents want to have more diversified curricula rather than having all curricula prescribed by the Government and under the Government's control. However, the problem that has arisen now is that as the PEVS is completely market-led, we can see a lot of discussions on the Internet in which many parents ask, "Which school or kindergarten participating in the PEVS has the most difficult curriculum?" All parents hope that their children can benefit from the "through-train" mode, so that after their children have been enrolled at a certain kindergarten, it can be guaranteed that they can be admitted to a certain primary school, then a certain secondary school and some parents even already have plans to enrol their children at a certain university. When everything is purely market-led, some problems will emerge. The Government also has the responsibility — if the Government really believes in happy learning — to ensure that certain basic elements are built into the curricula of ECE education. This is very important.

Deputy President, in sum, the Government is often unwilling to admit the fact that ECE is part of basic education. It often calls it pre-primary education, meaning that you can let your children receive it if you like, or you can choose not to do so. However, nowadays, almost all parents understand that this is a world trend. ECE is really important because in many instances, it can be found out when pupils are still small whether or not they have learning difficulties and whether or not they need treatment or assistance as soon as possible. This is also the reason why the training of kindergarten teachers and ECE are so important. I hope we do not have to wait until the next Chief Executive Election for the Government to take action, that instead, it will do something (*The buzzer sounded*).....

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

MS AUDREY EU (in Cantonese): in response to the demands of the public and the sector.

MS STARRY LEE (in Cantonese): Deputy President, whenever the call on the Government to increase its commitment to education is made, the first response of the Government is that among the various policy areas, education in Hong Kong already takes up the largest share of government expenditure. I wish to point out that education expenditure is not money spent without return. Rather, it is an important investment in enhancing the overall quality of the people and it is also an important investment to maintain Hong Kong's competitive edge, so I hope the Government will not be short-sighted and feel complacent about the claim that education expenditure is already the greatest investment made by the Government.

In fact, expenditure on education in Hong Kong accounts for less than one fifth of the Government's public expenditure. In the Estimates published by the Financial Secretary last year, education expenditure accounts for only 18.9% of total public expenditure, less than the original estimate of 19.2% for the year 2009-2010. In terms of its share of the local GDP, it has been lower than the levels in Western advanced countries for a long period of time.

Based on the figures published by the Financial Secretary last year, education expenditure accounts for only 3.7% of the local GDP. It is far lower than the levels in other countries or regions around the world, such as 4.2% in South Korea, 6.5% in New Zealand, 5.2% in the United Kingdom and 5% in the United States, as opposed to only 3.7% in Hong Kong, so this is unacceptable.

Moreover, Hong Kong definitely has the means to make greater commitment to education. It is estimated that the Government's fiscal surplus this year will reach \$60 billion to \$80 billion. Coupled with the abundant fiscal reserves of the Government, we hope very much that the Government can seriously consider committing more resources to education.

Although the great majority of countries allocate funds to subsidize ECE, compared with free compulsory education, the parents of small children still have to pay a certain amount of expenses on ECE. In addition, the great majority of countries have put in place subsidization policies to encourage families with financial difficulties to let their children receive ECE. Some European countries also provide free public ECE services to their citizens. They include the United Kingdom, Ireland, Greece, Spain, France, Italy, Luxemburg, and so on.

Up to now, Hong Kong does not provide free ECE services. Rather, the PEVS is implemented to provide direct subsidies to parents. Apart from facilitating parents in making choices, it also encourages kindergarten teachers to pursue continued studies. The Secretary will perhaps remember — but you did not join the discussion on that day — that in December last year, the Legislative Council Panel on Education discussed the "Report on Review of the Pre-primary Education Voucher Scheme" (the Report) in one of its meetings and the deputations invited to attend and voice their views included members of the ECE sector and parent groups. They all hoped that the Government could fully subsidize ECE. No matter if the Government extends free education to ECE or continues with its PEVS, they all hoped that through these two measures, the quality of ECE could be improved. One of the proposals is to establish a pay scale for kindergarten teachers, and the other one is to appropriately increase the subsidies for full-time ECE institutions. At that time, the Government did not make any response immediately, but I wish to point out that the Government cannot evade these two demands, rather, it must give reasonable and direct responses immediately.

First, let me talk about the pay scale of kindergarten teachers. The original policy intent of the PEVS is to promote the development of pre-primary education in the private sector through the provision of direct subsidies to parents. The Government believes that in order to avoid excessive control, it should not set a pay scale for kindergarten staff. On the face of it, this move can give the ECE sector a great deal of latitude. However, the autonomy to determine pay has led to unhealthy developments in the sector. Some kindergartens have to raise the pay for kindergarten teachers in order to retain staff, but pay raises also mean increases in cost for kindergartens. It also means continual increases in tuition fees. Even though parents have the education vouchers, they still have to pay rising tuition fees year on year. In addition to being unable to retain quality staff effectively, kindergartens offering unattractive pay also have to deal with the

heavy workload and chaotic work arrangements resulting from the wastage of kindergarten teachers and the lack of stability among the staff, so their operation is seriously affected.

In steadfastly refusing to establish a pay scale, the Government gives kindergarten teachers the impression that it does not show recognition and respect for them, thus dealing a serious blow to their morale and causing instability in the ranks of teachers. There is a constant drain of kindergarten teachers and they lack job security, so even the quality of pre-primary education is affected.

In 2009-2010, the average pay for kindergarten teachers in half-day and whole-day kindergartens were \$9,800 and \$16,300 respectively, lower than the median in the original pay structure of kindergarten teachers. These levels were only the average monthly salary and according to surveys, some kindergarten teachers are paid as low as \$6,000 monthly. In view of this, the demand of the sector that the Education Bureau reintroduce a pay structure for kindergarten teachers is not excessive, so the Education Bureau should respond to it directly and positively.

As regards the issue of subsidizing half-day and whole-day kindergartens, since the design of the PEVS did not take into full consideration the characteristics of whole-day kindergartens, an unreasonable skew has occurred in the mode of subsidization. The services of whole-day kindergartens are diversified and they also have to admit children with disabilities as well as offering temporary day care. However, as the saying goes, "a deft housewife having no rice to prepare a meal will have a difficult time". Under the PEVS, their resources are stretched to the limit because in the calculation of the number and value of vouchers and the subsidy for teachers to pursue further studies, bi-sessional kindergartens can get "double portions" but whole-day kindergartens can only receive one portion. For this reason, all members of the sector hope that the authorities can take into consideration the special circumstances of whole-day kindergartens and increase the subsidy for whole-day kindergartens appropriately.

One of the items in the amendment proposed by me is the demand for the establishment of an education fund for teachers. The Teacher Development Subsidy is a one-off funding arrangement and the unspent provision must be returned to the Government before the end of the 2011-2012 academic year. ECE is the foundation for lifelong learning and kindergarten teachers are very

important to small children. Being the first teachers of children, they should possess the necessary professional knowledge, so it is necessary for them to pursue continued studies. We must have adequate resources to help this group of kindergarten teachers upgrade their professional skills continually and pursue further studies. Therefore, I agree with the proposal of the sector on establishing a continuous education fund for kindergarten teachers, so that on the one hand, the Government can commit resources to this fund and on the other, the unspent provision can also be allocated to this fund to subsidize teachers and principals in pursuing further education by taking undergraduate, postgraduate or other professional programmes, so as to enhance the professional quality of the whole team of kindergarten teachers.

In recent years, a quality assurance mechanism is implemented in kindergartens and the results of the quality evaluation have some bearing on whether or not kindergartens can still participate in the PEVS. The evaluation reports are also uploaded onto the website of the Education Bureau, so this actually exerts palpable pressure on kindergartens. Without any additional resources to support their administrative work, kindergarten teachers have to assume administrative duties as well. This gives them a very hard time, and it is also one of the factors contributing to their high wastage rate.

Last year, the Hong Kong Institute of Education conducted a survey and found that over 80% of the kindergarten teachers interviewed had to assume such non-teaching duties as meetings and quality assurance, whereas 40% of the kindergarten teachers had to work overtime for six to 10 hours during weekends. Some 40% of the kindergarten teachers stated outright that their pay was not commensurate with their work.

I believe that in the past few years, the teaching setting of kindergartens have seen great changes and compared with a decade ago, the workload of kindergarten teachers has increased enormously. The expectations of parents and society have also changed significantly. For this reason, the education authorities should actively consider improving the ratio of kindergarten teachers to students by lowering the ratio from 1:15 at present to 1:14. It is also hoped that the authorities can carry out continual reviews and when they increase the resources, those for clerical staff should also be increased to help kindergartens meet the challenge of furthering their continued professional development.

Deputy President, together with my amendment, there are three amendments to this motion and most of the proposals in these amendments are intended to respond to the demands of the ECE sector, so basically, the DAB supports the original motion and the amendments. ECE is gaining increased importance and beefing up the resources committed to this area is the major trend. We hope that the Government can actively and fully subsidize ECE at an early date and extend the duration of free education.

In the interim, as I said in the last meeting of the Panel on Education, the Government has completed the PEVS review Report, so I hope the Education Bureau will respond to the two main requests of the sector at an appropriate time mentioned by me earlier on: First, even under the PEVS, a pay scale for teachers can still be included, and fair adjustments should be made to the subsidy for whole-day kindergartens, so that these two issues troubling the sector can be resolved immediately and second, it is also hoped that the authorities can bring ECE under full subsidization within a reasonable period of time. With these remarks, Deputy President, I call on Members to support my amendment.

DR PRISCILLA LEUNG (in Cantonese): Deputy President, education is the foundation of a nation, and it is also an undertaking of "life influencing life". Furthermore, ECE is the key to a child's education and if this key does not match, the ensuing path of its education and life will also be greatly affected.

A few years ago, the Government proposed the PEVS and through-train schools under the Direct Subsidy Scheme. At that time, I had not yet become a Legislative Council Member, but as education workers, we all exerted our utmost to oppose such a direction of development for education because the series of policies proposed by the Government would make it impossible for poor children to get truly equal opportunities of education.

I once said jokingly, "If I were to receive education in the present situation in Hong Kong, I would not have had the chance to become a Legislative Council Member because, given my family background, it would be absolutely impossible for me to access equal opportunities of education under the existing system.". For this reason, after becoming a Legislative Council Member, I have all along supported the proposal that Hong Kong should consider the education issue from a philosophical perspective within the confines of its financial resources. Both

in last year and the year before it, I proposed that the Financial Secretary actively consider offering 15-year free education and conduct a comprehensive review of the existing education system, in particular, the quality of education.

In proposing the amendment today, apart from technical improvements to the PEVS, more importantly, I also hope that major adjustments can be made to the mindset about quality and quantity.

Some years ago, when I spoke in the Legislative Council in my capacity as the representative of a certain group, I already lodged a complaint. At that time, my child had just been admitted into a kindergarten. After half a school term, he said to me, "Mom, I have lost the key to creativity.". He had just begun schooling, but he had already lost his key to creativity, so I thought very hard about whether or not I should arrange for him to enrol on some other courses to train him and make up for the inadequacies of school learning. Even the children of people with a family background like ours would still encounter this kind of problems. For children whose family backgrounds are not so good and whose parents are financially worse off, they would suffer setbacks as soon as they begin schooling. Whether they can pick themselves up again, or they will be afraid of and hate school from then on would vary from person to person.

Children are the most precious treasure of Hong Kong, also the future life-blood of Hong Kong. The population of Hong Kong is dropping drastically and the people seated here will become old very soon, so our future depends on the next generation. Therefore, I agree entirely with investing in the education of children. Moreover, I definitely think that given the financial might of Hong Kong nowadays, the resources committed by us are indeed too few.

Just now, a number of Honourable colleagues mentioned the practices in other countries. Back then, when I came here to make representations in the Legislative Council, I also talked about this aspect and I liked the pedagogical approach in Sweden the most. However, under the new system in South Korea, education expenses on children are tax deductible. If we interview parents with school children, we will find that the ECE expenses spent by parents with better means on their children almost exceed the expenses on primary or secondary education. We all know that how inspiring ECE is definitely dictates the aptitudes of adolescents or young people in the future. In particular, as members of the education sector and lecturers in university, we fully understand the great importance of creativity. If we look at that young man who scored a GPA of 3.5

but could not find a job despite having attended 200 interviews, in fact, creativity the issue we are now considering has a bearing on the development of individuals and the world, so it is by no means a minor matter as it will definitely influence the entire life of an individual and the future development of Hong Kong.

Concerning the situation on the Mainland, I found that all along, elites or gifted children are identified at an early stage and arrangements are made for them to go to schools for gifted children. Hong Kong people should not belittle themselves. Even in respect of children from poor families, if we chat with them for a while, we will find that they are very smart indeed. However, we do not have the mechanism to enable their access to the same opportunities of being groomed by quality teachers. Not everyone has academic potentials and the potentials of some people may lie in such other areas as the arts or languages. At present, many parents in Hong Kong have great abilities and their children are already very smart at birth. However, frankly speaking, no matter how well-off parents are, the existing education system in Hong Kong does not facilitate the nurturing of a large number of outstanding talents in Hong Kong.

In fact, the PEVS was introduced by a former Secretary — Secretary Prof Arthur LI. I remember that at that time, we debated with him, saying that this policy should not be implemented, but he was convinced that everything should be market-led starting with ECE. Now, I hope the next Chief Executive can hear these views. Since we have to continue to go down this road, we should remedy whatever we can.

Today, let us look at the pre-primary education now in place. Many problems have emerged in the pre-primary education system. We all hope that the authorities can provide 15-year free education. However, I am even more concerned about the quality of education after the change in the system. For example, the Government is implementing the "3-3-4" education system and everyone has high expectations for it. I also support four-year university programmes. When I was studying in The Chinese University of Hong Kong, I also campaigned until the last minute against a switch from a four-year system to a three-year system. However, the "3-3-4" education system this time around is complemented by a great deal of Liberal Studies and I also have great respect for the teachers teaching Liberal Studies. However, there is no monitoring on the design of the curriculum.

I have received a number of complaints, involving a number of schools. The teachers of Liberal Studies were said to have set difficult examination questions — recently, I have looked at these questions, but I will wait until the discussion on Liberal Studies in the future to talk about the details — even a university graduate and a Member's Assistant did not know how to answer them. These questions were used to assess Form 2 students and they consist of just one line, but they are very abstract. Why? I believe this is because some teachers of Liberal Studies had taken general education courses in university and so they used the topics that they had studied at that time to assess Form 2 students. Some teachers are very subjective and their questions have strong political overtones. I believe the most ridiculous case was some questions involving foul language, which was also reported in the mass media. I also provided assistance in lodging complaints with the Education Bureau. However, the final outcome was that they were referred to the schools concerned for monitoring and the Education Bureau could neither handle them nor interfere.

Therefore, even if 15-year free education is implemented, I am worried that the quality of teachers may not be able to cope with it. If we let these teachers teach our students for a further three years, will the students speak foul language from the very beginning? Therefore, not only does this issue involve the duration of free education, the resources must also be complementary. It is worthwhile to commit the resources to teacher qualifications. Why did I say that education is an undertaking on life and that it is an important matter in Hong Kong society? In the past, we discussed the 10 major infrastructure projects, but this is the most important project.

Why do the "post-80s" and "post-90s" generations nowadays think in the way they do? In this regard, education can help. Although the single-child trend and an excessively affluent society are some of the underlying factors, if we consider this matter starting with the basic factors, we definitely cannot overlook the issue of teacher quality.

Therefore, be it 12-year free education or 15-year free education, coupled with the marketization of the PEVS, I wish the Secretary and colleagues in the Education Bureau will understand that monitoring is most crucial. We must exercise sufficient quality control by overseeing the teaching materials, conducting random inspections on the pedagogical approaches of teachers and examining if the examination questions are suitable for students of the relevant

age group and if creativity and a correct outlook on life are cultivated among students at an appropriate age. All these are the essential components of education, in particular, basic education.

Therefore, I think that the motion today is very desirable as it gives us an opportunity to examine once again the present overall situation of 12-year free education and guide our development in a more healthy direction. The authorities should (*The buzzer sounded*)

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

DR PRISCILLA LEUNG (in Cantonese): consider the provision of 15-year free education earnestly. Thank you, Deputy President.

SECRETARY FOR EDUCATION (in Cantonese): Deputy President, in 2000, the Education Commission published the report "Reform Proposals for the Education System in Hong Kong", which affirmed that early childhood education (ECE) lays the foundation for lifelong learning and whole-man development and therefore proposes to make further improvements to ECE, such as to enhance the professional levels of teachers, to enhance the quality assurance mechanism and to reform the supervision regime.

To this end, the Government adopted a series of proactive measures to respond pragmatically to the demands of society with regard to ECE. Apart from making improvements to the registration procedure to ensure that the facilities and teacher qualifications of kindergartens meet the prescribed standards, the Government also provides support services in curriculum development and teaching strategies. In the past few years, the Government has also increased the recurrent expenditure on pre-primary education significantly to implement the Pre-primary Education Voucher Scheme (PEVS), so as to provide parents with tuition fee subsidy direct. Under this policy framework, kindergartens can pursue diversified development with greater flexibility to cater to parents' needs.

With the encouragement of the Government and the concerted efforts of school sponsoring bodies, principals and teachers in the past decade, continuous professional development of kindergarten teachers has been strengthened in kindergarten education in Hong Kong and the quality assurance mechanism has been improved.

The PEVS implemented since the 2007-2008 school year is non-means-tested. It provides direct fee subsidy to parents, ensures that children have the opportunity to receive kindergarten education, serves the goal of universal kindergarten education, upgrades the qualifications of kindergarten teachers and enhances the capability of kindergartens to carry out self-evaluations.

Through the PEVS, the subsidy on the tuition fees of the entire kindergarten stage has been increased to ensure the vigour of private institutions in providing education and to increase their flexibility in operation as well as encouraging diversified development, so that parents can choose the services they need with reference to the extent of acceptable financial commitment.

Families in need can apply for further fee remission. The maximum amount of remission is adjusted annually according to the weighted average fees of kindergartens.

Kindergartens are operating normally and smoothly in the present setting, while meeting parents' needs effectively. One of the characteristics of kindergartens in Hong Kong is that all along, they have been operating as private undertakings. People or groups intending to operate kindergartens can choose their sites according to the demand and provide services after registration with the Education Bureau. This system of private operation can respond to the demand of parents for places flexibly and handle external changes quickly. In addition, the distribution, locations and service hours of kindergartens can also respond to parents' needs properly.

If we include kindergartens in the scope of subsidization and provide 15-year free education, this means that constraints will be imposed on the flexibility and effective operation of the present kindergarten system and some kindergartens may even be eliminated as a result. This will also dampen parents' willingness to arrange for their children to go to a school near their homes.

The Government's recommendation on not introducing free education starting from the kindergarten stage is not based on financial resource considerations. Our major consideration is the constraints imposed by the mode of regulation on the flexible development of the kindergarten system and the choices of parents following the inclusion of kindergartens in the scope of subsidization. This point also illustrates why we should not directly apply overseas experience to Hong Kong.

We understand the public concern about the PEVS. For this reason, last year, we invited the Education Commission (EC) to set up a working group to collect views from stakeholders and make recommendations to the Government on implementing and improving the PEVS. The EC submitted the Report on Review of the Pre-primary Education Voucher Scheme to the Government in mid-December last year. We will consider the various recommendations made in the report and take measures to make our kindergarten system dovetail with local needs.

Deputy President, I so submit. After listening to Members' views, I will give a more detailed response. Thank you, Deputy President.

MR WONG KWOK-HING (in Cantonese): Deputy President, on behalf of the several Members from the Hong Kong Federation of Trade Unions, I speak in support of the original motion and the amendments.

Just now, I listened very attentively to the Secretary's response. Of course, he will give a concluding speech in response to Members' speeches later. I heard him make two remarks which were definitely not music to the ears. First, to enable ECE in Hong Kong to address parents' aspirations and the need of school development in a flexible and appropriate manner without imposing any constraints on parents, the Government will not consider including existing ECE in the scope of free education with a view to providing 15-year free education. I think the Secretary's response implies that he will not consider the requests made in the original motion and all the amendments. I am very disappointed with this.

Deputy President, I think that no matter what one does, the laying of a solid foundation is very important. This also applies to education, particularly ECE. Many educational psychologists have pointed out that the period between two and seven years old is the cognitive development stage for children, and so education

at this stage is particularly important. There is a Chinese saying that "the child is the father of the man", which illustrates the extreme importance of ECE. Unfortunately, the Secretary's response just now has failed completely to take account of the earnest requests made in the original motion and the amendments. I am extremely disappointed with this.

In my opinion, a responsible government must undertake the development of comprehensive support measures for pre-primary education, including the provision of full subsidy for school fees for the next generation to give all children the chance to grasp the golden period to receive quality pre-primary education, while dispelling the worries of teachers and parents.

I am even more disappointed with the Secretary's remark that the Government has declined the request not because of money, but because of the policy. If it has nothing to do with money, why can the Government not introduce adjustments and relaxation in terms of policy and improve its policy upon people's request? What is more, the Panel on Education has heeded the views of parents, teachers and school sponsoring bodies, who all join the call for the implementation of 15-year free education. However, their opinions seem to have fallen on the Government's deaf ears. As a result, ECE has become a product of unjust education.

Since its introduction in the 2007-2008 school year, the Pre-primary Education Voucher Scheme (PEVS) has been directly subsidizing parents in the payment of kindergarten fees. Although the PEVS has apparently made some efforts in alleviating the financial burden of parents, there are a lot of defects in implementation. It can cure neither the symptoms nor the disease. For instance, in the past, low-income earners could receive a full subsidy if they applied to the fee remission scheme for their children studying in kindergartens. Under the PEVS, however, they are required to apply for remission of the shortfall in school fees not covered by the subsidy granted under the PEVS. Not only is the formality of applying for top-up fee remission complicated, the calculation method is also unfair. Furthermore, as the ceiling on fee remission will remain unchanged for five years, some grass-roots families will have to pay extra school fees monthly. For instance, the ceiling on fee remission for whole-day kindergartens is \$25,400. However, with the introduction of the PEVS, the school fees of most whole-day kindergartens have exceeded this ceiling. Even low-income or CSSA families are required to top up the school fees, or else they can only opt for half-day kindergartens requiring less top-up.

We can thus see that the PEVS has not only failed to alleviate the parents' financial burden completely, it may also undermine their right of choosing schools.

Furthermore, it was earlier reported that quite a number of parents hoped to enrol their children at international schools where English was emphasized, but they feared missing out on the subsidy offered by the vouchers. Consequently, they arranged for their children to study in two different kindergartens, one being privately-run and the other subsidized by the vouchers, in the morning and afternoon separately. These young children were weighed down with work as a result of attending two schools in a day. How can they learn happily with outstanding results under such circumstances? Therefore, the existing policy has much room for improvement, and the Government is also obliged to improve the policy.

Deputy President, apart from parents and students, kindergarten teachers are also directly affected by the PEVS. Under the PEVS, the duties of all kindergarten teachers have increased rather than decreased. What is more, the fact that they have to obtain a Certificate in Early Childhood Education before the end of the 2011-2012 school year and undergo a qualification assessment has directly aggravated their burden of performing school duties and mental stress. Furthermore, because of the lack of a sound pay scale mechanism at present, they are forced to accept pay which fluctuates like the price of seafood. How can kindergarten teachers, who lack protection and security, be expected to nurture children wholeheartedly and even influence the lives of children with their own? Given these unfavourable factors, the morale of kindergarten teachers has been seriously affected, and their wastage and transfer rates have also risen. As a result, the overall development of pre-primary education has been severely affected.

Deputy President, I think 15-year free education, which has been implemented in Macao and Taiwan, is feasible. Given the existence of a precedent in the three places across the Straits, why does the Government not consider it? I hope the Government can give consideration to the provision of 15-year free education.

PROF PATRICK LAU (in Cantonese): Deputy President, just now, I heard Mr WONG Kwok-hing say that he was very disappointed with the Secretary's

remarks. I have listened very attentively to the Secretary's speech, too. Actually, I am not sure if he thinks that money is not a problem for Hong Kong, and the problem may lie with the policy. However, I do not know whether he was referring to the policy considered by him or the top echelon.

Both the Secretary and I have grandchildren. When we watch them grow, we will realize the importance of basic education. Deputy President, being a university professor, I certainly do not have the opportunity to teach small children. However, I used to be a primary school teacher, and I think that basic education is extremely important. From the education received by my two children, I could see that it was very important for them to study in a quality school. Now, I see that studying in a quality kindergarten can really help the growth of my grandchildren. The only resource in Hong Kong is talents. I also see that countries all over the world attach great importance to ECE. In the United States, the best teachers are employed for ECE. In Japan, the best teachers are recruited to teach children. I do not understand why the Secretary said just now that the examples of other countries should not be applied to Hong Kong. Neither do I agree with this point of view because the significance of ECE must be taken seriously in society. Hence, insofar as the existing basic education in Hong Kong is concerned, should kindergartens be included in the scope of full subsidization through a direct subsidy approach for the provision of 15-year free education, as proposed by Mr CHEUNG Man-kwong?

Of course, we should first examine the problems brought about by the education voucher system and then improve it to make it even better. Most importantly, as rightly pointed out by Dr Priscilla LEUNG a while ago, with regard to the development of teachers, we must provide them with adequate grants for development, so that all kindergarten teachers can receive comparable subsidies for professional development. I do not know if most of the people in the public gallery are kindergarten teachers and what their views are. Do they find it fair? Is there any problem with "fairness" as the most important core value in Hong Kong?

Moreover, I greatly support the proposal made by Ms Starry LEE just now on the establishment of a fund for continued education of teachers. I think this subsidy is also what teachers desperately want. The fund can subsidize teachers who have not completed recognized programmes on the one hand, and enable them to receive continued teacher training on the other, so that they can promote the development of quality ECE. This is most important indeed.

While the nurture of talents is important, it is even more important that the retention of talents for making contribution to kindergartens must not be overlooked. I understand that the ECE sector has reacted very strongly to a problem arising out of the implementation of the PEVS, that is, the abolition of the original standard pay scale for teaching staff in kindergartens. Honestly, given that we are now discussing how to attract quality staff and reduce staff wastage — Deputy President, we are also discussing whether a pay scale should be drawn up for the assistants to Members of this Council — why should the pay scale for kindergarten teachers be abolished? Such being the case, how can kindergarten teachers gain professional recognition? As a professional, I consider such a framework extremely important because they would be able to develop a stronger feeling and passion for teaching when they became professional. Furthermore, they will be able to work with pride after gaining professional recognition. As with my case, it is very important for me to be a registered architect. Hence, they will be able to perform their function even better when they are given the chance to gain recognition.

The ECE sector has also criticized the subsidy arrangements for the half-day curriculum as unfair. Of course, as Ms Audrey EU also mentioned just now, some families are in desperate need of child care services and kindergarten education. Given such demands at present, there is also a need for us to take care of families in need in society. Hence, we must examine how best resources should be injected to enable these families to pursue balanced development. I therefore think that the Government should single out the education voucher subsidy for whole-day kindergartens for calculation purposes, with a view to offering an extra school-based grant to support working parents and families with various social needs. Furthermore, the Government must take account of such factors as inflation, pay adjustment, and so on, in adjusting the voucher grant accordingly and continue to implement such arrangements as the reimbursement of rent, rates, and so on, to kindergartens.

Lastly, I have to sing praises of the proposal put forward in the Report on Review of the Pre-primary Education Voucher Scheme, that parent education must be enhanced. Nowadays, parents in Hong Kong society seem to have relied excessively on domestic helpers and schools to take care of their own children while neglecting the importance of their own participation to the development and mental well-being of their children. I hope that the Government, schools and parents can address squarely the promotion of parent

education and make concerted efforts to provide the new generation with better family and school education.

Thank you, Deputy President.

MR LEE CHEUK-YAN (in Cantonese): I have been opposing the idea right from the first day when Arthur LI proposed an "education voucher system". I told the Government at that time that a subsidy scheme was supposed to be provided, but then it was turned into a voucher scheme. The voucher scheme has two major problems, with the most serious one being a complete marketization of kindergarten education, which in turn leads to two major problems.

What is the first problem of marketization? Kindergartens can increase their school fees while education vouchers are being provided by the Government. As a result, the operation of kindergartens will actually be linked with the vouchers offered by the Government. This is a significant flaw of the market because the voucher scheme encourages the market to increase school fees.

Another major problem is, Secretary, I really do not understand why the pay scale was abolished at the same time when the subsidy scheme was replaced by the voucher scheme. That was another example of marketization. The abolition of the pay scale was tantamount to allowing kindergarten operators to determine the pay of kindergarten teachers. This indicates that the Secretary has full faith in the ability of the market to make self-adjustment — pay will naturally rise if kindergarten teachers are in short supply; kindergarten operators will be compelled to increase pay if the wastage is high. However, this is not necessarily the case in reality.

Members should understand that there is an economic theory called "asymmetry of information" advanced by the Nobel Laureate economist Joseph STIGLITZ. He clearly pointed out the "asymmetry of information" and the fact that no market is perfect. With the "asymmetry of information", people are very often denied access to information. For instance, a person who has worked in a certain organization for years dares not switch jobs casually even though his pay is low. Because of the abolition of the pay scale, kindergarten teachers can only

accept low pay. Therefore, the second major problem is attributed to the abolition of the pay scale.

Now, the subsidy system has been replaced by the voucher scheme, and a review has been conducted, too. However, it is most disappointing that, after the review, there is still no pay scale and the voucher scheme remains. No consideration is given to a more radical approach. Actually, we have been demanding from day one a more radical approach of implementing 15-year free education and including kindergarten education in the free education system.

Actually, money has already been allocated. So, why does the Government not do better and adopt a more radical and comprehensive approach by simply including ECE in the scope of free education? In fact, someone has done some computations and found that the extra cost will only be \$1 billion should the Government include ECE in free education and draw up a pay scale for kindergarten teachers. With hundreds of billions of dollars in reserves and a surplus of hundreds of billions of dollars as well as hoarding thousands of billions of dollars, the Government should absolutely be capable of affording this \$1 billion.

Furthermore, I believe there is a consensus in society as a whole that it is most important to invest in education, and this is a major factor determining whether Hong Kong society can win in the future. This is an investment rather than a burden. If the expenditure on education is regarded as a burden, people will think that there is an additional burden of \$1 billion for no reasons. Yet, from another angle, if the extra \$1 billion were regarded as an investment, the return would actually be much higher. Why do we not think about the return?

Insofar as ECE is concerned, we all know one very important point, as the Chinese saying goes, the child is the father of the man. In fact, many studies have indicated that ECE is very important to the overall development of children in the future. I am not referring to "spoon-fed" education, whereby children are forced to learn a lot of knowledge. I am talking about the importance of ECE to stimulating their thinking and the development of their personality. If we share the view that ECE is of paramount importance, we should invest more in ECE.

It is required in many foreign places that only bachelor's degree holders can engage in ECE, though this is still not required in Hong Kong. Of course, many training opportunities are now provided in Hong Kong. We also support such

training in the hope that quality can be upgraded. However, if the Government is willing to increase the investment in this area by including ECE in free education, this investment will enable the growth of the next generation to better meet the needs of society in the future as well as turning them into talents with values required for the future development. This is crucial to the laying of a solid foundation.

However, I do not understand why the Government is reluctant to do this? I wonder if Secretary Michael SUEN is thinking that the term of this sunset government has just a year or so left and so he chooses to leave the matter to be included in the platform of the Chief Executive candidate of the next term or be dealt with by him — I have no idea who will be a potential candidate to run in the election of the Chief Executive. Why can the present-term Government not act in a more proactive manner? Even if it acts more proactively — I have actually not heard any voices of opposition — I believe members of the public and the kindergarten sector will render their support and the majority of Members will definitely vote in support later on. The only one who is standing in the way is the Government. Why does the Government not act in the same manner?

Hence, I think that 15-year free education is actually a basic condition if we all take the education of the next generation seriously. Compared with Macao, we should even feel ashamed, as 15-year free education is already provided there. Given that Macao is able to do so, why can Hong Kong not do the same? In comparison, Hong Kong should feel ashamed. This is why I think that we should absolutely take this step of implementing 15-year free education expeditiously with a view to rationalizing the entire system, truly improving the quality of kindergarten teachers, establishing a pay scale for kindergarten teachers, and enabling them to work in the profession with dignity. Another major problem of the existing voucher scheme is that it has many cumbersome administrative formalities. As a result, kindergarten teachers are required to undertake administrative duties as well. If free education is provided, they will be able to focus their attention on education, as they will no longer need to undertake so much administrative work. This will actually be more conducive to the development of kindergarten education.

Deputy President, I have spoken in support of Mr CHEUNG Man-kwong's motion.

MR TOMMY CHEUNG (in Cantonese): Deputy President, it is in fact a good deed to fight for 15-year free education and include pre-primary education in the scope of government subsidy to enable all school children to receive free education from kindergarten to graduation from secondary school. This ideal is also lofty and worth supporting.

Actually, the Pre-primary Education Voucher Scheme (PEVS) launched by the Government in 2007 has taken a giant step towards this goal. As the vouchers provide parents with direct fee subsidy, parents who were originally required to pay the full amount of school fees and bear a heavy burden will naturally find their burden reduced significantly. Furthermore, with the value of the voucher further increased to \$16,000 per student per annum, the disparity between the voucher value and the average school fee, which is approximately \$18,000, will be further narrowed. Actually, it is so close to free education that it can be described as just a step away.

However, as the saying goes, "The problem lies not in the scarcity of resources, but in the uneven distribution", the greatest drawback of the existing system is that it does not cover private independent kindergartens and, as a result, school children attending these kindergartens cannot receive the voucher subsidy. This is unfair. On the other hand, parents who prefer private kindergartens but lack the financial means are compelled to choose other schools for their children as their favourite schools are not eligible for redemption of vouchers. This is no different from exploiting the parents' right to choose, defeating the PEVS' original intent of handing over the right to choose to parents.

The reason most frequently cited by the Government to justify its refusal to subsidize schools other than non-profit-making kindergartens is that it does not want to use public money to help private kindergartens make profits. On the surface, this argument sounds most reasonable. However, on further consideration, we will find that it is actually specious. The argument of "helping someone to make profits" does not hold water because the voucher is a direct subsidy for the parents, not the kindergartens.

Furthermore, information has shown that the existing PEVS has already covered 80% of the kindergartens and benefited 85% of the school children. Therefore, even if the PEVS is expanded to subsidize all school children, only an additional \$270 million will be incurred, compared with a cost of approximately

\$2.2 billion on the vouchers per annum. For the SAR Government whose Treasury is flooded with money and the fiscal surplus may reach \$80 billion in the current fiscal year, this additional expenditure is just a drop in the bucket.

In addition, not only can the training subsidy offered to kindergarten teachers through the PEVS subsidize kindergarten teachers to attend ECE certificate courses, it can also be used by kindergartens to employ supply teachers or procure courses for the provision of school-based professional development. On the contrary, teachers in kindergartens which do not receive voucher subsidy can only apply to the Education Bureau for course subsidy. The training support thus received is comparatively small. In the long run, this will only lead to the shift of more and more kindergarten teachers to non-profit-making kindergartens, thereby further undermining the competitiveness of private independent kindergartens.

For this reason, the Liberal Party has all along considered that it is imperative for the Government to adopt a non-discriminatory principle to allow all kindergartens to participate in the PEVS. In the Report on Review of the PEVS published in December last year, the Education Commission has, surprisingly, not addressed squarely the exploitation of the right of parents and kindergarten teachers to choose by the relevant restrictions. What is more, it has even proposed the retention of the requirement of confining the subsidy to non-profit-making kindergartens. This is absolutely one of the major failures of the review.

Having said that, the review has put forward some desirable proposals. For instance, the amounts of subsidy receivable by school children attending half-day or whole-day kindergartens are the same. As the school fees of whole-day kindergartens are higher, some double-income parents who are left with no alternative but to let their children attend whole-day kindergartens have to face considerable financial pressure.

In fact, during the debate on the PEVS in this Council in 2009, I had proposed an amendment, pointed out the associated problems and urged the Government to allow parents of whole-day pupils to receive subsidies in a fair manner. However, the Government has been turning a deaf ear to my request.

Now, given that the review conducted by the Education Commission has put forward the same proposal, the Government should consider further enhancing the support for these families, with a view to exploring more room for the relevant service providers. I hope the authorities can address squarely the relevant proposals and take follow-up actions expeditiously.

Furthermore, we are very much concerned that, under the PEVS, the burden of needy families in paying school fees is still not light. Therefore, we agree with the proposal made in the review report, that the Government should enhance the fee remission calculation method under the Kindergarten and Child Care Centre Fee Remission Scheme, whereby the school fee should minus the voucher value dedicated towards fee subsidy before being multiplied by the subsidy ratio, so as to allow needy families to receive more subsidy in order that their burden can be alleviated as far as possible.

Another proposal in the report which is worth supporting is the relaxation of the threshold for whole-day pupils to apply for fee remission, so that families with financial needs no longer need to undergo social need assessment, thus enabling more families to be benefited. I think the Government should expeditiously take actions to put all these proposals into implementation.

As regards the three amendments, since they have put forward some proposals on upgrading the quality of education, reviewing the amount of subsidy, enhancing training of kindergarten teachers and alleviating the work pressure of kindergarten teachers for the purpose of upgrading the quality of ECE, the Liberal Party will support all of them. We also hope that the Government can follow up the recommendations of the report and set up an advisory body to deal with the pay scale of kindergarten teachers and other views on the development of kindergartens, so as to allay the concern of the education sector and members of the community about this.

Deputy President, I still wish to point out that the PEVS actually has one more failure, that is, access to the vouchers is subject to a ceiling on school fees. In the long run, if we review the previous subsidy method, we will find that the subsidy was one-off in nature. As every school was given a sum of money, this gave rise to Direct Subsidy Scheme schools which were established later in order to compensate for the subsidy received by private schools. I hope that no matter

how the Government will deal with the kindergartens in the future, it can refrain from stifling room in this regard by accommodating various kindergartens and pupils rather than imposing a school fee ceiling in a sweeping and indiscriminate manner.

Thank you, Deputy President.

DR RAYMOND HO (in Cantonese): Deputy President, the worsening problem of disparity between the rich and the poor in recent years has aroused extensive concern and discussions in the Hong Kong community. We all understand that the poverty problem cannot be resolved in the short term, but it does not mean that we can accept poverty being passed from one generation to the next. Past experience tells us that only through receiving good education and access to adequate vocational training opportunities can the next generation of low-income families and the disadvantaged stand any chance of successfully moving up the social ladder and ridding themselves of the problems brought about by inter-generational poverty.

Undeniably, the Government has increased its injection of resources into local education in recent years. In the 2007-2008 school year, the PEVS was launched to provide non-means-tested school fee subsidies to parents of children eligible to attend local non-profit-making kindergartens. Starting from the 2008-2009 school year, the period of free education provided in Hong Kong has also been increased from nine to 12 years. These measures, though generally welcomed by the public at large, have failed to completely answer the aspirations of society.

As the starting point for children to receive education, ECE provides important basic education to school children. A responsible government should make commitment to ECE, especially when resources permit, by implementing 15-year free education expeditiously. At the Legislative Council meeting on 1 December last year, Mr CHEUNG Man-kwong raised an oral question with respect to the total expenditure required at various levels for implementing 15-year free education in Hong Kong as well as its calculation method. However, the Secretary for Education, Mr Michael SUEN, indicated that the relevant authorities had not provided the estimated budget requested by Mr

CHEUNG in his question since the authorities had no plan at that time to implement 15-year free education starting from pre-primary education. Despite the absence of relevant data, I believe Hong Kong, given its fiscal position, is absolutely capable of making commitment to 15-year free education. According to the market's forecast, the fiscal surplus this year will reach \$50 billion, or even \$80 billion, with our fiscal reserves amounting to approximately \$570 billion. Insofar as financial consideration is concerned, there should be no problem with the implementation of 15-year free education.

The offer of "candies" or one-off relief measures by the Government can only provide short-term relief to the pressure of living on low-income earners. The effectiveness of these measures in resolving poverty, especially such problems as inter-generational poverty, should be negligible. However, if more resources can be injected into education by implementing 15-year free education, the Government will be able to ensure that the next generation of low-income families and the disadvantaged can receive more quality ECE and lay a solid foundation as well as bringing children of different family backgrounds to a closer starting point. In fact, the number of children currently attending local kindergartens is more than 140 000, with their enrolment rate reaching nearly 100%. Moreover, the implementation of 15-year free education is compatible with the Government's long-standing student-oriented education policy of attaching importance to the philosophy of upgrading the quality and standard of education.

One of the Government's considerations for the implementation of the PEVS is that private kindergartens are capable of providing more diversified pre-primary education and coping with the various needs of parents more easily. However, given the ceiling on fee remission under the PEVS, low-income families need to top up the school fees if their children are attending whole-day kindergartens. The right of these children to attending whole-day kindergartens will thus be exploited. Furthermore, as the PEVS puts excessive emphasis on the market-led approach, kindergartens may need to make adjustments in their teaching methods. For instance, they may rely excessively on the impartation of knowledge rather than endeavouring to cultivate an interest in learning, in order to meet parents' expectations. This also runs contrary to the diversified pre-primary education expected by the Government. Conversely, should 15-year free education be implemented, the Government will be able to have a

more comprehensive grasp in upgrading the quality of ECE and professional development of kindergarten teachers and many other aspects.

Deputy President, the quality of education has a direct bearing on our development potentials in the future. ECE is our foundation as it is the starting point of education. Hence, it is imperative for the Government to make commitment to pre-primary education by implementing 15-year free education expeditiously to benefit all school-age children by creating conditions for each of them, so that they can realize their potential through education and make contribution to society. I so submit. Thank you, Deputy President.

MISS TANYA CHAN (in Cantonese): Deputy President, the main concept of free education is to let the people enjoy fair and equal opportunities in education so that children of different backgrounds can be placed in an equal starting point. Nine-year free education was introduced in Hong Kong in 1978 and now we have even 12 years of free education. But the children of Hong Kong are still placed at different starting points because there is no free ECE, nor do we have a uniform ECE curriculum, and the PEVS is not helpful to reducing the commercialization of ECE.

There are children who are still learning English in the manner of "A for apple, D for dog" like we used to do. But I find more and more children are learning English in the manner of "A for astronaut, D for dinosaur". I am not kidding. This is very difficult. Parents and ECE workers hold divergent expectations for the quality of ECE. For the parents, they may think that ECE should be as hard as possible; but ECE workers would think that the curriculum should stress discovery and learning through playing. The result of the implementation of the PEVS in the kindergartens, in a bid to get these vouchers, can only strive to meet the expectations of the parents. This trend is actually not desirable to the long-term development of pre-school education, nor is it healthy.

We learn from the newspapers that some parents, fearing that their children cannot get the best education possible, will arrange for their kids to be enrolled at a kindergarten in the morning which stresses English but does not get any government subsidy. Then in the afternoon, the kids are sent to another kindergarten which is subsidized under the PEVS. This situation is getting more

and more common. Just imagine, a kid who is just three or four years old has to rise at seven in the morning, hop into a school bus and go to a kindergarten in another district. When classes are over at noon, the kid has to have lunch in a box. But the kid may not be having lunch at home. He or she may have to take the lunch box and go to a park with his or her mother and have it there. Then the mother would take out the school uniform of another kindergarten from the backpack and tell the kid to change. Then they will have to hurry to another kindergarten before 1 pm because classes are about to start. Just think about this. The kid has to eat, ride the school bus and change school uniform within one hour. I have not talked about the homework these kids have to do. Come to think about this. After classes in the second kindergarten, the kid would have become dog tired. It is really a pity to hear such things.

Apart from parents having to dash from one place to another and the kids getting very tired, the ECE workers do not fare any better. For the kindergarten teachers, besides teaching, they will have to do the heaps of clerical work stemming from the PEVS. They will have to hold talks to introduce parents to their kindergarten. And sometimes, they may even have to go to the streets and hand out leaflets to publicize their schools and get more patrons. Is work of this kind more on teaching and less on administrative work and recruiting pupils? Or is the main part of their work doing business and not teaching? Last year, the Hong Kong Institute of Education issued a research report on the work of ECE teachers. The report reflects that the workload of kindergarten teachers is increasing all the time and more than 80% of the kindergarten teachers say that they are exhausted after a day's work. In January, in a march held by many education bodies fighting for 15-year free education, some kindergarten teachers even said that they had to go to school at eight in the morning and teach everything from Chinese and English to mathematics and general studies. When they got off work from school, they had to prepare for the lessons of the next day and it was only almost 4 am that they could go to bed. Work of this kind accounts for the great wastage in kindergarten teachers, and it also affects the quality of teaching.

Although the PEVS offers a subsidy for teacher development and incentive is given to kindergarten teachers to obtain diplomas and degrees, there is no protection given to their salary. According to information from this Council, nearly 10% of the full-time kindergarten teachers have a salary below \$12,000,

which is even lower than the starting salary of \$13,120 of qualified kindergarten teachers. Also, as the salary of kindergarten teachers is subject to market influence, not only does it result in a great mobility of kindergarten teachers, but it is also undesirable to the development of kindergartens and pupils. The wastage of senior kindergarten teachers is serious. According to figures from the Government, among the kindergarten teachers drained in the school year of 2008-2009, 30% of them have either a diploma or a degree and they are aged between 35 and 36 and have experience of 10 years or more. The PEVS is based on providing subsidies to half-day kindergartens and this results in many whole-day kindergartens and nurseries being forced to operate only on the resources for a half-day session. This adds to the burden of schools and teachers.

Since the PEVS is fraught with problems, why does the Government not introduce free education? If we look at our neighbours, we can see that Macao announced last year that it would implement 15-year free education; and in Taiwan, starting from this August, all the children aged five in Taiwan will enjoy free education. Meanwhile, those coming from disadvantaged families will get an additional allowance. For example, children from families with an income less than NT\$700,000 (about HK\$190,000), are eligible for a subsidy for miscellaneous expenses on a graded scale. It is estimated that close to 200 000 school children will benefit. The Taiwan authorities also say that free education will be extended to cover children aged three and four. But in contrast, Hong Kong lags far behind and there is not even a timetable.

The Chief Executive and Secretary Michael SUEN always say that education is the number one item in public expenditure and, being close to 25% of the total, it cannot be increased. However, the fact is that the growth in education expenditure in Hong Kong is lower than our growth in GDP which is 4%. It is lower than the worldwide average of 4.9%. Even the average growth in non-developed countries is 4.1%. It is unacceptable that Hong Kong cannot even reach this standard. According to the calculation done by many professionals, nearly \$2.21 billion of public money is used on the existing PEVS and the related fees remission. If we were to implement 15-year education, it would mean an additional expenditure of \$400 million every year. According to conservative estimates and as we also know, there may be a fiscal surplus of about \$60 billion to \$70 billion this year. The sum is even larger when the fiscal reserves and exchange reserves are counted. Why can the Government not set

aside a sum which is even less than 1% of the surplus and offer 15-year free education to the people?

On 23 January, more than 3 600 parents, kids, kindergarten teachers and principals took to the streets and staged a march. They demanded that the PEVS be abolished and in its place 15-year free education be introduced. These people should have been working for the benefit of the children in their respective posts, but they came out and hoped that the Government could give them a reply, accede to their demand and introduce 15-year free education. We all hope that ECE can be regularized full scale. We do not want to see the Government pass its responsibility for basic education to the next term of government.

I so submit. Thank you, Deputy President.

MR IP WAI-MING (in Cantonese): Deputy President, many Honourable colleagues have expressed some views on this topic and I would also like to talk about my views on it briefly. Pre-school education is an important stage in the children's learning process and in our view, through experience in life and learning, they can develop an interest in things and train their five senses. Hence their balanced development will be enabled. Education has become universal and in Hong Kong, we practise 12-year free education. This enables children and adolescents to receive primary and secondary education for free. Secretary Michael SUEN, our neighbour Macao has announced that it will practise 15-year free education and the scope of free education will be extended to cover kindergartens.

(THE PRESIDENT resumed the Chair)

Now the money in our public coffers is huge in amount and our fiscal reserves are increasing all the time. We think that the Government certainly has the capacity to provide better education to the next generation. We fail to see why the Government is so hesitant in this regard, reluctant to take any step forward.

President, the Government always talks about the spirit of people living under the Lion Rock, stressing that we should develop our resilience against adversities. It also says that knowledge can change a person's destiny. But when we demand that free education be extended to include kindergartens so that our young generation can be better educated, the authorities are always putting up an excuse, reluctant to practise 15-year free education.

Recently, Radio and Television Hong Kong screened the second series of the programme "Rich Mate Poor Mate" and it has become the talk of the town. I think Secretary Michael SUEN may try to volunteer to be the lead role in one of the episodes. The programme is a reality show to enable rich people who have all the nice things in life to have a taste of the life of the poor so that they can understand the plight of the grassroots. After watching this programme, people would start to have a mixture of feelings. Why? Because in Hong Kong which appears to be such an affluent society, there are 1.26 million people living in poverty. There are 650 000 people who can be called the working poor and about 300 000 children are living beneath the poverty line.

There is this woman who took part in the programme and she made a remark which impressed us very much. She said that if the analogy of a 100 m sprint was used, and if her daughter and the children from grass-roots families were to take part, her daughter would have started 200 m or 300 m away from the starting line. It can be seen that children from rich families and those from poor families do not start at the same point and if there has to be any fair competition at all, this would be something lacking. So we think that the Government should do more in education. We hope that the Government can introduce 15-year free education immediately. Apart from that, we think that the Government should keep a close watch on the management of schools. This morning Dr Philip WONG talked about the views of the Public Accounts Committee on Direct Subsidy Scheme (DSS) schools. The Audit Commission pointed out that the accounts of 22 of these DSS schools were chaotic. This caused a public outcry and even though the Education Bureau tried to cool down the affair, it had led to public concern about whether DSS schools have shouldered any social responsibility at all.

The Government said when it promoted the DSS in the past that these schools could offer another choice to parents apart from government and subsidized schools. Now there are indeed more and more parents who are

willing to pay exorbitant school fees so that their children can enrol at these DSS schools. But under these circumstances, it is almost impossible for the grass-roots pupils to enter these DSS schools. What is more outrageous is that the Education Bureau specifies that these DSS schools must set aside 10% of their income from school fees for the purpose of scholarships and bursaries. But the findings of the Audit Commission report show that some of these schools have not set aside enough resources to assist pupils from poor families and even if they have, the amount is insignificant. And no encouragement is given to poor pupils to apply for such financial assistance. So what in fact has the Education Bureau done? How can poor students be enabled to get a good education?

Earlier on, the former director of the Hong Kong Observatory, Mr LAM Chiu-ying, criticized the Secretary for Education for forcing his way to implement a policy of voluntary class reduction — which we call culling the schools. Mr LAM did this in a bid to defend the right of the grass-roots pupils to enter quality government schools. He said that this policy had deprived the grassroots of the chance to study in good and quality schools. I hope that the Secretary would give serious thoughts to views in this regard. This is because without good and quality education, it is difficult for children from poor families to break the fetters of inter-generational poverty.

President, ever since the reunification, numerous education policies in Hong Kong have been rolled out. But many of the policies have failed to meet the demands of society and in the process of hard selling these policies, many officials have shown blatant disregard of grass-roots children. There is a group of young people from the grassroots in Hong Kong who find themselves helpless in addressing this problem of inter-generational poverty. We hope that government expenditure on basic education can be increased in this financial year and efforts can be made to address the problems of DSS schools mentioned just now and help the grass-roots people solve the problem of inter-generational poverty.

President, I so submit.

MR ALAN LEONG (in Cantonese): President, the findings of studies and surveys from all over the world indicate that the childhood of a person is

extremely important to his growth and development in his whole life. However, just take a look at the figures for 2005 and we will find it turns out that 12% of the children in Hong Kong have not received kindergarten education. Because of this, in 2007 when I ran for the office of the Chief Executive, I stressed in my platform that I hoped the Government could introduce free pre-school education. It is beyond my expectation four years since 2007 and despite the clear and cogent arguments presented at that time, the Donald TSANG administration only tried to settle the matter by launching the voucher scheme in 2007. President, as you also know, there is a big difference between the voucher scheme and free pre-school education. The voucher scheme serves to increase the administrative work of kindergarten teachers and, as they have said, their salary and income have been reduced.

President, I have talked with some of these kindergarten teachers who all aired grievances. What are their grievances? They said that there is a severe shortage of resources and manpower in their schools. First, about manpower. They said that teachers have to do everything, working as a one-man band. The teacher-student ratio is about 1:15, and they have to teach and look after the pupils all day. After classes are finished, they have to prepare their lessons and do administrative work, working at least more than 10 hours a day. Sometimes they have to sacrifice their holidays for making preparations for the school in annual pupil enrolment, open day and all sorts of competitions. I have once heard an extreme example of teachers having to conduct some promotional activities in a shopping mall close to the school. Given such arrangements, how can our future pillars of society get any good development in their childhood days?

President, it is also seriously insufficient when it comes to resources. These kindergarten teachers have told me that once when the white glue was about to be used up, they had to cut open the bottom of the bottle and scratch the remaining glue for use. The reason was there was no money to buy new ones. Sometimes when teachers saw that resources were so tight, as I have heard, they would pay those small items out of their own pockets. In these circumstances, how can we expect pre-school education to do well?

Those teachers who shared their experiences with me said that such a situation has scared away many intern teachers freshly graduated. Some kindergarten teachers who may have done very well have changed their

occupations. There are also some others who have switched from full-time to part-time employment because the pressure exerted on them is so huge.

President, in 2010 the Hong Kong Institute of Education conducted a survey on nearly 1 500 kindergarten teachers. The findings show that 40% of the interviewees think that their work and salary are simply disproportionate. There are even 5% of the interviewees who said that they were about to leave. It is hard for this occupation to retain talents or to attract newcomers. Only those who are very committed to education or those unrealistic romantics would choose to stay.

After the implementation of the voucher scheme, kindergarten teachers have to do a lot of self-evaluation work. This causes a drastic increase in workload. More than 70% of the kindergarten teachers worked more than 53 hours a week. Another 25% had to work more than 61 hours a week. More than 40% of the kindergarten teachers had to work overtime for six to 10 hours during the weekends. And 80% of them said that they were utterly exhausted after a day's work. Meanwhile, the voucher scheme serves to de-link the salary of kindergarten teachers from the pay scale for teachers. As kindergartens become more market-oriented, resources in a kindergarten have to depend on the size of enrolment, and teacher salary is no longer guaranteed. Some kindergartens would be rendered financially very stringent because of the limited enrolment and the difficulties in raising school fees, and so the teachers will have to suffer. There are pay freezes, pay reductions and even layoffs. In these ways, the schools can commit the resources to other areas.

President, I have heard that in some neighbouring places like Japan, the pay of a kindergarten teacher is comparable to that of a professional. This explains why many senior secondary graduates with good academic results are attracted to becoming good kindergarten teachers. This echoes our long-standing conviction, that at the early stages of life of a person, the first teachers whom he encounters would make a vital and lasting impact on his development in the rest of his life. Therefore, the Civic Party really hopes that the Government can seriously handle this issue of 15-year free education and in so doing lay a good foundation for the future of Hong Kong.

I so submit.

MR CHEUNG KWOK-CHE (in Cantonese): President, education is very important to the people of a country or a region. I am sure we all know this. It is true that in Hong Kong resources committed to education by the Government in recent years have increased, for nine-year free education has been extended to 12-year free education.

With respect to pre-school education, although the Government has implemented the voucher scheme and parents are subsidized in tuition fees, the measure has been described as not thorough enough. Many parents who are not so well-off would have to pay the expensive tuition fees from their own pockets even if they are subsidized by the vouchers and means-tested tuition fee waivers and remissions.

The findings of a study conducted by the Hong Kong Society for Community Organization show that of all the 756 kindergartens in Hong Kong eligible for the voucher scheme, about 55% belong to the so-called expensive kindergartens. Most of these kindergartens are situated in Central and Western, Wan Chai, Island East, Yau Tsim Mong and Kowloon City. These kindergartens take up roughly 70% of the total number of kindergartens in these areas.

Also, the vouchers do not cover expenses on textbooks and stationery, miscellaneous fees, snacks, school uniforms, and so on. All of these ingeniously named items of expenditure will certainly add to the burden of poor families which may not be eligible for school fee waivers and remissions.

Talking about these miscellaneous items, I would like to add that the Government should be duty-bound to enhance the monitoring of kindergartens so that they will not charge fees indiscriminately. Despite the fact that the Education Bureau has drawn up many codes of practice for compliance by the schools, these codes are much too lenient. Therefore, the situation of kindergartens overcharging has not seen any improvement over the years. The kindergartens can still require parents to pay all kinds of miscellaneous fees which are quite considerable in amounts.

Irrespective of whether it is before or after the reunification, the Hong Kong British Government and the SAR Government have both overlooked the

importance of pre-school education. We might as well look at a study done in the United States last year. Maybe it can enlighten the officials here.

The project, named the Star Project, was conducted by six economists in the United States. They tracked more than 10 000 persons born between 1979 and 1980 in the State of Tennessee and studied the relationship between the kindergarten they went to and the income they earned after growing up. Results show that pupils from kindergartens with small classes and better qualified teachers ended up having a higher income when they worked later. This can serve to prove that this is a factor accounting for the widening wealth gap in Hong Kong society and the difficulties in solving the problem of inter-generational poverty.

Article 26 of the Universal Declaration of Human Rights states: "Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory." I think that since Hong Kong is an international metropolis and a highly civilized city, the Government should not shirk its responsibility for the provision of 15-year free education which is the most fundamental of its responsibility in education. Such free education should be provided irrespective of whether we have abundant financial resources as it will enable children from rich and poor families alike to enjoy pre-school education which is their basic human right.

Recently, even the Mainland authorities have begun to pay attention to the importance of pre-school education. Premier WEN Jiabao made an instruction in a regular meeting of the State Council that more resources should be injected into pre-school education. He also stressed that more efforts should be made to monitor fees charged by kindergartens in the private sector and kindergartens found to have been overcharging shall be investigated and punished. I do not know if our Secretary is aware of that. Or does he see the point of it?

I think that it is not at all an excessive demand to ask the Government to provide 15-year free education. It is the responsibility of the Government. Unfortunately, the Government does not want to shoulder this basic responsibility and it is evading it. President, as many Members have spoken on the subject, I hope the Secretary can listen carefully to the arguments advanced by us and seriously consider implementing 15-year free education. This will create a fairer

environment in society for our children to strive to get to a fairer starting point before they run the race of their lives.

With these remarks, President, I support the motion.

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

MR ALBERT HO (in Cantonese): President, the motion debate today can be divided into two parts. First, it is about the question of whether or not we should fully subsidize ECE. In other words, it is the expansion of the scope of free education from 12 to 15 years. Second, it is about the question of whether or not improvements to the existing ECE policies and systems should be facilitated by the Government fully subsidizing ECE.

Let me talk about the first point. The question of whether the Government is willing to fully subsidize ECE in fact shows whether the Government subscribes to the idea that education is a long-term social investment and hence commitment by the Government is necessary. Meanwhile, whether the Government wants to make this commitment also shows whether or not it has the vision to see that in Hong Kong where the restructuring has completed and a knowledge-based economy is formed, and given the ongoing globalization process, there should be a constant increase in the investment in education, in order to ensure that our next generation can maintain Hong Kong's status as an international financial centre, a world city and an international metropolis.

President, the Democratic Party thinks beyond any doubt that the Government must make this commitment to extend free education to 15 years. The reason is simple enough. ECE is part of basic education and this is indisputable. Many advanced countries in the world have made ECE part of free education, and even if ECE is not compulsory, many countries would fully subsidize it. Countries in Europe and America, like the United States, France, the United Kingdom, Germany, and so on, have long since affirmed this policy and implemented it for 20 or 30 years. In places closer to Hong Kong, such as Macao and Taiwan, they have also taken similar steps. On the Mainland, I am

sure that it would go in the direction of fully subsidizing ECE. The only exception is regrettably Hong Kong which lags so far behind.

Let us see how Hong Kong allocates its education funds. If we agree that ECE is part of basic education, then would it be a proper percentage if we only keep the extent of our subsidies given to ECE at only 3% to 4% of the total expenditure on education? This is the first point I wish to make.

Second, on the effectiveness of ECE, I am sure many Honourable colleagues have cited many figures in today's debate. In 1980, 1 000 organizations (including some government organizations and some non-governmental organizations) funded by the UNICEF took part in a study. The findings of that study clearly show that if children have a chance of receiving pre-school education, they would be better prepared when they receive primary and secondary education later on. This is a very important point. In other words, the earlier a child receives formal pre-school education and which is of good quality, or to be more precise, ECE, it would be vitally important to the child's later development. It goes without saying that, as some Honourable colleagues have said earlier, if children are taught in their childhood by formally trained teachers, it would be easier to detect if the children have any problems or special needs that should be addressed early or treated. For example, problems and disorders in learning and in intellectual capacity should be detected for early intervention and they must not be detected when an assessment is made later. For by then it would be too late and much precious time would have been lost.

The amendments today have brought up a very important point for discussion and, that is, to enhance the monitoring of ECE overall through government subsidization. The areas in ECE that should be monitored include the ECE curriculum, kindergarten teacher qualification and training, a development fund and pay scale for kindergarten teachers, and so on. These are meant to boost their morale and address the present severe wastage of kindergarten teachers. These measures will hopefully pave the way for a rational teacher-student ratio and a whole-day system for ECE. All these issues are very important, but the voucher scheme we have now cannot meet the requirements in these areas.

There is also a very important point and, that is, Members should understand that given the present voucher scheme, parents would face a great burden and this burden is very heavy on families from the lower classes. It is also very unfair to them. Secretary Michael SUEN once said that insofar as child development was concerned, a half-day system with its curriculum should be able to address the needs of children aged three to six. Then he calculated the funding according to this half-day system. I am sure that, like many of the views put forward by the Secretary before, this system should also come under a full review to see if it can be improved and if full subsidization can be worked out. All in all, we think Members should lend their support to the motion and the amendments today so that education in Hong Kong can develop and take a further and important step forward.

MR WONG YUK-MAN (in Cantonese): President, the motion today is "Striving for 15-year free education". I fully support this motion. Provided that anything can give our next generation a pre-school education of a better quality, I do not think the Government should hesitate to invest in it.

The topic today can be approached from two aspects. One is the question of the subsidization system. Many Members have talked about it earlier. The other is the question of the strength of subsidization. In the school year of 2007, the Government launched the voucher scheme but it was found to be infested with problems and could not help promote quality ECE. In my opinion, there are four shortcomings which are quite serious. Some Members have talked about many of these shortcomings earlier.

First, the lack of job security and a high wastage rate. I am referring to the kindergarten teachers. This is because the shortcomings of the voucher scheme have caused a high wastage rate among kindergarten teachers. Second, the enormous administrative work has exerted great pressure on kindergarten teachers. Third, the insufficient subsidization of whole-day kindergartens has done great harm to the disadvantaged groups. Due to the constraints in time, I would not read out the specific contents related to this problem point by point. Fourth, efforts made by some kindergartens to cut costs result in great harm done to the pupils.

President, these four major shortcomings have aptly shown that the voucher scheme launched by the Government is fraught with fundamental and structural problems. Education should never be made a commodity and the right approach to take for education is to introduce free education for the benefit of the children of the general public.

The Organisation for Economic Co-operation and Development (OECD) published in 2006 a special study called *Starting Strong II: Early Childhood Education and Care*. A simple conclusion was drawn in that book on public investment in pre-school education. The conclusion points out that, compared to the approach of offering subsidies to parents, direct public investments could allow a government to manage ECE and child care effectively, ensure their quality and provide more effective training to the teachers and enable members of the public to obtain opportunities of ECE and child care in a fairer manner. This was the view put forward by some experts in the field, in the year 2006. Now it is time Hong Kong reviewed its voucher scheme. Unfortunately, people in the top echelons of the Hong Kong Government, including your good self, have all along been firm and tell us that with respect to the injection of resources into education, there will never be any increase, not even a single cent. Now when the public coffers are inundated, such a view or policy thinking is utterly shameful.

Even when the voucher scheme was introduced, the expenditure on ECE for the year 2009 was only about \$2.25 billion, or 4.3% of the total expenditure on education. It was only 0.14% of the local GDP. Secretary, when government subsidies for ECE only take up 0.14% of the local GDP, would you say that it is a lot or too few?

If we check the relevant information, we will find in the advanced countries overseas or even in some countries that cannot be considered as advanced, the percentage of their expenditure on ECE as a share of their GDP. In Norway, it is quite impressive, being 0.84%. It is a totally communist country, a welfare state. Then it is 0.65% in Denmark, 0.72% in Hungary, 0.65% in France, 0.52% in Mexico, 0.58% in Belgium, 0.4% in Germany, 0.52% in Sweden, 0.38% in the United States, 0.45% in Britain, 0.43% in the Czech Republic, 0.39% in Italy, 0.38% in the Netherlands, and 0.36% in Finland. But Secretary, it is only a dismal 0.14% in Hong Kong.

Back in 1996, the Childcare Committee of the Council of Europe suggested that European nations should raise their public expenditure on ECE and child care to 1% of their respective GDP. This can be understood as an indicator of quality ECE and child care. What a disgrace for Hong Kong when it calls itself an advanced and highly developed place, boasting a per capita GDP of US\$30,000. This target of raising public expenditure to 1% of the GDP may be set a bit too high, but five countries in Europe, namely, Denmark, Sweden, Norway, Finland and France already made it in 2004. But in Hong Kong, public expenditure on ECE takes up 0.14% of the GDP. I cannot find any figures on child care. I do not know if the Secretary can provide me with some figures on child care. Buddy, child care should be included. It says "care" here. May I ask the Secretary, how much money the Government has spent on such "care"?

It is worth noting that among the countries mentioned by me just now, some of them are not advanced, but they are willing to place such a considerable amount of their resources on ECE. And when measured in terms of the GDP, these countries put in many times of their resources compared to Hong Kong. This Government we have has got no sense of shame. Buddy, how can we hope to train up talents? How can we strive for a better life for our children? Our next generation is in such a pitiable state. Now it is the father who raises his son and the son of his son. Old people wait for a residential place in homes for the aged, but they cannot get one even to their death. This is what we will be talking about in the next motion. This is a shameless and heartless government. And you will agree if you look at its input of resources in ECE. Why bother about this voucher scheme? It is simple and straightforward to implement 15-year free education. Why is all this nonsense? There is no need for us to talk this kind of nonsense. What is so difficult about it? Offer three more years of free education and take away the funding for the voucher scheme. Give as much money as needed, Secretary. What a miserable situation poor families and single-parent families have landed in trying to send their kids to kindergarten!

Sometimes when we talk about such things, people would see us as using vulgar and brutal language. But what should we say if we do not say these things? I can really not figure that out. The data are all here and we can see all the problems of the voucher scheme. A review is to be undertaken and since this is the case, then Secretary, introduce 15-year free education. Is it such a complicated thing to do? I have no idea how complicated it is. What is the problem with giving three more years of subsidy?

Let me talk about some more information. According to the OECD, the governments of its member countries have long since recognized the importance of ECE and most of them offer two years of free ECE to children. In some of its member countries, acquiring a certain level of ECE is even considered a statutory right (*The buzzer sounded*)

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

MR WONG YUK-MAN (in Cantonese): President, I support the motion.

MR TAM YIU-CHUNG (in Cantonese): President, ECE as a kind of education in childhood is the most basic kind of education that has a decisive impact on the future growth and development of the child. That is why we often read about young couples care very much about what their children learn and some of them even send their children to play groups even though the children are not yet one year old. Parents not only choose the best schools for their kids and schools which they want their kids to enter, but they will also make their kids learn all sorts of skills. This shows that parents care very much about the development of their kids. The Government take matching action in the light of developments in society and the wishes of parents, when financial conditions permit. This is the responsibility of the Government. The speeches made by Members in this debate are proof that Members care very much about ECE.

Mr CHEUNG Man-kwong's motion which proposes that the SAR Government should introduce 15-year free education inclusive of ECE is consistent with the position of the DAB which all along has been advocating the introduction of 15-year free education. In addition, Ms Audrey EU proposes in her amendment to establish a sound kindergarten teacher training system and formulate a pre-primary education curriculum. Dr Priscilla LEUNG proposes to undertake a comprehensive review of the existing Pre-primary Education Voucher Scheme (PEVS). All these proposals are in line with the stand of the DAB on ECE. So we will support the original motion and all the amendments.

Insofar as the Government's policies on education are concerned, as early as in 1978, it introduced nine-year free education which was later extended to

12-year free education. We asked the Government to place emphasis on pre-school education and commit more resources to it. We also hoped that 15-year free education could be introduced. But the Government introduced the PEVS instead. Members will recall that when the former Secretary for Education was promoting the PEVS, there were different views among us and there were also controversies. A divergence of views likewise arose when the PEVS was implemented. After the PEVS has been implemented for some time, the authorities should conduct a thorough review of it. Members tend to think that the authorities should not be taking any action which is too complicated and it should abandon the PEVS and reconsider the introduction of 15-year free education. This would be more practical and it would better meet our expectations.

Just now a Member talked about the situation in Europe. I do not think we should talk about what is happening in such faraway places. Let us take Macao, which is just a stone's throw away from Hong Kong, as an example. I recall during a visit by the DAB to Macao, the President of this Council was also there, and when we met with the then Chief Executive of Macao, Mr Edmund HO, he said that in 2006 members of the Legislative Assembly of Macao already proposed the idea of introducing 15-year free education. He said that this proposal would be implemented. In 2006, when the Hong Kong SAR Government had not even considered introducing 15-year free education, the Macao SAR Government had planned to do so. And in about 2007 or 2008, the policy of introducing 15-year free education was put into practice in Macao. So in this regard Macao is well ahead of Hong Kong.

When we looked up the relevant information, we found that even in Thailand the economic development of which is not as good as that of Hong Kong, they have introduced 15-year free education, inclusive of ECE since March 2009. I wish to cite also the example of the city of Ordos, Inner Mongolia, which is quite far away. The city of Ordos plans to include ECE in the Municipal Government's financial protection within a period of three years starting from this year. That is to say, three years from now, the city will enforce 15-year free education. Besides, beginning with this year, Taiwan waives the school fees for five-year-olds enrolled at public nurseries and offers an allowance to parents who choose to send their kids to private nurseries. From these examples, we can see that insofar as including ECE in the scope of free education is concerned, many countries or places near us are in the process of

putting them into practice and some have even done so. Some of these countries or places are launching some complementary measures. For these countries or places, their financial position may not be as good as ours, but they have put into practice 15-year free education. In our opinion, given the financial strength of the SAR Government, it should be able to practise 15-year free education.

With respect to financial commitment, as far as we know, the SAR spends about \$2 billion each year to finance the PEVS. Some groups have made some estimates and according to them, if the SAR Government takes forward 15-year free education on a full scale, the amount of additional expenditure would just be about \$1 billion each year. We would think that the SAR Government should be able to afford that sum. So we hope that through this debate, the Government can be urged once again to consider 15-year free education which includes ECE.

Lastly, I hope the SAR Government can realize that many young couples in Hong Kong belong to the class of double-income parents and both of them have to work for a living. It is very important to have a sound and comprehensive ECE and care service system. Granting sound operation of this system, parents would not have to worry when they go out to work.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Mr CHEUNG Man-kwong, you may speak on the three amendments.

MR CHEUNG MAN-KWONG (in Cantonese): President, Ms Audrey EU, Ms Starry LEE and Dr Priscilla LEUNG have all alike pointed out that the training of kindergarten teachers should be enhanced, that a career advancement path for practitioners in ECE should be established, and that the quality and status of ECE should be raised. I fully support all these. As a matter of fact, many kindergarten teachers have been working hard silently all through the years and even when there was no subsidy for professional development under the voucher scheme, they have pursued studies at their own initiative. They applied for the

diploma course for kindergarten teachers enthusiastically and at that time there was a far greater number of teachers applying for subsidized places than such places actually available. And some kindergarten teachers waited for five years but still they did not succeed in enrolling on such a course.

With respect to the Teacher Development Subsidy given to kindergarten teachers under the voucher scheme, the authorities have linked the Subsidy with the size of enrolment in the kindergarten concerned. Since this form of financial assistance for professional development is not satisfactory, the ECE sector hopes that an independent teacher development fund should be set up so that kindergarten teachers can pursue continued upgrading of their professional qualifications. However, any on-the-job training for kindergarten teachers should be linked to a pay scale and teachers cannot just be asked to upgrade their academic qualifications without getting any increase in pay. The Administration may also use this as a means to attract and retain talents in the kindergarten education sector and hence provide a solid foundation for the development of ECE.

In addition, we should be concerned about the pressure borne by kindergarten teachers in training. With respect to this, the lessons from the primary and secondary schools are striking. Teachers are always on training and some of them even feel that getting two master degrees are not enough, resulting in excessive pressure. Some kindergarten teachers have aired their grievances to me. They said that in order to meet the deadline of the five-year subsidy under the voucher scheme, they have to achieve some superhuman feats. After finishing a three-year diploma course, and before they could take a good rest, they had to begin a degree course. I support kindergarten teachers upgrading their professional skills, but society must also care about the great pressure borne by them. They should be allowed to decide on the pace of pursuing further studies in the light of their personal circumstances. Only by doing so can this be a healthy and sustainable undertaking.

I support the amendments by the three Members respectively. They relate to a call for more attention to the pressure at work experienced by kindergarten teachers, reduce their administrative work, streamline the administrative procedure of the PEVS, improve the teacher-student ratio and increase the number of clerical staff, and so on. But I must add that with respect to the amendment by Dr Priscilla LEUNG, that is, before free ECE is implemented, the

Education Bureau should complete a comprehensive review of the existing PEVS, my opinion is that a review of the PEVS has just been completed and the report of the review has just been submitted. As the report fails to solve the key issues, so we propose that 15-year free education be implemented. I think the PEVS must not be put under reviews incessantly, for this would only provide excuses which would in effect delay reform.

Conversely, I think that we should adopt a two-pronged approach before free education is implemented. We should fight for the early implementation of the recommendations made in the review report so that urgent problems in the sector can be addressed. Such recommendations include: subsidies under the PEVS should be deducted before working out the percentage of school fees waiver or remission; abolish the "social needs" assessment when application is made for waiving or remitting school fees for whole-day kindergartens, relax the ceiling on the amount of school fees waiver or remission, as well as planning for long-term development, and so on. As for changes to the relevant measures, I have requested the Education Panel to engage in an in-depth discussion and hopefully these changes would materialize this September.

Honourable colleagues, Michael SUEN once said that 15-year free education was not a question about money. If it is not a question about money, then it must be about people. It could be about face and laziness. Since it was Donald TSANG who first raised the idea of a voucher scheme, then is it because of face that the Government cannot change the voucher scheme during Donald TSANG's term of office into providing 15-year free education? Is it because of laziness that these officials think that it would be better if fewer things are done and so the PEVS is allowed to continue? Or is it because introducing 15-year free education would mean a lot of work and so the procrastination tactic is adopted?

I do not think any procrastination should be made in pre-school education and the education of our young people. The Government should not continue to delay the matter because of the face of the Chief Executive or the laziness of the officials. Face considerations should be discarded and laziness abandoned. The existing PEVS should be overhauled and in its place there should be 15-year free education. This would benefit school children and parents, and education as a whole. This is a more important form of investment in education, much better than the handing out of money year after year which has become structural.

You can ask ordinary members of the public: is it better to hand out money for one year or to provide their kids with 15-year free education? They will certainly know what to choose. Thank you, President.

SECRETARY FOR EDUCATION (in Cantonese): President, I am sincerely grateful for the valuable views put forward by a total of 16 Members just now. I would like to give a consolidated reply to the several major points raised by Members.

To start with, I must reiterate it is an indisputable fact that the Government has all along attached great importance to early childhood education (ECE) and it is not miserly in investing in ECE. With pragmatic policies and proactive actions, it also seeks to promote the development of pre-primary education, make commitment to the enhancement of pre-primary education and give opportunities to all children of the appropriate age group in Hong Kong to receive quality pre-primary education.

Over the past several years, the Government's recurrent expenditure on pre-primary education has seen a steady growth of up to 45.6%, from \$1.71 billion in the 2007-2008 financial year to \$2.49 billion in the 2010-2011 financial year.

Starting from the 2007-2008 school year, the Government directly provides parents with a subsidy on school fees for kindergartens through the Pre-primary Education Voucher Scheme (PEVS). The PEVS is non-means-tested to ensure all children have the opportunity to receive kindergarten education and the realization of the popularization of kindergarten education. The amount of the voucher subsidy has also been increased from \$10,000 per student per annum (pspa) in the 2007-2008 school year to \$14,000 pspa in the current school year, and further to \$16,000 pspa in the coming school year, in order to provide substantial and effective support for kindergarten education.

Besides the voucher subsidy, the Government also provides needy families with school fee remission. At present, the maximum remission amount for half-day kindergartens is \$187,000. If families requiring whole-day schooling services meet the requirements, they may apply for subsidies for whole-day kindergarten in the form of fee remission, subject to the current ceiling of

\$30,200 pspa. The amount of school fee remission will be adjusted annually in the light of the weighted average school fee of kindergartens in order to meet the needs of various families in school fee expenditure and choosing kindergartens.

Before the implementation of the PEVS, only 50% of the kindergartens and parents could benefit from the previous Kindergarten and Child Care Centre Subsidy Scheme. More than 80% of the kindergartens have now joined the PEVS since its implementation, with approximately 83% of the kindergarten pupils receiving the voucher subsidy. Meanwhile, the PEVS also provides subsidies for teachers to upgrade their professional qualifications. In recent years, the professional standard of pre-primary education has been upgraded, and the culture of pursuing excellence is also taking shape gradually.

The Working Group appointed by the Education Commission last year to review the PEVS has already completed its work. Earlier, the Chairman of the Working Group has also introduced its report on the review to the Panel on Education of the Legislative Council. We are currently studying the contents of the report with a view to putting forward proposals on further improvements to the PEVS for the implementation of the policy of pre-primary education enhancement. Our major goal is to maintain a diversified, energetic and flexible education system that embodies the joint commitment of stakeholders.

President, I absolutely disagree with the view of the motion that Hong Kong's basic education policy has lagged behind others, because this is inconsistent with the objective facts. In formulating education policies, the Government must pursue forward-looking development having regard to Hong Kong's actual circumstances. In respect of kindergarten education, our policy has to take account of the various needs in many areas, including the local characteristics, the development needs of children, the curriculum and direction of teaching, the professional upgrading of kindergarten teachers, the regulatory framework, the popularization of ECE, the school-based development and multi-faceted participation. The goals of these areas are consistent with the direction of ECE development around the world. Meanwhile, we also need to maintain the flexibility and diversified development of private operators and enable parents to choose the child care services they require according to their needs within a reasonable scope of financial commitment.

Furthermore, we have also made reference to the experience of overseas places in providing pre-primary education or ECE. We have noted that there are different models in different places. For instance, although ECE is mandatory in some countries, most developed regions opt for a non-mandatory model. In quite a number of countries, compulsory education mainly starts at the age of six years when students are admitted to primary schools. Furthermore, some countries provide one-year free education before the commencement of mandatory education, while some others provide free half-day education services for small children. As for the models of subsidization, some countries subsidize specific schemes or subsidize parents to procure required services or, as mentioned by some Members, support families by way of tax remission. Under different models of subsidization, parents are usually required to pay certain fees, and relevant regulatory measures will usually be attached to the subsidy packages to ensure the quality of pre-primary education.

Over the past decade, a number of initiatives have been implemented one after another in Hong Kong, including the diversified development of ECE, the increase in subsidies to parents, the upgrading of the professional standard of kindergarten teachers, the enhancement of quality assurance, the improvement of the supervisory system, and so on. These developments, which are not only pragmatic but also forward-looking, aptly demonstrate that the kindergarten education policy in Hong Kong has already got a good foundation compatible with the actual needs of Hong Kong.

The Government has since 1978 implemented nine-year free and universal basic education and extended the free education provided in public schools to the senior secondary level since 2008. The PEVS, launched in the 2007-2008 school year, directly provides parents with the voucher subsidy. This subsidy is non-means-tested to enable parents to have more choices. In order to ensure access of children of needy families to the opportunity of receiving kindergarten education, these families may even apply for fee remission. In other words, no children will be denied the opportunity to receive education from kindergarten to the senior secondary level because of the financial position of their families.

President, this motion on "Striving for 15-year free education" includes the proposals of including ECE in the scope of subsidization, drawing up a pay scale for kindergarten teachers, increasing subsidies for kindergartens (including rent allowances), and providing completely free basic education. Just now, some

Members also raised the proposals of setting up an education fund for teachers, lowering teacher-student ratios, increasing the number of clerical staff and formulating a pre-primary education curriculum. Some Members also proposed that the Education Bureau should expeditiously relax the ceiling on the amount of the PEVS, streamlining the administrative procedures of the PEVS and reviewing the existing 12-year free education policy before the implementation of free ECE for the purpose of upgrading the quality of education.

First of all, I would like to start with the goals and then discuss again the measures and channels to achieve these goals.

First, the current rate of enrolment at local kindergartens is 100%, and kindergarten education has been popularized. Given their flexible operation under an effective regulatory framework, kindergartens can respond promptly to the needs of parents and school children.

The PEVS also provides subsidies for kindergarten principals and teachers to upgrade their professional qualifications. Currently, more than 90% of the kindergarten teachers are pursuing or have possessed a Certificate in Early Childhood Education. Meanwhile, the Education Bureau also supports the professional development of kindergarten principals and teachers by various means. Kindergartens have also started to develop a self-evaluation culture with continuously improving teaching quality as their goal. Before the introduction of the PEVS, the wastage rate of kindergarten teachers was 11.5%. Now, the rate has actually dropped to 7%, and the manpower of kindergarten teachers has generally stabilized. Under the PEVS, kindergartens may enjoy greater flexibility in drawing up the pay and conditions of service for their teachers with a view to attracting and retaining quality teachers. According to the information on kindergartens applying for school fee adjustments over the past three years, the salaries of kindergarten teachers have generally been increased during the same period.

Under the standard whereby teacher-student ratios should not be lower than 1:15, kindergartens may determine their teaching manpower and the number of clerical staff having regard to their needs or service hours, and procure equipment having regard to the needs of their curricula and activities. Currently, the actual average ratio between all the kindergarten teachers and students in Hong Kong is 1:9.8. Operating in the mode of allowing "the subsidy to follow students", the

PEVS is not only flexible, it can also cater to the needs of both the kindergarten operators and students.

I would like to reiterate here that all education policies must complement the objective conditions of society and be practicable. The slogan of a completely free kindergarten education is very appealing. The view held by the proponents that raising the amount of the voucher subsidy to the level of the weighted average school fee of kindergartens can achieve free kindergarten education is wide of the facts.

It is simply because we must pay attention to and address squarely the fact that kindergartens in Hong Kong have all along been running as private undertakings. Not only do they provide half-day or whole-day services, some of them have even extended their hours of service to cope with the needs of families, so that parents can make choices freely according to their needs. Under the requirement that the teacher-student ratio must not be lower than 1:15, kindergartens may adopt a half-day or whole-day mode of operation in recruiting staff freely according to their needs. It is thus evident that kindergarten operators enjoy enormous flexibility in the provision of services. So, they can respond to the needs of parents and society flexibly and promptly and thereby provide a variety of services.

Owing to a variety of modes of operation, services and facilities, the school fees for kindergartens are not uniform. Currently, parents may make use of the vouchers and fee remission to arrange for their children to attend nearby and suitable kindergartens in the light of the characteristics of various kindergartens and their individual needs. Generally speaking, most parents are prepared to bear the school fees not covered by the voucher subsidy in order that they can choose the kindergarten services best suited to their needs. With the participation of up to 80% of the kindergartens in Hong Kong, the PEVS can provide adequate school places for parents to choose. Meanwhile, families not intending to apply for the voucher subsidy may also choose from other types of kindergartens.

Given that the school fees of kindergartens are not uniform, it is obviously not a desirable proposal for public money to be used to fully cover the fees in order to achieve the goal of completely free kindergarten education. However, are a uniform school fee and standardization of the fee levels feasible and

desirable? We must first consider this: What does a uniform fee level or using public money to fully cover school fees imply? This actually implies that kindergartens must be standardized and unified. Under standardization, the next step we must take is to devise a policy on allocating free places to kindergartens, calculating the number of places required, and establishing a mechanism for the allocation of kindergarten places so that free places can be allocated to school children of the appropriate age group. Moreover, we must pre-empt the emergence of surplus places. This implies that some of the existing kindergartens might be eliminated, and there will be fewer choices for parents. As a result of standardization and unification of the operation modes of kindergartens, kindergartens which are currently charging higher fees must lower their fees to our standard level. This is not necessarily feasible to the current diversified operation mode of kindergartens and those kindergartens which provide more or better facilities than other ordinary kindergartens.

I wish to emphasize that financial resources or technical arrangements should not be the sole consideration for the provision of completely free kindergartens. Instead, we must consider a series of changes brought about by free kindergarten education. These changes include the possibility of stifling the diversified development of kindergarten education, thereby affecting the ability of the kindergarten system to respond flexibly to external changes, parent's choice, regulation and the scope for kindergartens to further optimizing teaching conditions, and so on. For these reasons, we must consider these far-reaching impacts with great prudence.

We think there is no causal relationship between the inclusion of kindergarten education in the scope of subsidization and the upgrading of the quality of kindergarten education. Moreover, discussions should not be confined to drawing up a pay scale and directly subsidizing the payment of kindergarten teachers' salaries. Currently, the operational expenses required by both half-day and whole-day kindergartens have been fully reflected in their school fees. If required, kindergartens may provide adequate justifications in lodging their applications for annual fee increases to prove that their manpower demands and relevant expenditure are reasonable for consideration and approval by the Education Bureau.

Just now, a Member expressed the view that the core problem of ECE in Hong Kong is a lack of commitment in public resources. As I stated earlier, the

Government's recurrent expenditure on pre-primary education has seen steady growth in the past years. Since the introduction of the PEVS, there has been an increase of up to 45.6%. We are striving to enhance the PEVS with a view to promoting and developing a diversified and energetic pre-primary education system that sees joint commitment by stakeholders.

Furthermore, a Member proposed using the remaining amounts of the Teacher Development Subsidy to set up a continuing professional development fund with a view to encouraging teachers to receive on-the-job training. Given that the Teacher Development Subsidy is a one-off arrangement, kindergartens are required to return the unspent amounts of money to the Government at the end of the 2011-2012 school year. After that, we will continue to be committed to providing professional development support to kindergarten principals and teachers to help the latter as a team to combine theory and practice, share experience and pursue joint development. We also encourage kindergartens to apply for subsidies from the Quality Education Fund to take forward further school-based development programmes.

As regards teachers' workload, we understand and sympathize with the heavy workload of kindergarten teachers. To this end, we have streamlined the administrative procedures of the PEVS by, among other things, launching a system for reporting pupil information on the Internet, in order to alleviate teachers' workload. The existing support provided by the Education Bureau to kindergartens also includes reimbursement of rents to encourage non-profit-making kindergartens to provide services in districts where there are demands for school places.

As for the development of pre-primary curriculum, the Curriculum Development Council revised the "Guide to Pre-primary Curriculum" in September 2007 to provide pre-primary education institutions with the basic principle and direction of devising curricula. Having regard to their own circumstances and needs, these institutions may suitably adopt the recommendations presented in the Guide to develop a school-based curriculum in order to achieve the goal of pre-primary education.

Lastly, I would like to draw a sum-up. Since the 2007-2008 school year, the Government has injected substantial financial resources through the PEVS to directly subsidize parents in their expenditure on school fees for kindergartens.

Kindergarten education in Hong Kong has become popularized and is moving forward in a steady manner.

Under the PEVS, we provide parents with substantive support in meeting expenditure on kindergarten education through the subsidization of school fees as well as providing fee remission to needy families in order to assure the opportunities of children to receive kindergarten education.

I wish to emphasize once again that the provision of completely free kindergarten education should not be based purely on financial resources and technical considerations. More importantly, we have to prudently consider the possible impact of stifling the diversified development of kindergartens. The PEVS has provided parents with substantive assistance in school fees for kindergartens and maintained the diversified and flexible services in kindergarten education. Parents may choose kindergartens operating on different modes having regard to their individual needs. Currently, we have no plans to include kindergarten education in the scope of free basic education and implement 15-year free education.

In its work report submitted to the Government in mid-December last year, the Education Commission proposed that the PEVS be continued after the 2011-2012 school year on the ground that the PEVS was a suitable mechanism for subsidizing pre-primary education because it could give due regard to the characteristics of local pre-primary education. We will make enhancement of the PEVS our next goal with a view to maintaining and developing a diversified and energetic pre-primary education system that embodies commitment by stakeholders.

President, I so submit.

PRESIDENT (in Cantonese): Ms Audrey EU, you may now move your amendment.

MS AUDREY EU (in Cantonese): President, I move that Mr CHEUNG Man-kwong's motion be amended.

Ms Audrey EU moved the following amendment: (Translation)

"To add ", given that" after "That"; to delete "and" after "salaries," and substitute with "establish a sound teacher training system, reduce kindergarten teachers' administrative duties,"; to add "including providing rent allowances and formulating a pre-primary education curriculum," after "kindergartens,"; to add "when implementing 15-year free education," after "teachers and"; and to add "lower teacher-student ratios to" after "comprehensively"."

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

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Ms Starry LEE, as Ms Audrey EU's amendment has been passed, you may now move your revised amendment.

MS STARRY LEE (in Cantonese): President, I move that Mr CHEUNG Man-kowng's motion, as amended by Ms Audrey EU, be further amended by my revised amendment.

Ms Starry LEE moved the following further amendment to the motion as amended by Ms Audrey EU: (Translation)

"To add "; this Council also urges the Government to set up an education fund for teachers and allocate the unspent amounts of the Teacher Development Subsidy to this fund to encourage teachers to receive on-the-job training, and increase the number of clerical staff in ECE institutes" immediately before the full stop."

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

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Dr Priscilla LEUNG, as the amendments by Ms Audrey EU and Ms Starry LEE have been passed, you may now move your revised amendment.

DR PRISCILLA LEUNG (in Cantonese): President, I move that Mr CHEUNG Man-kwong's motion, as amended by Ms Audrey EU and Ms Starry LEE, be further amended by my revised amendment.

Dr Priscilla LEUNG moved the following further amendment to the motion as amended by Ms Audrey EU and Ms Starry LEE: (Translation)

"To add "; and improve the pedagogical approach of ECE in Hong Kong by making reference to overseas experience and circumstances; before the actual implementation of free ECE, the Education Bureau should expeditiously complete a comprehensive review of the existing Pre-primary Education Voucher Scheme, with a view to raising the subsidy ceiling and streamlining the administrative procedure of the Pre-primary Education Voucher Scheme to benefit more parents of children and kindergarten teachers; moreover, the Government should also review the curriculum contents, teaching quality and teacher qualifications, etc. under the existing 12-year free education system" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Dr Priscilla LEUNG's amendment to Mr CHEUNG Man-kwong's motion as amended by Ms Audrey EU and Ms Starry LEE be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr CHEUNG Man-kwong, you may now reply and you have 27 seconds.

MR CHEUNG MAN-KWONG (in Cantonese): President, the difficulties of implementing 15-year free education and providing completely free kindergarten education cited by Secretary Michael SUEN are exactly the same as those in providing subsidies on kindergarten education and implementing the PEVS put forward by the Administration back in those years. However, since the Government wanted to introduce the PEVS, a lot of difficulties and technical issues were overcome.

The Government has rejected our present proposal on implementing 15-year free education. Nevertheless, I believe that ultimately, the day of this fight becoming a success will come. At that time, it will be possible to overcome all the difficulties (*The buzzer sounded*)

PRESIDENT (in Cantonese): Mr CHEUNG, your reply time is up.

MR CHEUNG MAN-KWONG (in Cantonese): and all that he said will be proven wrong.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr CHEUNG Man-kwong, as amended by Ms Audrey EU, Ms Starry LEE and Dr Priscilla LEUNG, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Second Motion: Social welfare land use planning.

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

I now call upon Mr CHEUNG Kwok-che to speak and move the motion.

SOCIAL WELFARE LAND USE PLANNING

MR CHEUNG KWOK-CHE (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed.

President, social welfare land use planning has long aroused many criticisms in the social welfare sector. Regrettably, the Government has over the

years turned a deaf ear to all of these, causing many services, such as those for the elderly, persons with disabilities or people recovering from mental illness, to seriously lag behind demand due to inadequate land supply. I would like to ask the Government: On the question of how land should be used, are the interests of major consortia, business tycoons and major property developers given prime consideration while the interests of the socially disadvantaged must be the last factor to be considered, just as what it is generally doing now?

President, today, let me give an account of the current situation of various types of services, so that Members can have a clear picture of the plights faced by the socially disadvantaged as well as the Government's incompetence in administration. At present, the Social Welfare Department (SWD) has a total of 47 sets of Schedule of Accommodation for various welfare service facilities, covering elderly services, family and child welfare services, rehabilitation and medical social services, as well as youth and correction services, providing a consolidated brief of the requisite facilities and provisions while taking into account the operational, spatial and locational requirements of different service units.

However, many social service units have to commence operation in haste even without meeting the requirements of net operational floor areas specified in the Schedule of Accommodation due to inadequate area and hence their service quality is affected. For instance, owing to inadequate space in some elderly centres, the elderly are required to wait in long queues for their turn to use the activity rooms, or it is impossible to launch meal delivery service since there is no kitchen in the elderly centre because the place is too small. That said, their inability to meet the requirements in the Schedule of Accommodation will only affect the quality of some services, but what is more undesirable is that the failure of some organizations to identify venues has made it entirely impossible for services to be launched and in particular, the situation of the Integrated Community Centres for Mental Wellness (ICCMW) is most serious.

According to the latest statistics obtained by the Hong Kong Council of Social Service from various organizations, while the Government announced in the 2009-2010 Policy Address the setting up of 24 ICCMWs in all 18 districts across the territory, only four such centres have managed to identify permanent venues and commenced operation, while six centres have to convert from the original mode of day care centres or operate their service only on provisional

venues as a temporary arrangement, which means that a total of 14 centres have not yet been set up and are unlikely to commence operation in foreseeable future. Particularly, in Yat Tung Estate, Tung Chung, the organization concerned can only arrange for ex-mentally ill persons to travel a long way from their district to the service centre in Sham Shui Po to receive service, for the organization cannot identify a permanent venue in the district for setting up the centre, and the staff also have to travel to and from the two districts to provide services.

I have recently read a case in the newspapers which pointed out that in October last year, the SWD originally planned to covert a vacant kindergarten in Wu King Estate, Tuen Mun, into an ICCMW but unfortunately, this proposal met strong opposition from the Vice Chairman of the Tuen Mun District Council (DC) who considered that the centre should not be set up in the estate. I appreciate that most members of the public will have worries because they lack an understanding of ex-mental patients. I also appreciate that some DC members often choose to side with the wish of their voters for the sake of votes. But if we think about it more carefully, we will find that this is again caused by problems with the Government's planning because, had the Government allocated land well in advance and clearly specified that the land be used for rehabilitation services for mental illness, there would have been far less voices of opposition in the district.

As regards the proposal made in the 2008 Policy Address of setting up 16 District Support Centres for persons with disabilities in the territory, the progress has not been satisfactory either. So far, only two centres which meet the standards of area have fully commenced their services. As regards the other 14 centres, nine will come into operation one after another in the next four years — please bear in mind that it is four years — which means a delay of six years from 2008. What is more, three centres do not have a date for commencement of service, while two centres still cannot identify a site for operation. The situation is depressing.

President, the waitlisting situation of various types of residential care homes has also been worrying. First, there are currently more than 26 000 elderly people on the waiting lists for various types of residential care homes for the elderly (RCHE), and the average waiting time is more than three years. What is more infuriating is that with regard to the elderly waiting for nursing

home services in the last four years, when one elder was allocated a place in a nursing home, 3.4 elders would have passed away without being able to enjoy the service, still less a decent life. The waitlisting situation of residential care homes for persons with disabilities (RCHDs) is even worse. There are already more than 7 000 people on the waiting list but given an excess of demand over supply, the average waiting time is 10 to 12 years. The situation has even been worsening as the number of people on the waiting list has increased by 10% over that of last year. Broadly speaking, among the waiting lists for 11 types of residential care places, the number of people waiting for seven types of these places has kept on increasing and this precisely shows the gravity of the situation.

President, we requested the Government to provide additional residential care places but the Chief Executive's response in a previous Question and Answer Session was indeed laughable, for he outrageously asked us, "Where does the land come from?" It is the duty of every government to provide basic services for the socially disadvantaged. His reply has only impressed us as the Chief Executive being heartless and unsympathetic. Furthermore, could it be true that Hong Kong has no land available for use? From the information of the Planning Department, there are still a few hundred vacant sites in Hong Kong zoned for Government, Institution and Community use, which are the so-called GIC sites. President, I hope the Chief Executive can personally explain to us case by case why these several hundred vacant sites cannot be used for social welfare development.

In planning the use of land, the Government will, as I said earlier, allocate land for GIC use but in spite of this, such planned use is too general because after all, there is actually no final decision on whether or not the land can be designated for social welfare use. The specific land use planning work is mainly based on the Hong Kong Planning Standards and Guidelines. This also applies to the provision of social welfare facilities, and before finalizing the development of welfare facilities, the Government will consult the SWD and DCs.

Moreover, the Government has in place internal co-ordination mechanisms for allocating land for the provision of social welfare facilities. For example, if the SWD has new service demands, it will make applications to various departments according to the relevant procedures. These departments are mainly the Housing Authority (HA), Housing Society (HS), Urban Renewal Authority (URA), and so on. Once these departments became aware of the

demands, they can, when developing housing projects, earmark part of the land for providing these community or welfare facilities. On learning that some government departments have vacated sites for community use, the Government Property Agency will, through co-ordination, inform other government departments and find out whether they have a need to use these sites.

Regrettably, after the last White Paper on Social Welfare was published by the Hong Kong-British Government in 1991 and the Government stopped making five-year plan on social welfare in 1998, all welfare planning work has come to a halt. The Government now will make a response only when it is pressurized. Even though there is a so-and-so mechanism for social welfare land use planning, all is just empty talk because all the measures are taken only at the eleventh hour. It is already difficult to identify suitable land and even if land can be identified, there will be public opposition due to the lack of thorough consultation in the district. Added to this is that the Government primarily does not give priority to the pressing needs of the socially disadvantaged in its consideration and often sets eyes on economic benefits instead. Many projects are forced to be delayed, causing the progress to become increasingly slower.

President, I suggest that the Government should do something practical for the grassroots with "people-based" determination. As a short-term measure, work should be led by the Chief Secretary for Administration to propose solutions in respect of social welfare sites in the next three years and co-ordinate the efforts of various departments, with a view to exploring ways to provide more land for the social welfare sector and hence taking the lead to address the problem of our welfare services seriously lagging behind demand. In retrospect, when the Government of the Hong Kong Special Administrative Region (SAR) introduced the policy of providing 85 000 flats, the then Chief Secretary for Administration, Donald TSANG, had worked proactively to identify residential sites for the policy of "85 000 flats". In fact, our team of Administrative Officers has extremely high ability in administration. As long as the SAR Government has the determination to do it, I think it should not be difficult to identify suitable sites.

In the long term, the Government should instruct the HA, HS, URA, and even the MTR Corporation Limited of which we are the biggest shareholder, to discharge their social responsibilities by requiring them to allocate 5% of the

gross floor area and designate it for social welfare use. In respect of private land, provisions should be included in the terms and conditions of land sale, in order to set aside land for social welfare use.

President, apart from various difficulties in identifying sites for welfare use, welfare organizations have also encountered many obstacles imposed by society or the Government when seeking in-situ redevelopment to expand their services. For example, the Financial Services and the Treasury Bureau requires welfare organizations to submit concrete plans in applying for government funding. But as the Government has not made long-term planning for social welfare services, welfare organizations cannot provide detailed reports and therefore, their redevelopment projects have remained unattainable in the foreseeable future. Under such circumstance, they can do nothing even knowing that their services are lagging behind demand. Some organizations have proposed to rent units in commercial or industrial buildings as provisional venues for service delivery. Regrettably, the cumbersome policies of various government departments do not allow non-governmental organizations to provide service partially in order to meet the pressing demand. We, therefore, call on the Government to streamline all application procedures.

In the final analysis, President, it is most necessary for the Government to change its heartless mentality and stop treating the socially disadvantaged as a burden or stumbling block to economic development. I hope Members will understand that human beings are not born equal. Some people are born with disabilities; some are tricked by fate as they have been tortured by illness since childhood; or some people remain to be impoverished despite their continuous struggle. As a competent, responsible government with conscience, why can the Government not do a little bit more and move one more step forward to remedy these unequal phenomena in society? Lastly, I have a reminder for the Secretary. Do not cancel or delay the planning of social welfare services on any pretext, because it is only with planning that the provision of land for welfare use, financial arrangement and manpower support can catch up with the demand for service.

President, I so submit.

Mr CHEUNG Kwok-che moved the following motion: (Translation)

"That, given that at present, the Government does not include social welfare use as one of the considerations of land use planning, resulting in many welfare service units' quality of service being affected due to inadequate area or inability to meet the requirements of net operational floor areas specified in the relevant Schedules of Accommodation; some units are even unable to commence operation due to failure to identify permanent venues; recently, there have been delays in residential care homes for the elderly, residential care homes for persons with disabilities, District Support Centres for Persons with Disabilities and Integrated Community Centres for Mental Wellness, etc. finding places to commence operation because of the authorities' unsatisfactory land use planning, which ultimately causes service users to suffer; in this connection, this Council urges the Government to face up to the inadequacy of social welfare land use, have land zoned for welfare use well in advance, expedite the provision of lands for welfare use as needed, and jointly draw up with the sector a mechanism for long-term social welfare land use planning, including collating social indicators, assessing social welfare needs and appropriately dovetailing with the implementation of welfare policies when formulating land policies, so as to ensure that the development of social welfare services will not be impeded; moreover, this Council also urges the Government to enhance civic education, with a view to fostering greater public acceptance of the integration of the socially disadvantaged into the community."

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

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, first of all, I wish to thank Mr CHEUNG Kwok-che for proposing this motion debate on social welfare land use planning.

The planning and use of government land/premises covers the scope of work of various Policy Bureaux and departments. The Hong Kong Planning Standards and Guidelines (HKPSG) provides guidelines on basic land use and

ensures that in the planning process, the Government may set aside a sufficient amount of land to meet the needs of social and economic development, as well as providing proper public facilities, including welfare facilities, to meet the needs of the public.

Therefore, with respect to planning land/premises for social welfare facilities, including those for persons with disabilities and the elderly, the HKPSG offers a basis for reference, including considerations of demographic features and geographical factors, so that an assessment can be made of the need for such facilities at the district level. The present planning procedure helps ensure that there is enough land zoned for GIC use in the Outline Zoning Plan (OZP). It also ensures that suitable premises are reserved for the provision of such facilities. The relevant standards mainly serve as general reference, so a flexible approach will be adopted by the authorities as per the actual conditions.

The Social Welfare Department (SWD) is the advocate department for the provision of welfare facilities. Welfare facilities may be placed inside a specifically designed stand-alone building or a multi-purpose project. All along the SWD has been proactively identifying, through all sorts of means, suitable locations for the provision of welfare facilities to meet the service needs of local residents or the wider community. We maintain close contact with all the relevant bureaux and departments, including the Education Bureau, Planning Department and Housing Department. We strive to add welfare facilities in the new developments or redevelopment projects in both private and public sectors. This is done by adding social welfare facilities in development projects on land for GIC facilities, development of public housing estates, URA redevelopment projects and comprehensive development projects. In addition, the SWD is very supportive of redevelopment and extension of welfare facilities in non-governmental organizations (NGOs) according to the prevailing needs and conditions. The SWD is likewise supportive of studies on building welfare facilities in vacant buildings or converting them for that purpose, with a view to increasing service delivery. As a matter of fact, the Government has always been taking active steps to identify suitable sites for the purpose of housing facilities for elderly and rehabilitation services.

President, I so submit. After listening to Members' views, I will make a more detailed response. Thank you.

MR TAM YIU-CHUNG (in Cantonese): President, with the population in Hong Kong ageing gradually and the social environment becoming increasingly complicated, many new social problems have thus emerged, such as domestic violence, child abuse, drug abuse and compensated dating among young people, mental illness, and so on, and these problems have become more and more prevalent. This is why there has been an increasingly great public demand for social welfare facilities and services. But as the Government has not made long-term planning for social welfare services well in advance, the serious shortage of sites for welfare use has impeded the development of various social services.

Take long-term care service for the elderly as an example. The supply of RCHEs is seriously inadequate. There are currently more than 25 600 elderly on the Central Waiting List for allocation of various types of subsidized residential care places. Among these elderly people, more than 19 000 are on the waiting list for nursing homes, and the average waiting time is 32 months. Besides, some 6 000 persons with disabilities are waiting for subsidized residential care places and they generally have to wait for eight to 10 years. However, the Government has made no progress at all in the development of new RCHEs over the past few years. Nor has any planning been made by the Government to designate new sites for the development of elderly homes in future. Even for those sites earmarked for this purpose a few years ago, as the construction works have not yet commenced, it is unknown as to when the elderly homes can be completed.

In Yuen Long, for instance, on the OZP there are four sites designated for government or public facilities including RCHEs, but these four sites have remained deserted and are left idling even now. For the past three years the Government had earmarked funds in the budget for the development of new subsidized RCHEs, but at the close of accounts every year, the funds invariably had to be returned to the Treasury because the elderly homes were not developed. The Secretary may say that this is still fine because there is the Bought Place Scheme, but this Scheme can only achieve limited results. Although the Social Welfare Department (SWD) will continue to buy vacant places from self-financed nursing homes and RCHEs in this financial year, let us look at the numbers. The total number of nursing home places has remained at 1 574, and the Bought Place Scheme for Private Residential Care Homes for the Elderly can add only 321 places in this financial year. The proportion still seems to be very small.

The Secretary mentioned the HKPSG earlier on. He said that in respect of the provision of social welfare services, except for youth centres and Integrated Family Service Centres which are provided according to prescribed population thresholds, the provision of other facilities is decided after giving consideration to the population in need of service, geographical factors and the prevailing supply of and demand for service on an irregular basis. I have just cited what he had broadly said earlier. However, whether or not the facilities are adequate and whether or not these facilities can be provided early will hinge on many factors. It hinges on the Government's policy at the time, and it hinges on the priorities set for the projects of the relevant Policy Bureaux and departments as well as the allocation of resources. So, this planning approach puts emphasis only on the flexibility of welfare services without making medium-to-long-term planning for the services. As a result, only stopgap measures are adopted to cure the symptoms rather than the problem at root. Even though there is a policy, the provision of sites for social welfare facilities still lags far behind the demand.

In 2009, in response to a spate of tragedies resulted from assaults committed by mental patients in the community, the Government hastily announced the setting up of ICCMWs in the 18 districts. But given the lack of planning for this type of integrated centres by the SWD before and without any co-ordination with the Lands Department, Housing Department and Home Affairs Department in planning, only one of the 24 service points can operate on a permanent venue. Welfare organizations, therefore, have to use their existing service venues, such as half-way houses, as provisional venues for the operation of these centres. But given the inherent constraints of such venues, it is difficult for the integrated centres to provide regular occupational training and group services for ex-mentally ill persons and the effectiveness of the services is hence affected.

The lack of sites for welfare use has certainly caused problems to new policy initiatives, but even some established services are also facing difficulties. According to the Hong Kong Council of Social Service, a large number of District Elderly Community Centres, Neighbourhood Elderly Centres, Integrated Youth Service Centres and Integrated Family Service Centres not has yet managed to identify premises that meet the requirement of standard operational area for launching their services in the course of service re-engineering and integration. As these organizations do not have their welfare premises, or they have to provide services on premises below the operational area standard, some

of the originally designed service functions, such as day-time training activities, cannot be fully brought into play, thus preventing service users from accessing appropriate services.

In view of these problems, we consider it imperative for the Government to improve its social welfare land use planning. First, performance pledges should be drawn up for various social welfare services, including RCHEs, RCHDs, community care, health care services, mental health services, and so on, and people in need should be provided with the required services within a prescribed time frame. Furthermore, five-year plans for these welfare services should be drawn up in accordance with the performance pledges, with a view to setting aside land for the development of these services accordingly. I also think that the Government should formulate policies to encourage and assist NGOs in utilizing the sites flexibly when undertaking redevelopment of their headquarters or service units, so as to provide welfare premises for the delivery of subvented or self-financed services.

MR CHEUNG HOK-MING (in Cantonese): President, a key point of this motion is to call for the drawing up of a mechanism for long-term social welfare land use planning, so as to address the actual shortage of sites for use as service venues by the social welfare sector, which is frequently happening now.

As a matter of fact, this has long been a problem in the sector. Recently, the Government has announced the proposal to set up ICCMWs in the 18 districts of the territory but as this measure was rolled out without corresponding land use arrangement, coupled with such problems as many service operators failing to identify sites for their operation, rather strong views have been resulted.

President, the population of Hong Kong is ageing. According to the statistics of the Census and Statistics Department, the number of people aged 65 accounted for 13% of the total population in Hong Kong in 2009, but the percentage will reach nearly 26% in 2036, meaning that the number will be doubled. Meanwhile, as the social environment in Hong Kong is becoming increasingly complicated, such social problems as domestic violence, compensated dating, elderly abuse and mental stress have emerged continuously in recent years. It can be envisaged that there will be increasingly great and ever

rising public demands for supportive welfare services, including assistance in resolving family problems, rehabilitation centres for mental patients and day care centres for the elderly. There is currently an acute shortage of such supportive welfare measures as day care centres for the elderly. In this connection, the authorities must review afresh the existing social welfare land use planning, so that the policies on various social welfare services can more effectively meet the current and future needs of the public.

With regard to the problems relating to land for social welfare use, I think the public generally will not reject the more popular welfare services welcomed by the public, such as youth centres, health centres, and so on, but such facilities as rehabilitation centres for mental patients, RCHDs, and so on, will often face public resistance or give cause to public concern.

President, in the middle of last year when the Government planned to enact the Residential Care Homes (Persons with Disabilities) Bill into law, we visited some RCHDs to gain a fuller understanding of the operation of these homes. We once visited a RCHD in Kowloon East, which was quite large in scale as the section for female inmates already occupied the entire four to five-storey duplex-typed tenement building, while the section for male inmates located one street apart was operated also on a comparable scale. But strangely enough, only the street name and the street number were shown at both buildings but the name of this residential care home was not seen at all, not even the name of the service provider. From the outside, they looked just like ordinary buildings.

After making some enquiries, we learned that it was purely meant to cover themselves up. According to the Manager of that residential care home, they hoped that in doing so, they would be spared excessive public resistance. It is because apart from admitting persons with physical disabilities, their inmates also include people with intellectual disabilities and mental illness. Their looks and behaviour may not be accepted by all the residents. To avoid unnecessary troubles, they had purposely kept a low profile. They preferred to be considered mysterious by the residents than making public the name of the residential care home, in order not to arouse discontent from the residents and even to avoid falling prey to forced eviction.

President, from this example we can see that the Government has at least three problems in its social welfare land use planning. First, comprehensive

planning and support facilities are lacking. In developing a community, the authorities have often underestimated the demand for welfare services among residents in the district, and when drawing up plans for the development of facilities in the district, the provision of land for social welfare use is seriously inadequate in terms of planning. As a result, welfare organizations basically cannot provide services in the district, not to mention the quality of service.

Second, the Government has always acted hastily by developing the less welcomed community facilities in maturely-developed localities, and it has often failed to conduct thorough consultation in the process, plunging the residents and the Government in confrontations frequently. In this connection, if the Government, in developing a community, can draw up plans well in advance to allocate part of the site for the development of a rehabilitation centre for ex-mental patients and relevant welfare facilities, while allowing residents to first understand the relevant developments before they move in, so that they can more readily accept it and be psychologically prepared for it, this, I believe, will reduce unnecessary conflicts in the district.

Third, civic education by the Government is lacking. The concept of integration of the socially disadvantaged into the community has not yet been accepted by the public. It is necessary for the authorities to step up education and publicity, and inculcate in the public an awareness of social harmony, tolerance and acceptance, as well as an social inclusion.

President, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) hopes that the Government can seriously review the social welfare land use planning and draw up a mechanism in the long term to ensure that members of the public, including the socially disadvantaged, can truly access social welfare services. The DAB supports this motion.

Thank you, President.

MR RONNY TONG (in Cantonese): President, among the many Directors of Bureaux, I think Secretary Matthew CHEUNG is the government official most frequently chided as not having a conscience, and even being unsympathetic. This may not be at all fair to the Secretary as social welfare policies have always been controversial in Hong Kong, and this explains why the Secretary, who

serves as a shield for the entire Government, is the first to bear the brunt. Whenever these issues are mentioned in society, he will certainly be taken to task.

But President, it is an indisputable fact that the waiting time for residential care places is indeed becoming increasingly long both for the elderly and persons with disabilities, and the situation is even worse for persons with disabilities, while some elderly people could not be allocated a place even when they passed away. In the past, we had to refer to the "cue card" before we could tell for how long they needed to wait, but this is unnecessary now, as every one of us can tell it right away because we have had too many discussions on this indeed.

President, what exactly is the problem? Recently, an organization fighting for subsidized residential care homes has told me that residential care places have persistently remained inadequate because the Government is entirely unwilling to provide any facility or make any planning for social welfare. They have cited an example, pointing out that none of the dozen estates newly completed from 2009 to 2011 has reserved space for the development of hostels or other social services and facilities. What was the reply from the Housing Authority (HA)? The HA explained that there was no such planning because these facilities could be found in neighbouring estates and so, it was unnecessary to include these facilities in the relevant planning.

President, despite that the population is growing and ageing, the provision of facilities has remained unchanged or lagged far behind the pace of population growth and ageing. Such being the case, how can the elderly in Hong Kong not be made to keep on waiting without being allocated a place even when they passed away?

President, the Government is, in fact, very short-sighted. Why? Because planning these services in new districts is actually more readily acceptable to the public than planning their provision in existing districts. Better still, if these facilities are developed in every new district or town, this can actually facilitate the employment of the grassroots in the district and promote local community economy.

Why does the Government not do this? President, I received a complaint from a housing estate some time ago in which the residents opposed the proposal to increase the provision of nursing care places for the elderly in the estate.

They said that the provision of these nursing homes would increase the frequency of ambulance trips to their estate and hence increase the traffic volume in the estate, which would in turn affect the sale value of the estate. Since there has been such reaction to RCHEs, let alone services for mental patients. Despite the continued rise in the number of mental patients, many districts have opposed the provision of such services, treating them as if they are columbarium facilities.

Had the Government set aside facilities for the provision of these services as early as at the planning stage of housing estates or communities, so that the residents were aware of these services before they moved in, the voices of opposition from the residents definitely would not have been so strong, just as they are now because the residents were asked to accept these new facilities only after they had moved in. So, the problem precisely lies in the Government's reluctance to draw up a mechanism for long-term social welfare land use planning, resulting in the gradual intensification of social conflicts.

President, let us look back on the past and draw a comparison with public housing estates where social welfare services are provided. Po Lam Estate in Tseung Kwan O was completed in 1988 during the colonial era, President. There are altogether seven blocks of buildings and a shopping arcade in Po Lam Estate, and on the ground floor as well as the second and third floors there are RCHEs, hostels for severely mentally handicapped persons, day activity centres, children facilities and centres for early training where children with disabilities can access training services early. Besides, there are also youth centres, family service centers, and so on. These services and hostels have all along existed alongside the housing estate and residents, and in the past two decades or so, there has not been any problem in Po Lam Estate; nor has there been any social conflict.

But let us compare Po Lam Estate with Yat Tung Estate in Tung Chung. Yat Tung Estate was completed in 2001, accommodating 5 600 households in its 13 public rental housing blocks with a total population of over 20 000. Yet, a library and a clinic located on the second floor of the shopping arcade are the only community facilities there. While some NGOs also provide services there, they do not occupy a lot of flats and particularly when compared with Po Lam Estate where the population is 50% less, their services are basically no match for those in Po Lam Estate.

We understand that about 30% of the residents of Yat Tung Estate are recipients of Comprehensive Social Security Assistance, and they can access suitable services only by going to Fu Tung Estate in the town centre of Tung Chung by bus or on foot. This housing estate has a high population density and the residents are low-income earners. If labour-oriented social welfare services and facilities can be provided in the estate, such as hostels or domestic helper teams, not only can care services be provided to the elderly or persons with disabilities in the community, employment opportunities can also be created for residents in the district, thereby promoting the local community economy.

President, from this we can see a stark contrast between the two housing estates. The message being put across is actually very simple and that is, even though the Government back in the colonial era had given the public the impression that it was more scrupulous, it could show greater care to the people and was more willing to draw up long-term planning, formulate long-term policies to address the ageing of population, take steps to meet the demands of persons with disabilities, and address the demands of persons with disabilities and the elderly. Why is it that after the reunification when Hong Kong people are ruling Hong Kong and have become masters of their own house, the Government has nevertheless turned a blind eye and a deaf ear to these problems? President, Secretary Matthew CHEUNG really has to seriously do some soul-searching and fight on behalf of the people of Hong Kong for more (*The buzzer sounded*).....

PRESIDENT (in Cantonese): Mr TONG, time is up.

MR RONNY TONG (in Cantonese): appropriate planning from the SAR Government.

MR WONG KWOK-HING (in Cantonese): President, we consider that this motion proposed by Mr CHEUNG Kwok-che today is very good and we will fully support it. This motion proposed by Mr CHEUNG Kwok-che intends not to criticize the Secretary but to throw weight behind him, for he does not have enough strength. In planning for development, why does the Government not consider sites for social welfare facilities and welfare organizations? It may be

due to insufficient strength on the part of the Secretary. So, this motion today is actually meant to throw weight behind him.

Similarly, the Federation of Trade Unions has also made a number of counter-proposals on the transport subsidy scheme to the Secretary with the intention of throwing weight behind him because he does not have enough strength. We, therefore, hope that the Government will consider our counter-proposals of adopting a dual-track approach and taking into consideration part-time workers, workers whose wages are pegged with the minimum wage, as well as eligible applicants under the original scheme which covered four districts. Our proposals are meant to throw weight behind the Secretary, not to chide him, hoping to boost his strength, so that he can fight for more resources for the grassroots and for the needy in society.

In respect of the provision of social welfare facilities, we have all along considered that the Government is actually taking one step at a time without any long-term planning. In developing a new district, the Government will often let residents move in first, and it is only after many problems have arisen that the Government would raise the need for providing so-and-so service.

President, let me cite three examples to illustrate this problem. I actually do not have to put forth too many arguments because the facts are there for all to see. The first example is Yat Tung Estate, Tung Chung. Mr TONG said earlier that Yat Tung Estate has a population of some 20 000. He was wrong, for it should be 40 000. Secretary, the residents of Yat Tung Estate in Tung Chung are precisely a group of people abandoned on an isolated island by the Government and deprived of care. This is a reflection of an imbalance in the Government's planning and this is also why many social welfare facilities have failed to catch up.

Yesterday morning, a group of residents from Yat Tung Estate — Yat Tung Residents Concern Group — came to the Complaints Division of the Legislative Council. A Mr CHUNG Lin-shun, an elderly aged 85, was among them and I promised him that I would definitely raise this question on his behalf today. He asked us Members if we knew that there was no community facility in Yat Tung Estate and the elderly in the estate had to sit on the merry-go-round in the playground of the estate all day long, though for only two days a week they could be "released from prison". What does it mean by being "released from

prison"? It means that they can enjoy the \$2 concessionary fare every Wednesday and Saturday and so, they consider that they are like being "released from prison" on these two days, for they can travel to everywhere. They will go shopping in the wet market in Tsuen Wan or Sham Shui Po where they will buy food for the whole week. There is no swimming pool, no library, and no hospital in Yat Tung Estate, and it was only after many rallies, petitions, and after we had talked till our gum was bleeding that the Government finally agreed to plough in resources step by step, but the facilities for the elderly and other welfare facilities are indeed inadequate. So, Yat Tung Estate is a typical example showing that the Government basically has not taken these new communities into consideration in its planning. The Government should consider them right at the beginning, rather than taking one step at a time after everything has been finalized. This is one example.

The second example is Kwai Chung Estate, which is a quite recent case in point. After redevelopment, the population of Kwai Chung Estate has risen to 30 000 which is catching up with that of Yat Tung Estate. Although Kwai Chung Estate is not a new town, the Government has only wanted to develop more high-density public housing estates, giving no consideration whatsoever to community facilities. This is why there is no community centre, no facility for taking care of the elderly, women and children, and of course, there is no library. The elderly in Kwai Chung Estate have set up on their own self-help association in a small stone house and called it "the little house". They cook meals there and charge a very low fee for that; they even organize some activities there but they have not received any government subsidy at all. This precisely shows that the Government has not given any consideration to community facilities and support facilities in developing public housing estates with a high population density. The residents of Kwai Chung Estate are now calling on the Government to develop a community centre for them and provide more community facilities in the estate. I hope the Secretary will hear my voice and give this further consideration. Given insufficient strength on the part of the Secretary, we now throw weight behind him by giving him our opinions, so that he can seek the support of other departments for providing these facilities. I have just cited Kwai Chung Estate as the second concrete example.

The third example is Tin Shui Wai, where there is a high density of population and public rental housing. But similarly, the Government let the residents move in first and found out only later a lack of so-and-so social service.

As I said earlier, the support facilities are all lagging behind demand. Why does the Government act in such a way every time? Why has it always brought about such bad results every time? Should an overhaul not be carried out at source?

President, the Government has recently sought funding approval from the Legislative Council for the planning of the development the Kwu Tung new development area and Hung Shui Kiu new development area. I have strongly stressed the need to carry out comprehensive planning and cautioned against repeating the same mistakes made in the town planning of Tin Shui Wai and Yat Tung Estate in Tung Chung, which has turned out to be a fiasco. In planning these new development areas, does the Secretary have a say? Does he have any involvement in it? Does he give any opinion? I hope Secretary Matthew CHEUNG can give us a response later. This is a hot issue. If the Secretary does not have any position or role, or if he does not have any say in it, how can the anticipated problems be nipped in the bud?

I, therefore, strongly wish that the Government, in considering the provision of community facilities, will make an overall, comprehensive consideration, rather than taking one step at a time and adopting stopgap measures to address the symptoms rather than the root of the problem. I hope that the Secretary can consider our views. Moreover, I would like him to tell us in his response that in respect of the new development areas (*The buzzer sounded*)
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PRESIDENT (in Cantonese): Mr WONG, time is up.

MR WONG KWOK-HING (in Cantonese): whether the authorities have raised these issues in their planning.

MR WONG YUK-MAN (in Cantonese): President, in this highly-developed capitalistic society of Hong Kong, land equals to power. Under the hegemony of the real estate sector and the effective manipulation of the supply and prices of goods and services by monopolistic cross-sector enterprises and consortiums, Hong Kong people are already living in dire straits. Despite the looming crisis of an ageing population, the SAR Government does not even have in place a

complete mechanism for social welfare land use planning. Sites for welfare use are, therefore, lacking. A large number of elderly people are not provided with support in their twilight years, suffering untold miseries and hardships in their living.

Although Secretary Matthew CHEUNG, while chatting with me, stressed time and again that he was gravely concerned about the inadequacy of residential care places for the elderly and persons with disabilities, and boasted time and again how resolute he was to shorten the waiting time, and after saying this for so many years and after I have raised questions on this issue for several years, the number of elderly who died while waiting for a residential care place has increased rather than decreased. This is a fact.

The Secretary has time and again stressed his determination, vowing that he has handled this matter very seriously and yet, he likes to cover up the faults and put only the best foot forward. The Secretary's reply to an oral question raised by me in the last meeting was most infuriating. On 26 January, I asked an oral question about whether the Government will increase the supply of subsidized nursing home places. The Secretary pointed out in his reply that 1 095 additional nursing home places will come on stream between this financial year and 2013-2014, representing 50% of the existing provision of nursing home places (2 191 places). The Secretary was merely juggling with the numbers because in fact, there are now more than 20 000 elderly people on the waiting list for residential care places. More than 4 000 elderly people died while waiting for nursing home places and residential care home places annually, which means that as many as 13 elderly persons on average passed away each day while waiting for these places. Who should feel ashamed?

There are still 6 000-odd elderly on the waiting list for nursing home places. Elderly persons who live in nursing homes generally require a higher degree of care and attention than those in ordinary residential care homes. If the former group of elderly people cannot be placed in nursing homes, it is more likely that they will die, Secretary.

The shortage of nursing home places is all the more alarming. As at the end of 2010, there were 20 519 elderly people waiting for nursing home places, and the average waiting time was 33 months. Compared with February 2010,

the number of elderly increased by 1 000 while the waiting time also increased by three months. From this we can see that the problem is deteriorating continuously. But the Government has only undertaken to provide an additional 621 nursing home places in the next three years, which means that the supply of such places will still seriously fall short of demand. Such being the case, how can the Government solve the problem? The Government is not in the least determined to resolve the problem. The motion proposed by Mr CHEUNG Kwok-che has actually given the Secretary an idea of how the problem can be tackled fundamentally and structurally. The Secretary cannot do nothing to tackle it, right?

More often than not, when I look at these so-called elderly care policies, I cannot help feeling that the Government is really heartless, Secretary. The Government has always asked the elderly to fend for their own well-being, saying that it would be best for them to be taken care of by their children. But their children now find it difficult even to stand on their own feet. After 10 or 15 years, there will be elderly people everywhere, while young people in their 20s now will be in their 40s but they may not necessarily be able to make ends meet by then. The Government has not saved up for the rainy days, knowing only to amass fiscal reserves amounting to thousands of billion dollars. It is "reluctant to spend money on good causes, yet prepared to waste it". The Express Rail Link has destroyed the homes of many and yet, the Government dealt with it in a most efficient and effective manner, didn't it? The problems that we are discussing now can be resolved by appropriating only a small amount of money.

I think Financial Secretary "old TSANG" and the other "old TSANG" share the same mindset. Fortunately, that of our "old TSANG" in the Legislative Council may not be the same. They went so far as to say that in a capitalistic society, the people must fend for their own well-being and that there is basically no conflict arising from the Government being rich while the public being poor in society, adding that this is all caused by some people deliberately stirring up such a conflict which does not actually exist. In the Budget debate, I will certainly give him a good "treat" for this remark. And, as Secretary Matthew CHEUNG has been working as the Secretary for Labour and Welfare for such a long time, his way of thinking is also close to theirs now. He outrageously said that two people who make an income totalling \$12,000 are not considered poor. What a golden line to say lately! Those officials make a monthly income of hundreds of

thousand dollars each. He had been an AO (Administrative Officer) for so many years, but is it that his brain has grown all over with grass? How outrageous it is to make such a remark — two people who make an income totalling \$12,000 are not considered poor. This is nothing more than the minimum wage. We can ask Mr CHEUNG Kwok-che whether people whose monthly income is below this level are considered poor.

The Secretary for the Environment proposed the recovery of "膠樽" (plastic bottles), and let me also urge the Secretary to withdraw "交津"(transport subsidy)¹ — the proposed transport subsidy scheme. I have no intention to deviate from the question, President, but when it comes to this topic, it is inevitable to talk about the Secretary for Labour and Welfare. He has enjoyed high popularity recently. Today, a great majority of political parties and groupings in the Legislative Council have requested the Secretary to withdraw the proposed transport subsidy scheme and yet, he remained unconvinced and wanted to further discuss this with Members. Well, he has not approached me for any discussion because he thinks that I am "lame". It is unnecessary for him to discuss it with me because I would not bother to discuss it with him even if he approached me. He has not discussed it with you? OK. Let me get it right. The Secretary also has not discussed it with our London Silk, Ronny TONG.

It is useless to seek further discussions. So far, only the FTU may soften its stance, or only the DAB can help him. Our position is very clear; so is the position of the community. If you want to grant subsidies, you should really grant subsidies and yet, you do it grudgingly and reluctantly. We have all along opposed the household-based means test. I have said this many times. I do not say this only today. I am sorry, President, I have digressed from the topic a bit too far.

Moreover, the case of persons with disabilities is just the same as there is also a serious shortage of residential care homes. There is a lot of information in my script here, and Members can read it in detail, but I know they would not bother to do so. The Government has always mentioned short-term, medium-term and long-term measures but all is often just gibberish, as it likes to talk rubbish. I do not know for how long the Secretary is going to spend on his

¹ "膠樽" (plastic bottles) and "交津" (transport subsidy) have the same pronunciation in Cantonese.

response to us later. If he spends half an hour on his response, I would surely leave this Chamber in order not to waste time listening to his response.

I recall most clearly that when I first became a Member of the Legislative Council, social welfare was the first issue discussed. I then surfed the webpage of the Social Welfare Department on the Internet and flew into a rage at reading one of the paragraphs which said that as the elderly in Hong Kong did not plan their future when they were young the Government, therefore, has to provide social welfare to them. How outrageous it is for the Government to say this!

MR ALBERT CHAN (in Cantonese): President, this Government, in particular, the Chief Executive, always claims that no sites can be identified for setting up social welfare facilities, such as residential care homes for the elderly (RCHEs), service units and residential care homes for ex-mentally ill persons and persons with intellectual disabilities. Neither can sites be identified for setting up residential care homes for persons with disabilities (RCHDs). Basically, facilities and services for which sites cannot be identified are those needed by the disadvantaged groups.

President, let me go through those facilities for which sites have been successfully identified. The authorities have identified sites for constructing the building of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region, and the service facilities of the Chinese People's Liberation Army in the Tamar site, Central and Kam Tin, Yuen Long even cover an area of tens of thousand sq m. The site reserved in the Kai Tak District for constructing the stadium is big enough to accommodate all social welfare facilities. As for the West Kowloon Cultural District (WKCD), its site covers the entire West Kowloon Reclamation. How about the Disneyland? When Chief Executive Donald TSANG was the Financial Secretary, he participated in the site selection process and the existing site of the Disneyland was identified in the end. Sites could be identified for all these facilities. In a nutshell, with the support of the privileged class and the Government, or when leaders in the top echelons wish to achieve "strong governance" and make a mark in history, all sorts of sites could be identified. On the contrary, the authorities would tell us that they were unable to identify a site as small as a few thousand sq ft if for use by the disadvantaged groups.

Therefore, President, "being unable to identify any sites" only proves that this Government has no intention and no determination to identify any sites, and neither has it made any effort to do so. While justifications abound, it has no intention, no determination and has made no efforts in this regard, which has made it having no shame in the end. Therefore, Secretary, do not ever tell me again that no sites can be identified. "Being unable to identify any sites" reflects that the Government and you, being the Secretary, have no intention, no determination and have made no efforts to do this task. Therefore, stop telling me again that you are unable to achieve this task.

Just now, I have named so many sites, including the vast site in Central, the entire site of the West Kowloon Reclamation occupied by the WKCD and the prominent, expansive site in Kai Tak. Why could all these sites be reserved?

It was precisely because of the situation mentioned by Mr WONG Yuk-man just now. That is, under the control of the existing land hegemony, as long as a project is beneficial to the privileged class and property developers, the authorities can find whatever sites required. As the disadvantaged groups and members of the general public have no authority and courage, and neither do they have any voting right in the small-circle election of the Chief Executive by 800 voters, the authorities cannot identify any sites for them.

Regarding the failure to identify any sites, President, this problem was not so serious in the past. However, over the past five to seven years, particularly after the reunification, the situation has been worsening. This has fully reflected that the system certainly, the former colonial British-Hong Kong Government was a dictatorial government, and so is the existing small-circle Government. But why could the Government during the British-Hong Kong era, though also being dictatorial and lacking in democracy, identify sites for setting up facilities more easily than the existing weak Government?

Back then, former Hong Kong Governors always visited the disadvantaged groups, whether it was because the colonial Government was putting on a pretense of propriety and care or the British Government was a hypocrite, pretending to care for the disadvantaged groups; and the wives of former Hong Kong Governors usually engaged in many charity services. Even if they were putting on a pretense, they did display this behaviour after all.

On the contrary, the existing Government even does not bother to put on such a pretense of propriety and care, and it is even blatantly biased towards the interests of the powerful and wealthy and large consortia, while disregarding the needs and interests of the disadvantaged groups. This is very obvious. Certainly, President, it is very difficult to identify sites in a great haste because, as Members may know, planning takes time. Why was the former British-Hong Kong Government able to identify sites more efficiently? Secretary, one of the main reasons is exactly related to a major segment of the social welfare policy review.

In the 1980s, social welfare services were provided according to a 10-year plan. With the formulation of the 10-year plan, projection of future developments and demand in the next 10 years, including the demand for residential care homes and homes for ex-mentally ill persons and persons with disabilities, could be made. As the 10-year plan was in place, the relevant departments had to take corresponding measures to provide the relevant sites and facilities to enable the implementation of the social welfare policies concerned. This was how individual measures were aligned with the overall planning, and thus sites could be identified for the provision of the relevant services.

Therefore, when the Government recently reviewed its social welfare policy again, the Hong Kong Council of Social Service (HKCSS) and I put forth the viewpoint mentioned just now on various occasions. Secretary, we really hope you will awaken to this reality. The HKCSS has proposed plenty of times that this 10-year plan for social welfare formulated in the 1980s should be restored and this basic concept and practice should be adopted again. The British-Hong Kong Government was justified in doing so. Why are you always unable to achieve your desired goals? Why does it seem that you are always running into snags, unable to achieve anything at all, no even identifying any sites for building basic facilities? Do you not have any sense of guilt? Do you not feel that you are very incapable? Do you consider yourself having failed to live up to the expectations of the disadvantaged groups, the elderly and the some 7 000 elderly people who passed away while waiting for RCHE places? Do you have any sense of guilt and shame? If you do, Secretary, please look into this problem and find out why some results could be achieved in the past and whether a review should be conducted. So, you have to address this problem.

Frankly, I do not harbour any expectation of John TSANG and Donald TSANG anymore. Concerning the disadvantaged groups, after taking up their high positions, both of them have totally Even when some members of the community wanted to say a few words to him, he raised his elbows to make them back off, as if in a ball game. This Chief Executive is really cool. He even raised his elbows to make people back off. Therefore, as the Secretary, your performance in the past I do not know whether you were sincere after all you tried to display some qualities of human decency. I hope that in carrying out a review, planning or development and in formulating corresponding policies, you will return to the old path of the 1980s. This way, I believe the relevant facilities can be improved.

MR WONG SING-CHI (in Cantonese): President, regarding this motion moved by Mr CHEUNG Kwok-che today on welfare land use planning, the Democratic Party has actually requested the Government and the Urban Renewal Authority (URA), in relation to the proposals in the Policy Address this year, to reserve a certain portion of floor area in the development planning process for setting up residential care homes or social service facilities.

According to the information we obtained at meetings with the heads or representatives of social welfare organizations, as the authorities had not reserved floor area for setting up facilities and residential care homes in the past, some services could not be implemented eventually even though these organizations had liaised with the Government and expressed their hope to expedite the development of these services. This has resulted in insufficient residential care places and the shortage of many services or other facilities for persons with disabilities. It is not that members of the community do not want to implement these services and facilities or social welfare organizations do not want to promote their development, but it seems the Government has made some blunders in overall co-ordination and planning.

Certainly, insofar as the current situation is concerned, the Government may advance the excuse that there is not any planning parameter requiring that certain sites be designated as "social welfare sites", sites used for the purpose of providing government, institutional or community facilities, that is, "Government, Institution or Community (GIC) sites". However, it actually depends on whether the Secretary has any "say". Uncle SUEN claims that he does not have

any "say", and I do not know whether Secretary Matthew CHEUNG has any "say" in this respect. If he thinks these facilities should be set up, he has to make use of his "say" to fight for these welfare sites for social welfare organizations and the disadvantaged groups during the planning process, whether the sites concerned are government sites or sites for community facilities. I think it can be said that the Government, in particular, the Secretary is duty-bound in this respect.

Regarding some established services, such as District Support Centres for Persons with Disabilities (DSCs) and Integrated Community Centre for Mental Wellness (ICCMW), although both the Chief Executive and the Financial Secretary have repeatedly claimed that substantial funding has been earmarked for taking forward these services, they have repeatedly said that sites are yet to be identified, and thus the funding earmarked can only be put aside and many programmes and services cannot be launched as a result. In this regard, it is futile no matter how much funding commitment the Government has made because if the services cannot be delivered, the existing problem cannot be resolved.

I have done some research. According to the statistics for January 2011, only one of the 24 ICCMWs has an accommodation with a floor area that meets the standard provision and has commenced full operation. Among the 24 ICCMWs, only one of them can achieve this. The locations of another three ICCMWs had been finalized, but only two of them were able to identify temporary office accommodation before operating at the target locations. In other words, one ICCMW was unable to identify temporary office accommodation. Besides, another four ICCMWs have converted their original day activities centres for operating the relevant services. In total, only 10 ICCMWs are able to provide the relevant services, while the locations of the remaining 14 ICCMWs still remain to be determined. Although funding has already been earmarked, suitable sites are yet to be identified.

At present, most ICCMWs do not even have any temporary office accommodation, and most of them have to use the temporary office accommodation provided by other service units of their respective host organizations and share the venues with these units. However, this practice is actually unfair to both the existing services and the newly-developed services because it will cause the existing services and ICCMWs to compete for resources

and venues, or it may even cause adverse effects due to the different nature of their services. For example, if the original activity room is converted into temporary office accommodation, the activity space for service users will be reduced. Besides, opening up a large number of half-way houses to members of the community will cause much inconvenience to the residents. Moreover, as many ICCMWs are only provided with temporary office accommodation, they are in lack of activity venues. How then can the target groups receive appropriate services?

Not only ICCMWs but also DSCs are facing similar problems. According to other information, since November 2010, only two out of the 16 DSCs have identified sites with a floor area that meets the standard provision for full operation. Among the remaining 14 DSCs, it is confirmed that nine of them will commence service gradually in the coming four years — the coming four years, what a long time. Another three of them do not even have a target date for commissioning; and the locations of the remaining two DSCs are yet to be known. Therefore, Members can find that in the absence of any planning and "say" to fight for sites, one should not hold any false hope about the smooth implementation of the relevant services.

As I said just now, since the Government does not take into account sites for welfare purposes in the present land use planning, while only making rough estimation for it, it can precisely reflect that the Government has failed not only to perform central co-ordination but also to formulate long-term planning for social welfare services. There is thus a lack of complementary policies in the planning of the Social Welfare Department (SWD). As the authorities do not have any land use and long-term planning for this, how can they carry out specific co-ordination among various departments? Since its release of the white paper in 1991, the Government has not issued any paper on the relevant long-term policy so far. This is indeed disappointing.

President, apart from the issue of land use mentioned just now, actually we, as members of the political sector, should be held accountable for this situation in some measure. About eight years ago, I served at a Muslim community centre in Sheung Shui. Back then, some District Council members from the DAB objected to our setting up of the centre there. They advanced various reasons for objection, and I suspect that some of those reasons were even discriminatory. I hope various political parties will refrain from adopting discriminatory practices

just because of the objection of certain members of the community, thereby requesting the authorities not to set up certain RCHDs, centres for persons with intellectual disabilities or social service organizations in the local district. I hope Members will uphold the spirit of inclusion, so that we can build a truly inclusive society, thereby enabling people in need to receive the relevant services at suitable locations (*The buzzer sounded*) Thank you, President.

MR LEUNG KWOK-HUNG (in Cantonese): Mr WONG Sing-chi referred to the views of the DAB in objecting to the setting up of the Muslim community centre. I find this very ridiculous. This is not the first time discrimination against certain groups of people has taken place in this Council. In the discussion on the minimum wage, that is, in discussing the view that foreign domestic helpers should not be entitled to the minimum wage protection, most people in the Chamber were clearly supportive of the idea.

I have heard many people say that they feel aggrieved for Secretary Matthew CHEUNG. I am the one who has levelled the most criticisms at him. I do not know whether Secretary Matthew CHEUNG has received any national education or visited the Whampoa Military Academy. In the Whampoa Military Academy, there is a couplet that strikes home a very concise message. I am not sure whether the President knows it. He probably does. The couplet reads, "People who are after wealth should take other paths; People who are afraid of death should never enter this Academy", to this effect. This is the motto of the Whampoa Military Academy.

As an accountable Bureau Director, are you accountable to Donald TSANG's team or the several million members of the public? In this regard, the subject of the discussion today has clearly demonstrated the hypocrisy of the accountability system.

Mr WONG Kwok-hing said he would "throw weight behind you" because you do not have any "say". Does it mean that those who do not take up official positions in this world will die? If you think you cannot stand staying in this official position any longer, you may choose to quit, just like what Sarah LIAO did. She kept saying that nothing could be achieved within the Government, and I advised her to quit. She really did, or she might have been dismissed. Whichever way it was, I do not know. I think we Members are actually too

hypocritical. If someone stays in a corrupt, incompetent and greedy team only watching over things as an onlooker, and we still feel aggrieved for him, how can we live up to the expectation of those 7 000-odd elderly people who have passed away? That was what made me criticize you in foul language in this Council.

Some people asked why the situation has become particularly bad recently. It is because of the enclosure movement. Land carries value. The enclosure of land is already taking place in the Mainland. In the Mainland, one may enclose land just with a sweeping move. Certainly, there is also land enclosure in Hong Kong. How did this enclosure movement come about? It all started with the Government's use of the triggering mechanism under the Application List System. Our land use is not determined in the light of the overall social planning needs, including social welfare and educational needs. That is to say, land is not used on the people, and neither is there any corresponding policy on land use proportion, and so on. Rather, land can only be triggered for auction by these second-rate officials or through collusion between the consortia in the Mainland and those in Hong Kong. The so-called planning of the Bay Area of the Pearl River Estuary, the planning of the Kai Tak site and this and that are all attempts to trigger sites for auction by those people who have the capital to acquire land, in the hope that the price of land will keep rising or even rocketing, so that they can engage in land enclosure.

The need of capitalists takes precedence before the needs of the people. Do you have any criteria for social planning? Do you have any performance pledge? For minor tasks, you have performance pledges. For example, I know that if an ordinary civil servant fails to give me a reply within 21 days, I can lodge a complaint against him. However, does this Government have any performance pledge? Has it honoured its words? Will the pledge of "getting the job done" be honoured?

Members may well take a look at the stock market. Sometimes, I would read news about the stock market because it is very educational. The Wharf Holdings indicated that it had acquired a few sites on the Mainland as reserve for development there. At present, the consortia in Hong Kong and those in the Mainland are in alliance, right? They have become one. While one party may trigger a prime site over there for auction, the other party may trigger another prime site here for auction by the former. This land enclosure process was the justification cited by the Chief Executive to refute the arguments concerning the

My Home Purchase Plan put forth by Mr Frederick FUNG with very strenuous efforts. Have you ever heard of such things?

Does it mean that land held by the Government belongs to other people but not the Government, a government elected by the people? That is right. It is exactly because our people have no right to elect this Government that it obtains land and resources in the light of the needs of its electors, the 800 electors. However, if this question is put to various government departments, they would say "Honourable Members, sorry, we are unable to get any land. How pitiful we are."

For all of those who have been indulging in verbiage, I would like to ask them a question. To whom does our land belong? Does it belong to a small group of people? Should our land not be given to those people who brought prosperity to society? They were already suppressed when they were still alive, and now that they have passed away, they are not even allocated a niche. Should the Government not carry out planning in this regard? When the authorities intended to obtain land for developing the West Kowloon district, they could obtain whatever sites of land required. Yet, we should not indulge in complacency. In an interview, a reporter asked me, "Mr LEUNG, are you interested in the future office accommodation in the Tamer Site?" In response, I said I am not interested in buildings. I am not interested in objects, but I am interested in living human beings. This Council has also occupied a very valuable prime site. This is exactly ruling by the powerful and wealthy.

Secretary Matthew CHEUNG, have you ever asked the Chief Executive whether he has adopted any planning criteria? I can cite a simple example to illustrate my point. Just for a hospital in Sha Tin alone — the Union Hospital — the Government granted to the operator a site with an area of 2 hectares. Then, the operator used 1 hectare of land for constructing the hospital and 1 hectare of land for commercial use. This cannot be clearer. As in the case of "combating local tyrants and distributing land", you will have to bear similar consequences one day.

DR PAN PEY-CHYOU (in Cantonese): President, Hong Kong is a small place with a large population, so land is a very precious resource, and coupled with the

fact that the Government has all along been relying on land sale as its major source of revenue, most prominent sites of land are in the hand of property developers. Projects which cannot generate any revenues, such as public housing projects and social welfare facility projects, have become the "Cinderella" of our society, subject to much neglect.

Nowadays, at locations with the best environment and the most convenient transport, we can only find more and more luxury flats sold at sky-high prices, which are unaffordable to us, members of the general public, while the number of newly-developed public rental housing (PRH) estates is extremely small. What will be the consequence? The consequence is that sites can hardly be identified for setting up facilities relating to the people's livelihood. It turns out that many social services, such as centres for the elderly, residential care homes for the elderly (RCHEs), rehabilitation centres, or even community centres and residential care homes for ex-mentally ill persons, can find no accommodation at all.

Take Integrated Community Centres for Mental Wellness (ICCMWs) as an example. In April last year, the Government earmarked a recurrent funding of about \$70 million for extending the service mode of the ICCMW in Tin Shui Wai to all the 18 districts in Hong Kong. In October, however, despite the gradual implementation of this new service mode in Hong Kong, only one ICCMW was able to operate on permanent premises, while the other ICCMWs could only be "shell-less snails" or "aliens and sojourners".

In the Policy Address, the Chief Executive appealed to community leaders and residents for understanding and support and urged them to refrain from practising discrimination to enable various operators to identify permanent premises for their facilities expeditiously. Though this appeal sounded very reasonable, it was actually an attempt to pass the buck to the public, as if no other parties but the public should take all the blame. Actually, has the Government reflected upon itself and come to realize that it is the Government which should really be held accountable? It is true that members of the community may have expressed concern about setting up certain types of community facilities for the disadvantaged groups. However, has the Government carried out proper public education to eliminate discrimination, so that people will exercise tolerance and accept the disadvantaged groups in need, such as mental patients, elderly people

in need of care? Such education work is more like doing something little by little persistently and may take a long period of time. Has the Government carried out such work this way?

We from the FTU think that the authorities have never made any concrete commitment in relation to the development of social welfare services in the past, and neither have they formulated any long-term, pragmatic planning. This is exactly where the root of the problem lies. As neither any blueprint nor any planning is available, no consultation has been conducted. To date, take mental health as an example, the authorities only made hasty efforts at the very last minute after the outbreak of a few serious incidents, announcing out of the blue that ICCMWs would be set up. How can suitable "snail shells" be identified in all the 18 districts in Hong Kong within such a short time? Actually, even a magician cannot conjure them up.

In fact, apart from ICCMWs, many other social welfare facilities are facing the same problem, that is, the slow progress of construction, insufficient supply and insufficient accommodation. According to the figures of the Social Welfare Department (SWD), as at 31 December 2010, there were a total of 27 139 people on the Central Waiting List for Long Term Care Services, awaiting services provided by RCHEs. The average waiting time for subsidized and contract RCHEs was 33 months, that is, almost three years. Between 2005 and 2009, a total of 1 866 elderly persons were allocated nursing home places, but the number of those who died while waiting for such places totalled 6 276. In other words, only one in four elderly people waiting for RCHE places could be allocated with a RCHE place, while the remaining three would only have this opportunity in their next life.

The figures mentioned just now have clearly shown that existing residential care places are far from adequate to meet the actual demand. In the final analysis, it is because the Government is like an ostrich, turning a blind eye to the problem of the ageing population. Not only that, it refuses to deal with the problem even though it has noticed it, and it also refuses to implement the relevant measures even though they have been formulated. As the Government has not formulated any long-term planning for elderly services, the problems have become very pressing, and so the Government could not but drop its arms and surrender.

Actually, ever since its release of the White Paper on Social Welfare in 1999, the Government has not put forward any proposal or published any paper on the long-term development of social welfare. As the relevant policy lacks long-term planning, problems have gradually emerged over these past few years. The supply of many social services is unable to meet the actual demand, and the waitlisting situation of RCHE places is only one of the examples. With the ageing population, these problems will only get worse. The policy adopted by the Government now is to take stopgap measures and solve problems only after they have emerged, as if putting out a fire only after its outbreak. The Government is now flooded with cash, and so it thinks it only has to make funding allocation, thinking that when splashes of funding are available, these "fires" can be put out. However, it does not have any strategies for putting out the fires, and neither does it have any methods to do so, not to mention the hardware. In that case, how can these fires be put out? Since even the fires cannot be put out, how can one expect the authorities to have any long-term planning to prevent fires? As the policy lacks long-term planning, there is no way to make estimation on manpower and site requirements, still less making preparations. In the end, there is no way to meet the present demand for services.

Many public housing projects will be completed gradually, and many redevelopment projects of old districts and development projects of new towns are in progress. Besides, there are also development and revitalization projects of industrial buildings. I hope the Government will show some determination by taking remedial measures and learning from this lesson, thereby seriously seizing these opportunities before it to carry out proper social welfare land use planning, so that these services will enjoy assured land use. Even if this approach cannot resolve all the prevailing problems, it can at least prevent this problem from worsening continuously.

With these remarks, I support the original motion.

MR ALAN LEONG (in Cantonese): President, treating the head when it aches, treating the foot when it hurts, tackling a problem when it pops up, and putting out a fire when it breaks out are apt reflections of today's SAR Government. A lack of policy and a lack of planning are what we in this Council primarily have to face every day. Obviously, social welfare land use planning is no exception.

President, a decade or two ago, we still had the White Paper on Social Welfare or five-year plan for social welfare development. But now, these are replaced by those arrangements made annually to listen to opinions. These arrangements and the five-year plan for social welfare development or White Paper on Social Welfare back then are two entirely different things. Without planning, the Government does not have any objective criteria and benchmarks for reviewing from time to time what problems there are in its policies and whether they can meet the needs of society. For example, when it comes to developing an integrated care service centre for mental patients, it is not the case that it can be developed so long as it is proposed. But if the Government said that it had already seen this need five years ago and envisaged that these problems would arise and that there would be a need for these sites, it should have made the necessary arrangements when planning the development of public housing estates or when drawing up plans. That, of course, would be an entirely different story. But now, we have to face these difficulties.

President, according to a survey conducted by the Hong Kong Council of Social Service, last year, there were actually over 7 000 people on the waiting lists for different kinds of residential care services for persons with disabilities, and the waiting time for hostels for moderately and severely mentally handicapped persons was as long as 12 years; and over 26 000 elderly people were waiting for different types of residential care homes and the average waiting time was about three years. Colleagues have once again given an unequivocal explanation on the situation in their speeches earlier on.

President, what is even more ironic? It is the fact that from 2005 to 2009, a total of 1 866 elderly people were allocated with nursing home places but 6 276 of their numbers died while waiting. It means that behind each elder waiting for a residential care place, three elders would have passed away before it was their turn. I believe colleagues in this Council and many NGOs must have continuously conveyed these statistics and repeatedly lodged complaints to the Bureau. But much to our regret, the Government is still unwilling to make long-term planning in the light of social needs to provide support in terms of resources and land. For example, in his 2009-2010 Policy Address, the Chief Executive proposed to extend the service mode of the first ICCMW in Tin Shui Wai to various districts across the territory. In September last year, the Government announced the development of 16 District Support Centres for Persons with Disabilities and 24 integrated service centres in the 18 districts.

But in respect of the District Support Centres, two have yet managed to identify venues for operation, whereas in the case of the integrated service centres, four such centres have commenced operation after conversion from day care centres while two others are operating on provisional venues only, but 14 of these centres have yet been able to identify permanent venues. Opposition from nearby residents is certainly one of the main reasons for this.

President, in Wong Tai Sin, for instance, it is indeed not easy to find a venue measuring 5 000 sq ft in area. Public housing estates are out of the question because, as I said earlier, no space is earmarked for this purpose in the course of planning. If a centre is proposed to be set up inside a private housing estate, or even if it is only to be built in the proximity of the estate, not inside the estate, there is bound to be strong opposition. These examples have actually pointed out that the Government has not made long-term social welfare land use planning.

The purpose of integrated service centres is primarily to provide one-stop services including referrals for discharged mental patients or people with suspected mental health problems, in order to step up education of patients and enable them to know more about their illness and medicines, as well as follow-up consultation and treatment, rehabilitation service, and so on. These centres are intended to serve this purpose. From this we can see that these integrated service centres are an important component of the concepts of community-based rehabilitation and early intervention which have been vigorously promoted by the Government recently. But President, even for such an important component of policy, there are scores and scores of difficulties in implementation, preventing it from being taken forward and put into practice. This is the strongest accusation against the lack of social welfare land use planning.

Lastly, I also wish to say that apart from land use planning, we certainly must not lose sight of public education. For example, with regard to the integrated service centres mentioned earlier, many residents may have some misconceptions, and through appropriate steps taken to iron out these misconceptions, the process could perhaps be taken forward smoother. From a certain angle, one may ask: If some discharged mental patients can be found in the vicinity of your home, will this pose certain dangers? But the Government can give more explanations to the residents and even provide some statistics to convince them that what they think is not true in reality and that this can actually

defuse the bomb for them, because while there may be some ex-mental patients in the neighbourhood, they are in great need of this type of care but if there is no such centre, they would not be taken care of and that would constitute a more dangerous bomb. Or, is it possible to provide some community facilities in exchange? President, all these have underscored the need for the Government to make long-term planning before it can accomplish this task satisfactorily.

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

(No Member indicated a wish to speak)

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I wish to thank Mr CHEUNG Kwok-che again for moving this motion debate today on "Social welfare land use planning" and the 10 Members for putting forward various concrete and valuable suggestions just now.

As I said in my opening remarks, the Hong Kong Planning Standards and Guidelines (HKPSG) provides an important reference base for various Policy Bureaux and departments with regard to, among other things, demographic characteristics and geographical factors, to ensure that the authorities will reserve adequate land during the planning process for the provision of appropriate public facilities, including social welfare facilities, to meet public needs.

The authorities will designate "Government, Institution or Community (GIC) zones" on statutory Outline Zoning Plans (OZPs) to meet the needs of local residents and/or the area, district and even the entire territory of Hong Kong for GIC facilities. The Planning Department (PlanD) will review the use of land for GIC purposes from time to time to align flexibly with the Government's overall policy and meet the ever-changing preferences and needs of the community.

There are also opportunities for the Government to request the placement of social welfare facilities on premises in large development projects, including the redevelopment projects of the Urban Renewal Authority (URA) or private development projects. If the advice of the Labour and Welfare Bureau/Social Welfare Department (SWD) on the planning briefs is taken on board, the PlanD will incorporate into the planning briefs the requirements, in terms of type, size

and preferred location, for the provision of social welfare facilities for submission to the Town Planning Board (TPB) for approval.

The Labour and Welfare Bureau and the SWD have all along been actively seeking opportunities to place welfare facilities on premises in new GIC development projects. The SWD will actively consider using vacant GIC sites to construct standalone integrated social services centres. Cases in point include the Caritas Jockey Club Lai King Rehabilitation Centre in Lai King and the Providence Garden of the Hong Kong Sheng Kung Hui Welfare Council in Tuen Mun.

The SWD will, after taking into account various factors, such as the location, accessibility, transport and whether the relevant facilities can blend with the surrounding environment and integrate into the community, strive to reserve vacant Government sites/premises and enter into tenancy agreements for the provision of welfare services with non-governmental organizations (NGOs) through the relevant departments.

Besides, after commencing a number of large-scale projects, the SWD has also put to welfare uses vacant premises, such as former juvenile homes, and vacant premises allocated to the SWD by other Policy Bureaux/departments, such as the ex-South Kwai Chung Polyclinic and the former staff quarters of the Hospital Authority, mainly as rehabilitation facilities. We are also liaising with the relevant departments and actively considering redeveloping other existing premises, such as the former Kai Nang Sheltered Workshop and Hostel, into welfare facilities.

Under special circumstances, NGOs may, for such reasons as the need to comply with the planned implementation schedule of new services, have to use temporary premises before the specified premises under the project is available for service provision. If there is no appropriate permanent premises within the SWD's service boundaries, NGOs may identify temporary premises in private buildings for service provision. To give NGOs more flexibility in deploying resources, we will provide funding support to NGOs on a lump-sum basis for renting the relevant temporary premises.

The SWD welcomes NGOs to redevelop existing premises/sites to improve operation facilities, expand existing services or introduce new services, and will

provide them with support in various appropriate manners, including allocating funding through the Lotteries Fund to support the redevelopment/improvement of existing subvented services. The funding will also be conducive to some self-financing services in complementing or making up for the inadequacies of certain types of services. For example, the Government has recently provided funding through the Lotteries Fund to the Tung Wah Group of Hospitals to subsidize the greater part of the redevelopment costs of its David Trench Home for the Aged in Aberdeen.

Over the past few years, the SWD has been examining the feasibility of converting vacant school premises returned by the Education Bureau for welfare uses, in particular, to provide residential and day care services for persons with disabilities and/or the elderly. However, as most school premises available are relatively small in size or present other site constraints (for example, the construction of lifts or access ramps to facilitate the provision of barrier-free access for persons with disabilities is impossible due to structural constraints), they are not suitable for conversion. Nevertheless, the SWD has recently identified in the public rental housing (PRH) estates in Sham Shui Po and Sha Tin two vacant school premises which are suitable for setting up welfare facilities. One of the projects is now going through local consultation. The SWD will continue to actively examine the technical feasibility of providing welfare facilities in other vacant school premises.

When planning and designing new PRH estates, the Hong Kong Housing Authority (HA) will make reference to the HKPSG I mentioned just now on the provision of social welfare and community facilities. It will also consult the relevant government departments and organizations, such as the SWD and District Councils.

The Housing Department (HD) regularly provides the SWD with information on vacant premises in existing PRH estates which may be used for welfare purposes, so that NGOs may consider using such premises for social welfare purposes. Upon receipt of the relevant application for welfare letting, the HD will consider whether the proposed uses are appropriate and consult local residents, the relevant Estate Management Advisory Committee, the Owners' Corporation, the SWD and related departments. Besides, the SWD will actively examine the feasibility of converting underutilized HA carparks into welfare facilities to provide subsidized services. For example, the Tung Wah Group of

Hospitals has set up the subsidized Tin Shui Wai Integrated Youth Service Centre in the carpark of Tin Hang Estate, Tin Shui Wai. The SWD will continue to explore with the HD the feasibility of converting other carparks for alternative uses.

The Labour and Welfare Bureau and the SWD have undertaken to maintain the multi-pronged approach mentioned by me just now to provide appropriate and adequate welfare facilities to members of the public. Regarding the existing planning situation of rehabilitation and elderly service facilities specifically mentioned by Mr CHEUNG Kwok-che in the debate, I will now give some specific responses.

I will talk about elderly service facilities first. With the ageing population, the demand for various kinds of elderly services, particularly residential care places for the elderly, has been increasing. We have adopted a series of measures to increase the supply of elderly service facilities.

In examining whether a particular location is suitable for development as a residential care home for the elderly (RCHE) or other elderly service units, the SWD will look into various factors, including the demand for the relevant services in the district, whether the size of the site in question is large enough for the construction of or conversion into a residential care home or elderly centre of a certain scale so as to achieve cost-effectiveness, whether the site is located in a place accessible by public transport to facilitate visits by family members of the elders, whether the surrounding environment is suitable for residence of the elderly and allow easy access by them, as well as the planning guidelines of the PlanD and the land use conditions of the Lands Department.

Besides, all RCHEs must conform with the provisions in relation to RCHE premises under the Residential Care Homes (Elderly Persons) Ordinance, including the provisions specifying that no part of an RCHE shall be situated at a height more than 24 m above the ground floor, and no RCHEs shall be situated in any part of an industrial building or any premises located immediately above the ceiling or below the floor slab of any godown, cinema and theatre. Other elderly centres should, by all means, be located on the ground floor or lower floors of a building to allow easy access by the elderly.

To encourage development of private and self-financing homes, the Government has introduced a host of measures to increase the supply of premises which can be used as RCHEs. These measures include: (1) stipulating that from February 2001 onwards, the deed of mutual covenant (DMC) of all newly-completed residential buildings should not contain any provision which prohibits the operation of a RCHE; (2) introducing a premium concession scheme in July 2003 under which purpose-built RCHE premises with a total area of not more than 5 400 sq m incorporated by developers into their new private developments will be exempted from payment of premium. This measure seeks to encourage developers to provide RCHE premises in their private developments; and (3) continuing to actively consider applications made by non-profit-making organizations for the use of suitable sites at nil or reduced land premium for developing self-financing RCHEs.

The SWD will continue to maintain close liaison with the relevant government departments through various planning sources to identify suitable sites for elderly service facilities. Take RCHEs as an example. From now on till 2013-2014, six new contract RCHEs, some of which are located in PRH estates or within URA redevelopment projects, will be commissioned gradually. Besides, we have also earmarked sites in 11 development projects for the construction of RCHEs. Moreover, we will encourage NGOs providing residential services to consider applying for funding from the Lotteries Fund to implement expansion projects. The Lotteries Fund will provide funding allocation to NGOs operating welfare services to cover various non-recurrent expenditures, including the construction costs of RCHEs and the costs of renovation works and furniture for service centres.

President, insofar as rehabilitation service facilities are concerned, we are mindful of the needs of persons with disabilities and ex-mentally ill persons — Members are also very concerned about this — and we have all along been proactively identifying suitable premises for use as various rehabilitation service facilities.

Concerning residential care services, to increase the supply of subsidized places in residential care homes for persons with disabilities (RCHDs), we will continue to maintain close contact with relevant government departments in order to reserve sites at the planning stage of new development or redevelopment projects as far as practicable for setting up RCHDs. Examples in recent years

include the ex-Cheung Sha Wan Police Quarters and the redevelopment project in Shek Kip Mei. We will also closely monitor the availability of government properties and school premises which will become vacant as a result of service re-engineering and vacant PRH units for setting up RCHDs. For example, the SWD has already arranged for the conversion of the Sha Tin Boys' Home, the Ma Tau Wai Girls' Home and the O Pui Shan Boys' Home relocated to the Tuen Mun Children and Juvenile Home for rehabilitation service purposes.

Actually, over the past three years, an additional 1 015 subsidized RCHD places have been made available, and we envisage that more RCHD places will come on stream in 2011-2012, including the 210 residential care places provided by the Integrated Rehabilitation Services Centre set up on the site of the ex-O Pui Shan Boys' Home. Apart from these projects, we have already earmarked sites in future development projects for the construction of new RCHDs. We estimate that there will be an additional provision of around 1 126 residential care places in the next five years, subject to the progress of project planning and preparatory work. The Government will continue to step up efforts in identifying new resources and suitable sites for setting up new RCHDs in order to maintain a steady increase in the provision of subsidized RCHD places.

Regarding community services, the SWD set up 16 District Support Centres for Persons with Disabilities (DSCs) in January 2009 through re-engineering of community support services. By adopting a district-based and one-stop service mode, DSCs provide persons with disabilities and their families and even carers with accessible community support services. At present, two DSCs located in Tin Shui Wai and Yuen Long respectively have commenced service at their permanent accommodation. The premises of six DSCs located respectively in Kowloon City/Yau Tsim Mong, Tsuen Wan/Tsing Yi, Kwun Tong West, Eastern/Wan Chai, Wong Tai Sin and Tseung Kwan O/Sai Kung are undergoing fitting-out works. These six DSCs are expected to gradually commence service before mid-2011. In addition, the SWD is taking forward the preparatory work for the premises of three DSCs located in Tuen Mun, Sha Tin and Tai Po respectively. These include applications for change of land use, applications for the Lotteries Fund for fitting-out works, and so on. The SWD has also identified sites at suitable development projects as accommodation for four DSCs and will continue to make active efforts to identify suitable premises for the remaining DSC.

Regarding community mental health services, many Members have talked about this issue just now. The SWD has revamped the community mental health support services since October 2010 and extended the district-based and one-stop service mode of Integrated Community Centre for Mental Wellness (ICCMW) to all districts over the territory. At present, only the "Wellness Centre" at Tin Chak Estate, Tin Shui Wai is operating in its permanent venue. The SWD has reached consensus with the operating NGOs to convert the five Training and Activity Centres for Ex-mentally Ill Persons into ICCMWs. It has also secured two PRH estate premises on Hong Kong Island and in Kowloon East respectively and earmarked venues in new development projects in Tin Shui Wai for use as ICCMW premises.

Pending the availability of permanent accommodation, the operators of other ICCMWs will make use of suitable premises of their organizations as temporary service points to provide one-stop community support services in their service areas in a flexible manner. For some ICCMWs which have no suitable premises in their service areas for the time being, the operators will provide services including outreaching visits, group services, casework counselling, activities and community education through existing facilities and networks, such as schools and welfare services units, in their respective districts.

To solve the problems relating to ICCMW premises in the long run, we are actively identifying suitable premises in various districts through the planning sources mentioned just now for use as ICCMW premises. Moreover, the SWD is actively considering other possible alternatives in order to identify suitable premises as early as possible for those ICCMWs which have yet to secure permanent accommodation. The SWD is now consulting relevant government departments on the feasibility of the operators' proposals of setting up ICCMWs in commercial premises. We also expect that, through renting private premises in commercial buildings, we can shortly identify suitable premises for ICCMWs so that ex-mentally ill persons and other residents in need in their respective districts can be provided with the required community support services as soon as possible.

Lastly, I wish to spend some time to talk about the consultation on the siting of welfare facilities. After the SWD has selected a site for the welfare facility concerned, the relevant District Social Welfare Officer of the SWD will

conduct consultation when appropriate to gauge the views of members of the local community.

We understand that some members of the local community may express concern about individual welfare facilities proposed by the SWD or object to the siting of certain facilities, such that the SWD may take a longer time to conduct local consultation. Nonetheless, no construction projects for urgently needed welfare facilities, such as rehabilitation and elderly service units, have been shelved by the SWD owing to objection by members of the local community. In case there is local objection to a certain project, the SWD and the service operators concerned will strengthen communication with members of the local community in a positive and pragmatic manner. The SWD will also work closely with District Councils and local organizations with a view to finding a feasible solution and confirming the siting of the project as soon as possible.

Take the setting up of rehabilitation and elderly service facilities as an example. When conducting local consultation, the SWD will work with the service operators concerned to propose solutions in response to the views and requests of members of the local community. These solutions include adjusting the design of the building or premises concerned (including the height and orientation, and so on), improving complementary facilities (for example, the provision of additional parking and boarding/alighting bays for ambulances, additional landscape buffers, and so on), enhancing monitoring measures (for example, infection control and managing the environmental hygiene of residential care homes, and so on), so as to work out a solution acceptable to all stakeholders without compromising service quality.

To enable the smooth commencement of services, particularly rehabilitation service facilities, the SWD and service operators will enhance the awareness of the local community of the relevant target groups, particularly persons with disabilities and ex-mentally ill persons, through various activities, such as service briefings, visits, and so on. The District Co-ordinating Committees on Rehabilitation Service have all along been actively organizing various public education programmes at the district level to promote the message of inclusion, encourage public acceptance of persons with disabilities and support the establishment of rehabilitation service units to serve persons in need.

Besides, since 2009-2010, the Labour and Welfare Bureau has significantly increased the resources for stepping up public education on rehabilitation services and promoting an inclusive culture from some \$2 million to about \$12 million now. We will also allocate additional funding to NGOs, public bodies and District Councils for organizing district-based activities on integration between the able-bodied and persons with disabilities, so as to enhance public awareness and understanding of persons with disabilities with a view to promoting respect for cultural differences in different sectors of society and building an equal and barrier-free society.

I am also aware that the Committee on the Promotion of Civic Education will focus on promoting such core civic values as "respect" and "care" in the coming year and encourage the public to serve the community and participate in volunteer service through various publications and activities, so that members of the public can show their care for the disadvantaged groups. This way, the public may gain a fuller understanding of the needs of the disadvantaged groups and be better able to care for and live in harmony with them.

President, we will continue to make every effort to identify sites in various districts in collaboration with the relevant Policy Bureaux/departments to provide appropriate welfare facilities for different target groups.

President, I so submit. Thank you.

PRESIDENT (in Cantonese): Mr CHEUNG Kwok-che, you may now reply and you have one minute 10 seconds.

MR CHEUNG KWOK-CHE (in Cantonese): President, after listening to the Secretary's remarks, Members may think they have predicted it right that he would say all those things.

Just now, about 11 or 12 Members have mentioned that we are all very anxious. However, the response made by the Secretary was: "Despite your concern, I just do not care". He only plays by the book and follows his procedures in dealing with this issue. I wish to tell the Secretary that certain issues warrant special measures.

The Secretary said just now that the Government has all along been spending money on DSCs, ICCMW, and so on. However, it would be a waste of money if they are not provided with any venues, which will impede their service delivery and cause the quality of their service to drop. While the Government has spent money on them, it will not be able to achieve the expected results. Is this something we want to see? Therefore, this issue warrants special measures. I have just mentioned that a co-ordination team led by the Chief Secretary for Administration should be set up to co-ordinate the efforts of various bureaux and departments in working out a solution. When a decision is made, the relevant Administrative Officer (AO) will be able to solve the problem.

Second, the Secretary also mentioned many planning (*The buzzer sounded*)
..... sorry

PRESIDENT (in Cantonese): Mr CHEUNG, time is up for your reply.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr CHEUNG Kwok-che be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11 am on Wednesday, 23 February 2011.

Adjourned accordingly at sixteen minutes past Six o'clock.

Appendix I

WRITTEN ANSWER

Written answer by the Secretary for Financial Services and the Treasury to Mr CHIM Pui-chung's supplementary question to Question 1

Supplementary Information on Income of the Central Clearing and Settlement System (CCASS) Depository from 2008 to 2010

- (1) As shown in the table below, the income relevant to the operations of the CCASS depository only contributes to a small part of the total revenue and other income of the Hong Kong Exchanges and Clearing Limited (HKEx):

<i>Year</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
Total revenue and other income of the HKEx (\$ million)	7,549	7,035	7,566
Depository, custody and nominee services fees (\$ million)	497	563	612
(as percentage of total revenue and other income)	(6.6%)	(8.0%)	(8.1%)

Depository, custody and nominee services fees mainly comprise registration and transfer fees, electronic initial public offering handling fees, stock custody fees, dividend collection fees, corporate action fees and stock withdrawal fees.

- (2) As also shown in the table below, in terms of the total value of shares deposited in the CCASS depository, the income relevant to the operations of the CCASS depository only represents a very small percentage:

<i>Year</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
Total value of shares deposited in the CCASS depository as at the year-end (\$ billion)	5,041	9,245	11,295
Depository, custody and nominee services fees (\$ million)	497	563	612
(as percentage of total year-end value of shares deposited)	(0.010%)	(0.006%)	(0.005%)

Appendix II

WRITTEN ANSWER

Written answer by the Secretary for Security to Dr LAM Tai-fai's supplementary question to Question 6

As regards figures relating to the effectiveness of rehabilitative measures, the Correctional Services Department (CSD) is committed to providing suitable rehabilitative services to help offenders re-integrate into society. In general, young offenders will be subject to statutory supervision after discharge. Supervision staff of the CSD will visit and counsel supervisees from time to time during the supervision period to help them adapt to the new life and stay away from crime. Any breach of the supervision conditions may result in the supervisees being recalled back to an institution for training. In 2010, information on the success rates of the re-integration programmes for young offenders within the supervision period is set out below.

Training centre (non-conviction in three years after discharge)	68.60%
Detention centre (non-conviction in one year after discharge)	94.40%
Rehabilitation centre (non-conviction in one year after discharge)	92.60%
Young prisoners (non-conviction in one year after discharge)	80.40%
Drug addiction treatment centre (non-conviction and free from drugs in one year after discharge)	48.20%