

# OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 9 March 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

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 LEUNG YIU-CHUNG

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

THE HONOURABLE LAU KONG-WAH, J.P.

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

THE HONOURABLE ANDREW CHENG KAR-FOO

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 WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

DR THE HONOURABLE JOSEPH LEE KOK-LONG, S.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 STARRY LEE WAI-KING, J.P.

THE HONOURABLE CHAN HAK-KAN

THE HONOURABLE CHAN KIN-POR, J.P.

DR THE HONOURABLE PRISCILLA LEUNG MEI-FUN

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE CHEUNG KWOK-CHE

THE HONOURABLE WONG SING-CHI

THE HONOURABLE IP WAI-MING, M.H.

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

DR THE HONOURABLE PAN PEY-CHYOU

THE HONOURABLE PAUL TSE WAI-CHUN

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

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

THE HONOURABLE LEUNG KWOK-HUNG

THE HONOURABLE TANYA CHAN

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE WONG YUK-MAN

**MEMBERS ABSENT:**

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

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

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

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

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

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

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

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

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

THE HONOURABLE VINCENT FANG KANG, 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 CYD HO SAU-LAN

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

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

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

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

### **PUBLIC OFFICERS ATTENDING:**

THE HONOURABLE STEPHEN LAM SUI-LUNG, G.B.S., J.P.  
SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS

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

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

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

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

THE HONOURABLE EDWARD YAU TANG-WAH, J.P.  
SECRETARY FOR THE ENVIRONMENT

THE HONOURABLE EVA CHENG, J.P.  
SECRETARY FOR TRANSPORT AND HOUSING

MR GREGORY SO KAM-LEUNG, J.P.  
SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT

MISS ADELINE WONG CHING-MAN, J.P.  
UNDER SECRETARY FOR CONSTITUTIONAL AND MAINLAND  
AFFAIRS

**CLERKS IN ATTENDANCE:**

MS PAULINE NG MAN-WAH, SECRETARY GENERAL

MRS CONSTANCE LI TSOI YEUK-LIN, ASSISTANT SECRETARY  
GENERAL

MRS VIVIAN KAM NG LAI-MAN, ASSISTANT SECRETARY GENERAL

MRS PERCY MA, ASSISTANT SECRETARY GENERAL

**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>
Practising Certificate (Barristers) (Amendment) Rules 2011.....	37/2011
Arbitration Ordinance (Commencement) Notice.....	38/2011

**Other Papers**

- No. 72 — Employees Retraining Board Annual Report 2009-10
- No. 73 — Employees' Compensation Insurance Levies Management Board Annual Report 2009/10
- No. 74 — Employees Compensation Assistance Fund Board Annual Report 2009-2010
- No. 75 — Occupational Deafness Compensation Board Annual Report 09/10
- No. 76 — Pneumoconiosis Compensation Fund Board Annual Report 2009

Report No. 15/10-11 of the House Committee on Consideration of Subsidiary Legislation and Other Instruments

**ORAL ANSWERS TO QUESTIONS**

**PRESIDENT** (in Cantonese): Questions. First question.

## Supply of Land for Housing Development

1. **MR WONG SING-CHI** (in Cantonese): *President, the Government announced its 2011-2012 Land Sale Programme (that is, the Programme for the coming year) last month and indicated that the private residential sites in the coming year may supply up to 35 400 units. In this connection, will the Government inform this Council:*

- (a) *in respect of each of the 52 residential sites in the Land Sale Programme, for how long it has been rolled over and included in the Application List (AL), its Building Covenant period and the estimated number of units that can be provided; given that the Government has estimated that if all the residential sites on the AL for the coming year are sold, a total of 13 000 units can be provided, yet if a calculation is made on the basis that only 30% of the sites on last year's AL were sold, together with the number of units to be provided by the residential development projects undertaken by the MTR Corporation Limited (MTRCL) and the redevelopment projects undertaken by the Urban Renewal Authority (URA), only a total of 21 700 units can be provided, which is still considerably below the Government's original estimation of 30 000 to 40 000 units, whether the authorities will designate more sites on the AL for auctions initiated by the Government or for sale by tender;*
- (b) *given that as the 32 residential sites on the 2010-2011 AL originally available for auctions initiated by the Government or for application for sale within this month have to be rolled over to the AL for the coming year, the relevant dates have been deferred to April or June this year, coupled with the fact that six new sites on the AL for the coming year, which involve approximately 11 hectares of land covering about 24% of the total area of the sites on the AL, will not be available for application for sale until March next year, and according to the rolling over arrangement currently adopted, these six sites will not in actual fact be available for application for sale until April next year or even later, these arrangements are therefore tantamount to reducing the number of sites available for application for sale within these two years, whether the authorities will expedite its work so as to designate more sites available before January next*

*year for application for sale or for auctions initiated by the Government; and*

- (c) *in respect of the sites on the AL that are not sold, whether the authorities will consider switching the use of these sites to building Home Ownership Scheme (HOS) flats or My Home Purchase (MHP) Plan flats, so as to increase the provision of land confirmed for housing development, and reduce reliance on real estate developers' applications for land sale and bidding for land as well as on private redevelopment projects?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese): President, before I formally reply to the three parts of the main question, I need to reiterate that either the annual average figure of about 20 000 private residential flats put forward by the Chief Executive in the 2010-2011 Policy Address, or the figure of 30 000 to 40 000 private residential flats mentioned by the Financial Secretary in the 2011-2012 Budget Speech, or the estimated figure of 35 400 flats which I explained in detail at the press conference on the 2011-2012 Land Sale Programme held on 24 February 2011, refers to the housing land that could be supplied to the market for private residential developments within a certain time frame. They are not a target of private residential flat production. Our aim is to build up a sufficiently large land reserve over a period of time to ensure stable land supply for the residential property market.

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

- (a) The location, area, estimated earliest site available date (EEAD) and cumulative rollover time of the 52 residential sites in the 2011-2012 Land Sale Programme are set out at Annex.

As the land sale conditions for each residential site in the 2011-2012 Land Sale Programme are being prepared, we are unable to provide their "Building Covenant" periods. In general, the "Building Covenant" period for the development of residential sites ranges from 48 months to 72 months, the actual period of which depends on the complexity of the development. The "Building Covenant"



period for each site will be set out in the land sale conditions. The land conditions will be published on the website of the Lands Department when ready.

We estimate that the total number of flats that could be provided by the 52 residential sites is about 16 000. In fact, except the several sites on which we plan to impose restrictions on flat size or number when selling them, the flat number to be provided by each site sold by the Government in the end depends on the actual design of the development project. However, we have made certain assumptions in respect of the location and planning parameters of each site and estimated the number of flats they could provide. Due to the high sensitivity of the estimated number of flats for each site in the market, we consider it inappropriate to make public the relevant figures so as not to impact on the price of auction or tender.

At the press conference on the 2011-2012 Land Sale Programme held on 24 February 2011, I made it clear that land for private housing developments could provide about 35 400 flats in the coming year. This figure has consolidated different sources of land supply, namely Government land for sale by application and by tender, railway property development projects of the MTRCL, redevelopment projects of the URA, projects subject to lease modification/land exchange, and private redevelopment projects not subject to lease modification. But just as I mentioned earlier, this figure is not a fixed target for residential flat production in the coming year.

Nonetheless, to ensure a steady land supply for the residential property market to cater for the needs of housing and economic development, the Government will take a proactive and aggressive approach to sell land. This has been fully reflected in this year's Land Sale Programme and our discussions with the MTRCL. In this year's Land Sale Programme, we have designated up to 18 sites for government-initiated sale in the coming year, including nine residential sites. The MTRCL will also dispose of the sites at Nam Cheong, Tsuen Wan, Tai Wai, Tin Shui Wai and Tseung Kwan O (TKO). In the coming year, the Government estimates that the land

to be put up for sale by the Government or MTRCL could provide about 19 000 flats in total. Depending on the market situation, we do not preclude the consideration of designating more sites in the AL for sale through government-initiated auction or tender.

- (b) The EEAD of sites rolled over from the 2010-2011 AL to the 2011-2012 AL is April 2011 or June 2011. The main reason for that is because the Lands Department needs to amend the relevant land sale conditions to incorporate the new requirements to control "inflated buildings" due for implementation from 1 April 2011. As for the new sites in the 2011-2012 AL, since various kinds of preparatory work need to be undertaken (for example, rezoning, infrastructural works and drafting of land sale conditions, and so on), their EEADs are different. We have taken measures to expedite the availability of relevant sites. I quote the sites in TKO Town Centre South as an example. In order to supply more land as early as possible, we have requested the contractor to speed up the infrastructural works. As a result, the completion date of such works for the four sites being TKO Area 66A, 66C1, 66D1 and 66B2 and the three sites being TKO Area 68A, 66C2 and 66D2 could be advanced from March 2012 to September 2011 and December 2011 respectively. This has enabled the supply of these two batches of sites to the market in the coming year.

As for another site being the eastern part of ex-North Point Estate which is zoned "Comprehensive Development Area", it involves the construction of certain community facilities, including a public transport terminus, a community hall, a public toilet, an at-grade open space and harbourfront promenade. The Government will entrust the developer to construct the community facilities when it develops the residential site. We will seek the funding approval from the Finance Committee of the Legislative Council as soon as possible so as to make available the site to the market as early as possible. The Development Bureau will closely monitor the relevant works with a view to supplying more residential sites as early as possible.

- (c) The Government regularly reviews the best use of sites on the AL so as to optimize the utilization of land resources. For instance, we

have removed one residential site at Hospital Road when compiling the 2010-2011 AL and designated it for university student hostel. In the 2011-2012 AL, we did not roll over two sites located in Mui Wo and Lin Shing Road in Chai Wan respectively and have earmarked them for public rental housing.

The practice of designating housing land for other uses must comply with the existing policy. On subsidized housing, the Government is collaborating with the Hong Kong Housing Society (HKHS) to launch the MHP Plan. The Government has already earmarked sites in Tsing Yi, Diamond Hill, Sha Tin, Tai Po, Tuen Mun and other areas for a total of some 5 000 flats to be built under the Plan. We will identify more suitable sites for the Plan, but we have no intention of earmarking the residential sites in the AL for this purpose.

Annex

#### The 52 Residential Sites in the 2011-2012 Land Sale Programme

	<i>Lot No.</i>	<i>Location</i>	<i>Area (hectare) (about)</i>	<i>EEAD</i>	<i>Year of Inclusion Starting the Rollover</i>
<i>Sites for Sale by Application</i>					
1.	IL 8949	21, 23 and 25 Borrett Road, Mid-Levels West	1.0488	April 2011	2005-2006
2.	KIL 11184	Ex-Ko Shan Road Customs & Excise Service Married Quarters, 7 Ko Shan Road, Hung Hom, Kowloon	0.1902	April 2011	2006-2007
3.	IL 8963	Former Lingnan College Site, Stubbs Road	1.4900	April 2011	2010-2011
4.	IL 8920	Ex-Government Supplies Depot, Oil Street, North Point	0.7887	June 2011	2006-2007
5.	Lot 2086 in DD 105	Ngau Tam Mei, off San Tam Road, near Maple Gardens, Yuen Long	2.3480	April 2011	2010-2011

	<i>Lot No.</i>	<i>Location</i>	<i>Area (hectare) (about)</i>	<i>EEAD</i>	<i>Year of Inclusion Starting the Rollover</i>
6.	Lot 2129 in DD 121	Ping Kwai Road, Ping Shan, Yuen Long	0.6076	April 2011	2005-2006
7.	RBL 1165	Near 110 Repulse Bay Road, Hong Kong	0.4250	April 2011	2004-2005
8.	RBL 1168	Near 35 South Bay Road, Hong Kong	0.1338	April 2011	2004-2005
9.	RBL 1190	8-12 Deep Water Bay Drive, Shouson Hill	1.0249	April 2011	2010-2011
10.	StIL 91	Hoi Fung Path, Stanley	0.0615	April 2011	2008-2009
11.	Lot 1588 in DD 243	Pik Sha Road, Silverstrand, Clear Water Bay, Sai Kung	0.7615	April 2011	2007-2008
12.	Lot 1613 in DD 222	Kap Pin Long, Sai Kung	0.1733	April 2011	2008-2009
13.	Lot 1282 in DD 253	Junction of Pak Shek Wo San Tsuen Road and Clear Water Bay Road, Sai Kung	0.2400	April 2011	2010-2011
14.	NKIL 6498	62 Begonia Road, Yau Yat Chuen, Kowloon Tong	0.2810	April 2011	2008-2009
15.	Lot 673 in DD Peng Chau	Tung Wan, Peng Chau (Site A)	0.1142	April 2011	2008-2009
16.	Lot 674 in DD Peng Chau	Tung Wan, Peng Chau (Site B)	0.1780	April 2011	2008-2009
17.	Lot 676 in DD Peng Chau	Peng Chau	0.4564	April 2011	2006-2007
18.	Lot 678 in DD Peng Chau	Peng Chau	0.5200	April 2011	2010-2011
19.	Lot 726 in DD 4	Mui Wo, Lantau	0.2260	April 2011	2008-2009
20.	Lot 724 in DD 332	Cheung Sha Site 406, Lantau	0.7410	April 2011	2010-2011
21.	Lot 726 in DD 332	Cheung Sha Site 407, Lantau	0.7550	April 2011	2010-2011
22.	STTL 525	Shatin Area 56A, Kau To (Site A)	2.3056	April 2011	2009-2010
23.	STTL 562	Shatin Area 56A, Kau To (Site B5)	0.4680	April 2011	2008-2009

	<i>Lot No.</i>	<i>Location</i>	<i>Area (hectare) (about)</i>	<i>EEAD</i>	<i>Year of Inclusion Starting the Rollover</i>
24.	STTL 563	Shatin Area 56A, Kau To (Site B6)	0.5950	April 2011	2008-2009
25.	STTL 564	Shatin Area 56A, Kau To (Site B7)	0.5480	April 2011	2008-2009
26.	STTL 565	Shatin Area 56A, Kau To (Site B1)	0.8590	April 2011	2008-2009
27.	STTL 566	Shatin Area 56A, Kau To (Site B2)	0.8080	April 2011	2008-2009
28.	STTL 567	Shatin Area 56A, Kau To (Site B3&4)	1.9700	April 2011	2008-2009
29.	TMTL 430	Area 52, Fu Tei, Tuen Mun	0.3173	April 2011	2007-2008
30.	Lot 4309 in DD 124	Tan Kwai Tsuen, Hung Shui Kiu, Yuen Long	1.1192	June 2011	2008-2009
31.	TMTL 434	Junction of Ka Wo Li Hill Road and Castle Peak Road, Area 55, So Kwun Wat, Tuen Mun	0.3550	June 2011	2010-2011
32.	TMTL 490	Castle Peak Road, Tai Lam Chung, Tuen Mun	0.2050	June 2011	2010-2011
33.	KIL 11227	Junction of Sheung Lok Street and Sheung Shing Street, former Homantin Estate Redevelopment Ph 2 and 7 sites	2.0810	July 2011	New
34.	KIL 11228	Junction of Fat Kwong Street and Sheung Foo Street, former Homantin Estate Redevelopment Ph 3 site	0.7191	July 2011	New
35.	TMTL 436	Kwun Fat Street, Siu Lam, Tuen Mun	0.8980	August 2011	New
36.	TMTL 423	Ex-Perowne Barracks North site, Area 48, Castle Peak Road, Tuen Mun	6.6970	October 2011	New

	<i>Lot No.</i>	<i>Location</i>	<i>Area (hectare) (about)</i>	<i>EEAD</i>	<i>Year of Inclusion Starting the Rollover</i>
37.	TKOTL 113	TKO Area 66A	1.3400	October 2011	New
38.	TKOTL 114	TKO Area 66C1	0.4340	October 2011	New
39.	TKOTL 115	TKO Area 66D1	0.5030	October 2011	New
40.	TKOTL 119	TKO Area 66B2	0.8260	October 2011	New
41.	AplIL 135	Junction of Ap Lei Chau Drive and Ap Lei Chau Praya Road	0.3050	November 2011	New
42.	IL 9027	Eastern part of ex-North Point Estate, North Point	2.9300	March 2012	New
43.	TKOTL 95	TKO Area 68A	3.7300	March 2012	New
44.	TKOTL 117	TKO Area 66C2	1.3000	March 2012	New
45.	TKOTL 118	TKO Area 66D2	1.5000	March 2012	New
46.	STTL 574	Lok Wo Sha, Ma On Shan, Sha Tin	1.7400	March 2012	New
47.	TMTL 495	So Kwun Wat, Tuen Mun, near Grandview Terrace	0.195	March 2012	New
<i>Sites for Sale by Tender</i>					
48.	HHIL 555	Junction of Bulkeley Street and Gillies Avenue South, Hung Hom	0.0575	April 2011	2010-2011
49.	HHIL 556	5-23 Lee Kung Street, Hung Hom	0.1299	April 2011	2010-2011
50.	TCTL 36	Area 55A Tung Chung, Lantau	2.5400	June 2011	New
51.	TWTL 415	Ex-Tai Wo Hau Factory Estate, Sha Tsui Road, Tsuen Wan	1.0000	March 2012	New
52.	YLTL 458	Junction of Wang Yip Street West and Fu Yip Street, Tung Tau, Yuen Long	0.4748	March 2012	New

**MR WONG SING-CHI** (in Cantonese): *President, about 20 Members from the democratic camp met with Secretary John TSANG yesterday and conveyed to him our request for the resumption of HOS flat production. Secretary TSANG told us flatly that we should discuss this issue with the relevant Director of Bureau because that was an issue to be handled by the Policy Bureau. Today, my main question is, will the Government resume HOS flat production or increase the provision of land for the construction of HOS flats; regrettably, only the Secretary for Development is present to answer this question, which indicates that the Government is utterly irresponsible.*

*Secretary Eva CHENG is in charge of the policy for the resumption of HOS flat production; however she does not attend the meeting to answer this question. On 6 March, nearly 10 000 people joined in a protest and demanded for the resumption of HOS flat production by the Government, with a view to solving the current problem of excessively high property prices, making it impossible for people to buy their own homes. Now, the Government still claims that it will only launch the MHP Plan. In fact, the Government has already hoarded a lot of land, why is it still unwilling to discuss the arrangements for the resumption of HOS flat production?*

*I would like to ask the Secretary for Development, I hope she can tell us why so many government departments and Policy Bureaux are still unwilling to consider the aspirations of over 10 000 people for the resumption of HOS flat production?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese): *President, I pay attention to the question and answer session almost every Wednesday, and I remember clearly that the President frequently reminds Members and government officials that it is up to the Government to decide which officials should be responsible for answering the question. The subject matter of this main question is evidently about land supply and the Land Sale Programme for the coming year; being the Secretary for Development, I am the suitable person to answer the question.*

*Furthermore, the President frequently reminds us that, owing to limited time for the question, it is often impossible to solve, during this question and answer session, certain policy issues that need to be debated and studied in detail,*

and we have other platforms for the relevant discussions. Thus, I believe that my main reply has answered the main question, and I am afraid that I cannot answer on behalf of other Secretaries the questions related to the policies concerned.

**MR WONG SING-CHI** (in Cantonese): *President, she has not answered my question. It is clearly stated in my question that the construction of HOS flats and MHP Plan flats should be discussed. The Secretary has not answered the part about HOS flats and she has just answered the part about the MHP Plan. Although both issues are not within the portfolio of the Bureau, she has just chosen to answer the part about the MHP Plan but not the part about HOS flats, which evidently reveals that the Bureau has been irresponsible. I hope the Secretary would again .....*

**PRESIDENT** (in Cantonese): Mr WONG, please sit down.

**MR WONG SING-CHI** (in Cantonese): *I hope the Secretary would answer again, why HOS flats would not be constructed?*

**PRESIDENT** (in Cantonese): Mr WONG, you ask the Secretary in your supplementary question whether lands would be provided for constructing HOS flats and MHP Plan flats. The Secretary's reply has reflected the current government policies very clearly. Of course, I notice that Members of this Council from different parties and groupings have various views on this policy. However, as the Secretary for Development has said, I am afraid that this policy should be debated on another occasion. The Secretary can only answer your question on the basis of the current government policies, and I believe Members are very clear about that.

**MR WONG SING-CHI** (in Cantonese): *President, even though the main question has touched upon the issue relating to the direction, if the HOS or the MHP Plan is mentioned in the follow-up, I have the right to ask the Secretary about these issues. Since the Secretary attends the meeting to answer this*



*question, she should be prepared to respond fully to our follow-up questions. Unfortunately, the Secretary has irresponsibly refused to respond to the question today about the resumption of HOS flat production.*

**PRESIDENT** (in Cantonese): Mr WONG, please sit down. I think the Secretary has responded to Members' questions about current government policies.

**MR LEE WING-TAT** (in Cantonese): *President, in Hong Kong, we only have one Government while the parliaments of all other countries have cabinet meetings to discuss significant issues of public concern. Ten thousand people took to the streets on 6 March and the crucial issues raised included property prices and the resumption of HOS flat production.*

*President, the AL system has been implemented for many years. After studies and analyses, my conclusion is that this system has gone bankrupt. The number of sites sold each year was 12 sites out of 40 for the record high, and one site out of 40 for the record low. There is no reason for the Government to hand over the rights for the provision of land and housing to real estate developers. President, why does the Government not resume regular land sale, or as proposed by the Democratic Party, allocate larger sites on the AL, not triggered for sale by real estate developers within a few years, to the Housing Authority for HOS flat production? This view is shared by 70% to 80% of the public and this policy is supported by almost all Members of this Council. Why has the Government not done anything? Why does it not listen to people's voices? Does the Government think that this practice will go against public aspirations? Or, is it only willing to take actions when the whole cabinet falls from power or resigns?*

**PRESIDENT** (in Cantonese): You have just asked a rhetorical question. However, you have just asked a question about the AL policy, that is, whether the Government will make adjustments.

**SECRETARY FOR DEVELOPMENT** (in Cantonese): President, we have suitably adjusted our land supply approach. Starting from last year, designated sites in the AL eventually not triggered for sale would be initiated by the Government for sale, and three sites had been sold through government-initiated sale. When we work out the Land Sale Programme this year, as Mr LEE may have noticed, it is not called the 2011-2012 AL but the 2011-2012 Land Sale Programme as the Programme includes two parts. A two-pronged approach will be taken, sites can be included on the AL pending market response and application for auction.

Nonetheless, as stated in my main reply, the Government has designated up to 18 sites for government-initiated sale in the coming year, including nine residential sites. Please take note that out of the 19 000-plus flats to be provided, most of the flats are initiated by the Government and these flats are part of the West Rail project with the MTRCL being the agent. The sites involved are all government sites and the Government will make available the sites for application for sale this year. The Government will also have further discussion with the MTRCL, and we will make available for application for sale housing sites that do not belong to the Government and are not along the West Rail. Hence, there have been significant changes and I believe that Mr LEE has already noticed them. I have also mentioned in my main reply that we currently do not rule out the possibility that the Government would continue to consider initiating the sale of other sites on the AL.

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

**MR LEE WING-TAT** (in Cantonese): *My supplementary question is clear enough. Given the complete failure of the AL system, why does the Government not resume regular land sale? President, I have explicitly asked this question.*

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

**SECRETARY FOR DEVELOPMENT** (in Cantonese): President, I do not agree that the AL system has completely failed, and I think that we just need to assess the situation critically before making adjustments. In fact, the red-hot real estate market in the past year has generated active response among real estate developers to apply for land sale. We sold 10 sites last year which could supply 5 000 residential flats, accounting for 56% of the supply of 9 000 flats last year. We sold 56% of the sites on last year's AL, not 30% as mentioned in Mr WONG's main question. This reflects that the AL system has played its due role; real estate developers would initiate applications for land sale when there are market demands, and they will successfully apply for the sale of land by auction.

**MISS TANYA CHAN** (in Cantonese): *President, we all know that the four major real estate developers have hoarded over 10 million sq m of land. I notice that part (a) of the main reply has mentioned about leases, stating that as the land sale conditions are being prepared, the Government is unable to provide their "Building Covenant" periods. I also notice that the "Building Covenant" period for the development of residential sites ranges from 48 months to 72 months, that is around two to three or four years. In respect of sites currently hoarded by real estate developers, there is probably not much the Secretary can do. Yet, regarding the sites included in the present Land Sale Programme, how should the "Building Covenant" period be counted, and how should work commencement be defined? Has it considered specifying the completion date apart from specifying the commencement date?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese): President, "Building Covenant" periods refer to the completion date of works. In other words, occupation permits should be issued before the expiry date of the "Building Covenant" periods. Let me also respond to Miss CHAN's idea about land hoarding. Currently, sites sold will become "disposed sites" on which construction works have not yet started, and they are bound by "Building Covenants", that is, the flats must be completed within a certain period of time. Therefore, there is no hoarding of these sites. I suspect that the sites that people described as hoarded by major real estate developers are not "disposed sites" on which construction works have not yet started but agricultural land in the New Territories that can only become residential land after all ownership rights have been collected and the change of land use has been approved by the Town

Planning Board. If that is the idea, I agree that real estate developers own quite a lot of agricultural land in the New Territories.

**PRESIDENT** (in Cantonese): We have spent nearly 21 minutes on this question. As the Secretary's main reply and the first supplementary question raised by a Member have taken up extra time, I will now allow one more Member to ask his question.

**MR FREDERICK FUNG** (in Cantonese): *President, applications for land sale are actually decided by the market and initiated by real estate developers who decide whether or not to apply for land sale. Nevertheless, I notice that some sites on the AL have not been triggered for sale over a long period of time. I would like to ask the Secretary, for those sites which have not been triggered for sale over a certain period of time, say two years, will the Government consider handing over these sites conditionally (for instance, specifying the areas of the flats constructed, the target buyers and the time for sale) to the Housing Authority, the HKHS or the URA, especially the URA, so that the "flat-for-flat" and "foot-for-foot" approaches can be adopted if more land is available in redeveloping old districts. Will this approach be adopted for sites which have not been triggered for sale over a long period of time, so that these sites can be made available to the market as soon as possible, and in turn, more flats can be provided?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese): President, as I have mentioned in my main reply, the Government will review the sites on the AL, regardless of how long they have been included in the AL. If there is any use of land that complies better with public interests, we will be ready to consider making adjustments. I have given the example concerning university student hostel. As no application has been made for the sale of the site on Hospital Road, we have designated the site for university student hostel. The Queen's Hill site is another site for which no application for sale has been made and we have designated it for university development, I think Mr CHEUNG Man-kwong would strongly support this move. We will certainly continue to do so, but as I have said in my main reply, the practice of designating housing land for other uses is based upon prudent discussions and a policy has to be formulated. After

a policy has been formulated, we would, as land management authorities, consider designating housing land for other uses.

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

**MR FREDERICK FUNG** (in Cantonese): *Yes, President. Just now, I mentioned about conditionally handing over flats to the market while she talked about university student hostel, which basically does not involve making available land to the market. Will the Government consider making available land to the Housing Authority or the URA?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese): I have just given a general response. The mechanism is in place, and we would consider re-designating suitable land for other uses in line with the policy. As I have just said in my main reply, last year our initiated sale of the site on Lin Shing Road in Chai Wan was not successful; we did not roll over this site in the AL this year, and have handed the site over to the Housing Authority for the construction of public rental housing.

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

### **Implementation of Statutory Minimum Wage Rate**

2. **MR WONG TING-KWONG** (in Cantonese): *President, while the statutory minimum wage (SMW) rate will be implemented with effect from 1 May this year, some employers have relayed to me that quite a number of them are still unclear about the method for calculating wages and they did not obtain clear answers when they made enquiries to the Labour Department. They are thus worried that they might breach the law inadvertently. In this connection, will the Government inform this Council:*

- (a) *how many enquiries the authorities have received in total in respect of the legislation on minimum wage since its passage; to which major aspects were the problems related; of the staffing arrangements for answering such enquiries; given that it has been reported that the authorities have failed to provide concrete answers to the enquiries concerned, whether they have looked into the reasons for that;*
- (b) *what publicity activities on the SMW have been carried out by the authorities, and list in detail the activities concerned; whether assessment has been made on the adequacy of the publicity efforts; if so, of the results; whether the authorities will consider stepping up the publicity efforts on enhancing the awareness of the SMW; if so, of the details; if not, the reasons for that; and*
- (c) *whether the authorities will consider consolidating the relevant enquiries and conducting a detailed study for the purpose of providing reference cases for people in need of such information, thereby assisting employers to avoid breaching the law inadvertently?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, the Labour Department is working at full steam to prepare for the implementation of the SMW. We will continue to launch extensive publicity and promotional activities to familiarize the community with the SMW legislation and facilitate employers and employees in understanding their respective obligations and entitlements under the SMW regime for smooth implementation.

My reply to the three parts of the question raised by Mr WONG Ting-kwong is set out below:

- (a) Since the passage of the Minimum Wage Ordinance (the Ordinance) by the Legislative Council in July 2010 and up to end-February 2011, the 24-hour enquiry hotline of the Labour Department (that is, 2717 1771) handled about 7 000 enquiries concerning the SMW. The enquiries mainly concerned the coverage of the Ordinance, definition of wages and hours worked and relevant provisions

concerning the computation of minimum wage. The enquiry hotline of the Labour Department is handled by "1823 Call Centre". There are currently some 50 staff in "1823 Call Centre" dedicated to answering enquiries on labour legislation including the Ordinance. The Labour Department has provided training and support to the staff of "1823 Call Centre" and will handle more complicated enquiries where necessary.

- (b) The Labour Department is conducting various promotional activities to enhance employers' and employees' understanding of the Ordinance. Since the passage of the Ordinance and up to end-February 2011, about 8 000 participants attended 49 briefings on the Ordinance conducted by Labour Department officers. These briefings included large-scale seminars for employers, employees and the public at large as well as talks targeted at various groups such as Owners' Corporations (OCs), Owners Committees, Mutual Aid Committees (MACs), property management companies and human resources practitioners, and so on. The Labour Department has also published leaflets and posters on the SMW for wide distribution and display. Advertisements through electronic information panels, cabin banners, seat-backs and cabin bodies on various public transports have been placed. New television and radio announcements of public interest have also been broadcast.

In parallel, the Labour Department has launched targeted publicity and promotional activities to apprise persons with disabilities and their employers of their rights and obligations under the relevant provisions of the Ordinance as well as details of the productivity assessment provided for persons with disabilities. These include mailing leaflets directly to about 150 000 persons with disabilities; inserting promotional message in electricity and water bills; conducting seminars on the Ordinance for persons with disabilities, rehabilitation organizations, parent groups, employers of persons with disabilities, and so on; putting up posters and relevant messages as well as distributing leaflets through the offices and websites of rehabilitation organizations and relevant government departments; broadcasting radio announcements of public interest (APIs); and placing advertisements and feature articles in publications of trade

unions, employers' associations and non-government organizations, and so on.

Notwithstanding our endeavours in widely publicizing the Ordinance through various channels, the Labour Department will continue to step up promotional efforts to enhance public understanding of the SMW. The department will broadcast promotional messages and carry out other publicity activities on various public transports, placing newspaper supplements, conducting talks and roving exhibitions, and displaying banners for outdoor publicity, and so on.

- (c) The Labour Department has drawn up a set of draft general reference guidelines on the SMW for employers and employees to illustrate the provisions and application of the Ordinance. We have consulted the Legislative Council Panel on Manpower and the Labour Advisory Board on the draft guidelines and issued these to over 300 stakeholder groups for comment. The Labour Department is working expeditiously to finalize the general reference guidelines so that these can be ready for wide distribution within this month (March). Given the great varieties in the mode of employment, the draft reference guidelines have included some common examples to illustrate the application of the Ordinance. In addition, given the particular circumstances of individual sectors, the Labour Department is working with industry-based Tripartite Committees, related employers' associations, trade unions and stakeholder groups to discuss and formulate industry-specific guidelines on the SMW. The Labour Department will also include a "Question and Answer" section on more frequently asked questions at its website for public reference in due course.

**MR WONG TING-KWONG** (in Cantonese): *President, in part (c) of the main reply, the Secretary mentioned that the authorities are working with the industry-based Tripartite Committees to formulate industry-specific guidelines on the SMW. May I ask when such guidelines will be issued to enable the public at large to gain a better understanding of the details?*



**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I thank Mr WONG for his supplementary question. We will formulate two sets of industry-specific guidelines, one of which has been mentioned by Mr WONG just now. We have been holding discussions with the relevant industries, such as logistics, catering, retail and tourism, so that the relevant guidelines can be formulated as soon as possible. However, the general guidelines, which cover issues that members of the public and employers must follow and know, will definitely be issued within this month. This is our target.

We are adopting a two-pronged approach. It is hoped that the general guidelines with a wider coverage will be published as soon as possible, to be followed by the industry-specific guidelines for dealing with specific issues like commission. We will speed up our work to ensure that the relevant guidelines will be issued as soon as possible. We are aware that the Ordinance will come into effect on 1 May, and not much time is left for us. We are therefore working at full steam and we will seize every minute and second, so as to get the job done as soon as possible. Thanks to Mr WONG for his concern.

**MS LI FUNG-YING** (in Cantonese): *President, there are still plenty of single tenement buildings in many old districts. I wonder how the Secretary is going to promote minimum wage to the MACs and OCs of single tenement buildings in old districts. Will he work in conjunction with various District Offices to organize briefings for these MACs and OCs, so that they will not breach the law inadvertently?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): Thank you, Ms LI. Ms LI's supplementary question does have a point and we are very concerned about those OCs. That is why the publicity activities organized some time ago were mainly targeted at the OCs, MACs and single tenement buildings. So far, a total of 1 023 representatives have attended the briefings, and more briefings will be organized in the days to come. Apart from the briefing to be conducted today, eight other briefings will be conducted from now on until mid-April for targeted publicity.

Just as I said earlier, apart from briefings, Members may notice that television and radio APIs have also been broadcast during prime time. We

would also arrange to attach promotional leaflets to electricity and water bills when mailing them to the public later on, detailing the provisions relating to the SMW. For enquiries, people may call 2717 1771 and our staff will provide the necessary information around the clock.

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

**MS LI FUNG-YING** (in Cantonese): *President, the Secretary has not answered if joint publicity efforts will be made together with the Home Affairs Department or various District Offices, given that District Offices have close liaison with the MACs or OCs of those buildings.*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, at the district level, we will definitely maintain close liaison with various District Offices and speed up our work in the days to come. Just as I have said, apart from territory-wide publicity, targeted publicity will also be conducted to get the message across. We will step up our publicity efforts in order to get the relevant message across.

**MR TOMMY CHEUNG** (in Cantonese): *President, just now the Secretary mentioned that the general reference guidelines on the SMW will soon be issued. However, as I have said time and again during the deliberation of the relevant Bill, there is a genuine need for certain hard-hit industries to be issued with the guidelines before the enactment of the relevant legislation on 1 May. They include some labour-intensive industries like the catering industry and residential care homes for the elderly. To our greatest regret, today is already 9 March and we are only 50 days away from the implementation of the SMW, however the Secretary has yet to issue the specific guidelines for these two industries.*

*May I ask if the Secretary can tell us today when the industry-specific guidelines for those hard-hit industries will be issued? After the issuance of the relevant guidelines, employers will need some time to discuss with their employees to see if the employment contracts have to be amended, how detailed*

*arrangements should be stipulated, and whether the staff originally paid on a monthly basis will now be paid on an hourly basis. There are still many outstanding issues to be settled. The Secretary really disappoints me as no specific guidelines have been issued to those hard-hit industries so far. May I ask if the Secretary can make an undertaking today by telling us when the job will be done?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I thank Mr CHEUNG for his supplementary question. Certainly, we will get the job done in full steam as we are fully aware that not much time is left from now on until 1 May. We will therefore tightly control the timing and adopt a two-pronged approach, so that a general guideline will be issued within this month. The guideline will be published once available. Also, we are pressing ahead with the industry-specific guidelines. As Members may be aware, we are liaising with representatives from the catering, logistics, tourism industries, and so on, through the Tripartite Committees, in the hope of issuing the relevant guidelines as soon as practicable. We will certainly get the job done as soon as possible.

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

**MR TOMMY CHEUNG** (in Cantonese): *President, since you cannot help smiling, I guess you also understand what is meant by "as soon as possible". The relevant legislation is due to come into effect on 1 May, but today the Secretary still keeps saying "as soon as possible". What does that mean? I wish to ask him whether it is 1 April or 26 March. Can he give us a specific undertaking as members of the trade do need some time for preparation?*

**PRESIDENT** (in Cantonese): Please let the Secretary answer. Secretary, can you advise a date?

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, let me put it this way. If an undertaking must be made, I would say that we will try our best to get the job done by 1 May. Of course, Mr Tommy CHEUNG would like to get things done as soon as possible. All I can say is that the draft industry-specific guidelines under discussion will definitely be submitted for Members' discussion within this month. If the draft is in order, it will then be finalized for printing.

**MR WONG SING-CHI** (in Cantonese): *President, in response to Ms LI Fung-ying's supplementary question, the Secretary said that he would work in conjunction with various District Offices or other departments to promote the SMW. May I ask if the Secretary has done so? Did he go into the community to brief the general public, enterprises or shop operators on the details of the guidelines relating to minimum wage? If so, how much efforts have been made? If not, given that the legislation on minimum wage will come into effect on 1 May, how many more briefings will be conducted in March and April to ensure that all shop operators and the public at large fully understand the guidelines on minimum wage? What are you going to do and how much manpower will be devoted for this purpose? How can you get the message across to the 7-odd million Hong Kong people within such a short period of time? If you fail to do so, please admit that the publicity campaign has not been carefully considered. Is this a negligence of duty if you fail to get the job done?*

**PRESIDENT** (in Cantonese): Mr WONG, your supplementary question is clear enough.

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, since I have clearly explained our overall plan in the main reply, I am very surprised to hear Mr WONG suggesting that we have no idea of what we are doing. If he read through the main reply, he should find that the plan has been set out in great detail.

In replying Ms LI Fung-ying's supplementary question, I pointed out that briefings had been held for more than 1 000 representatives from OCs, Owners Committees and MACs. I also added that another seminar would be held later

today, and eight more would be held from now on until mid-April. So far, a total of 49 briefings have been held.

Members must understand that it is impossible for us to organize briefings for every single OC. This is beyond our ability as there are tens of thousands of OCs and committees in Hong Kong. We must take advantage of the mass media such as television to get the message across. Members may notice the broadcast of APIs during the evening prime time when they are watching the drama series. Furthermore, publicity activities have also been carried out on various public transports. And as I have said, promotional leaflets will be inserted in electricity and water bills, and banners will also be put up. Continuous efforts will be made in various respects. Since this is a new policy, I admit that widespread publicity must be carried out and strategic promotional efforts have already been made. However, I am aware that some people still have not obtained the relevant information, thus we will further step up our promotional efforts. I reiterate that in case members of the public have any inquiries, they may call the 24-hour enquiry hotline at 2717 1771.

**MR WONG SING-CHI** (in Cantonese): *President, just now I asked the Secretary, while he kept saying in his reply to Ms LI Fung-ying's supplementary question that .....*

**PRESIDENT** (in Cantonese): You only need to state your supplementary question clearly.

**MR WONG SING-CHI** (in Cantonese): *..... he would work in conjunction with various District Offices, my question is whether he has started working with the District Offices, how they will co-operate and what will be done .....*

**PRESIDENT** (in Cantonese): Mr WONG, I heard that just now you asked the Secretary if he has done so, and requested the provision of the relevant figures. The Secretary has provided the necessary figures. If you think that your supplementary question has not been answered, you only need to state the part of

your supplementary question that has not been answered, you should not express any personal view.

**MR WONG SING-CHI** (in Cantonese): *President, he has not answered my specific question, and that is, the local consultations to be conducted in conjunction with the Home Affairs Department, and .....*

**PRESIDENT** (in Cantonese): Are you asking the Secretary whether he has worked with the Home Affairs Department and the number of local consultations held?

**MR WONG SING-CHI** (in Cantonese): *Yes, about the figures relating to local consultations. I did not ask him to tell us about his discussions with the OCs, but just the relevant figures about the joint promotional efforts with the District Offices.*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, let me cite the following examples as an illustration. On 23 December, a briefing was organized for the OCs, Owners' Committees, MACs and property management companies of private buildings in New Territories East. On 29 December, a similar briefing was organized for the Kowloon district. On 14 January, a briefing was attended by 315 representatives from OCs and MACs on Hong Kong Island. Another briefing was held on 21 January in New Territories West. Such work is ongoing in the hope of getting the message across.

**MR LEE CHEUK-YAN** (in Cantonese): *President, I wish to ask the Secretary if the relevant guidelines would address another major problem at the same time. Recently, the trade union received a number of complaints about the re-employment of laid-off staff. What is it all about? It is about some security companies laying off hundreds of security staff and settling the severance payments. Of course, the companies concerned are not required to pay a single cent as the Mandatory Provident Fund will be used to offset the severance payments. Under such an extremely unreasonable arrangement, the companies*

*first laid off their security staff without paying a single cent, and then re-employed them to work in their subsidiary companies. Subsequently, the staff would renew contract with the parent company.*

*As a result of such a practice, the staff concerned are unreasonably laid off and re-employed. What problem does this give rise to? While the staff concerned will receive the \$28 minimum wage, their annual leave will have to count from seven days again. According to the existing law, staff who have served for nearly eight years shall enjoy an annual leave of almost 14 days. As a result, an employee who is originally entitled to 14 days of annual leave would now have his leave cut to seven days only. He will have to work for another eight years before he is entitled to 14 days of annual leave. This is indeed a serious exploitation. May I ask the Secretary if the guidelines formulated by the authorities will address this issue? How to prevent employers from exploiting workers in this way?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I always say that staff are the precious asset of enterprises. I have not only called on employers to treat their employees well, but also highlighted the importance of maintaining good labour relations, which will definitely do more good than harm to employers in the long run. Therefore, our message is clear. Before an employer considers changing the terms of employment of employees, he must carefully assess the implications on labour relations. Thus, if possible, employers should not reduce their employees' remuneration or benefits after the implementation of minimum wage. Should employees have any enquiries or doubts, they may seek help from the Labour Department. We will certainly do our utmost to assist in co-ordination and conciliation, and to work things out.

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

**MR LEE CHEUK-YAN** (in Cantonese): *He has not answered whether the guidelines will deal with such issues.*

**PRESIDENT** (in Cantonese): Are you asking the Secretary if the guidelines will deal with such issues?

**MR LEE CHEUK-YAN** (in Cantonese): *Yes. Just now, the Secretary said that employees may seek help from the Labour Department. In case an employee seeks help from the Labour Department on this matter, how is it going to help him? Have the guidelines provided any details on this?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, as the name suggests, the guidelines are only of reference purpose, which enable us to understand the meaning of the legislation and its coverage under the legal framework. For cases relating to labour relations involving individual employers, they must be tackled from the perspective of employment protection. This is what we have all along been doing, and individual cases will be followed up and considered. However, as far as I understand, we have not received any request for help from employees on this matter. Nonetheless, we will closely monitor the development of the matter.

**DR PAN PEY-CHYOU** (in Cantonese): *President, it is learnt that the heads of human resource departments of many organizations are weighed down by the implementation of minimum wage. And yet, they are not people without education, but are experts in personnel matters. I wonder if the Government has provided any support to them with regard to the actual operation of the minimum wage and the calculation of wages, or has the Government suggested any ways to help these people?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I thank Dr PAN for his supplementary question. Minimum wage is indeed a new initiative, and an adaptation period will be required in various respects. The Labour Department has established an association for human resource managers. It is a big association comprising over 1 800 human resource managers, and they can share experiences among themselves. If heads of corporations are willing to share their experience, even if there is only one speaker, many other people will be benefited. We are now rendering help through this channel.



In fact, after the guidelines are issued, Members will see that examples have been given to illustrate how wages should be calculated. The method of calculation may be complicated, but the underlying principle is clear and calculation is not impossible. It is most imperative to understand the underlying principle and identify which factors should be included or excluded from the calculation of minimum wage. Furthermore, a 24-hour enquiry hotline has been set up. Just as I have said, enquiries can be made at any time and there is no need to worry that the lines are jammed. Also, briefings will continuously be organized. Actually, human resource managers have all along been our work target.

**PRESIDENT** (in Cantonese): This Council has spent more than 20 minutes on this question. Third question.

### **Redevelopment of Tai Hang Sai Estate**

3. **MR FREDERICK FUNG** (in Cantonese): *President, it has been learnt that Tai Hang Sai Estate, which is located in the urban area of Kowloon, is a private low-cost housing estate owned and managed by the Hong Kong Settlers Housing Corporation Limited (HKSHCL). The buildings in the estate are almost 50 years of age, and in terms of living environment and building quality, and so on, they have fallen into a very dilapidated and severely aged condition, with building specifications and level of ancillary facilities lagging far behind. Over the years, some residents have called for redevelopment and rehousing. The HKSHCL has also proposed a relevant redevelopment plan under which Tai Hang Sai Estate will be redeveloped into a low-cost housing estate in tandem with the construction of private housing for sale to offset the overall redevelopment costs. In this connection, will the Government inform this Council:*

- (a) *of the number of private low-cost housing estates in Hong Kong at present; the principles based on which and the means through which the Government approved and subsidized the development of private low-cost housing estates at that time; the latest policy direction in this regard; the support and financial assistance rendered by the*

*Government in the past to private low-cost housing estates in need of redevelopment and rehousing;*

- (b) *as it has been learnt that some of the tenants living in Tai Hang Sai Estate were rehoused in the estate by the Hong Kong Housing Authority (HA) as a result of redevelopment of public rental housing (PRH) estates, yet they do not possess the status of PRH tenants, nor can they use the green form to apply for flats under the Home Ownership Scheme, and they will not even be rehoused in the future when Tai Hang Sai Estate is redeveloped, of the number of such tenants; the justifications of the authorities for depriving them of the rights of PRH tenants; whether the Government will, based on the principle of fairness and reasonableness, grant these tenants again the rights of PRH residents, such as rehousing; if not, of the reasons for that; and*
- (c) *on the premises of meeting the housing needs of the grassroots, increasing the supply of residential flats in the urban area and effectively using the limited urban land resources, and so on, whether the authorities will seriously study and consider various feasible options in order to fully resolve without delay the problem of deplorable living conditions in Tai Hang Sai Estate through redevelopment and rehousing programmes, and so on?*

**SECRETARY FOR TRANSPORT AND HOUSING** (in Cantonese):

President, Tai Hang Sai Estate is a private housing estate which was built and managed by the HKSHCL according to the conditions of the land lease concerned. The Government and the HA do not exercise any control over the said estate. The HKSHCL is seeking the Government's views on the future redevelopment of Tai Hang Sai Estate and relevant government departments are actively following up on the issue. The Government will explore with the HKSHCL on how best to assist it in this respect.

My reply to the three-part question raised by Mr Frederick FUNG is as follows:

- (a) At present, Tai Hang Sai Estate is the only private rental housing estate in Hong Kong which provides rental flats for low-income families at rents lower than the market level. The estate is not owned or managed by the HA or the Hong Kong Housing Society (HS). The HKSHCL is a non-profit-making organization formed and financed by a group of prominent social figures. To rehouse the tenants affected by the clearance of the then Tai Hang Sai Resettlement Area, the Government granted a parcel of land at a concessionary rate to the HKSHCL in 1961 for the development of Tai Hang Sai Estate and stipulated under the land lease that the HKSHCL should build on the land granted at least 1 600 flats for letting to the low-income group. In addition, the Government granted a loan amounting to \$10 million to the HKSHCL at an interest of 5% per annum for the construction of the estate. The HKSHCL has repaid all the money concerned to the Government.

The current subsidized housing policy of the Government mainly focuses on assisting low-income families or persons who cannot afford private rental accommodation through the provision of PRH by the HA. We will continue to provide PRH flats through the HA to low-income families or persons with housing needs.

The Government has not handled any redevelopment cases of similar nature to that of Tai Hang Sai Estate in the past.

- (b) I would like to briefly explain the background concerning some former PRH tenants of the HA who were rehoused in Tai Hang Sai Estate. In 1980, the Board of the HKSHCL made a request to the HA to seek the HA's assistance to provide tenants for the then newly-built Man Tai House in Tai Hang Sai Estate. As such, the HA put up notices in some old Mark I and Mark II estates in Kowloon to inform the PRH tenants of the invitation from the HKSHCL. Upon their applications for moving to Tai Hang Sai Estate which were made on a voluntary basis, the HA helped arrange for them to move into the estate with a view to improving their living environment. According to the records of the Housing Department, a total of 181 households were rehoused from the HA's PRH estates

to Tai Hang Sai Estate through the above arrangement on a voluntary basis in around 1981.

Any PRH tenants will cease to have PRH tenant status upon their moving out of PRH flats, irrespective of how they were rehoused or in which HA's PRH estates they once resided. According to the current policy, should any former PRH tenants need to move back to the HA's PRH flats, they will have to apply for PRH flats through the PRH Waiting List.

For those households who moved out from PRH flats to Tai Hang Sai Estate, they ceased to have PRH tenant status upon their moving out of their PRH flats. Their position is no different from that of the other Tai Hang Sai Estate tenants. If in future there are redevelopment and rehousing issues, these households will be treated on a par with all other Tai Hang Sai Estate tenants.

- (c) Given that the Government granted to the HKSHCL the land for developing Tai Hang Sai Estate at a concessionary rate and stipulated in the land lease that the HKSHCL should build on the land at least 1 600 flats for letting to the low-income group, should the HKSHCL decide to clear and redevelop Tai Hang Sai Estate, it must take into account various factors and apply to the relevant government departments as appropriate. Tai Hang Sai Estate and its vicinity are classified as a Comprehensive Development Area (CDA) in the latest revised Shek Kip Mei Outline Zoning Plan. According to the Town Planning Ordinance, an application and a master layout plan must be submitted to the Town Planning Board for any redevelopment project within the CDA zone.

As mentioned above, the HKSHCL is seeking the Government's views on the future redevelopment of Tai Hang Sai Estate and relevant government departments are actively following up on the issue. The Government will explore with the HKSHCL ways to facilitate its decision on the future of the estate.

**MR FREDERICK FUNG** (in Cantonese): *President, I would like to provide an additional piece of information before asking my supplementary question.*

*As far as I know, in the 1990s — the Secretary is welcomed to correct me later if I am wrong — the Independent Commission Against Corruption objected against the original method of arranging tenants to move into Tai Hang Sai Estate. In the past, tenants could only live in the estate through the referral of staff or directors of the HKSHCL. Hence, when the task was taken over by the HA in the 1990s, arrangements were made by the Housing Department to allocate units of the estate to tenants on the waiting list. However, these tenants, including the ones affected by the redevelopment as mentioned earlier, were unaware that they would lose all the rights of PRH tenants, such as rental exemption or reduction, after they moved to Tai Hang Sai Estate.*

*My supplementary question is, as the buildings in Tai Hang Sai Estate are almost 50 years of age with an urgent need for redevelopment, the Government can in fact facilitate its redevelopment by phases by making available a residential block with 500 units, so that one third of the households living in the estate can be rehoused at one time. I would like to ask the Secretary whether the Government will discuss with the HKSHCL the arrangement of making available 500 units (that is, about half of the units of an existing PRH Harmony Block which provides 800 units) to rehouse the tenants so that redevelopment can be carried out? Otherwise, redevelopment of the estate cannot possibly proceed.*

*Are such resources available in Hong Kong? Yes, they are available. In the coming five years, four PRH estates will be completed in Sham Shui Po and more than 500 units will be available.*

**SECRETARY FOR TRANSPORT AND HOUSING** (in Cantonese): *President, as I have said in the main reply, our records show that the Board of the HKSHCL had made a request to the HA in 1980 to seek its assistance to provide tenants for the then newly-built Man Tai House in Tai Hang Sai Estate. These tenants were the 181 households I mentioned earlier.*

*According to our records, notices had been put up in February and August 1981 respectively to inform PRH tenants in Lei Cheng Uk Estate, Tai Hang Tung*

Estate and Tsz Wan Shan Estate of the invitation. Regarding matters such as the selection of other tenants and determination of income level, the decisions were made by the HKSHCL because it had already been granted the full rights of construction, management and letting of the estate under the land lease. Hence, the HA is different from the HS in this regard. There is a standing mechanism for referring applicants on the Waiting List to the HS. Our records show that a one-off invitation had been posted in 1980 and as I mentioned in the main reply just now, 181 households had responded.

Regarding the second part of the supplementary question about whether public resources should be used to facilitate redevelopment, I think the HKSHCL will need to consider the future development of the estate first. As I said earlier, we will actively follow up on the HKSHCL's ideas or provide assistance in terms of resources in the process of redevelopment. However, consideration must be given to the stipulation in the land lease that the HKSHCL should build at least 1 600 flats for letting to the low-income group. The matter must be handled carefully.

Why is it necessary to carefully consider this factor? As I explained just now, Tai Hang Sai Estate and its vicinity have been classified as a CDA in the latest revised Shek Kip Mei Outline Zoning Plan. Hence, the HKSHCL must consider the latest development parameters when contemplating the direction of any redevelopment in future. If the HKSHCL comes up with any plans, we will actively follow up on the matter.

**MR LEUNG KWOK-HUNG** (in Cantonese): *President, good morning. Having heard the Secretary's reply, I have the feeling that she is hiding the evil deeds while playing up the good ones. In other words, the Government has done nothing but evil deeds.*

*As mentioned by Mr Frederick FUNG just now, the case was related to the Government's provision of land and financial resources to construct housing units with rents below the market level for ordinary citizens, which is indeed a benevolent policy. However, things have gone sour now and the Government is saying that it is not its responsibility.*

*I will not talk about the Rashomon affair 30 years ago. Instead, I would like to ask the Secretary, has the Government formulated any policies to continue with the good deeds done by the British administration in Hong Kong in the past, such as the allocation of land and financial resources to provide suitable housing for the poor? Will the Government continue with such good practices? As the Government has already decided not to resume the Home Ownership Scheme (HOS), will the Government continue with such good practices? If it would not do so, has the Government reviewed the reasons why this policy cannot be sustained? In fact, the planning made by the authorities for Sham Shui Po has rendered such development practically impossible. I would like to ask the Secretary whether the Government has conducted any review in this regard. If it has, what is the outcome? If it has not, what are the reasons?*

**SECRETARY FOR TRANSPORT AND HOUSING** (in Cantonese): President, the current policy on subsidized housing is very clear. Under this policy, the HA will allocate PRH to low-income households who cannot afford private rental accommodation. At present, a certain number of applicants are already on the Waiting List. Moreover, the Government has a plan for the production of PRH so as to underpin the existing policy of allocating PRH to applicants who have been on the Waiting List for around three years.

At that time, a group of celebrities formed the HKSHCL, a non-profit-making organization specifically to provide housing for residents affected by the clearance of Tai Hang Sai Resettlement Area. As this was considered a worthy cause, the then Government granted land to the HKSHCL at a rate lower than the market value and provided it with a loan. To date, the HKSHCL is the only non-profit-making organization of its kind with private funding. Apart from the HKSHCL, we have not received any new application for adopting the same mode. I reckon it is because we already have a very clear policy on subsidized housing and the implementation of such to assist low-income families is generally accepted. I do not think we should describe the situation as things "gone sour" because the HKSHCL is still committed to the cause of its establishment. This is exactly why it has approached us regarding the issue of redevelopment and we are actively providing assistance. I think it is an ongoing process and we will actively follow up on the matter.

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

**MR LEUNG KWOK-HUNG** (in Cantonese): *I asked her whether the Government has reviewed this particular mode. If it has, please tell me the outcome of such review. But she has not answered this question. If no review has been conducted, why is that so? President, I am really a fair person. It is because this mode ..... has been replaced by the HOS with the Government providing both the financial resources and land. Therefore, it is no longer necessary to adopt this mode. But now, the Government has decided not to resume the HOS .....*

**PRESIDENT** (in Cantonese): Mr LEUNG, please sit down. Let me repeat .....

**MR LEUNG KWOK-HUNG** (in Cantonese): *..... the question is quite simple, whether it is a yes or no ..... she has not answered that.*

**PRESIDENT** (in Cantonese): Please do not express your views.

**MR LEUNG KWOK-HUNG** (in Cantonese): *Yes.*

**PRESIDENT** (in Cantonese): The Secretary has already answered the question. She has clearly stated the existing policy of the Government on subsidized housing and explained the authorities' understanding as to why the mode adopted by the HKSHCL in building Tai Hang Sai Estate has only been used once. Therefore, the Secretary has already answered the question. If you do not agree with the existing policy of the Government, you can follow up on other occasions.

**MR LEUNG KWOK-HUNG** (in Cantonese): *No, you have not listened carefully to what I said. In 1979, the first phase of HOS was constructed in Lai*



*King. Being a construction worker then, I had worked on the site. Now, the Government has halted the construction of HOS flats. In other words, the situation where the previous mode was replaced by the HOS, as mentioned by the Secretary, no longer exists. In that case, has she conducted any review? If you say .....*

**PRESIDENT** (in Cantonese): Mr LEUNG, please sit down. I have not heard the Secretary mentioning that the HOS would replace the type of housing such as Tai Hang Sai Estate.

**MR LEUNG KWOK-HUNG** (in Cantonese): *She did mention it.*

**PRESIDENT** (in Cantonese): I invite the Secretary to confirm whether the HOS is involved.

**SECRETARY FOR TRANSPORT AND HOUSING** (in Cantonese): President, there is nothing about the HOS in my main reply.

**MR LEUNG KWOK-HUNG** (in Cantonese): *No, when answering the supplementary question, she did say .....*

**PRESIDENT** (in Cantonese): Mr LEUNG, please sit down. This is not a debate session.

**MR LEUNG KWOK-HUNG** (in Cantonese): *I know. I am just stating the facts.*

**SECRETARY FOR TRANSPORT AND HOUSING** (in Cantonese): President, the rental of units in Tai Hang Sai Estate constructed by the HKSHCL are below market levels. Hence, if a comparison is to be drawn, they should be

compared with PRH units. Regarding the question just raised by Mr LEUNG, I think it is out of this context.

As I have said earlier, 1 600 rental units are provided by the HKSHCL for low-income families. Insofar as the existing policy on subsidized housing is concerned, PRH units for low-income families are provided by the HA. While the HKSHCL is the only case we have, the Government is willing to provide the necessary assistance as to how best any redevelopment can be taken forward.

**PRESIDENT** (in Cantonese): The Secretary has replied the question clearly.

**DR PRISCILLA LEUNG** (in Cantonese): *President, owing to historical reasons and policy changes, these several hundred residents had moved into this type of PRH. Now that some 20 or 30 years have passed, they are left with nothing as they may not even be eligible for PRH. They may feel that they have been cheated.*

*Hence, is it possible to render special care for this group of people ..... During the implementation and extension of the CDA plan, is it possible to ensure that this group of people will still be cared for, can they be allocated with PRH under the new planning? If the HKSHCL does not have enough units available, assistance can be provided by the Government, just as the assistance provided to people with "n-noughts" this year.*

*As we can see, this group of people is forgotten as a result of government policies and bureaucratic institution. The problems that they encounter are left over by history. Best efforts should be made to provide for this group of people so that they would not be left out. Although the redevelopment of Tai Hang Sai Estate is generally welcomed, it should not turn some residents into victims as they complain about being cheated at that time.*

**SECRETARY FOR TRANSPORT AND HOUSING** (in Cantonese): President, I have already explained in the main reply that the position of these residents is actually no different from that of other tenants who move out of PRH flats. They cease to have PRH tenant status upon moving out of the PRH flats.

Of course, they can apply again for PRH under the Waiting List system if necessary. As I have stated in the main reply, the relevant records show that 181 households who originally lived in the HA's PRH flats had accepted the invitation on a voluntary basis.

Regarding the Member's concern about how to properly handle these 1 600 households in the event of any future redevelopment, I think we should no longer differentiate between those 181 households and others. Instead, we should consider how these 1 600 households who currently enjoy the low-cost housing of Tai Hang Sai Estate should be properly handled. Should the estate be redeveloped block-by-block as suggested by some Members earlier with the Government providing assistance in terms of resources, or should some other ways be considered? I think a plan should be formulated first so that we can discuss with the HKSHCL to ensure smooth implementation.

We will of course welcome any plan from the HKSHCL if land use can be maximized to provide at least 1 600 units of this type of housing. If the quality of living can be enhanced through redevelopment and low-income families can still enjoy this type of housing, we will try our best to provide the necessary assistance.

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

**DR PRISCILLA LEUNG** (in Cantonese): *Yes. My question is whether the Government will employ special measures to tackle special problems? This group of people is left over by history. Instead of following the general policy, the authorities should ensure that special measures are employed to tackle this special problem under all circumstances so that this group of people would be provided for. This is because the problem is caused as a result of development.*

**PRESIDENT** (in Cantonese): Dr LEUNG, I think the Secretary has already answered your question. She has already explained the consideration to be given to the need of this group of residents.

**MR WONG KWOK-HING** (in Cantonese): *In the last part of the main reply, the Secretary said that the HKSHCL was seeking the Government's views on the issue of redevelopment. The Secretary also stated that the Government was actively following up on the matter and it would be willing to provide assistance. Through the President, I would like to ask the Secretary whether she can provide us with more specific details, such as what is the present stage of discussion between the two sides or whether discussion has been initiated and whether there is any timetable?*

**SECRETARY FOR TRANSPORT AND HOUSING** (in Cantonese): President, the matter is still at a preliminary stage. Why? Because it was not until 2010 that the Town Planning Board had classified the land at Tai Hang Sai Estate as a CDA. Relative to the plot ratio, the existing gross floor area of the site is about 3.2 times. Under the new plan, the plot ratio of the site is 5.5, meaning that the ratio has been greatly reduced from that allowed before 2010.

I think the HKSHCL would need to strike a balance in terms of space when considering redevelopment. Currently, the site of Tai Hang Sai Estate is classified as a CDA. What other elements will be included in redevelopment? Apart from the provision of 1 600 units as required under the land lease, what kind of space is available? For example, are there other means to increase revenue so as to support the renting of these units to low-income families?

I think this is one of the new developments which the HKSHCL must take into consideration. As this new parameter was only imposed last year, the redevelopment of the HKSHCL is restricted. When formulating the redevelopment plan, the HKSHCL would need to consider other land uses to be incorporated under the new planning of CDA. I think we will explore the way forward with the HKSHCL along this direction in the days to come.

**PRESIDENT** (in Cantonese): This Council has already spent more than 22 minutes on this question. Fourth question.

**Retrofitting of Noise Barriers near Neptune Terrace**

4. **MR LEUNG KWOK-HUNG** (in Cantonese): *President, I have received complaints from quite a number of residents in Chai Wan District, pointing out that as a result of the delay by the Government in retrofitting noise barriers at the road section near Neptune Terrace along Chai Wan Road, the residents nearby have been subjected to serious noise nuisance for many years. In this connection, will the Government inform this Council:*

- (a) *of the number of noise barrier retrofitting works carried out in Hong Kong in the past five years; where and when such works were carried out; and whether it has set any order of priority for such works; if not, of the reasons for that;*
- (b) *when the Government will retrofit noise barriers along Chai Wan Road adjacent to the densely populated Neptune Terrace where the noise level is as high as 75 dB, and what mitigation measures will be implemented to resolve the noise problem in the district immediately; and*
- (c) *of the number of noise barrier retrofitting works to be carried out by the Government in Hong Kong in the next five years; and where and when such works will be carried out?*

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): *President, I have to thank Mr LEUNG Kwok-hung for his question. To mitigate the noise impact of existing roads on neighbouring residents, it is the Government's policy to consider the implementation of direct engineering solutions, where practicable, by way of retrofitting of barriers and enclosures, or resurfacing with low noise material on existing roads with a traffic noise level exceeding the limit of 70 dB(A). My reply to the three parts of the question is as follows:*

- (a) *In the light of the above policy, retrofitting of noise barriers was carried out on 16 existing road sections in Hong Kong over the past five years. Among those, construction of noise barriers on eight road sections, including Fanling Highway near Choi Yuen Estate and Fanling Centre, Cheung Pei Shan Road, Tseung Kwan O Road near Hing Tin Estate and Tsui Ping (South) Estate, Tsing Tsuen Bridge,*

Yuen Shin Road near Kwong Fuk Estate, and Kwun Tong Bypass, were completed. Noise barriers on the remaining eight road sections, including Tuen Mun Road at Tsuen Wan, Yau Kom Tau, Anglers' Beach, Sham Tseng, Tsing Lung Tau, and Castle Bay sections, and Fanling Highway at Po Shek Wo Road to MTR Fan Ling Station and MTR Fan Ling Station to Wo Hing Road sections, are under construction.

Given that the territory-wide retrofitting of noise barriers programme is massive, the Government will, as a general principle, accord priority to existing roads with the highest noise exposure and the largest numbers of residents affected and, where practicable, adjust the priority of the retrofit works having regard to new roads that have already been planned to adjoin them with a view to minimizing the nuisance caused by the repeated works.

- (b) Regarding the noise barrier retrofit works of the section of Chai Wan Road near Neptune Terrace, a consultant engaged by the Highways Department (HyD) in March 2009 has conducted a feasibility study and proposed conceptual design of the retrofit works. The earlier proposal involved two noise barriers each of about 50 m in length and 5 m and 7 m in height respectively and the HyD originally planned to implement it as a minor works project. After a site visit with an Eastern District Council (DC) member, the design of the noise barriers was enhanced so that it could benefit more residents who were affected by traffic noise. Upon studying the feasibility again, the consultant engaged by the HyD proposed an optimized conceptual design including switching the noise barriers to semi-enclosure and cantilevered noise barriers, and relocating the bus stop nearby to extend the length of the noise barriers. This optimized design could benefit more residents of Neptune Terrace. On 8 December 2010 and 24 February 2011, the Environmental Protection Department (EPD) and the HyD briefed the Eastern DC on the optimized conceptual design of the noise barrier retrofit works. After the optimization, the scale of the noise barrier retrofit works of the section of Chai Wan Road is expanded. Applications for funding of the retrofit works must follow the Government established mechanism for the Public Works Programme. The EPD and the HyD will endeavour to carry out the noise barrier retrofit

works of the section of Chai Wan Road according to the procedures of the Public Works Programme.

The HyD has considered the option of resurfacing the section of Chai Wan Road near Neptune Terrace with low noise material to mitigate noise impacts. However, given the relatively steep gradient of the road with frequent bus traffic, low noise surfacing material will wear easily and lose its noise reduction effectiveness rapidly. The ensuing frequent maintenance will cause nuisance to road users and nearby residents. Low noise surfacing is therefore not a suitable option for this road section.

- (c) Apart from six sections of Tuen Mun Road and two sections of Fanling Highway where they are expected to be completed by phases by 2014, we also plan to retrofit noise barriers on Tai Po Tai Wo Road near Po Nga Court for anticipated commencement in end 2011. The remaining existing road sections under planning will be implemented progressively in line with the procedures of the Public Works Programme.

**MR LEUNG KWOK-HUNG** (in Cantonese): *President, I would now quote a remark made by the Chairman of the Advisory Council on the Environment, Mr LAM Kin-che, in 2006 (the Secretary was not yet a principal official in 2006): "In Hong Kong, about 1.14 million people are exposed to traffic noise, and an average of 400 complaints about traffic noise are received every year".*

*This complaint was lodged in 2006. At that time, the Secretary was not yet a principal official. I do not know whether the then Director of Environmental Protection is in this Chamber today. It was Mr Maurice YEUNG who responded to the aforementioned issue on Neptune Terrace of Chai Wan. What was his reply? I quote: "The retrofitting works along Cheung Pei Shan Road is in process and is expected to be completed in April 2008." In other words, this objective has not been met. He pointed out that upon the completion of the works along Cheung Pei Shan, the Government would strive for resources to carry out the works for Neptune Terrace.*

*President, you think it is complicated, do you?*

**PRESIDENT** (in Cantonese): Please state your supplementary question.

**MR LEUNG KWOK-HUNG** (in Cantonese): *My question is simple. The Government is making repeated procrastination and mistakes. I would like to ask the Secretary one question. Now that the Government has such enormous fiscal reserves that it even has to give cash handouts to the public, though this approach has been a controversial subject for some time, has the Secretary applied for funding from his superior for taking forward the committed work which has yet to commence? Has he made such a request? He only needs to give a direct answer. I am not only asking about the works for Neptune Terrace. Has he made such a request? If he has, has the Government responded to him? If he has not, why has he not made that request?*

*At present, the Government is having such a tremendous amount of fiscal reserves that it has to give cash handouts. Why does it not do something for environmental protection? The pledge made in 2006 has not yet been honoured .....*

**PRESIDENT** (in Cantonese): Mr LEUNG, you have already put forth your supplementary question, please let the Secretary reply.

**MR LEUNG KWOK-HUNG** (in Cantonese): *I know. At that time, he was not yet a principal official, so he may not know that. He became a principal official only in 2007 .....*

**PRESIDENT** (in Cantonese): Please be seated and let the Secretary reply. Secretary, please reply.

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): I would like to thank Mr LEUNG Kwok-hung for his question. First, the EPD will definitely make every effort and strive by all means for the early completion of the numerous noise mitigation works every year. However, regarding the case mentioned by Mr LEUNG today, there was a turning point in the process.



According to the original design proposal, the works could be carried out under the minor works arrangement. However, after discussion with DC members of the district, a new amended proposal has been reached, under which more works have to be carried out.

Let me illustrate this with a picture briefly. Originally, we planned to build a simple barrier on both sides of Chai Wan Road. However, since 150 tenants were involved, we discussed the issue with Members and came up with a new proposal. To address the needs of all 150 tenants concerned, the barriers on both sides will be extended under the new proposal, and an additional enclosure will be built, hoping to further reduce the traffic noise. In 2009, we completed the new design proposal I mentioned in the main reply, and by the end of last year and early this year, we briefed the DC about the proposal.

Next, we will try our best to include this project under the Public Works Programme.

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

**MR LEUNG KWOK-HUNG** (in Cantonese): *He apparently has not answered my question. President, how will you rule .....*

**PRESIDENT** (in Cantonese): You only need to repeat your supplementary question.

**MR LEUNG KWOK-HUNG** (in Cantonese): *I asked him that in 2006, the works had already .....*

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

**MR LEUNG KWOK-HUNG** (in Cantonese): *My supplementary question is: Has he made that request to his superior? Since the Government is now holding enormous fiscal reserves, it may provide funding .....*

**PRESIDENT** (in Cantonese): Do you mean to request the Government to complete all the works immediately?

**MR LEUNG KWOK-HUNG** (in Cantonese): *Yes. His reply is simply irrelevant. It does not matter even if he does not answer the question. I know you are fair, President. Just leave it if he does not answer the question. People witness this on television. He needs not answer.*

**PRESIDENT** (in Cantonese): Secretary, will the Government consider completing all the works immediately?

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): President, I have stated clearly in the main reply earlier that the EPD has been making every effort to strive for the completion of the existing works. However, for many works projects, like the one in question, discussion must be held with residents during the process. I can promise Mr LEUNG or DC members of the district that though the areas affected is not extensive or the noise level involved is not the highest, we have just reached a design proposal on the project with the DC and we will strive to complete it.

**MR LEUNG KWOK-HUNG** (in Cantonese): *President, really, he has not answered me. I have just said one sentence. I asked him about the overall situation, for so many works projects have not yet .....* He does not understand my supplementary question. *I am not only referring to the case of Neptune Terrace.*

**PRESIDENT** (in Cantonese): You do not refer to the works in Neptune Terrace but all the works projects.

**MR LEUNG KWOK-HUNG** (in Cantonese): *He only responds to the case about the works in Neptune Terrace. His reply is irrelevant. President, I am a fair person too. I will leave now for a cup of tea. He is in no way answering my question, he only talks about the works in Neptune Terrace.*

(Mr LEUNG Kwok-hung intended to turn around and leave)

**PRESIDENT** (in Cantonese): Mr LEUNG, please be seated.

**MR LEUNG KWOK-HUNG** (in Cantonese): *He does not only work for people living in Chai Wan ..... President, you are brilliant .....*

**PRESIDENT** (in Cantonese): The Member asked whether the Government would immediately provide funding for the completion of the remaining works. Secretary, do you have anything to add?

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): President, I have stated clearly earlier that money is not the only concern in all works projects, for certain projects, discussion with residents are required during the design stage.

**MR KAM NAI-WAI** (in Cantonese): *President, Mr LEUNG Kwok-hung said earlier that over 1 million residents are being affected by traffic noise, these residents may stop complaining after they get \$6,000 from the Government. After the Government has dished out all the fiscal reserves, it may not have money to complete the noise mitigation works.*

*Take the case of Neptune Terrace as an example. The work was designed in 2009 and the consultation was only completed in 2011. Two years have lapsed then. Two years have spent merely on consultation and the amendment of the proposal. Even by today, when the Secretary gives his reply, he cannot tell us when the works will be completed, he only says that there are established procedures for the works.*

*President, may I ask the Secretary of the lead time required for these works projects, from conducting studies to formal implementation? As in the specific cases of Neptune Terrace and noise mitigation works in the Hong Kong Island district, like Heng Fa Chuen, when will the works be completed? How much longer will it take for the completion of the retrofitting works of noise barriers?*

**PRESIDENT** (in Cantonese): Mr KAM, do you mean to ask the time required for works in general?

**MR KAM NAI-WAI** (in Cantonese): *President, I mean to ask the Secretary of the lead time required for works in general, and whether he can state when the works will be completed in the case of Neptune Terrace or Heng Fa Chuen.*

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): President, I would like to take this opportunity to explain the case. Noise barrier works of this kind vary greatly from case to case. Members working in the districts concerned will know that some of the retrofitting works of noise barriers may be relatively large in scale. As in the case of retrofitting of noise enclosures, the surface loading of the road has to be considered. If the noise insulation facilities involve or affect certain fire fighting equipment, the departments concerned will raise their concerns and discussion will be held.

As for the works in Neptune Terrace, the latest design may affect the location of bus stops. Hence, the situation of individual cases varies. Let us look at the overall situation in the past five years, of the eight projects completed, together with the 16 projects now in progress, the time involved for each project varies, and in some of the cases, negotiation with residents is required during the process. At present, some of the cases have been delayed, which may be due to the different views from residents. For instance, some residents may consider the noise mitigation works an effective means to reduce noise, but some residents may consider that the works will change the existing landscaping. Hence, discussion is essential during the process.

In the case of Neptune Terrace, we may now present the finalized design proposal to the DC. Next, we will strive to get the funding required.

**MR KAM NAI-WAI** (in Cantonese): *President .....*

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

**MR KAM NAI-WAI** (in Cantonese): *..... he has not answered the overall lead time required. As for the specific examples, he has not answered as well. I do not know what the Secretary has said in his reply.*

**PRESIDENT** (in Cantonese): Mr KAM, regarding your question about the overall lead time for projects, the Secretary has already given his answer. He said that the lead time for different works varied significantly. If you want to ask about the specific case on Neptune Terrace, the Secretary has not stated the lead time. Secretary, do you have anything to add about this?

**MR KAM NAI-WAI** (in Cantonese): *President, I disagree with your remark. Even though the difference may be significant, he has to tell me a specific time, say eight months the shortest and three years the longest. I am asking about a specific case, so he cannot simply say that the lead time for cases varies and regard this as a reply. Otherwise, he is merely giving a reply without an answer.*

**PRESIDENT** (in Cantonese): Mr KAM please be seated. It is for me to rule whether or not the Secretary has answered the question. Secretary, do you have anything to add?

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): President, I think I have already stated the facts. I believe many Members in this Chamber will understand that all such public works projects have to undergo a process of assessment and approval. There are established procedures to follow, some projects have to be examined by this legislature, and some projects really require discussion with local residents. Hence, the reply I gave to Mr KAM Nai-wai

earlier is a reflection of the present reality. There are naturally different procedures for different types of works, and I do not want to repeat the various procedures here.

If we compare the case of Neptune Terrace with the case in Tai Po, which the Panel on Environmental Affairs discussed last week, we can see the apparent difference. Regarding the case discussed last week, I believe Mr KAM Nai-wai should have heard of it for he is a member of the Panel on Environmental Affairs, compromises have to be reached with residents on many issues before the commencement of the works. There is a process of discussion, for the number of tenants exposed to noise pollution and the noise levels concerned varies from place to place, and the proposals put forth may have different impact on residents. Hence, President, I think I have answered Mr KAM Nai-wai's question in a pragmatic manner.

**MS AUDREY EU** (in Cantonese): *President, I would like to ask about the case of Neptune Terrace. As far as I understand, residents moved in Neptune Terrace in 1985, and the place was included in the noise barriers retrofitting programme in 2000. By 2009, the works were approved as minor works. But then, in 2010 and 2011, the works were regarded as impracticable, and a new plan has to be drawn up all over again.*

*First, I hope the Secretary will tell us how much longer we have to wait, for he has not stated when the noise barrier retrofitting works for Neptune Terrace will commence. Regarding the long years of noise nuisance endured by residents, 26 years since 1985, may I ask the Secretary whether he considers the wait reasonable? If the Secretary considers it reasonable, why does he think so? If he considers it unreasonable, will he explain to us or tell us whether there are other means to expeditiously implement these works with significant and direct impact on the daily lives of the public? Irrespective of the scale of the works, it is unreasonable that one has to wait for more than two decades, is it not, Secretary?*

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): President, I surely understand that traffic noise from surrounding areas cause nuisance to the residents. As I mentioned in the main reply, some of the works had been

completed in the past five years, some of the works are in the planning stage, and the number of this type of projects exceeds 30. These are precisely the actions we have taken to alleviate the nuisance caused to the many residents. In the case of Neptune Terrace, as I mentioned earlier, after the completion of the design, we will take the next step to apply for funding within the shortest time, and then carry out the works.

Certainly, we have considered other factors during the process, including factors mentioned in the main reply earlier, such as the resurfacing of the road section with certain materials. Regrettably, the materials concerned may not be suitable for that location. Hence, our latest approach is to make vigorous effort to strive for the implementation of the plan within the shortest time.

**MS AUDREY EU** (in Cantonese): *President, he has not answered my supplementary question at all.*

**PRESIDENT** (in Cantonese): Has your supplementary question not been answered? Please repeat your supplementary question clearly.

**MS AUDREY EU** (in Cantonese): *President, I do not know what the Secretary has in mind when he refers to the shortest time. My question is specific. I asked him how much longer we have to wait in this case. Moreover, as I said, residents moved in the Neptune Terrace in 1985 and the case was included in the programme in 2000, and by 2009, there was an approved design, but in 2011, that design was withdrawn. The residents have been waiting for 20 years, and they do not know how much longer they have to wait. The Secretary only said that the works would be implemented within the shortest time, but we do not know what he means by the shortest time .....*

**PRESIDENT** (in Cantonese): Please be precise.

**MS AUDREY EU** (in Cantonese): *..... I ask him whether he considers waiting for over 20 years reasonable. If it is reasonable, why is it so? If it is*

*unreasonable, what improvement can be made to speed up the works? These are my questions, but he has not answered any of them.*

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): President, I have given a clear explanation of the reasons for altering the pre-2009 design in the middle of 2009 and the latest progress of the case to elucidate the time required for implementing the works in question. Certainly, with hindsight, had a good design been decided earlier, we would have been able to commence the work smoothly. I think the public, like Ms Audrey EU, are most concerned about when the plan can be implemented. I believe after the design is completed, we will take the next step according to the Public Works Programme, and the works will be carried out as soon as funding is approved.

**PRESIDENT** (in Cantonese): Secretary, can you give a date to Members?

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): We will carry out the works as soon as possible.

(Mr LEUNG Kwok-hung rose to interrupt)

**PRESIDENT** (in Cantonese): Mr LEUNG Kwok-hung, please be seated. This Council has spent more than 20 minutes on this question, time for supplementary questions from Members have to end here. Fifth question.

### **Rent Allowance Under CSSA Scheme**

5. **MR CHEUNG KWOK-CHE** (in Cantonese): *President, it has been reported that the rents for private housing have soared in recent years, with the monthly per-square-foot rents for small flats even higher than those for luxurious residential units. Yet, the maximum levels of rent allowance (MRA) under the Comprehensive Social Security Assistance (CSSA) Scheme have not been adjusted since June 2003. The figures of the Census and Statistics Department*



*(CSD) revealed that the rents paid by almost 60% of the CSSA recipients living in private housing were higher than the MRA, and that ratio has been rising in the last three years. In this connection, will the Government inform this Council:*

- (a) when the MRA under CSSA Scheme was last reviewed by the authorities in accordance with the movement of the Consumer Price Index (CPI) (A) rent index for private housing (rent index);*
- (b) given that the Government has indicated that it will adjust the MRA in accordance with the established mechanism when necessary, of the meaning of "when necessary"; given that the ratio of CSSA recipients living in private housing and paying rents which are higher than the MRA has been rising, whether the authorities will consider adjusting the MRA upwards; if they will, of the details; if not, the reasons for that; and*
- (c) given the high levels of rents for private housing at present, whether the authorities will introduce interim measures for CSSA recipients living in private housing and paying rents higher than the MRA, so as to alleviate their hardship; if not, of the reasons for that?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, the CSSA Scheme provides cash assistance to families which cannot support themselves financially to help them meet basic needs.

Rent allowance is payable to CSSA households for meeting accommodation expenses. The amount of the allowance is the actual rent paid by the household, or the maximum rate determined with reference to the number of members in the household who are eligible for CSSA, whichever is the less. The MRA is adjusted annually in accordance with the movement of the CPI (A) rent index. The rent index is compiled by the CSD on a monthly basis. It can reflect the movement of private housing rent borne by households in the relatively low expenditure group. The Legislative Council endorsed the rent index as the objective basis for updating the MRA in 1998.

My reply to the Mr CHEUNG Kwok-che's question is as follows:

(a) and (b)

The MRA was last adjusted in June 2003 in accordance with the moving average of the rent index between April 2001 and March 2002. Although the rent index indicated that there was room for downward adjustment of the rates in the following years (the lowest being -17.3% in 2005), the Administration has frozen the MRA having regard to the state of the economy. The prevailing MRA is provided at Annex.

In line with the movements of the rent index, the room for downward adjustment of the MRA has been reduced gradually over the past few years. In the end of last year, the 12-month moving average of the rent index has returned to more or less the level with reference to which the 2003 adjustment was made. We will continue to closely monitor the situation, and will adjust the MRA in accordance with the established mechanism in the latter half of this year if the increasing trend of the moving average of the rent index persists.

(c) As at the end of January 2011, the MRA could fully cover the actual rent paid by the majority (86%) of CSSA households.

For CSSA households living in private housing and on the Waiting List either for compassionate rehousing or for admission to a subvented home for the elderly, the Director of Social Welfare may exercise discretion to approve a rent allowance higher than the applicable MRA to cover the actual rent paid.

As regards short-term measures, the Financial Secretary proposed in the 2011-2012 Budget to provide an extra allowance to CSSA recipients, equal to one month of the standard payment rates, so as to help ease the pressure of inflation and rising prices on their livelihood. CSSA recipients can flexibly deploy the above additional payment according to their own circumstances and needs.

## Annex

The MRA under the CSSA Scheme  
(as at March 2011)

<i>Number of members in the household eligible for CSSA</i>	<i>Monthly MRA</i>
1	\$1,265
2	\$2,550
3	\$3,330
4	\$3,545
5	\$3,550
6 or above	\$4,435

**MR CHEUNG KWOK-CHE** (in Cantonese): *The Secretary admitted in the main reply that the actual rent paid by 14% of CSSA households is higher than the MRA, confirming that this situation does exist.*

*We know and as indicated by evidence that the prevailing monthly per-square-foot rent in Sham Shui Po is \$33. According to a recent survey conducted by the Society for Community Organization on the levels of rents of cubicles, the average monthly per-square-foot rent of cubicles in the territory is as high as \$30. This is known to all.*

*It is obvious that the levels of rents have soared since 2005, but the Secretary still said today that the rent index has only returned to the 2003 level until now. It is apparent that the rent index has been miscalculated, making it impossible to reflect the real levels of rents.*

*Will the Government review the calculation of the moving average of the rent index? For instance, can the moving average be calculated by districts, or simply for cubicles or small flats alone?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, the mechanism concerned was endorsed by the Finance Committee of the Legislative Council in 1998. At that time, we have scrutinized the justifications for this mechanism. The CSD will update the moving average on a monthly basis and monitor the monthly movement of the index.

The crux of the question now is whether the MRA has any room for upward adjustment. The answer is clear. In the end of last year, the moving average of the rent index has returned to the level in 2003. In fact, the prevailing trend is going slowly upward. We will closely monitor the trend and, as explained in my main reply, we will adjust the MRA in the latter half of this year if the upward trend persists.

**MR CHEUNG KWOK-CHE** (in Cantonese): *President, the Secretary has misunderstood my meaning .....*

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

**MR CHEUNG KWOK-CHE** (in Cantonese): *In fact, I mean to ask .....*

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

**MR CHEUNG KWOK-CHE** (in Cantonese): *In fact, I mean to ask the Secretary whether he will review the existing method and mechanism of calculating the moving average. I did not mean to ask him to adopt the approach which I think is wrong to conduct the review.*

**PRESIDENT** (in Cantonese): Secretary, will the method of calculation be reviewed?

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, as I said just now, the mechanism has been effective and we do not see the need to change the mechanism.

Actually, I believe your focus is whether there is room for adjusting the MRA and I have said clearly in my reply that we will monitor the trend. The

prevailing trend is going upward. If the upward trend persists, we will certainly make appropriate adjustments.

**MR CHEUNG KWOK-CHE** (in Cantonese): *President, he said the mechanism has been effective, but I believe Members can actually see that .....*

**PRESIDENT** (in Cantonese): Mr CHEUNG Kwok-che, please sit down first. I think the Secretary has already answered your question. If you disagree, you can discuss with the Secretary on other occasions. Mr WONG Sing-chi, please raise your supplementary question.

**MR WONG SING-CHI** (in Cantonese): *President, the Secretary just said that he did not see the need for a review. In fact, it is not that he did not see the need, but that he has not made an effort to see the need. I wonder if he knows that many people of the lower social strata live in small cubicles partitioned within a flat. The total amount of rents of the cubicles is higher than the market rate of the flat itself because there are many cubicles within the flat.*

*Second, part (c) of the Secretary's main reply harbours the suspicion of cheating and misleading the public .....* I cannot say that he has cheated the public, but he has misled them by indicating that 86% .....

*The MRA could fully cover the actual rent paid by 86% of CSSA households. I wish to point out that as the majority of CSSA households live in public rental housing (PRH), so the MRA is definitely sufficient for covering their rent.*

*Third, the rest of CSSA households are so poverty-stricken that they dare not use the CSSA payment to cover their rent. Hence, they have no choice but share a living space of a couple of square feet for as many as six persons. Does the Secretary notice these problems? How could he cite such figures and say that we need not increase the MRA?*

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

**MR WONG SING-CHI** (in Cantonese): *May I ask the Secretary whether he will look into these problems and get to know the situation; whether he knows that for those poverty-stricken people living in cubicles, where the living condition is undesirable, they are actually paying a rent higher than the MRA provided by the Government? Moreover, will he consider rehousing on compassionate grounds all CSSA households to PRH?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, CSSA households eligible for PRH can tender their application if they wish to move to PRH flats. As a matter of fact, many such CSSA households are now on the Waiting List. As Members may be aware, the waiting time is not too long. If applicants have no special preference, they can be allocated a flat in two to three years.

We are aware of the situation. Thus, first, we will closely monitor the situation. As I have just said, if the upward trend persists ..... I have pointed out just now that the movement of the rent index has reverted back to the positive track. Why have we not adjusted the MRA in the past? As Members may know, the rent index slumped in 2005, but we did not lower the MRA because we knew their difficulties. Thus, we have made targeted measure and have frozen the MRA. It was not until recently (that is, the end of last year) that the rent index started to recover its lost track. I undertake that we will closely monitor the trend and adjust the MRA when necessary in the latter half of the year. This is my first point.

Second, Members should have noticed that the Financial Secretary has proposed in his Budget to provide one more month of the standard rate CSSA payments to CSSA households to alleviate their pressure. In addition, if Members have noticed, they should know that the Welfare Subcommittee established under the Community Care Fund's Steering Committee convened a meeting yesterday. Members can refer to the newspaper and media coverage about the proposal put forth by the Subcommittee. The proposal, still subject to the approval of the Steering Committee and the Finance Committee, identifies CSSA households (particularly those living in cubicles, "sub-divided units", en suite units and bedspace apartments) as the beneficiaries to a one-off cash subsidy to relieve their urgent needs. Thus, Members can see that we have adopted a

series of corresponding measures. We are not indifferent. We do see the problem and wish to alleviate their pressure as far as possible.

**MR FREDERICK FUNG** (in Cantonese): *President, the Secretary said in part (c) of the main reply that the MRA could fully cover the actual rent paid by 86% of CSSA households. In fact, the reply has not answered this part of the main question, which asked about private housing, not the overall situation. In other words, the number of CSSA households not living in PRH should be used to calculate the MRA. I do not know if the Secretary has the data in this regard. If he has, would he please tell us later in his reply.*

*My supplementary question is about the unfairness of the present calculation method adopted by the Government. As Members are aware, the levels of rents in urban areas, extended urban areas and the New Territories are different, particularly so between urban areas and the New Territories. At present, the Government has not adopted a weighted or district-based method in calculating the MRA for CSSA households living in urban areas and those living in the New Territories. There will be a few percentage points difference between the MRA for these two types of CSSA households if these two calculation methods are used. The Government only calculates the MRA for all CSSA households as a whole. As a result, CSSA households living in private housing in the New Territories will have an easier time than those living in urban areas.*

*Thus, may I ask the Government whether it is now high time to review afresh the existing method for calculating the MRA for CSSA households living in private housing, including the adoption of the two calculation methods I just mentioned, that is, the district-based and the weighted calculation methods?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): *President, Mr FUNG has asked three supplementary questions. Perhaps let me answer the first question first. The 86% which I mentioned is an overall figure. This is a fact. In respect of CSSA households living in PRH, the actual rent paid by 98% of them is lower than the MRA. This is the first fact. As for CSSA households living in PRH who are paying a rent of the same amount as the MRA, there are 71 such cases. The figure is not large. As for CSSA households living in PRH*

who are paying an actual rent higher than the MRA, the percentage is small, only 2.3%.

In respect of private housing, the actual rent paid by about 40% of the people is lower than the MRA; as for those paying a rent of the same amount as the MRA, they account for about 2.2%; this was a rough estimate made recently. Over 50% of the people pay a rent higher than the MRA. This is a fact. We have never tried to disguise these facts. Hence, Members can see that ..... We also monitor the trend. If it continues to rise, we undertake that we will increase the MRA to catch up with the increase in the latter half of the year. This is the first thing I wish to mention. We are fair in handling such matter.

Second, the Welfare Subcommittee under the Community Care Fund convened a meeting yesterday. Members had a long discussion on how to help this group of people. The proposed measure, subject to the endorsement of the Steering Committee and the approval of the Finance Committee of the Legislative Council, is to provide a one-off cash subsidy, so as to alleviate the pressure of these people.

**MR FREDERICK FUNG** (in Cantonese): *President, he has not answered the question which I have just asked. He has not answered whether he will consider the district-based and the weighted calculation methods.*

**PRESIDENT** (in Cantonese): In the supplementary question raised by Mr FUNG, the part on whether the Government will review the calculation method has actually repeated Mr CHEUNG Kwok-che's supplementary question just now. In addition, Mr FUNG also made two specific suggestions, asking whether the Secretary would review the existing calculation method in the light of his suggestions. However, he has also mentioned earlier about 86% of the CSSA households, and that the Secretary could elaborate on this point if necessary. The Secretary can certainly disregard this part of the question, but as the Secretary has expressed his view on the 86% of the CSSA households, I think the Secretary should also answer Mr FUNG's question in relation to whether a review on the calculation method will be conducted in the light of his two suggestions. Secretary, please reply.



**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, thank you for reminding me. I have indeed missed that part of the supplementary question. I will answer it now. Thank you. I am fair and I will answer the question.

In fact, I have also looked into this issue, but I think it is difficult to adopt a district-based calculation method. To begin with, CSSA recipients can choose where to live and we cannot restrict their place of residence because the rent is cheaper. This is infeasible. People have various reasons for choosing where to live. For instance, when some people choose PRH flats, they may prefer not to live in the PRH in Tin Shui Wai or Tuen Mun. They may prefer living in Sham Shui Po for various reasons.

Second, the rent of the district where they choose to live may be higher, particularly in urban areas. In fact, what factors do we need to take into account when we consider the district-based calculation method? For example, the size of the flat, that is, the size of the flat rented by CSSA households, the facilities, location, age of the building, and so on. All such factors affect the rents. Even for flats in Sham Shui Po, the rent may be different if the flat is located at the front, middle or rear sections of the district. We have conducted a study at different districts and discussed the matter with colleagues. We hold that it is difficult to apply the district-based calculation method on this matter given the large difference in rents among different districts.

Member's focus of concern is how to help people living in cubicles or CSSA recipients. In this connection, we are conducting a focal study. I thus hope that through the work of the Community Care Fund, of which Mr CHEUNG Kwok-che is also a member of its Steering Committee, some progress and efforts can be made in this regard, so as to relieve the hardship of the people. We are aware of this problem and Members have also expressed concern about this problem.

**MR LEUNG KWOK-HUNG** (in Cantonese): *President, the Secretary is really fair. He said that it is difficult to single out CSSA households living in private housing for calculation. I am really inspired by him. Hence, I would like to ask the Secretary, if this is the case, has he considered introducing a scheme to*

*expeditiously relocate these CSSA households in dire poverty to PRH? If the Secretary has considered doing so, what is his plan? If not, why does he let their plight continue? The Secretary just mentioned in his reply that 50% of the people are paying a rent higher than the MRA. In other words, after deducting the money for rent payment, their remaining disposable CSSA payment will substantially decrease. Would the Secretary please answer my question.*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, I thank Mr LEUNG for his question. Members know very well the mission of the Housing Authority (HA). It seeks to provide PRH for low-income households who cannot afford to pay the rents of private housing. Thus, the HA has a PRH Waiting List which I am sure Members are very familiar with. At present, for a general PRH application, it only takes two years for the first allocation of PRH flat on average from the day of registration ..... The applicant can certainly choose to accept it or not. Mr LEUNG, it only takes two years.

Hence, I hope that CSSA recipients who now live in cubicles or the so-called "sub-divided units" can grasp this opportunity of PRH allocation. Sometimes, front-line social workers reflect to us that many people would rather not live in PRH because their relatives are living in the vicinity of their present place of residence. They would thus wait for PRH in urban areas. Yet, if they opt for waiting, problems may arise. If they all live in Sham Shui Po, the rents in the district will naturally become expensive. This is a matter of demand and supply. How should we tackle this problem then? There is no simple solution.

Contrarily, if they accept the allocation of PRH flats which we provide in Tuen Mun or Tung Chung, they will only need to wait for about two years. They will be given their first allocation in two years on average. This transitional time is not unreasonable. We hope that CSSA recipients can pragmatically consider this factor.

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

**MR LEUNG KWOK-HUNG** (in Cantonese): *President, I ask him whether he would expeditiously rehouse the CSSA households to PRH and he replied that .....*

**PRESIDENT** (in Cantonese): He said two years.

**MR LEUNG KWOK-HUNG** (in Cantonese): *Yes. He said that even if there are PRH flats available, people are unwilling to live in them. Thus, he has actually not answered the question because he can provide PRH in Sham Shui Po.*

**PRESIDENT** (in Cantonese): Mr LEUNG, we would have to discuss the policy of this Council again.

**MR LEUNG KWOK-HUNG** (in Cantonese): *Then, I would rather consider that he has already answered the question. I would assume that he has answered the question.*

**MR LEE CHEUK-YAN** (in Cantonese): *President, the Secretary just said that the policy concerned has been effective. His remark has precisely displayed the dichotomy of his logics, his ignorance of statistical facts and his anachronism. Why do I say so? It is because the launching of the Community Care Fund would serve no purpose if the policy has genuinely been effective. Precisely because the policy has been ineffective, the Government then wished to shift the responsibility to the Community Care Fund. Actually, if the Secretary is willing to review the policy, the Fund needs not be established. The current situation is awkward. If the policy has been as effective as the Secretary said, the Community Care Fund will serve no purpose.*

*Second, it is the Secretary's ignorance of the statistics. Just now, he mentioned one figure, that is, he admitted that over 50% of CSSA households living in private housing are now paying a rent higher than the MRA. There are*

*over 50% of the people. This is an example of his ignorance of the statistics. If the Secretary disregards this figure, how can he say that the policy is effective?*

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

**MR LEE CHEUK-YAN** (in Cantonese): *The third point is his anachronism. He said that from 1998 up till now ..... The situation in 1998 was very different from the situation now. At present, the rent for a small flat is much higher than that in the past, even higher than that of a luxurious residential unit. If he takes an average situation in Hong Kong as the basis for calculation, or takes the average rents of luxurious residential units and small flats .....*

**PRESIDENT** (in Cantonese): Mr LEE, you have already raised a lot of views.

**MR LEE CHEUK-YAN** (in Cantonese): *Thus, my supplementary question is very simple.*

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

**MR LEE CHEUK-YAN** (in Cantonese): *..... in relation to this point, that is, given the extremely expansive rents for small flats now ..... it is necessary for the Secretary to review this ineffective policy and use new statistics, that is, by conducting a survey on the rents of small flats, to determine the level of the MRA. May I ask the Secretary if he will do so? Moreover, does he admit that the policy has been ineffective?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, our policy has certainly been effective. I have clearly explained this in my reply because we have used the CPI (A) ..... we are talking about the movement of the rent index which precisely reflects the movement of private housing rent borne by

low-income households. It is an authoritative and scientific statistic provided to us by CSD experts.

I have also explored the possibility of collecting statistics on cubicles alone. However, according to reply from the CSD, it is infeasible because the difference can be very large. The MRA may have to be reduced whenever there is any movement in the rent index and the rate of reduction can be substantial; the MRA also has to be quickly increased whenever the rent index increases, so quick that the upward adjustment may coincide with a downward adjustment. Then, should we adjust the MRA up and down all the time, leaving the public hard to adjust to the change? I have also raised this problem because I am concerned about how to plug the root of this problem.

I thus echo that this problem should be monitored for a longer time. Most importantly, we must first monitor the movement of the rent index in the coming few months. If it continues to rise, we will definitely increase the MRA in the latter half of the year to catch up with the increase in this period of time. Second, I hope that the proposals put forth by the Community Care Fund can be endorsed by its Steering Committee and approved by the Finance Committee, such that a one-off cash subsidy can be given to the people to meet their urgent needs and alleviate the pressure of inflation they are subject to. We will then be able to make longer planning, or encourage PRH applicants not to be too selective when they are allocated a PRH flat. If the applicants can be allocated a flat in two to three years, they will then be able to solve their present problems, and the problem raised by Mr LEUNG can also be solved.

They would certainly have many reasons, but if they stop being too selective when they are allocated a PRH flat, many of them can be allocated a flat in two years or so. However, if they would rather opt for other flats, the problem will be aggravated. If so, what can we do? This is the difficulty we now face. I appreciate Members' concern in this matter and I will work with the Panel on Welfare Services to look into the problem in the days to come.

**MR LEE CHEUK-YAN** (in Cantonese): *He has not answered the part on the dichotomy, that is, if the policy has been effective, there is no need for the Community Care Fund to provide assistance.*

**PRESIDENT** (in Cantonese): Mr LEE, please find another occasion to discuss with the Secretary to see if he can convince you. Last question seeking an oral reply.

### **Regulation of Use of Funds by Travel Industry Council of Hong Kong**

6. **MR PAUL TSE** (in Cantonese): *President, some members of the trade have pointed out that given that the Government has required, through legislation, travel agents to pay "Council levy" to the Travel Industry Council of Hong Kong (TIC) in order to meet the expenditure incurred by TIC in discharging its function of regulating the tourism industry, and it is stipulated that TIC is subject to value for money audits, the Government is duty-bound to monitor the use of funds (most of which comes from the levy) by the TIC. Regarding the following expenditure items of the TIC, will the Government inform this Council:*

- (a) *whether it knows the amount of funds used by the TIC in placing an advertisement entitled "Statement" in several newspapers on 17 February this year; whether the TIC had consulted travel agents and the Government before deciding whether or not it should use its funds to place the advertisement; if the TIC had done so, of the details; if not, the reasons for that; whether the government officials who are appointed to monitor the operation of the TIC were aware of the placing of the said advertisement beforehand and whether they had offered advice to the TIC as to whether it should use its funds to place such an advertisement; if the government officials concerned had done so, of the advice offered; if not, the reasons for that;*
- (b) *given that the TIC had conducted "undercover" operations during the recent Lunar New Year to detect cases of non-compliance by travel agents and tourist guides in receiving mainland inbound tour groups, whether the Government knows the amount of funds the TIC used to date for conducting these operations; the average expenditure involved in conducting each operation; whether the conduct of such operations will become a standing practice; whether*

*any estimation has been made regarding the amount of annual expenditure involved in conducting such operations; and*

- (c) *as I have learnt that the TIC will use more than \$1 million to engage an audit firm to conduct a value for money audit, and that the TIC will set aside a provision of about \$400,000 for the purpose of recruiting its Executive Director through head hunting agencies, whether the Government is aware of and whether it has monitored such expenditure items; regarding the TIC's non-recurrent expenditure items involving huge amounts of money (for example, \$200,000 or above), whether the Government has any established mechanism for monitoring such expenditure items; if it has, of the details; if not, the reasons for that?*

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): President, the TIC is a trade organization for travel agents incorporated under the Companies Ordinance (Cap. 32). The TIC carries out its functions, including regulation of the trade, in accordance with its Memorandum and Articles of Association. Under sections 32I of the Travel Agents Ordinance (Cap. 218) (TAO), a travel agent is required to pay a Council levy to the TIC. The TIC shall expend the Council levy received only on operational expenses it incurred in pursuing or achieving its objects. Besides the Council levy, the TIC's income sources include membership fees from member travel agents, inbound tour registration fees, shop registration fees, as well as tour escort pass and tourist guide pass registration fees.

Under the TAO, the TIC shall submit its estimates of income and expenditure in respect of the next financial year to the Secretary for Commerce and Economic Development each year. According to the requirement of the Companies Ordinance, the TIC's annual account (including statement of income and expenditure, balance sheet and statement of cash flows, and so on) is audited by an auditor every year. The audited account is then submitted to TIC members for approval at the TIC's Annual General Meeting.

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

- (a) The incident involving a dispute between a local tourist guide and Mainland visitors on 5 February this year has aroused extensive concern and discussion in the community. As we understand, the Board of Directors of the TIC (the Board) considered that some comments made were inaccurate and had seriously tarnished the reputation and credibility of the TIC, and would very likely undermine the TIC's regulatory work and its effectiveness as the regulatory body of the trade. Therefore, the Board resolved to publish a statement of clarification in newspapers after discussion at its meeting on 15 February. A representative of the Tourism Commission attended the meeting as observer.

The TIC published the statement in seven newspapers on 17 February, which cost around \$90,000. The Board is responsible for overseeing the TIC's affairs, including its finance and resources allocation. Under the TIC's Memorandum and Articles of Association, the Board represents the TIC in its overall dealings with the Government, other authorities and the general public. Public relations work, including explaining the TIC's position through different channels, should be within the areas of responsibilities of the Board. The Board did not consult the Government on the decision to publish the statement. According to the TIC's procurement guidelines, purchases with a value between \$50,001 and \$100,000 shall be authorized by any two of the following office bearers, namely the TIC Chairman, the Honorary Treasurer and the Executive Director. The guidelines do not stipulate that member travel agents should be consulted on such purchases. As we understand, the TIC did not consult the member travel agents on the decision to publish the statement.

- (b) In response to several incidents of suspected coerced shopping involving Mainland inbound tour visitors last year, the TIC stepped up inspection of Mainland inbound tours in the second half of 2010. The TIC also mounted undercover operations at different times to monitor more effectively the quality of service of the tours, particularly on whether there is non-compliance including coerced shopping. During the period between September 2010 and Lunar New Year this year, the TIC conducted six undercover operations,



which cost around \$40,000 or around \$7,000 per operation on average. The TIC will continue to conduct irregular undercover operations in 2011, the number and frequency of which will depend on need. Therefore, it is not possible to provide the total estimated expenditure on the whole operation.

- (c) In April 2010, the TIC decided to engage a professional audit firm through open tender to conduct a value-for-money audit. We mentioned such arrangement in the paper "Review of the Operation of the Travel Industry Council of Hong Kong" submitted to the Legislative Council Panel on Economic Development on 24 May 2010. The estimated expenditure on the whole audit is \$528,000.

Since the contract of the current TIC Executive Director will expire in December this year, the Board authorized a selection panel to recruit a new Executive Director. The Staff and Finance Committee under the Board decided to engage an agency to search for candidates suitable for taking up the post of Executive Director for the selection panel's consideration. The TIC conducted an open tender in August 2010 for the agency services for the search of Executive Director candidates. The service cost was \$400,000.

The TIC's Staff and Finance Committee is responsible for preparing and reviewing the financial budget, monitoring the TIC accounts and formulating human resources policy of the TIC Executive Office. The Committee consists of eight members, among which the Convenor, the Deputy Convenor and two other members are the TIC non-trade independent directors. After assessing the tender documents for the above two services in accordance with the established procedures, the Committee approved the procurement for these two exercises. The Convenor of the Committee also reported the decisions to the Board.

The TIC handles procurement matters in accordance with established guidelines, which stipulate the procurement methods and procedures for goods or services of different values. Authorization from TIC department head is required for purchases with a value below

\$2,000. Authorization from one of the following office bearers, namely the Chairman, the Honorary Treasurer and the Executive Director, is required for purchases with a value between \$2,001 and \$50,000. Authorization from two of the following office bearers, namely the Chairman, the Honorary Treasurer and the Executive Director, is required for purchases with a value between \$50,001 and \$100,000. Purchases with a value over \$100,000 must be authorized by the Staff and Finance Committee or a committee/working group designated by the Board.

A representative of the Tourism Commission attended the meetings of the Board and the Staff and Finance Committee as observer, and is aware of the above two expenditure items. The representative of the Tourism Commission is in attendance at the TIC meetings to offer advice on the operation and use of resources of the TIC. As mentioned above, the TIC is required to submit its estimates of income and expenditure in respect of the next financial year to the Secretary for Commerce and Economic Development each year for the Government to monitor its financial situation.

**MR PAUL TSE** (in Cantonese): *President, in recent years, the TIC has come under criticisms from all fronts concerning its regulation on the tourism industry in areas such as its capability, conflict of interest, the outcome, and so on. This is an undeniable fact. Under the circumstances, we hope that the TIC would exercise more prudence in formulating policies and implementing measures, and that the Government will be more stringent in its monitoring, so that the TIC will not take further actions that may raise doubts.*

*Nonetheless, according to the main reply provided by the authorities, generally speaking, the Council levy — let us not forget that this is a mandatory levy — should be expended on operational expenses incurred by the TIC in pursuing or achieving its objects. The Council levy is intended for certain objects.*

*President, let us consider the objects of the TIC. In fact, nothing has been said about allowing the TIC, as the regulator ..... At most, it can be said that the*

*TIC can promulgate some so-called codes of practice for enhancing its reputation and the standards of the industry, and so on. In fact, the TIC's objects have clearly stated from the onset that the TIC must protect the interests of the industry and even oppose anything which affects its interests, including policies and measures of the Government. That is why the TIC is now in a mess because it has even got its fundamental objects wrong. The TIC has even repeatedly emphasized in its annual reports that its major business is to regulate travel agents in Hong Kong. That is completely wrong. That is why the TIC is now in such a deplorable situation.*

*However, my major question and concern today is: Given the current sensitive situation, why does the TIC do such a stupid thing? President, why do I say so? Let us look at the statement which is essentially a response to the criticisms made against the TIC. Being resentful of the criticisms, the TIC spends money to place the advertisement and even warns the travel agent concerned to stop making remarks that affect the TIC's reputation .....*

**PRESIDENT** (in Cantonese): Please ask your supplementary question.

**MR PAUL TSE** (in Cantonese): ..... *My supplementary question is, has the Government properly monitored the use of funds by the TIC because the funds are also public money which comes from the levy on the industry. The relevant statement was not made after any so-called process of justice. Has the TIC made enquiries with the persons concerned to ascertain the reasons for their criticisms? It just spends public money arbitrarily and without authorization to place such an advertisement. Do we see the Financial Secretary spending public money to place an advertisement to defend himself in relation to the things he said recently? This is impossible. Public money can be used to promote government policies but not to defend one's reputation or refute allegations made by others through placing an advertisement .....*

**PRESIDENT** (in Cantonese): Please state your supplementary question clearly and let the Secretary reply.

**MR PAUL TSE** (in Cantonese): ..... *The question is, has the Government tried its best to monitor the TIC and does it just allow the TIC to act wilfully?*

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): I thank Mr Paul TSE for his question.

President, as I have just said in the main reply, the TIC is incorporated under the Companies Ordinance. The terms of reference of the TIC and its procedures have already been clearly stipulated in the Memorandum and Articles of Association. The Board is responsible for overseeing the TIC and it generally represents the TIC in handling various matters.

Earlier, Mr TSE also mentioned that the revenue of the TIC should be expended on operational expenses incurred by the TIC in pursuing its objects. Let us look at the objects of the TIC. Under the Memorandum and Articles of Association of the TIC, matters in relation to promoting the relations between TIC members and outside parties have already been clearly stipulated. The TIC is incorporated under the Companies Ordinance and there are internal monitoring procedures. For instance, there are clear guidelines on the use of resources by the TIC which cover the procedures for procuring services of various amounts and types as I have just explained.

The representative of the Tourism Commission attends the relevant meetings as an observer primarily to offer advice on matters including Government policies, overall development of the tourism industry and issues of mutual concern to the Government and the TIC. Regarding the use of resources by the TIC, the representative of the Tourism Commission will keep in view whether the relevant decisions are in line with the requirements under the Memorandum and Articles of Association as well as the TIC's internal procedures, and offer advice when necessary.

**MR WONG TING-KWONG** (in Cantonese): *President, how does the Tourism Commission, as the dedicated department tasked to monitor Hong Kong's tourism industry, audit the accounts of the TIC? What kinds of accounts will the TIC submit to the Tourism Commission for audit? I doubt whether the Tourism Commission has the authority to require the TIC to submit its accounts and*

*financial data for audit? Can the authorities provide this Council with the details?*

**PRESIDENT** (in Cantonese): Secretary, Mr WONG is asking about auditing of the accounts.

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): President, I thank Mr WONG Ting-kwong for his question.

As I have stated in the main reply, first of all, the TIC is required under the TAO to submit its estimates of income and expenditure in respect of the next financial year to the Secretary for Commerce and Economic Development each year. For example, for the 2010-2011 financial year, the estimates of income and expenditure submitted by the TIC including the individual items will be compared against the actual income and expenditure for 2007-2008 or 2008-2009, as well as the revised estimates for 2009-2010 (that is, the previous financial year). In case the estimate for an individual item is substantially different from that in the previous year, explanations must be provided by the TIC. Colleagues of the Tourism Commission will assist the Secretary in vetting the relevant items and accounts. As Mr WONG Ting-kwong said, we will request supplementary information from the TIC if considered necessary.

Secondly, after vetting the estimates of income and expenditure, the Secretary will inform the TIC in writing various issues of concern. For example, under the TAO, the TIC is required to ensure that as far as reasonably practicable, at least 20% of the recurrent expenditure under its estimates is met out of income other than the Council levy, and that individual items of income and expenditure are within the ambit of the TIC. Thirdly, whether adjustments made in the estimates as compared with those of the previous year are justified. Lastly, we will also remind the TIC that when undertaking its work for the coming year, it should follow the principles of prudent management and keeping the expenditure within the limits of revenues.

**MR FRED LI** (in Cantonese): *President, since 1988, the Government has adopted a two-tier regulatory regime for the tourism industry. At that time, the*

*TIC was only responsible for monitoring outbound tours. Since 2002, the TIC also took up the responsibility of monitoring inbound tours from the Mainland.*

*Having read the Government's reply, I would like to seek clarification on one point — I heard just now that the representative of the Tourism Commission only sits in the Board as an observer — whether the observer is allowed to express his views? Generally speaking, observers at our meetings are not allowed to give views. If someone attends a meeting as an observer, he should neither participate in nor speak at the meeting. I do not know what role is played by the observer? Does he have any statutory or non-statutory powers to monitor the TIC? Can the Government inform us what powers this person has in terms of monitoring the TIC's operation?*

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): President, I thank Mr Fred LI for his question.

Our colleagues, that is, the representatives of the Tourism Commission attend the meetings of the Board and the Staff and Finance Committee in the capacity of an observer. They have the right to speak, but not to vote.

As Mr LI knows very well, we have already briefed the Legislative Council Panel on Economic Development about the upcoming consultation exercise on the regulatory framework for the travel industry. In this connection, we will listen to the views expressed by Members. The views expressed by various parties during the consultation exercise will, after collation, form the basis of our future regulatory framework.

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

**MR FRED LI** (in Cantonese): *The Secretary has not answered my question. I ask whether the Government has any statutory or non-statutory powers to monitor the TIC?*

**PRESIDENT** (in Cantonese): Are you asking the Secretary what powers the Government currently has to monitor the TIC?

**MR FRED LI** (in Cantonese): *Yes, currently.*

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): As I have said when replying the question raised by Mr WONG Ting-kwong, we are discussing today the financial control on the TIC. In this respect, the TIC is required under the TAO to submit its estimates of income and expenditure to the Secretary for Commerce and Economic Development each year. I have already mentioned this point when I reply the question from Mr WONG. Moreover, we have the right to seek clarification and supplementary information from the TIC. If there are any matters of concern, we will give our views to the TIC in writing.

**MR PAUL TSE** (in Cantonese): *Regarding the question raised by Mr Fred LI, we all know that the Government currently has no monitoring mechanism at all. The observer deployed by the Government must even sign a confidentiality undertaking which practically means that he should not divulge the matters endorsed and discussed during the TIC meetings to others. That is the so-called monitoring.*

*President, the Deputy Secretary has attended today's meeting instead of the Secretary. Therefore, we can throw away our differences and talk with an open heart. As the Deputy Secretary also has a lawyer background, I would like to ask him which article in the Memorandum and Articles of Association has empowered the Government to exercise such monitoring? The provision that he mentioned was simply about promoting the relations between the industry and outside parties. In fact, there is no article in the Memorandum and Articles of Association or any ordinances which allows the TIC to publish the statement. Moreover, for many years in the past, the TIC has never spent any money to place an advertisement on matters about defending the rights of the industry. It has not even done so with the issue of "zero commission". But in this incident, the TIC has published this statement in order to safeguard its own reputation or the*

*interest of individual factions. This runs contrary to the demand of the industry  
.....*

**PRESIDENT** (in Cantonese): Mr TSE, you have already made a lot of comments. Please state your supplementary question clearly.

**MR PAUL TSE** (in Cantonese): *The question is: Deputy Secretary, please state according to which object or article of the TIC that the Government has allowed the TIC publish a statement of this kind?*

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): President, Mr TSE can refer to Article 10 of the TIC's Articles of Association. It is stipulated that the TIC shall prepare a Code of Conduct which it considers to be suitable for regulating the conduct and business of travel agents. The relevant requirement has already been clearly stated there.

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

## **WRITTEN ANSWERS TO QUESTIONS**

### **Section 39E of Inland Revenue Ordinance**

7. **DR LAM TAI-FAI** (in Chinese): *President, some operators of industrial and commercial enterprises have relayed to me that when the Inland Revenue Department (IRD) recovers from the enterprises depreciation allowances on machinery or plants granted years ago under section 39E of the Inland Revenue Ordinance (Cap. 112) (section 39E), and if such enterprises object and appeal against the recoveries, the IRD will issue "Conditional Standover Order" to them requiring them to purchase before a certain deadline Tax Reserve Certificates (TRCs) in an amount equivalent to the amount of taxation to be recovered. The operators have pointed out that as the amount of money needed for purchasing TRCs may be as high as a million, or even over 10 million, the Orders will exert intolerable pressure on cash flow and may cause the enterprises to close down immediately, yet the assessors often do not accept the explanations given by the*



*enterprises, and also warn that if they do not purchase TRCs as instructed, the IRD will issue notices to the banks or clients of the enterprises concerned to notify them of the enterprises' situation. Such operators have also pointed out that IRD's action may cause the banks to immediately tighten the credit lines to the enterprises concerned, and deal a direct blow to order negotiations of the enterprises, and that some enterprises may eventually be forced to close down before the tax disputes can be settled. In this connection, will the Government inform this Council:*

- (a) of the justifications and legal basis for IRD to require the enterprises concerned to purchase TRCs before the tax disputes are settled;*
- (b) whether it has assessed that requiring the enterprises concerned to purchase huge amount of TRCs will deal a severe blow to their cash flow, which can cause them to close down immediately; if it has, of the details; if not, the reasons for that;*
- (c) whether the authorities will issue the aforesaid notices to the banks or clients of the enterprises concerned which do not purchase TRCs as instructed; if it will, of the purposes and legal basis of such action; if not, whether they will take other actions;*
- (d) whether it has assessed if it is sensible, reasonable and lawful for the authorities to issue the aforesaid notices to the banks or clients of the enterprises concerned, thus causing the banks to immediately tighten the credit lines to such enterprises and dealing a direct blow to their order negotiations; if it has, of the details; if not, the reasons for that;*
- (e) of the number of aforesaid notices issued by the authorities to the banks and clients having business connection with the enterprises concerned in each of the past three years;*
- (f) if the IRD considers that the enterprises concerned could not claim depreciation allowances on some machinery or plants in the past, of the detailed reasons for it to keep on allowing the enterprises to make such claims for years in the first place, and whether any maladministration or mistakes have been involved;*

- (g) *as some members of the trade have pointed out that the one-off tax recovery by IRD after allowing enterprises to claim depreciation allowances on machinery or plants for years will create a snow-ball effect on their tax burden, whether the authorities have assessed if this is true; and why the authorities did not immediately reject the claims of the enterprises in the past;*
- (h) *whether it plans to make any relief arrangements for enterprises which cannot afford to purchase huge amount of TRCs; if so, of the details; if not, the reasons for that;*
- (i) *whether it has assessed if the forced closure of enterprises before the tax disputes are settled because they cannot afford the TRCs expenses is tantamount to depriving the lawful rights of such enterprises to raise objections or lodge appeals in relation to the disputes; if it has, of the details; if not, the reasons for that;*
- (j) *whether it plans to conduct a comprehensive review of the practice of requiring the enterprises concerned to purchase huge amount of TRCs and other related arrangements; if so, of the details; if not, the reasons for that; and*
- (k) *of the total number of "Conditional Standover Orders" issued by IRD to enterprises in each of the past five years arising from matters related to section 39E; if such statistics are not available, why the authorities have not managed properly the data storage system concerned?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Chinese): President,

(a) to (d) and (h) to (j)

Section 71(1) of the Inland Revenue Ordinance (IRO) requires that taxpayers shall make payment of tax in the manner directed in the notice of assessment on or before a date specified in such notice. If a taxpayer disagrees with a tax assessment, he/she could lodge an

objection and appeal. However, according to section 71(2) of the IRO, despite the fact that the taxpayer has lodged a notice of objection or appeal, he/she is still required to make payment of tax on or before the date specified in the notice of assessment, unless the Commissioner of Inland Revenue (the Commissioner) orders that any payment of tax or any part thereof be held over pending the result of such objection or appeal.

The Commissioner will take into account individual circumstances in considering whether to allow the taxpayers to hold over the payment of tax involved in objection or appeal cases. If it is the opinion of the Commissioner that the objection has little chance of success, or that the tax involved in the objection or appeal case is likely to become irrecoverable, or that the person objecting or appealing is unreasonably delaying the processing of his/her objection or appeal, the Commissioner will not allow the taxpayer to hold over the payment of tax. The taxpayer is required to make payment of tax on or before the due date(s) specified in the notice of assessment.

If it is obvious to the Commissioner that the objection or appeal should be allowed forthwith, an unconditional stand-over will be ordered pending revision of the tax assessment. However, if the Commissioner considers that the objection or appeal has some merits but that the balance of probability, based on the facts known to exist at the date of the objection or appeal, does not weigh definitely in favour of the taxpayer, the Commissioner will issue, as empowered by section 71(2) of the IRO, a "conditional stand-over order" requiring the taxpayer to purchase TRCs in the amount of the tax held over, or to furnish a banker's undertaking. For most of the objection or appeal cases with "conditional stand-over orders" issued, the purchase of TRCs will be required. Nevertheless, the Commissioner may accept the taxpayer to furnish a banker's undertaking in lieu of purchase of TRCs if the taxpayer could demonstrate that he/she could not afford to purchase TRCs due to financial difficulties.

Taxpayers that encounter financial difficulties in making payment of tax on time may approach the IRD to resolve the problem under the established mechanism, including application to the IRD for payment of tax by instalments. If taxpayers fail to make payment of tax on or before the specified due date(s) and have not made any instalment arrangements in respect of their overdue taxes, the Commissioner will immediately take various recovery actions against them, including the imposition of surcharges, the issuance of recovery notices to the relevant taxpayers' employers, bankers, debtors and the persons in custody of the assets of the relevant taxpayers, as well as the institution of civil proceedings at the District Court. The Commissioner is empowered by law to recover tax in default so as to protect government revenue.

(e) and (k)

Each objection or appeal case may involve multiple grounds of objection. The IRD does not have breakdown of statistics on individual objection grounds, nor breakdown of statistics on number of recovery notices issued to the bankers or business clients of the taxpayers.

(f) and (g)

According to the IRO and the IRD's current practice of "Assess First Audit Later", the IRD will first make assessment based on the information furnished by the taxpayers in their tax returns and issue notices of assessment.

If it is discovered subsequently in the course of reviewing the tax returns that the information provided by a taxpayer is not true, the IRD may, within the statutory time limit, raise additional assessment on the taxpayer and recover the tax payable. The IRD merely acts according to the law. There is no unfair treatment. Nor has the IRD changed its usual practice.

**Applications from Hong Kong Residents for Entry Visas to Australia**

8. **MR CHIM PUI-CHUNG** (in Chinese): *President, I was once sentenced to one year's imprisonment, and actually served eight months. Over the past 12 years, I made several applications for visas to visit Australia but all of them were rejected. Regarding applications from Hong Kong residents for visas to visit Australia, will the Government inform this Council:*

- (a) *whether it knows if the Australian Government has a set of blacklists of Hong Kong residents to whom no entry visa to Australia will be issued;*
- (b) *whether it will help those Hong Kong residents in need to obtain visas to visit Australia; and*
- (c) *whether the Government has considered treating those Australian nationals with the same profile and background in the same way by refusing their entry into Hong Kong; if it has not, of the reasons for that?*

**SECRETARY FOR SECURITY** (in Chinese): *President, our reply to the three parts of the Member's question is as follows:*

- (a) and (b)

Each independent jurisdiction has the authority to process individual entry applications, having regard to its immigration control policies and the actual circumstances. According to international practice, the immigration authorities are not obliged to account for each refusal decision. Therefore, we do not have details of how the Australian Government processes individual visa applications. Upon receipt of assistance requests concerning refused visas applications, the Hong Kong Special Administrative Region (HKSAR) Government will, depending on the circumstances of the case, communicate with the authorities of the relevant jurisdiction. At the policy level, whilst we respect the independent exercise of immigration control by other governments in accordance with their

laws, we will continue to strive for further visa-free arrangements and travel convenience for Hong Kong residents.

- (c) Hong Kong welcomes genuine visitors from all over the world and adopts a liberal immigration policy to facilitate their visits. The Immigration Department will handle all entry applications independently in accordance with the law and relevant policy of the HKSAR and having regard to the circumstances of individual cases.

### **Environmental Levy Scheme on Plastic Shopping Bags**

9. **DR JOSEPH LEE** (in Chinese): *President, it has been reported that since the official implementation of the Environmental Levy Scheme on Plastic Shopping Bags (the Levy Scheme) by the Government on 7 July 2009, shops have been striving to be the first in producing environmental bags, many of which are non-woven bags, to replace conventional plastic bags. There is even a phenomenon of indiscriminate distribution of environmental bags. It has also been reported that a green group has pointed out that environmental bags might cause a greater impact on the environment because the plastic content of non-woven environmental bags is higher than that of conventional plastic bags, and recycling of the former is not easy as they have components such as threads and buttons. Moreover, the public's reuse of non-woven environmental bags may possibly give rise to hygiene problems. In this connection, will the Government inform this Council:*

- (a) *whether the authorities have compiled statistics on the quantities of conventional plastic bags and non-woven environmental bags produced after the implementation of the Levy Scheme; if they have, of the details; if not, whether they will consider compiling such statistics so as to understand the change in the quantities produced;*
- (b) *whether the authorities have compiled statistics on the quantity of non-woven environmental bags discarded after the implementation of the Levy Scheme; if they have, of the details; if not, whether they will consider compiling such statistics; how they handle those non-woven environmental bags discarded;*

- (c) *given that the quantity of environmental bags used has been on the rise, whether the authorities have assessed if the use of non-woven environmental bags has less impact on the environment than the use of conventional plastic bags had in the past; if they have, of the details, if not, whether they will consider conducting such assessment; and*
- (d) *given that the Environment and Conservation Fund Committee has allocated \$10 million to support a Public Education Programme of the "Policy Framework for the Management of Municipal Solid Waste (2005-2014)", so as to support and complement the implementation of the aforesaid Levy Scheme, whether the authorities have assessed the effectiveness of this public education programme since its implementation, and the adequacy of public education on the potential hygiene and health problems (such as breeding bacteria and spreading viruses) caused by the public's reuse of non-woven environmental bags; if they have not, whether they will consider conducting such assessments?*

**SECRETARY FOR THE ENVIRONMENT** (in Chinese): President,

- (a) As required under the Levy Scheme, registered retailers have to submit to the Government quarterly returns setting out the number of plastic shopping bags (PSBs) distributed to customers in the non-exempted areas in all of their registered retail outlets as well as the amount of levy collected for such bags. On the other hand, many PSBs are manufactured outside Hong Kong. Therefore we have no information about the overall number of conventional plastic bags and non-woven environmental bags manufactured and it is difficult to compile statistics about the number of bags manufactured.
- (b) According to the landfill survey conducted after the implementation of the Levy Scheme, some 17.7 million reusable PSBs (including non-woven environmental bags) were disposed of at landfills in 2010, equivalent to about 0.4% of the overall PSB disposal.

Non-woven environmental bags could be reused, but the Government does not encourage excessive distribution of such bags by any organizations or retailers. At the same time, we also encourage the public to practise source separation so as to recover and recycle the plastic materials that have been discarded.

- (c) We have been encouraging the public to use reusable shopping bags. Many reusable shopping bags currently available in the market are manufactured with non-woven materials that are made of polypropylene. But there are other alternatives that do not contain plastic materials, such as those made of cotton that are easily washable and reusable. By using reusable shopping bags, we could reduce the use of single-use PSBs.
- (d) Through the Environment and Conservation Fund, the Government has been sponsoring non-profit-making organizations to conduct public education programmes relating to PSBs. In an overall term, the various public education programmes already completed have reached out to an aggregate audience of over 100 000. Through these programmes, we have conveyed to the public clear messages on the proper use of reusable shopping bags. Such messages include reducing the use of PSBs and reusing such bags, as well as practising waste separation at source so as to facilitate the recycling of the PSBs that have been disposed of. In addition, we have disseminated to the community the relevant messages and the objectives and details of the Levy Scheme through other publicity channels. In general, we believe that the effectiveness of the relevant publicity and public education is satisfactory; the Levy Scheme has also been implemented smoothly. So far we have not received reports about the use of non-woven environmental bags leading to hygiene or health problems. We will continue to monitor the situation and where appropriate include relevant information in our publicity materials so that the public could be reminded to pay attention to the cleanliness and hygiene of their reusable shopping bags when reusing such bags.



**Underpayment of Wages to Foreign Domestic Helpers**

10. **MR LEUNG YIU-CHUNG** (in Chinese): *President, regarding the written question on underpayment of wages to foreign domestic helpers (FDHs) raised by me on 26 January this year, will the Government inform this Council:*

- (a) *given the Government's reply that "if the Labour Department (LD) detects any suspected wage offences under the Employment Ordinance committed by employers, the LD will invite the concerned FDH to provide information and act as a prosecution witness (PW)", whether the Government will definitely invite the FDHs concerned to provide information and act as PWs in those cases; if it will, of the number of FDHs invited by the LD to act as PWs in the past five years; if not, the reasons for that; of the total number of FDHs concerned not being invited by the LD in the past five years to act as PWs;*
- (b) *given the Government's reply that "during the same period, the LD handled a total of 2 613 claims which involved FDHs lodging claims for arrears of wages against their employers", yet the LD's Annual Reports show that on average thousands of claims were handled each year in relation to non-payment of wages/wage deduction, whether the aforesaid figure of 2 613 claims was the number of claims in the year of 2010 only or the total number of claims in the five years from 2006 to 2010; if it was the number of claims in 2010 only, of the total number of cases handled by the LD in the five years from 2006 to 2010 relating to FDHs lodging claims for underpayment of wages against their employers; if it was the total number of claims in the five years from 2006 to 2010, of the reasons for such a marked difference between the figure and those indicated in the LD's Annual Reports; and*
- (c) *given the Government's reply that "if an FDH employer is convicted of contravening relevant labour legislation, the employer may be regarded as not meeting the criteria for employing FDHs for a period of time (in general, two years), and the relevant application will not be approved", yet according to the Immigration*

*Department's Guidebook for the Employment of Domestic Helpers from Abroad, an employer will not be considered eligible to employ a helper for a period of time where he/she has been convicted of offences relating to a helper under labour laws, if the Government can clarify whether an FDH employer who is convicted of contravening the relevant labour laws will only "probably" be regarded as not meeting the criteria for employing an FDH for a period of time, or he/she will "definitely" be regarded so?*

**SECRETARY FOR LABOUR AND WELFARE** (in Chinese): President, my reply to Mr LEUNG Yiu-chung's question is as below:

- (a) If the LD detects any suspected wage offences under the Employment Ordinance (Cap. 57) committed by employers of FDHs, the LD will invite the FDH concerned to provide further information. Once there is *prima facie* evidence that the employer might have breached the law, the LD will invite the FDH to act as a PW. In the past five years from 2006 to 2010, a total of 197 FDHs agreed to act as PWs on wage offences upon the LD's invitation. For cases of suspected breach, the FDHs concerned will all be invited to act as PWs.
- (b) The 2 613 claims mentioned in our previous written reply refer to the total number of FDHs' claims for arrears of wages against their employers which were handled by the LD in the past five years from 2006 to 2010. As for the number of claims involving non-payment or deduction of wages published in the LD's Annual Report, the figure refers to such claims lodged by all types of employees which were handled by the LD in that year.
- (c) If an employer is convicted of contravening offences relating to a helper under labour laws, as a general rule, the employer will not be considered as meeting the criteria to employ an FDH for a period of time.

**Measures to Increase Supply of Land for Social Welfare Facilities**

11. **MR JAMES TO** (in Chinese): *President, since 2007, the Government has reviewed in a step-by-step manner the Outline Zoning Plans (OZPs) of various districts and made suitable amendments to the development parameters of the OZPs, including the incorporation of building height and other development restrictions. Recently, some organizations have relayed to me that the building height restrictions imposed by the Government on lands zoned for "Government, Institution or Community" (GIC) uses are tighter than those on lands zoned for residential and commercial uses when the Government revises the OZPs concerned. These organizations have also complained about the severe lack of land in urban areas zoned for social welfare uses. In this connection, will the Government inform this Council:*

- (a) *given that the Secretary for Development has indicated that in "reviewing the building height restrictions on lands of different use in various districts ..... will consider a number of factors, including the topography, site formation level, existing land use zonings .....", whether the Government will, apart from the aforesaid factors, consider other ones (including the community's need for social welfare facilities) when reviewing the restrictions on lands zoned for GIC uses;*
- (b) *given that some organizations have relayed to me that in reviewing the OZPs, the Government has not conducted any public consultation, nor has it consulted the stakeholders when drawing up building height restrictions on lands zoned for GIC uses, whether the Government will step up consultation work in response to such demand, and consult the local communities before revising the OZPs;*
- (c) *given that some organizations have relayed to me that while the population of Hong Kong has increased in recent years, land available for use by social welfare organizations (especially in Kowloon) is insufficient to meet the demand brought about by population growth, what measures the Government has in hand to mitigate this problem when drawing up the OZPs; whether it will review the plot ratio and building height restrictions imposed on*

*land in Kowloon zoned for GIC uses so as to increase the permissible floor areas of social welfare facilities; and*

- (d) *as I have learnt that the procedures of the Government Property Agency (GPA) for processing applications for use of vacant government units are very complicated, for example, in the case of the 3rd floor of Hoi Hong Building at Tit Shu Street in Tai Kok Tsui, the GPA has to try to let out the premises for commercial use first and only if no hirer is interested will it then consider allocating the premises for social welfare uses, and such practice will not help solve the problem of insufficient land for social welfare uses, whether the Government will conduct a comprehensive review of the relevant policies?*

**SECRETARY FOR DEVELOPMENT** (in Chinese): President, since 2007, we have been reviewing the OZP of various districts in a step-by-step manner to meet the community's aspirations for improving the living environment. As a general principle, when imposing building height restrictions on the OZPs, the building height concepts recommended in the "Urban Design Guidelines" are adopted, such as the stepped building height concept (that is, lower buildings along the waterfront with building height increasing progressively from the waterfront to inland area), and the principle of preserving the ridgelines (that is, adopting a height profile that a building free zone below the ridgelines would need to be maintained when viewing from key and popular vantage points). The topography, characteristics and wind environment of each district, compatibility between building clusters in a wider area, as well as the need to strike a balance between public interest and private development rights will also be considered.

My reply to parts (a) to (c) of the question is as follows:

- (a) The designation of GIC zones on statutory OZPs serves to reflect the existing GIC uses and reserve land for the future provision of GIC facilities to serve the needs of the local residents and/or the wider district, region or the territory. GIC sites also provide important breathing space and visual relief in crowded districts.

Apart from the above general principles, building height restrictions imposed on GIC sites basically reflect the height of the existing buildings and those planned for development. In considering building height restrictions, the Government also allows flexibility so as to meet the standard design of some facilities. For example, the standard height for schools is eight storeys.

If social welfare organizations need to redevelop/expand their facilities on GIC sites and to amend the building height restrictions to meet the requirements of their facilities, they may apply to the Town Planning Board (TPB) under section 12A of the Town Planning Ordinance (the Ordinance). Their applications will be considered based on the actual circumstances. If the redevelopment/expansion proposals are well justified and supported by the relevant bureau(x)/department(s), the Planning Department (PlanD) may recommend to the TPB to amend the building height restriction under section 7 of the Ordinance.

- (b) To amend the OZPs of the various districts, the amendments will be exhibited for public inspection for a period of two months under the Ordinance. Statutory exhibition is a process of public consultation and aims to invite stakeholders to submit representations and comments on the draft OZPs. Generally speaking, the PlanD will, during the exhibition period, brief stakeholders such as the District Council(s), local residents and concern groups on the proposed amendments. Therefore, the understanding in the question that the Government does not consult the public in reviewing the OZPs is not correct. The existing two-month statutory exhibition period is sufficient to consult public views while maintaining the efficiency of the planning process.

Under the existing system, building plans approved under the Buildings Ordinance are not restricted by the OZPs prepared or their amendments (for example, building height restrictions newly introduced) made after the approval of the former. Therefore, we consider it inappropriate to make known to the public proposed amendments to building height restrictions before gazettal. This serves to avoid pre-emptive submissions of building plans from

developers/relevant bodies defeating the purpose of imposing such restrictions.

- (c) I have mentioned in my reply above the principles for imposing building height restrictions on GIC sites. Generally speaking, the Government does not impose any restrictions on plot ratio for GIC sites on the OZPs so as to allow flexibility in the use of the land by institution or community facilities of different scale and nature.

The Hong Kong Planning Standards and Guidelines (HKPSG) provide general guidelines on land use to ensure that, during the planning process, the Government will reserve adequate GIC zones for providing public facilities (including social welfare facilities) to meet the needs of the community. The Social Welfare Department (SWD) is responsible for reviewing the standards in the HKPSG for the provision of social welfare facilities and for proposing amendments when it considers necessary.

The PlanD reviews from time to time the land use of GIC sites with reference to the HKPSG to facilitate overall government policies and to meet the changing needs of the community. The Labour and Welfare Bureau and SWD can also request the use of GIC sites and government premises. Provision of the relevant facilities is determined by the priority of relevant policies and availability of resources.

In addition, the Government may request for provision of appropriate GIC facilities in large scale development projects (including the redevelopment projects of the Urban Renewal Authority and private developments). These large scale projects are usually carried out on sites zoned "Comprehensive Development Area" (CDA) on the OZPs. The PlanD will draw up the planning brief for CDA sites and provide guidelines for the preparation of Master Layout Plans. As regards the provision of social welfare facilities, the PlanD will, based on the advice of the Labour and Welfare Bureau and/or the SWD, incorporate relevant requirements into the planning brief, including the type, scale and location of the

facilities. In planning and designing new housing estates, the Hong Kong Housing Authority may refer to the HKPSG and consult relevant government departments and organizations.

- (d) According to the Financial Services and the Treasury Bureau, government properties are primarily designed for use as government offices, public facilities or other government uses. However, due to considerations such as location, internal layout, fittings and ancillary facilities, such properties may not be suitable for social welfare uses even if they become surplus. In fact, social welfare facilities are people-based and have to meet users' needs. Therefore, these facilities are mainly provided through land grant or individual development projects.

According to the existing policy on managing government properties, the GPA will try to identify alternative government users once a vacant government property is available. If there is no suitable government user, the GPA would arrange for letting the property in the open market on a commercial basis. The objective of this policy is to ensure optimum use of government properties through the most efficient and cost-effective means. We have followed the aforesaid policy in handling the government-owned properties in Hoi Hong Building and have successfully let one of them by open tender recently.

### **Maintenance of MTR Rail Tracks**

12. **MR WONG KWOK-HING** (in Chinese): *President, it has been reported recently that among the 12 MTR rail breakage incidents since 2008, eight of them had not been disclosed to the public. On 19 January and 10 February this year, cracks were identified respectively at a section of the track at Sunny Bay Station and at a section of the track between Admiralty Station and Tsim Sha Tsui Station. Some experts have commented that these incidents were unusual and urged the MTR Corporation Limited (MTRCL) to thoroughly inspect the quality of rail tracks. In this connection, will the Government inform this Council:*

- (a) *given that serious incidents are involved when a "Red Alert" is issued by the MTRCL under the current notification mechanism, how the authorities and the MTRCL define serious incidents, and of the criteria adopted;*
- (b) *since the MTRCL has used the words "裂紋" and "裂縫" as the Chinese renditions of "cracks", how the authorities and the MTRCL define these words;*
- (c) *whether it knows the total length of all rail tracks (including the Light Rail) in Hong Kong in the past decade and the changes in the number of staff members responsible for railway maintenance; whether the MTRCL will increase the number of maintenance staff to cope with future demand; if it will, of the details; of the ratio between the total length of rail tracks (including the Light Rail) and the number of maintenance staff;*
- (d) *whether it knows the MTR extensions in respect of which the maintenance work has been outsourced at present; of the number of contracts involved, the relevant contract sums and the number of staff of outsourced services involved;*
- (e) *whether it knows the criteria adopted by the MTRCL in determining the use of outsourced services; whether the MTRCL can terminate the existing outsourced services gradually and take over the management and maintenance work (such as telecommunications equipment, equipment for power supply switching and infrastructure equipment, and so on); if it cannot, of the reasons for that; and*
- (f) *of the number of civil servants who are dedicated to monitoring the operation and maintenance of MTR at present, and whether the authorities will expand the existing scale and organizational structure in this respect in order to cope with increasingly heavy workload relating to railway matters; if the authorities will, of the details; if not, the reasons for that?*



**SECRETARY FOR TRANSPORT AND HOUSING** (in Chinese): President, for the various parts of the question, our reply is set out below:

- (a) At present, the MTRCL will notify the public of serious railway incidents. Regarding incidents causing serious service disruptions or emergencies (including those requiring the issuance of "Red Alert") whereby the Transport Department must be notified, the MTRCL will also notify the public if such notification will be of assistance to passengers likely to be affected in planning their journeys. In addition, the MTRCL will notify the public should there be incidents involving safety, such as those related to train operation and are of public concern and those which have resulted in or could potentially result in injuries or deaths.
- (b) Generally speaking, "breakage" (that is, "裂縫") refers to the gap formed as a result of the breakage through the whole cross-section of a rail while "crack" (that is, "裂紋") refers to the situation where a crack has appeared on a rail surface. According to the MTRCL, in respect of the usage of "cracks"/"breakages" (that is, "裂紋"/"裂縫" in Chinese), the corporation has been using the English term "crack" to describe the phenomenon, and it used the Chinese term "裂紋" but not "裂縫" in describing the recent rail breakage incidents in public. The MTRCL has since noted comments that the use of the term "裂紋" could have caused misunderstanding among the public. In the interest of clearer communication, the MTRCL has now adopted the term "裂縫" to describe rail breakages from top to bottom and the term "裂紋" to describe cracks detected without breakage in the rail.

The MTRCL has clarified its use of the terms and has apologized for any misunderstanding caused. The Government has asked the MTRCL to state clearly when making announcements about similar incidents in future whether they involve "cracks" (that is, "裂紋") or "breakages" (that is, "裂縫").

- (c) According to the MTRCL, railway maintenance involves many aspects including rolling stock, tracks, overhead lines, signalling systems, station facilities, and so on. Generally speaking, with an

extension of a railway line in length, there will be a need to increase the number of maintenance staff. Nevertheless, the actual increase in the number of staff depends on various factors including the nature of the maintenance work and operational needs, and so on. For example, after a railway line is extended, as the same signalling system is used, the increase in the number of maintenance staff for signalling system will be relatively small. Similarly, after a railway line is extended, train service can be enhanced through adjusting the train service timetable and there is no immediate need to increase the train fleet size. Under such circumstances, the number of rolling stock maintenance staff may not need to be increased.

In addition, with the advancement of technology, the reliability of railway operations has been enhanced, leading to reduction of railway maintenance procedures which require manual operation. For example, in the past, the inspection of train wheels used to be conducted manually. Today, it is conducted through laser monitoring technology, which has enhanced the effectiveness and efficiency of inspections. As a result, staff members are given more training opportunities to upgrade their skills.

Over the past decade, the rail network in Hong Kong has seen continuous expansion. The total rail length of the running lines<sup>(1)</sup> has increased from about 650 km (including Light Rail) in 2001 to about 980 km (including Light Rail) today. With the commissioning of new railway lines and extensions, the MTRCL has increased the number of railway maintenance staff based on operational needs, that is, from 3 426 in 2001 to 3 828 in 2010. In accordance with development of new railway lines, the MTRCL will continue to increase the number of maintenance staff based on operational needs. However, as stated above, the actual increase in number of maintenance staff is not determined by the extent of the extension of railway lines.

- (d) The outsourced maintenance work of the MTRCL's train operations includes:

(1) There are two tracks on a railway line. Each track has two rails.

- passenger information display equipment;
- closed circuit television equipment;
- station lifts and escalators;
- platform screen doors and automatic platform gates;
- fire services equipment;
- telecommunications equipment;
- gondola and gantries;
- building services equipment;
- waste water treatment, plumbing and drainage;
- backup power supply equipment;
- general station lighting;
- baggage handling equipment for the Airport Express;
- centralized control equipment for power supply switching for the West Rail Line and East Rail Line;
- infrastructure equipment (tracks<sup>(2)</sup>, signalling, power distribution and overhead line) of the Tseung Kwan O Line and trains which were originally operated on the Tseung Kwan O Line and deployed to the Kwun Tong Line since mid-2010; and
- automatic fare collection equipment of the West Rail Line, Tseung Kwan O Line, Tung Chung Line, Disneyland Resort Line, Airport Express and Light Rail.

The contracts for the outsourced maintenance works above amounted to about HK\$380 million in 2010. A total of 65 contracts are involved. According to the MTRCL, the requirements and standards of the service are stipulated in the outsourcing contracts. The MTR engineers are responsible for monitoring and supervising work quality to ensure they comply with the standards. In addition, contractor staff working on the MTR trains and operations equipment are required to possess the proper qualifications. They must be certified to ensure that they are equipped with the skills and competencies similar to the MTR staff doing the same jobs, and these requirements are specified in the contracts.

(2) Contractor staff are responsible for regular visual inspections; dye penetration tests and small scale preventive maintenance work, and track cleaning. Tasks such as replacement of rails, ultrasonic testing and rail grinding, and so on, are carried out by MTR in-house staff.

The MTRCL follows up the training of contractor staff through working meetings. While the contractors are responsible for training their staff on work-related skills and safety, the MTRCL also helps brief contractor staff on the MTRCL's operation and safety procedures.

- (e) According to the MTRCL, outsourcing of maintenance works is common among railway operations internationally. More efficient and effective services can be provided to passengers through making good use of the contractors' specialized skills. For some of the maintenance work such as that for fire services equipment, the MTRCL must employ registered maintenance contractors in accordance with the statutory requirements.

In making any decision on outsourcing, the MTRCL will take into account operational safety, reliability, service quality and implications to staff. All outsourced work must comply with the MTRCL's requirements and service level to ensure service quality.

The MTRCL has put in place a detailed monitoring system to ensure its maintenance work, including the outsourced maintenance work, meet the standards it adopts.

In fact, the MTRCL applies the same standards and requirements to maintenance tasks carried out both by MTR in-house staff and staff of contractors. These standards are in line with good international practices and the MTR engineers are responsible for monitoring and supervising work quality to ensure their compliance with standards. Outsourced maintenance work is also subject to the same regular checks as the MTR in-house maintenance work. There are daily/weekly and monthly performance reviews, annual asset surveys and three-yearly asset condition assessments. On top of the above, outsourced maintenance work is subject to additional scheduled and random inspections and checks by dedicated MTR staff at supervisory level.

The MTRCL conducts reviews of the performance and benefits of its outsourced work from time to time. Currently, it has no plan to terminate any outsourced work.

- (f) The Government attaches a great deal of importance to railway safety. The Transport and Housing Bureau is responsible for overseeing the overall policy on monitoring railway safety and regulating railway services.

The Electrical and Mechanical Services Department (EMSD) is responsible for monitoring the safe operation of railways. Its functions include investigating into railway incidents, ensuring the adoption of safety practices by the railway corporation, assessing and approving new railways and major modifications, assessing and following up the railway corporation's improvement measures, and ensuring that the MTRCL fully complies with all safety requirements in the design, construction, operation and maintenance of the railway systems.

At present, there are nine professional grade staff in the EMSD engaged in the regulatory functions of railway safety, including one Government Electrical and Mechanical Engineer, four Senior Engineers and four Engineers/Assistant Engineers. These professional staff are from different engineering disciplines including civil engineering, electrical and mechanical engineering and electronic engineering.

In addition to the above nine professional staff, the Director of Electrical and Mechanical Services and the Deputy Director of Electrical and Mechanical Services (Regulatory Services) are also appointed as Inspectors for monitoring railway safety under the Mass Transit Railway Ordinance. If necessary, the EMSD will also engage experts to offer assistance.

The EMSD will create two posts of professional staff with effect from 1 April 2011 to undertake the influx of workload on assessing and approving new railway projects.

We would continue to monitor the work effectiveness in respect of regulation of railway safety and review the human resources when appropriate.

### Extending Service Life of Franchised Buses

13. **MS AUDREY EU:** *President, I have received an increasing number of complaints from members of the public that some old franchised buses are still in service even after reaching 17 years of age, but may, on application, continue to run for a further year. In this connection, will the Government inform this Council:*

- (a) *of the purpose of extending the service life of a franchised bus beyond 17 years;*
- (b) *of the procedure for applying and extending the service life of a franchised bus beyond 17 years; and*
- (c) *of the number of buses currently operating under such an extension and the number of extensions approved in each of the past five years, together with a breakdown by the emission standard met by the buses (set out in the table below)?*

<i>Emission Standard/Year</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>
<i>Pre-Euro</i>					
<i>Euro I</i>					
<i>Euro II</i>					

**SECRETARY FOR TRANSPORT AND HOUSING:** *President,*

- (a) The franchised bus companies have committed to replacing buses before they reach 18 years old in order to maintain a proper and efficient franchised bus service to the travelling public. Buses aged 18 and above would not be allowed to operate on the road unless under very special circumstances, such as to meet unforeseen need arising from the late delivery of replacement vehicles.
- (b) All franchised buses operating on the road would need to go through vehicle examination annually to certify their roadworthiness before they can be put into operation. In case of application for extending

the service life of a franchised bus after reaching the age of 18, the Transport Department would vet the justifications for such applications carefully and must be satisfied that there is no reasonable alternative before granting the approval.

- (c) According to our record, no franchised bus at the age of 18 and beyond was in service between 2006 and the present. There are currently 117 buses between 17 and 18 years of age operating on the road (out of a total of 5 784 buses) and the Transport Department has not received any application for extending their service life beyond the age of 18.

### **My Home Purchase Plan**

14. **MR LEE WING-TAT** (in Chinese): *President, when announcing the launch of the My Home Purchase (MHP) Plan last year, the Government indicated that sites in Tsing Yi, Diamond Hill, Sha Tin, Tai Po, Tuen Mun and other areas had been earmarked for the MHP Plan and that applications for pre-letting for the first project could take place starting from 2012. In this connection, will the Government inform this Council:*

- (a) *for each of the sites earmarked for the MHP Plan, of the specific location, site area, expected completion dates for foundation works and site formation works, expected commencement date for superstructure construction, expected building completion date, and expected number of residential units to be provided;*
- (b) *given that the Financial Secretary announced in the Budget published this year that applications for the first project could commence next year, whether the Government can invite applications for pre-letting in the first quarter of next year; and*
- (c) *when the authorities expect the remaining four projects will invite applications for pre-letting; what factors that the development progress of these projects will be subject to, and whether there are ways to expedite their development progress; if there are, of the details; if not, whether the authorities will consider turning some of*

*the unsold sites which have remained on the Application List for a long time into sites for building MHP Plan flats?*

**SECRETARY FOR TRANSPORT AND HOUSING** (in Chinese): President, the Government announced in October 2010 that it would in collaboration with the Hong Kong Housing Society (HKHS) introduce the MHP Plan which was premised on the concept of "rent-and-buy". The MHP Plan will more effectively target at households which have home purchase plans and the ability to pay mortgages in the long run, but which cannot immediately afford the down payment in the face of short-term property price fluctuations, and will facilitate them to save up over a period of time for home purchase. Under the MHP Plan, the Government will provide land for the HKHS to build "no-frills" small and medium sized flats for lease to eligible applicants at prevailing market rent. The tenancy period will be up to five years, within which the rent will not be adjusted. Within a specified time frame, the MHP Plan tenants may purchase a MHP Plan flat at prevailing market price, or a flat in the private market. They will receive a Purchase Subsidy equivalent to half of the net rental they have paid during the tenancy period, and may use it for part of the down payment. Also, the MHP Plan helps increase the supply of "no-frills" small and medium sized private residential flats.

My reply to the three parts of the question is as below:

(a) and (b)

The first MHP Plan project at Tsing Luk Street will provide about 1 000 small and medium sized "no-frills" units. Our plan is to invite applications for pre-letting in 2012 and that the project will be completed in 2014. Also, we undertake to discuss with the HKHS to start the pre-letting exercise as soon as possible. The HKHS will announce the application period and other details for the Tsing Luk Street project when the preparatory work is completed.

The second MHP Plan project will be located at Sha Tin Area 36C, near Siu Lik Yuen. Depending on the flat sizes, about 700 small and medium sized flats may be built on the site. The exact number



of flats to be built will have to be worked out after further study. The Government will work out with the HKHS the implementation details for the Sha Tin project as soon as possible.

- (c) The Government has already earmarked sites in Tsing Yi, Sha Tin, Diamond Hill, Tai Po, Tuen Mun and other areas aiming for a total of some 5 000 flats to be built under the MHP Plan. We will expedite the preparatory work as far as possible so that the projects can be implemented as early as possible. If the response to the MHP Plan is good, the Government will identify more suitable sites for the MHP Plan.

### **Curbing Proliferation of Mikania Micrantha**

15. **MR CHEUNG HOK-MING** (in Chinese): *President, Mikania micrantha, Gairo Morning Glory, China dodder and water hyacinth are some of the invasive alien plants (IAPs) brought into Hong Kong. These plants grow at an alarming speed, and if they grow into massive clusters, they will be hazardous to the native plants, reduce the biological diversity, and affect the ecosystem. Recently, it has been reported that the proliferation of Mikania micrantha in rural areas is worsening, but the relevant government departments are not actively dealing with it. In this connection, will the Government inform this Council:*

- (a) *of the total number of sightings of the proliferation of Mikania micrantha reported to the authorities by members of the public, organizations or other government departments in the past three years; among these cases, the number of those which had been handled; and the number of locations with Mikania micrantha's proliferation found by the authorities during their routine inspections;*
- (b) *whether the authorities have conducted any regular inspection of the locations where Mikania micrantha were removed, and whether they have identified any recurrence of Mikania micrantha's proliferation at such locations or in nearby areas; if they have, of the details;*

*whether they have assessed if the current approach for eradicating Mikania micrantha is effective; and*

- (c) *given that China is a state party to the Convention on Biological Diversity which was adopted in Nairobi on 22 May 1992, and this Convention also applies to Hong Kong, whether at present the authorities have formulated any relevant policy on prevention and clearing of the IAPs; if they have, of the details; if not, whether they will study the formulation of appropriate measures; given that the authorities often plant trees, including non-native plants, in urban or rural areas, of the criteria they adopt in the course of selecting plant species for planting so as to assess if the species concerned are suitable for planting in Hong Kong?*

**SECRETARY FOR THE ENVIRONMENT** (in Chinese): President,

- (a) Over the past three years (from 2008 to 2010), the number of reports of Mikania micrantha received by the government departments below is as follows:

<i>Department</i>	<i>Number of reports received</i>
Agriculture, Fisheries and Conservation Department (AFCD)	22
Lands Department	32
Highways Department	6
Water Supplies Department (WSD)	1
Leisure and Cultural Services Department	5

The departments will conduct immediate site inspection after receiving complaints. Weeding will be arranged once Mikania micrantha is identified. If Mikania micrantha is found during routine inspections, weeding will be arranged by the venues' responsible departments. For example, the WSD found Mikania micrantha on the slopes near two catchwaters in Yau Kom Tau and Tuen Mun, as well as the access between Tai Po Tau Raw Water

Pumping Station and Tai Po Water Treatment Works. It arranged for weeding immediately. The other departments above do not keep statistics on *Mikania micrantha* found during routine inspections.

- (b) The most effective way to prevent the infestation of *Mikania micrantha* is to conduct regular maintenance of plants. Once *Mikania micrantha* is found, immediate weeding will be carried out to prevent its proliferation. According to the information provided by the above departments, re-emergence of *Mikania micrantha* after weeding happened occasionally. The concerned departments will arrange weeding again as soon as practicable.
- (c) The Government is committed to the conservation of Hong Kong's natural environment and biodiversity, and has been soliciting public support to protecting the local natural environment through education and publicity and other appropriate measures. We are aware of invasive alien species that may adversely affect local ecosystems and have been monitoring the situation closely. For example, the AFCDC monitors regularly the spreading of *Mikania micrantha* in Country Parks, Special Areas and Sites of Special Scientific Interest, and will arrange weeding once *Mikania micrantha* is found in order to protect local biodiversity.

The AFCDC is responsible for tree planting in country parks. In selecting suitable tree species for planting, the AFCDC will consider the overall planting objectives, conditions of planting sites, characteristics of different tree species as well as their maintenance requirements. For instance, if the planting objective is to control soil erosion, fast-growing species that are able to adapt to poor soil would be selected. In general, native tree species are preferable as they perform better in adapting to local climate and enhancing biodiversity. Currently, over 65% of seedlings planted by the AFCDC are native species. To meet the planting objectives, suitable exotic species which do not endanger other plants will be planted if no native species are found suitable owing to special conditions (such as poor soil quality), landscape requirements for design concept or other factors.

On planting in the urban area, the relevant departments adopt the principle of "the right tree for the right place" in the selection of tree species, having regard to factors such as the purpose of planting, the concepts of the landscape design, the conditions, space and climate of the sites, the characteristics and need for maintenance of different tree species, and the supply of trees.

### **Supply of Land for Private Developments**

16. **MR ALBERT CHAN** (in Chinese): *President, there have been comments that since the Government introduced the nine measures to stabilize the property market (commonly known as "the Nine Measures of Michael SUEN") in 2002, the supply of sites for private residential developments through land auction, redevelopment of the old areas and change in land use have plummeted, resulting in a drastic decrease in the number of new private domestic units in recent years. In this connection, will the Government inform this Council of:*

- (a) *the area of the sites supplied annually since 2002 for private residential developments through the three different ways, namely land auction, redevelopment of the old areas and change in land use; and*
- (b) *the respective numbers of private domestic units built and completed, since 2002, on the sites supplied for private residential developments through the three different ways, namely land auction, redevelopment of the old areas and change in land use?*

**SECRETARY FOR DEVELOPMENT** (in Chinese): President, just as the Financial Secretary mentioned in the 2011-2012 Budget Speech, the sources of private housing land supply include the housing land sold by the Government, the property development projects of the MTR Corporation Limited (MTRCL), the urban renewal projects of the Urban Renewal Authority (URA), private development projects subject to lease modification or land exchange and private redevelopment projects not subject to lease modification. The Transport and

Housing Bureau is responsible for monitoring the supply of first-hand private residential flats and publish relevant information regularly.

The way the Administration monitors and records the relevant information is different from the way asked in the question. I now reply to the two parts of the question as follows in accordance with the information currently available:

- (a) According to the Transport and Housing Bureau's information, the number of residential flats that could be provided by the above five sources of private housing land supply in 2003 to 2010 (the Transport and Housing Bureau does not have the relevant information for 2002) is set out at Annex 1.
- (b) Depending on the developers' timing and strategy of sales, the flats to be provided by the housing land supply at Annex 1 could largely be completed in three to four years thereafter. Under the existing requirements of the Lands Department's Consent Scheme, pre-sale consent may be granted upon application 20 months prior to the anticipated completion date of the development at the earliest. The Transport and Housing Bureau does not have complete information about the private housing land area produced by the above five sources of housing land supply. If the Transport and Housing Bureau is required to provide the area of the sites sold by the Government, property development projects of the MTRCL and redevelopment projects of the URA, the Transport and Housing Bureau will have to check the detailed information about all these projects item by item. Due to the considerable number of such cases, it will take quite a long time to compile such information. Furthermore, the Transport and Housing Bureau's database does not have the information about the area of private development projects either subject to lease modification or not. On the contrary, as the public's concern about housing land lies in the supply of private residential flats, we are happy to provide the yearly figures of residential flat supply. According to the Transport and Housing Bureau's information, the number of private residential flats completed in 2002 to 2010 is set out at Annex 2.

## Annex 1

Number of flats that could be provided  
by the housing land supply in 2003 to 2010 (approximate)

<i>Year</i>	<i>Land sold through the Application List</i>	<i>Lease modification/ Land exchange</i>	<i>URA</i>	<i>MTRCL</i>	<i>Private redevelopment project not subject to lease modification</i>
2003	0	2 200	600	1 600	100
2004	5 400	5 700	1 600	0	400
2005	2 200	5 600	900	4 600	700
2006	1 800	800	300	8 900	1 000
2007	6 600	4 400	300	2 700	1 100
2008	< 50	3 300	1 200	4 700	900
2009	1 500	500	300	0	1 600
2010	5 800	7 300	1 600	1 200	2 000

## Notes:

- (1) The statistics about land sold through the Application List is not compiled on a calendar year basis, since the period of the Application List normally runs from February/March in a year to February/March in the next year.
- (2) The flat numbers above are approximate figures.
- (3) Depending on developers' timing and strategy of sales, the flats to be provided by the housing land supply above could largely be completed and sold in the market in three to four years thereafter.

## Annex 2

Private residential flats completed in 2002 to 2010

<i>Year</i>	<i>Flat Number</i>
2002	31 100
2003	26 400
2004	26 000
2005	17 300
2006	16 600

<i>Year</i>	<i>Flat Number</i>
2007	10 500
2008	8 800
2009	7 200
2010	13 400

### **Enhancing Self-Reliance Through District Partnership Programme**

17. **MR PAUL CHAN** (in Chinese): *President, it has been learnt that since the launch of the Enhancing Self-Reliance Through District Partnership Programme (the Programme) in 2006, the Government has approved a total grant of about \$110 million to fund some 110 new social enterprise projects. In this connection, will the Government inform this Council:*

- (a) of the respective numbers of projects, since the launch of the Programme, which have been granted funding and those which have not; the reasons why some of the projects were not granted any funding; and*
- (b) among the funded projects, of the number of those which were eventually unable to achieve the objectives as set out in their applications, the discrepancies between the achievements and the objectives of these projects, and how the authorities had dealt with these projects in the end; apart from requiring the organizations receiving funding to submit reports regularly, whether the authorities have other measures to regularly monitor the operation of the funded projects; if they have, of the details; if they have not, the reasons for that?*

**SECRETARY FOR HOME AFFAIRS** (in Chinese): *President, since the Government launched the Programme in June 2006, it has received a total of 317 valid funding applications and approved 109 of them. The reasons for non-approval are mostly related to such considerations as programme content, concept and business viability, relevant experience and competence of applicant organizations.*

The Programme requires applicant organizations to set out a number of targets. In addition to financial and sales targets, the number of staff employed and the target group, and ways to help the underprivileged group are information to be provided. All grantee organizations under the Programme are required to submit regular progress reports during the project period, together with their financial reports and annual accounting statements. Members of the Programme's Advisory Committee or staff of the Secretariat will conduct visits to the organizations concerned to keep in view of the implementation of the approved projects. Where necessary, grantee organizations are invited to attend progress review meetings to examine the progress and effectiveness of their projects.

So far, about two thirds of the approved projects have achieved or exceeded their business targets in terms of sales turnover or net income. For underperforming projects (for example, with respect to sales turnover), a taskforce formed by members of the Programme's Advisory Committee will interview the organizations to review the business performances with a view to making recommendations for improvement. The organizations will then be required to submit proposals for business improvement and regular reports on their business performances to the Programme's Advisory Committee.

### **SkyPier at Hong Kong International Airport**

18. **MR ABRAHAM SHEK** (in Chinese): *President, a member of the public has relayed to me that the Government should allow non-transit passengers to use the SkyPier ferry services so as to expand the business opportunities of the peripheral area of the airport and promote tourism on Lantau Island. The member of the public has also pointed out that while the Government has all along rejected the aforesaid suggestion, it has agreed to call tender again for leasing out the Tuen Mun Ferry Terminal (TMFT), whose scheduled service and passengers have been sparse and few, to shipping companies to operate cross-boundary ferry services between Tuen Mun and Macao from April 2011, and such arrangement is a waste of resources. In this connection, will the Government inform this Council:*

- (a) *whether it knows the cross-boundary passenger throughput of the SkyPier last year; and the annual passenger flow of the Macao Ferry Terminal and China Ferry Terminal (CFT) at present; and whether*



*it has assessed, based on the patronage, if the operations of such terminals are cost-effective; if it has, of the outcome;*

- (b) of the justifications for the Government to agree to lease out the TMFT again for operating cross-boundary ferry routes to and from Macao;*
- (c) given that the authorities indicated that in 2008 and 2009, the Airport Authority (AA) had looked into a proposal of providing customs and immigration facilities at the SkyPier, whether the Government will require the AA to make public the study report, and of the obstacles in policy and operation which cause the authorities to decide that non-transit passengers may not use the SkyPier;*
- (d) whether it knows the floor area in the SkyPier earmarked for providing customs and immigration facilities for non-transit passengers, as well as the uses of such area at present; whether it has assessed if there is any operational inefficiency in the overall utilization of space at the pier at present; if such an assessment has been made, of the outcome;*
- (e) whether the Government will consider afresh making the services at the SkyPier available to non-transit passengers in response to the vast number of Mainland visitors to be brought to Hong Kong by the Hong Kong-Zhuhai-Macao Bridge, so as to promote tourism development and convention and exhibition activities on Lantau Island to generate economic benefits; and*
- (f) of the authorities' timetable for reviewing the existing arrangements related to the SkyPier?*

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

- (a) Based on the information of the AA, the cross-boundary passenger throughput of the SkyPier at the Hong Kong International Airport (HKIA) last year was 2 241 529. The SkyPier services aim to provide speedy ferry services for air-to-sea/sea-to-air transit

passengers travelling to and from the Pearl River Delta (PRD) and Macao. As such services are one of the key measures to strengthen the links between the HKIA and the PRD and Macao, and are part of the airport services used by some passengers, the SkyPier is part of the airport passenger facilities and the AA has not assessed the cost-effectiveness of the SkyPier operation on its own.

At present, cross-boundary ferry service operating from the government-managed Hong Kong-Macao Ferry Terminal (MFT) and the CFT connects Hong Kong to Macao and 13 ports in the Mainland. According to statistics of the Marine Department, the patronage of the MFT and the CFT last year amounted to 17 267 326 and 7 239 758 respectively which represented an increase by 10.7% and 8.9% respectively when compared with 2009. These two cross-boundary ferry terminals are public facilities with growth in total patronage by over 40% in the past 10 years, contributing to a diversified cross-boundary transport service for travellers. In 2010, five new cross-boundary ferry routes between Macao and the two terminals were launched. As demonstrated by the above, these two cross-boundary ferry terminals have positive impact on enhancing the connectivity between Hong Kong and the PRD and help maintain Hong Kong's position as a transport and maritime hub.

- (b) All along, cross-boundary ferry terminals are planned and provided by the Government on a territory-wide basis. Given the two cross-boundary ferry terminals managed by the Government still have sufficient capacity to meet the projected demand in future, the Government has no intention to spend public monies to build another cross-boundary ferry terminal for a particular district.

The mode of operation of the TMFT is different from that of the MFT and the CFT. In 2003, certain private enterprises indicated interest in making modifications to the Tuen Mun Ferry Pier at their own costs in order to operate cross-boundary ferry services thereat. Having considered the requests from the local community and the views of the Legislative Council, and that the proposal could bring about one more choice and convenient cross-boundary transport service to the residents in the New Territories, the Government

decided to invite bids to take up a tenancy of part of the Tuen Mun Ferry Pier for the operation of cross-boundary passenger ferry service by a private operator.

In accordance with the tenancy agreement concluded at that time, apart from financing the necessary modification works, the operator was required to pay the Government a monthly rental, as well as to be responsible for other expenses, including utilities charges and general maintenance, and so on. On the other hand, the Government would provide necessary supporting services, such as immigration, customs, police, marine control and port health. In view of the expiration of the original tenancy agreement in December last year, the Government, having thoroughly considered the existing policy as well as the opinions of the Tuen Mun community, decided in mid-2010 to conduct an open tender exercise so as to enable the concerned cross-boundary ferry service to continue under the same mode of operation.

- (c) In 2008 and 2009, the AA looked into a proposal of providing customs, immigration and quarantine (CIQ) facilities at the SkyPier. After considering the relevant factors (including the economic situation at that time, cross-strait direct flights and the impact of the Hong Kong-Zhuhai-Macao Bridge on the estimated service demand), the AA has concluded that the provision of the CIQ facilities will not increase the usage of the SkyPier services by transit passengers. The AA has therefore decided not to pursue the proposal. The relevant documents are for the AA's internal reference and not suitable for being made public.
- (d) At present, no space is available for providing CIQ facilities at the SkyPier. The four berths of the SkyPier now cope with an average of 113 ferry sailings each day, and the berthing hours from 8 am to 5 pm on a weekday are nearly fully used.
- (e) and (f)

The Hong Kong-Zhuhai-Macao Bridge will commence operation in 2016. Its Hong Kong Boundary Crossing Facilities will be provided with CIQ facilities and public transport interchange

facilities. It will also accommodate road sections for traffic to and from the North West New Territories and North Lantau and will become a strategic multi-modal transportation hub on the west of Hong Kong, making travel between Hong Kong and the PRD more convenient. Hence, the Government and the AA have no plans now to review the existing arrangements.

### **Rent Allowance for Elderly Scheme**

19. **MR FRED LI** (in Chinese): *President, regarding the Rent Allowance for Elderly Scheme (RAES) currently provided by the Hong Kong Housing Authority (HA), will the Government inform this Council of:*

- (a) *the number of beneficiaries receiving cash allowances under the RAES as at the end of February 2011;*
- (b) *the estimated number of beneficiaries whose existing leases for their accommodation are due for renewal in 2011-2012;*
- (c) *the following data required by the authorities for calculating the maximum monthly rent allowances under the RAES for 2011-2012 (to be listed by household sizes of one, two and three person(s)):*
  - (i) *the average area of accommodation allocated to Waiting List (WL) applicants rehoused to public rental housing (PRH) in various districts from 2007-2008 to 2009-2010; and*
  - (ii) *the average monthly rent of households in private units with usable flat size below 70 sq m in the urban area, according to the Rent Survey of the Census and Statistics Department (C&SD) for the fourth quarter of 2010;*
- (d) *the overall average monthly rent of households in private units with usable flat size below 70 sq m in the urban area, according to the Rent Survey of the C&SD for the fourth quarter of 2010;*

- (e) *the overall average monthly rent of private residential units with usable flat size below 70 sq m in the urban area, according to the information provided by the Rating and Valuation Department for the fourth quarter of 2010; and*
- (f) *the estimated time frame for the authorities to announce the maximum monthly rent allowances under the RAES for 2011-2012?*

**SECRETARY FOR TRANSPORT AND HOUSING** (in Chinese): President, the RAES was a pilot scheme launched by the HA in August 2001. It offered rent allowances to eligible elderly applicants as an alternative to PRH. As the response to the RAES was unsatisfactory and the cost-effectiveness of the Scheme was not high, the HA decided in September 2003 to phase out the Scheme. No new applications were accepted thereafter but existing beneficiaries were allowed to continue to receive the rent allowance.

The rent allowance payable under the RAES is pitched at 60% of the monthly rental actually paid by the beneficiary or the rates promulgated by the HA, whichever is the less. The HA will adjust the rate of the rent allowance by making reference to the data of the C&SD on private housing rents, and the average space allocated to WL applicants of respective household size in the past three years.

My reply to Mr LI's six-part question is as follows:

- (a) As at end February 2011, a total of 103 elderly households are still receiving rent allowance under the RAES.
- (b) Twenty-eight elderly households under the RAES will have their current tenancies due for renewal in 2011-2012.
- (c) (i) The average space allocated in terms of internal floor area to one-person, two-person and three-person WL applicants from 2007-2008 to 2009-2010 are around 16 sq m, 23 sq m and 31 sq m respectively.

- (ii) Based on rent data of private residential flats as collected in General Household Survey (GHS) conducted by the C&SD in the fourth quarter of 2010, the average unit rent of flats of saleable area below 70 sq m in the urban area for one-person, two-person and three-person households are estimated at \$221, \$207 and \$190 per sq m respectively.
- (d) Based on rent data of private residential flats as collected in GHS conducted by the C&SD in the fourth quarter of 2010, the overall average unit rent of flats of saleable area below 70 sq m in the urban area is estimated at \$200 per sq m.
- (e) According to the property market statistics for the fourth quarter of 2010 prepared by the Rating and Valuation Department, average rents of private domestic units in the urban area (Hong Kong and Kowloon) of saleable area less than 40 sq m are \$304 and \$215 per sq m respectively; whilst the average rents of private domestic units in the urban area (Hong Kong and Kowloon) of saleable area between 40 to less than 70 sq m are \$284 and \$232 per sq m respectively.
- (f) The Housing Department is currently reviewing the allowance rates under the RAES for 2011-2012. It is expected that the new allowance rates will be announced in the first quarter of the fiscal year concerned.

### **Cargo Compartments Placed on Streets for Collecting Construction Waste**

20. **MR KAM NAI-WAI** (in Chinese): *President, in the past, quite a number of members of the public complained that the cargo compartments (commonly known as "skips") temporarily placed on streets for collecting construction waste had an adverse impact on the traffic and environmental hygiene. In this connection, will the Government inform this Council:*

- (a) *of the number of inspections conducted by the authorities on their own initiative in the past three years on the compliance or otherwise by vehicle owners and drivers concerned with the Guidelines for Mounting and Placing of Skips issued by the Transport Department,*

*and the number of drivers or vehicle owners who had been prosecuted for not complying with the guidelines;*

- (b) whether it knows the number of accidents caused by skips to people or vehicles in Hong Kong in the past three years, with a breakdown by 18 District Council (DC) districts;*
- (c) whether it knows the number of skips placed on streets in various districts in Hong Kong in the past three years, with a breakdown by 18 DC districts;*
- (d) of the number of complaints about skips received by the authorities in the past three years, with a breakdown by 18 DC districts; how the authorities had handled the complaints upon receipt; and the time required to handle such complaints; and*
- (e) whether it will consider establishing a licensing system to step up the regulation of skips; if it will, of the details; if not, the reasons for that?*

**SECRETARY FOR THE ENVIRONMENT** (in Chinese): President,

- (a) When the police receive reports on any skip causing serious obstruction or imminent danger to members of the public or vehicles, the police will take appropriate actions, including removing the skip immediately, under section 4A of the Summary Offence Ordinance (Cap. 228) on the offence of obstruction of public places. The record shows that the police have removed 21 skips in the past three years and instituted prosecutions against the persons involved in 17 of these cases.
- (b) Based on the statistics of the Transport Department on traffic accidents, the number of traffic accidents involving vehicles hitting skips and causing human injuries or death in 2010, with a breakdown by 18 DC districts, is given in the table below. As collection of the concerned data only began in late 2009, no information on the statistics in 2009 or before is available.

<i>District</i>	<i>2010</i>
Central and Western	3
Southern	6
Wan Chai	4
Eastern	13
Kwun Tong	8
Wong Tai Sin	7
Kowloon City	1
Sham Shui Po	2
Yau Tsim Mong	0
Islands	2
Northern	0
Sai Kung	5
Sha Tin	3
Tai Po	1
Tuen Mun	2
Tsuen Wan	5
Kwai Tsing	0
Yuen Long	4
Total	66

- (c) The Administration has not gathered information on the number of skips placed on streets in the 18 DC districts.
- (d) In the past three years, the number of complaints about skips received by the Administration, with a breakdown by 18 DC districts, is given in the table below:

<i>District</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
Central and Western	31	40	55
Southern	19	3	10
Wan Chai	55	40	113
Eastern	71	86	99
Kwun Tong	14	21	24
Wong Tai Sin	8	10	11
Kowloon City	33	28	47
Sham Shui Po	18	17	30



<i>District</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
Yau Tsim Mong	104	106	103
Islands	0	0	0
Northern	1	3	1
Sai Kung	16	19	27
Sha Tin	7	10	7
Tai Po	2	1	1
Tuen Mun	1	4	7
Tsuen Wan	12	23	23
Kwai Tsing	6	6	3
Yuen Long	2	4	1
Total	400	421	562

Generally speaking, staff of the District Lands Offices (DLO) would (normally within two working days) inspect the site after receiving a complaint. If a skip is found occupying Government land, a notice will be posted on the skip in accordance with the Land (Miscellaneous Provisions) Ordinance (Cap. 28). The owner would normally be required to remove the skip within one day. The DLO staff usually found that the skip had already been removed when they inspected the site again on the notice expiry day.

- (e) Skips serve the practical needs of the construction trade and fitting-out trade. As far as the public is concerned, the use of skips is in line with the practical needs of the communities as it would prevent improper depositing of construction waste and hence would help reduce environmental and hygiene problems.

The Steering Committee on District Administration (SCDA), convened by the Permanent Secretary of Home Affairs with membership comprising the concerned government departments (including the Home Affairs Department, Lands Department, Police Force, Transport Department and Environmental Protection Department, and so on), had considered the proposal for a permit system for regulation of roadside skips in Hong Kong. The SCDA noted that the existing legislation would not provide adequate legislative backing for the introduction of an effective skip permit

system. On the other hand, existing legislation has already empowered the Administration to take enforcement action against skips causing imminent danger or serious obstruction to road users. The SCDA considered that the most practicable way was to step up regulation of skips by the relevant departments under the existing legislative framework. Specifically, if skips pose serious obstruction or imminent danger to road users, the police will take action under section 4A of the Summary Offences Ordinance (Cap. 228). The police, upon receipt of complaints, would arrive at the scene and arrange for removal of such skips as soon as practicable pursuant to section 4A of Cap. 228. The Lands Department will also deal with complaint cases involving unauthorized occupation of Government land under the Land (Miscellaneous Provisions) Ordinance (Cap. 28).

## **BILLS**

### **First Reading of Bills**

**PRESIDENT** (in Cantonese): Bill: First Reading.

### **INLAND REVENUE (AMENDMENT) (NO. 2) BILL 2011**

**CLERK** (in Cantonese): Inland Revenue (Amendment) (No. 2) 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) (NO. 2) BILL 2011**

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): President, I move the Second Reading of the Inland Revenue (Amendment) (No. 2) Bill 2011 (the Bill).

The Bill aims to amend the Inland Revenue Ordinance (the Ordinance) to implement the 2010-2011 Budget initiative in respect of profits tax deduction for capital expenditure incurred on the purchase of copyrights, registered designs and registered trade marks.

(THE PRESIDENT'S DEPUTY, MR FRED LI, took the Chair)

Presently, capital expenditure incurred on the purchase of patent rights and rights to any know-how is deductible under profits tax. In addition, tax deductions have also been provided for the capital expenditure incurred in Hong Kong or overseas on three specified types of intellectual property rights, namely patent, trade mark and design.

To promote the wider application of intellectual property rights by enterprises, encourage innovation and upgrading and facilitate development of creative industries in Hong Kong, we propose to extend the coverage of tax deduction to the purchase of copyrights, registered designs and registered trade marks. These three types of intellectual property rights are more commonly used by enterprises, and are generally applicable to the businesses of different industries. Therefore, this proposal may bring benefits to more enterprises. To achieve this end, we must amend the relevant provisions of the Ordinance.

Specifically, we propose that taxpayers claiming tax reductions must have acquired the "proprietary interest" of the abovementioned three types of intellectual property rights, which must be used for the production of chargeable profits. Furthermore, the intellectual property rights must be registered. Nonetheless, the registration requirement only applies to designs and trade marks as there is no registration regime for copyright works in most of the jurisdictions, including Hong Kong. For the purpose of tax reduction, registration in either Hong Kong or overseas would be recognized. We propose that tax deduction be

spread over five succeeding years on a straight-line basis starting from the year of purchase.

Also, just as I have said, tax deduction is currently granted for capital expenditure incurred on the purchase of patent rights and rights to any know-how. Given that these rights are of similar nature to copyrights, registered designs and registered trade marks, we have taken the opportunity to amend the relevant tax deduction provisions relating to patent rights and rights to any know-how with a view to fine-tuning the existing tax deduction arrangement.

According to the current provisions, tax deduction is only provided for patent rights and rights to any know-how purchased by enterprises to be used in Hong Kong. The Bill now proposes to remove the relevant requirement. Furthermore, under the existing law, full sales proceeds for patent rights and rights to any know-how will be brought to tax. The Bill proposes that the sales proceeds to be brought to tax would be capped at deductions previously allowed. These two proposals are in line with other tax deduction provisions relating to the tax deductible capital expenditure under the existing law.

Apart from adding new tax-deductible items and fine-tuning the existing tax deduction arrangement, we also suggest the inclusion of commonly-used anti-avoidance measures to reduce the risk of tax avoidance. For this purpose, we propose to extend the application of the anti-avoidance provision of "associated party" on patent rights and rights to any know-how, copyrights, registered designs and registered trade marks as well. In other words, deductions will not be allowed for the relevant intellectual property rights purchased wholly or partly from an associated party. In addition, deduction will not be allowed for intellectual property rights under "sale and licence back" and "leveraged licensing" arrangements. Nonetheless, an escape clause will be provided so that normal business activities would not be affected. We also propose that the Commissioner of Inland Revenue should be empowered to determine, where circumstances so warrant, the true market price for any sale or purchase transactions of the relevant intellectual property rights in respect of which a tax deduction is claimed, as well as to allocate the purchase or selling price for individual intellectual property rights having regard to all the circumstances of the transaction where the rights are purchased or sold together or with other assets for a single price. These proposed anti-avoidance measures have been commonly adopted in other tax deduction provisions of the Ordinance.

The Legislative Council Panel on Financial Affairs was briefed on the outline of the Bill on 1 November 2010, and the abovementioned legislative amendments have been detailed in the Legislative Council Brief submitted on 23 February 2011.

Deputy President, I hope that Members will support and expeditiously endorse the Bill so that we can implement the relevant measures as early as possible. I so submit. Thank you, Deputy President.

**DEPUTY PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the Inland Revenue (Amendment) (No. 2) 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.

## **MOTIONS**

**DEPUTY PRESIDENT** (in Cantonese): Motion. Proposed resolution under the Public Finance Ordinance.

I now call upon the Secretary for Financial Services and the Treasury to speak and move the motion.

## **PROPOSED RESOLUTION UNDER THE PUBLIC FINANCE ORDINANCE**

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): Deputy President, I move the motion, as printed on the Agenda, be passed.

The purpose of this motion is to seek funds on account to enable the Government to carry on its services between the start of the financial year on 12011 and the time when the Appropriation Ordinance 2011 comes into operation. This is a long established and essential procedure. The specific arrangements also follow those of last year.

We have determined the funds on account sought under each subhead in accordance with the fourth paragraph of the resolution, by reference to the relevant provisions shown in the 2011-2012 Estimates of Expenditure. Incorporating the requirements at subhead level, the initial amount of funds on account under each head is provided in the form of a footnote to this speech. Prior to the coming into operation of the Appropriation Ordinance 2011, the aggregate amount of funds on account is \$60,220,429,000.

Subject to the above aggregate amount not being exceeded, the resolution enables the Financial Secretary to vary the funds on account in respect of any subhead, but these variations must not cause an excess over the amount of provision entered for that subhead in the 2011-2012 Estimates of Expenditure. To increase transparency, same as last year, we undertake to submit reports to the Finance Committee of this Council in case the Financial Secretary has exercised this authority to meet necessary requirements.

The vote on account will be subsumed upon the enactment and coming into operation of the Appropriation Ordinance 2011.

Deputy President, I beg to move.

Footnote

<i>Head of Expenditure</i>	<i>Amount shown in the Estimates \$'000</i>	<i>Initial amount of funds on account \$'000</i>
21 Chief Executive's Office .....	85,217	17,044
22 Agriculture, Fisheries and Conservation Department .....	964,195	221,058
25 Architectural Services Department	1,565,434	313,087
24 Audit Commission .....	121,132	24,227
23 Auxiliary Medical Service .....	66,360	13,360
82 Buildings Department .....	993,996	199,796
26 Census and Statistics Department.....	827,607	170,242
27 Civil Aid Service.....	81,696	16,788
28 Civil Aviation Department.....	758,817	152,900

<i>Head of Expenditure</i>	<i>Amount shown in the Estimates \$'000</i>	<i>Initial amount of funds on account \$'000</i>
33 Civil Engineering and Development Department.....	1,996,469	404,993
30 Correctional Services Department.....	2,895,922	607,060
31 Customs and Excise Department.....	2,565,707	559,795
37 Department of Health .....	4,870,346	1,363,742
92 Department of Justice .....	1,043,191	209,407
39 Drainage Services Department .....	1,850,534	403,672
42 Electrical and Mechanical Services Department.....	345,418	117,254
44 Environmental Protection Department.....	2,425,515	662,291
45 Fire Services Department .....	4,205,211	1,184,096
49 Food and Environmental Hygiene Department.....	4,572,750	971,933
46 General Expenses of the Civil Service .....	2,848,009	569,602
166 Government Flying Service.....	558,834	407,318
48 Government Laboratory .....	347,454	102,938
59 Government Logistics Department.....	499,456	205,012
51 Government Property Agency.....	1,800,542	374,075
143 Government Secretariat: Civil Service Bureau .....	420,026	84,102
152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch).....	1,355,242	336,099
55 Government Secretariat: Commerce and Economic Development Bureau (Communications and Technology Branch).....	310,890	212,533
144 Government Secretariat: Constitutional and Mainland Affairs Bureau.....	388,055	77,611
138 Government Secretariat: Development Bureau (Planning and Lands Branch) .....	831,364	722,273
159 Government Secretariat: Development Bureau (Works Branch) .....	316,711	91,701

<i>Head of Expenditure</i>	<i>Amount shown in the Estimates \$'000</i>	<i>Initial amount of funds on account \$'000</i>
156 Government Secretariat: Education Bureau ..	41,050,152	9,511,900
137 Government Secretariat: Environment Bureau.....	80,035	21,373
148 Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch).....	185,493	37,339
147 Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch) .....	332,979	180,036
139 Government Secretariat: Food and Health Bureau (Food Branch) .....	77,031	15,407
140 Government Secretariat: Food and Health Bureau (Health Branch).....	37,322,905	8,140,145
53 Government Secretariat: Home Affairs Bureau.....	1,358,524	312,808
155 Government Secretariat: Innovation and Technology Commission.....	498,232	119,244
141 Government Secretariat: Labour and Welfare Bureau.....	583,946	144,578
47 Government Secretariat: Office of the Government Chief Information Officer ..	657,581	190,077
142 Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary .....	624,800	127,593
96 Government Secretariat: Overseas Economic and Trade Offices .....	299,302	63,118
151 Government Secretariat: Security Bureau .....	272,961	54,593
158 Government Secretariat: Transport and Housing Bureau (Transport Branch) .....	137,433	30,940
60 Highways Department.....	2,230,549	458,854
63 Home Affairs Department.....	1,769,413	422,576
168 Hong Kong Observatory .....	220,668	44,134
122 Hong Kong Police Force.....	13,157,929	2,813,693
62 Housing Department .....	146,083	29,217



<i>Head of Expenditure</i>	<i>Amount shown in the Estimates \$'000</i>	<i>Initial amount of funds on account \$'000</i>
70 Immigration Department .....	3,071,992	617,970
72 Independent Commission Against Corruption .....	824,119	165,736
121 Independent Police Complaints Council .....	35,230	7,846
74 Information Services Department.....	375,902	75,181
76 Inland Revenue Department .....	1,290,339	258,068
78 Intellectual Property Department.....	97,817	19,564
79 Invest Hong Kong.....	110,647	22,130
174 Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service .....	19,244	3,849
80 Judiciary.....	1,137,930	250,711
90 Labour Department.....	1,298,408	377,360
91 Lands Department.....	1,810,067	363,738
94 Legal Aid Department .....	784,260	156,852
112 Legislative Council Commission .....	566,961	176,781
95 Leisure and Cultural Services Department.....	5,630,026	1,224,812
100 Marine Department.....	988,869	224,287
106 Miscellaneous Services.....	54,145,750	1,597,430
114 Office of The Ombudsman .....	89,391	17,939
116 Official Receiver's Office .....	136,331	27,395
120 Pensions .....	19,772,434	3,963,044
118 Planning Department .....	479,470	98,989
136 Public Service Commission Secretariat.....	18,203	3,641
160 Radio Television Hong Kong.....	563,106	145,860
162 Rating and Valuation Department .....	411,711	82,343
163 Registration and Electoral Office .....	411,923	82,385
169 Secretariat, Commissioner on Interception of Communications and Surveillance.....	17,079	3,416
170 Social Welfare Department .....	41,265,733	11,225,937
173 Student Financial Assistance Agency .....	3,955,741	1,153,569
180 Television and Entertainment Licensing Authority .....	78,962	15,887
181 Trade and Industry Department.....	718,441	493,505

<i>Head of Expenditure</i>	<i>Amount shown in the Estimates \$'000</i>	<i>Initial amount of funds on account \$'000</i>
186 Transport Department .....	1,306,014	352,166
188 Treasury.....	332,454	66,491
190 University Grants Committee .....	11,027,723	2,205,545
194 Water Supplies Department .....	6,118,761	1,226,368
	<u>301,809,154</u>	<u>60,220,429</u>
184 Transfers to Funds.....	25,000,000	0
	<u>326,809,154</u>	<u>60,220,429</u>
	=====	=====
Total .....	<u>326,809,154</u>	<u>60,220,429</u>
	=====	=====

Note:

- \* The initial amount of funds on account under Head 106 includes \$1,000,000,000 under Subhead 789 Additional commitments mainly for contingency.

**The Secretary for Financial Services and the Treasury moved the following motion:**

"RESOLVED that —

1. Authority is hereby given for a sum not exceeding \$60,220,429,000 to be charged on the general revenue for expenditure on the services of the Government in respect of the financial year commencing on 1 April 2011.
2. Subject to this Resolution, the sum so charged may be expended against the heads of expenditure as shown in the Estimates of Expenditure 2011-12 laid before the Legislative Council on 23 February 2011 or, if the Estimates are changed under the provisions of the Public Finance Ordinance (Cap. 2) as applied by section 7(2) of that Ordinance, as shown in the Estimates as so changed.

3. Expenditure in respect of any head of expenditure must not exceed the aggregate of the amounts authorized by paragraph 4 to be expended in respect of the subheads in that head of expenditure.
4. Expenditure in respect of each subhead in a head of expenditure must not exceed —
  - (a) for an Operating Account Recurrent subhead of expenditure, an amount equivalent to —
    - (i) except if the subhead is listed in Schedule 1 to this Resolution, 20% of the provision shown in the Estimates in respect of that subhead;
    - (ii) if the subhead is listed in Schedule 1 to this Resolution, the percentage of the provision shown in the Estimates in respect of that subhead that is specified in that Schedule in relation to that subhead; and
  - (b) for an Operating Account Non-Recurrent subhead of expenditure or a Capital Account subhead of expenditure, an amount equivalent to —
    - (i) except if the subhead is listed in Schedule 2 to this Resolution, 100% of the provision shown in the Estimates in respect of that subhead;
    - (ii) if the subhead is listed in Schedule 2 to this Resolution, the amount that is specified in that Schedule in relation to that subhead,

or such other amount, not exceeding an amount equivalent to 100% of the provision shown in the Estimates in respect of that subhead, as may in any case be approved by the Financial Secretary.

		SCHEDULE 1		[para. 4(a)]
	Head of Expenditure		Subhead	Percentage of provision shown in Estimates
90	Labour Department	280	Contribution to the Occupational Safety and Health Council	30
		295	Contribution to the Occupational Deafness Compensation Board	30
106	Miscellaneous Services	284	Compensation	40
120	Pensions	026	Employees' compensation, injury, incapacity and death related payments and expenses	40
170	Social Welfare Department	157	Assistance for patients and their families	100
		176	Criminal and law enforcement injuries compensation	25
		177	Emergency relief	100
		179	Comprehensive social security assistance scheme	30
		180	Social security allowance scheme	30

		SCHEDULE 2		[para. 4(b)]
	Head of Expenditure		Subhead	Amount \$
106	Miscellaneous Services	689	Additional commitments	0
		789	Additional commitments	1,000,000,000
184	Transfers to Funds	984	Payment to the Capital Works Reserve Fund	0"

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

**MR LEE CHEUK-YAN** (in Cantonese): Deputy President, this is the Vote on Account resolution that will be dealt with every year, mainly to seek funds for government expenditures for the few months following 1 April. It is certainly not our wish to paralyse the Government, but I must point out in this debate that the amount set out under the Estimates of Expenditure must be revised.

The Head of Expenditure 106 Miscellaneous Services, which involves a sum of \$54.1 billion, now seeks \$160 million funds on account. I nonetheless wish to point out that the sum \$54.1 billion has actually been revised. I hope the Secretary will prove that this is an essential revision later on. Given that the Government has suddenly changed its proposal from an injection of \$24 billion into the Mandatory Provident Fund accounts to the provision of cash handouts at \$40 billion, can the Secretary clarify whether additional provisions would be required for the Head Miscellaneous Services at \$54.1 billion?

I suggest that the Head Miscellaneous Services should be renamed as "handing out candies" service in future as the Government has been giving out candies year after year. Although the Government once said that it detested giving out candies, it does so year after year. Firstly, Deputy President, my strong opposition to "handing out candies" lies in that \$40 billion. Just as I told the Financial Secretary in yesterday's meeting — Secretary Prof K C CHAN was also present — what I did not understand was that the \$40 billion cash handouts was obviously not distributed on a need basis, as tycoons and Hong Kong people living abroad were all entitled to the handout, why then did new arrivals not have a share? Both the Secretary and the Financial Secretary were silent on this question yesterday. I wish to put the same question to the Secretary again in today's debate. Why do new arrivals not have a share since the money is not distributed on a need basis?

Of course, this initiative has aroused much controversy. The \$6,000 may lead to the collapse of Hong Kong as the community has been seriously divided. We can see that in the anti new arrivals groups in the Internet, many users have clicked the "Like" button. When some new arrivals comment that the

Government's "handing out candies" initiative unfair to them, many people then attack the new arrivals with discriminatory remarks and describe them as "locusts". I think this is extremely unfair. Why would this happen? There will not be any conflict if candies are evenly distributed so that all Hong Kong people would receive \$6,000. It is precisely the Government's uneven distribution that has made the new arrivals the target of attack soon after they aired their grievances. What is more, people have a prejudice against new arrivals, and one preconception is that all of them are CSSA recipients. This is neither fair nor accurate.

Secretary, I wonder when the Government will make a clarification on this point. In fact, many new arrivals are working conscientiously around us. They usually work as cleansing workers, security guards, construction workers, waiters or waitresses, dishwashing workers or chefs, and so on. Why would people say that they are all CSSA recipients? In fact, there is another unfair accusation. Yesterday, we accompanied a group of new arrivals on CSSA to the Complaints Division of the Legislative Council Secretariat. They are all single-parent families, their only sin is being married to Hong Kong men, or they are widowed and have to take care of their children in Hong Kong. Why are we so cruel to them? I think that the "handing out candies" service (Head 106) — I really hope that the Head Miscellaneous Service can be renamed as "handing out candies" service in future — has split up Hong Kong.

Secondly, Deputy President, in discussing with the Financial Secretary and the Secretary yesterday about the revision of the Budget, we pointed out that the Secretary was able to increase the amount of additional provision from \$24 billion to \$40 billion within one week, which involved an additional expenditure of \$16 billion. However, nothing has been done regarding the policies which we have pursued for years and repeatedly mentioned in each year's consultation, such as universal retirement protection, resumption of the Home Ownership Scheme (HOS), allocation of more resources for education, healthcare, welfare, small class teaching, as well as allocation of additional funding to the Hospital Authority which has insufficient resources. All these issues have been discussed for years.

Regarding the Budget, the present consultation is indeed very simple to us. All we have to do is to submit the previous proposals that have been rejected by the Government year after year. While the Government has rejected all previous

proposals requiring long-term commitment, it has proposed an additional giveaway of \$16 billion without blinking an eye. All the proposals which we discussed with the Government yesterday are future investment projects beneficial to Hong Kong's long-term development, but the Government has not given active responses to any of them. How can we stay cool then?

We wonder if the Government is genuinely incurable. It has refused to make any long-term commitments. Why does it find future investment so difficult? I wonder if the Secretary will make a response later on, or just as the Financial Secretary said yesterday, policy consultation has to go through a process. It is true that we have gone through many processes over the years. Every year, we go through consultation after consultation, and we have highlighted the need for policy changes in different Panels. And yet, all these years of discussions and endurance had resulted in nothing. In the end, no long-term commitments have been made by the Government.

We therefore have a strong feeling that since the Government can flip-flop to implement the stopgap cash handout initiative within one week, it can also flip-flop to implement long-term measures for the benefit of Hong Kong within one week. Why is that so difficult? Why did the Financial Secretary single out certain Policy Bureaux? This was the question I put to the Financial Secretary towards the end of yesterday's meeting. He replied that different bureaux had different portfolios, for instance, long-term education was under the portfolio of the Education Bureau, whereas social welfare was under the portfolio of the Labour and Welfare Bureau. I asked the Financial Secretary if cash handout is the solution. It seems that his only duty is to hand out candies. Shall we just call him "Candy Secretary" rather than the Financial Secretary?

I wonder what the whole governing team is doing. In the Government, the Secretaries of Departments always pass the buck to the Directors of Bureaux, and then the Directors of Bureaux pass the buck back to the Secretaries of Departments. They are merely passing the buck around, in the end none of them has done anything beneficial to Hong Kong. I am not blaming the Secretaries of Departments, it is the whole governing team that is to be blamed. Why does the Government refuse to implement any long-term measures and make any long-term commitments? The existing Government has not made any commitments at all. Neither has it resolved problems with sincerity. And yet,

it is affluent with resources. Therefore, the act of withholding resources is indeed very cruel to members of the public.

This is why we felt so dissatisfied yesterday, and we had made ourselves clear that we would continue to fight for the revision of the Budget. Yet, I do wish to hear a reply from the Secretary today. Are we really so hopeless that no substantial amendment can be made to the Budget? Is he so determined to keep the door shut and force people to take to the street before any amendment is made?

Thank you, Deputy President.

**MS EMILY LAU** (in Cantonese): Deputy President, when the Financial Secretary and the Secretary met us yesterday, the former said that we should have some interaction. Here, we are going to have some interaction.

The Government proposed a resolution to seek funds on account amounting to \$60,220,429,000 for Government use before the Appropriation Ordinance 2011 (the Ordinance) comes into operation. Deputy President, we in principle do not have any strong views, and there was no need for debate on similar resolutions in the past. Then, why has the present resolution triggered off strong waves of opposition? This is because the Government's handling of the Budget has infuriated the whole community.

According to the Secretary, the funds are essential before the Ordinance comes into operation. Deputy President, I wonder how the Ordinance is going to operate as details of the new proposal are still unknown. Just a few minutes after the announcement of the Budget on 23 February, there was widespread public outcry. The Financial Secretary subsequently met with some Legislative Council Members on 2 March, and a number of amendments were announced. Deputy President, even up to this minute, being the Chairman of the Finance Committee, I am still chasing after the Clerk to pursue the Government for information. Deputy President, it has been the practice of the Finance Committee to allow Members to put forward written questions for the examination of the Estimates of Expenditure during the one-week special Finance Committee meetings to be held between 21 and 25 March. If the authorities have so many shocking proposals on expenditure, should they brief and submit



the relevant papers to the Legislative Council as early as possible, so that Members can put forward written questions and follow up during the week starting 21 March?

Deputy President, I can tell you that up to this moment, nothing has been done by the Government. The authorities told the Secretariat that a paper listing out the details would probably be provided today, Members — Deputy President, including you and me — can then put forward written questions. Mind you, however, the deadline is tomorrow midnight. Given that major amendments have been made, I wonder why the Legislative Council was not briefed by either the Financial Secretary or the Secretary again. Deputy President, when will he come to brief us? He suggested that the matter should be discussed during the one-week special Financial Committee meetings (to be held between 21 and 25 March). Originally, a 30-minute session has been scheduled on 21 March for the discussion of public finance, but the authorities proposed to replace it with a one-hour discussion session in the morning of 25 March. I wonder if Members are available on that day because originally no meeting has been scheduled. This is an additional one-hour special Finance Committee meeting being hastily arranged. Will it be able to settle all matters?

Deputy President, I think that the authorities' handling of the Ordinance is unfair to both Members and the community. Given that major amendments have been made, the authorities should immediately take the initiative to ask for the President's permission to brief the Council on the amendments, rather than being urged to do so. However, this is not the case. From 23 February up to now (9 March), no information has been provided. Yet, the authorities are so daring to solicit our support today. Just now, Mr LEE Cheuk-yan was right in asking whether amendments would be made to Miscellaneous Services in particular. This is something that the authorities should have told us.

Deputy President, I wonder how the existing Government does its work as it has made Members, the general public and the media pretty confused. Whether or not a certain issue can finally be endorsed, there are some procedures to go through and the authorities concerned have to put forward the relevant proposal. Yet, the Financial Secretary amended the proposal a few days after it was announced, claiming that the amendments were made after his meeting with Members. Deputy President, when I heard that, I asked myself what he was talking about as you and I had yet to meet him. The Financial Secretary gave

the public an impression that he had met with 59 Members, but in fact, he had jumped to a conclusion when he still had 20-odd Members to meet.

When we met the Financial Secretary yesterday, he made us think as if HU Jintao had come to Hong Kong. Deputy President, he was so determined and there was no room for negotiation. When he met with other Members, he told them that future discussions could be arranged. However, there was no room for discussion regarding our proposals. He was not, as claimed by someone, being "set up" in Beijing, he admitted that our proposals have been raised long ago and there were no new ideas, and all such issues have been mentioned in the previous budget papers. Deputy President, certain proposals are not merely raised by us 20-odd Members, many other Legislative Council Members have also touched on these proposals. When Mr Paul CHAN attended the City Forum, he also mentioned the resumption of the Home Ownership Scheme (HOS) and the universal retirement protection. These proposals have gained the consensus of the Legislative Council. Given that this Council has reached a consensus on these proposals, should the Government get started at once?

I believe even those 30-odd Members who had met with the Financial Secretary would not oppose the implementation of proposals on which consensus had been reached within the Council. Transport subsidy is an example. Originally, the Government refused to provide subsidy, but with increasing support from Members (more than 30 of them), amendments were made as the Government reckoned that it would fail to secure enough votes for endorsement. This is a golden opportunity as more than 50 Members support the resumption of HOS, the implementation of universal retirement protection and improvement of education and healthcare. Major consensus has been forged in this Council. Should any Members disagree with the consensus, they would have to tell the general public and their electorates that it is their fault. With their support, the Budget might give a head start to the resumption of HOS and universal retirement protection. Yet, they did not do so. They merely asked the Financial Secretary to dole out money, and do not consider any long-term commitment necessary. Deputy President, are they right?

Therefore, I hope that the Secretary will give us a specific explanation and expeditiously submit concrete information to this Council, so that we can put forward written questions and proceed with our heated debates in different stages.

**MR LEE WING-TAT** (in Cantonese): Deputy President, the formulation, announcement and revision of this year's Budget can be described as the "collapse of traditional ethics". Indeed, it is very sad to describe the whole incident by this old Chinese saying. Certainly, there are rules governing the Government structure and the operation of political system, we must all play to the rules. Being a Member who has joined this Council as early as 1991, I am, as well as colleagues who joined in the same year, fully aware that the preparation and announcement of the Budget are largely made up of the estimates of income and expenditure as contained in the Appropriation Bill and the Estimates of Expenditure. This will be followed by the present procedure of the moving of the Vote on Account resolution. It has been the established practice and there is nothing new.

Why do I describe the process as the "collapse of traditional ethics"? Is there something the Financial Secretary must do if he has apparently made substantial revisions to the Budget? I do not necessarily oppose changes. On the contrary, I welcome policy changes made by the Government provided that they meet the demands of the public. I am not saying that revisions cannot be made to the Government's proposals. This is not my stance.

Even if I do not adopt Mr LEE Cheuk-yan's viewpoint but accept the assumption that the revised giveaway initiative has taken heed of public views, then on what basis is the Budget (including the present Vote on Account) made? It is calculated on the basis of a block grant. Funds are then transferred to the subheads of various departments, and the amount is roughly equivalent to the expenditure of a quarter of the ensuing year. So, even if there are disputes, the Government will still have enough money for operation between April 2011 and the end of July 2012. This is an established practice.

Today, the Secretary proposes the Vote on Account and seeks our approval of the relevant resolution. However, revisions have been made to the block grant. I hope that the Secretary will not disagree with my remark as revisions have actually been made. Not only has the block grant been revised, but also the ceiling of a certain subhead. Nonetheless, the Government may still argue that despite the revisions, the principle of spending has remained unchanged, that is, the amount of expenditure has not exceeded the limit of the relevant subhead.

What is most unfair is that we do not even know what the revised amount of the relevant subhead is. The Government should at least inform us the revised amount of one or two subheads. However, regardless of how we pursued, we still failed to obtain the relevant information. Therefore, Deputy President, I now challenge you. Please consult the Legal Adviser to see if the present practice is an official procedure for seeking funds on account in respect of a normal budget, and whether this is in line with the budgetary procedures set out in the Rules of Procedure?

I certainly do not know the amount of block grant, that is, the unknown "X". If we do not even know the provisions under the Head Miscellaneous Services, I really have no idea what kind of funds are being allocated. No matter how hard I try, there is no way I can discuss with him.

For the Secretary and the Financial Secretary, this is only a formality that they must go through every year. The resolution will definitely be endorsed and there is no way it will be stopped. So, I am challenging you. Will the Deputy President ask the Legal Adviser when you have time to see if the present procedure still falls within the scope of the Rules of Procedure? I wonder if Members from the pro-establishment camp know the answer. If so, I hope they can explain to us. And yet, it would be undesirable if all Members in this Chamber have no idea of the provisions involved in the Appropriation Bill under the Budget. So far, I have not obtained the relevant figures. This is the first problem.

The second problem relates to the Head Miscellaneous Services. The Government has now proposed a cash handout to the public, yet we do not know the actual amount involved. Under this circumstance, what actually is the amount of provisions under the Vote on Account to be put to vote? On what basis should I do my calculation?

Deputy President, there is another point that shocked me during the process. Since the delivery of the budget is a very solemn process, it has always been the duty of the finance minister or the chancellor of the exchequer of a country to deliver the budget to its congress or parliament. This practice has been adopted for years in Hong Kong. Our Financial Secretary will deliver the Budget in this Chamber and move the Second Reading of the Appropriation Bill for the scrutiny of this Council.

However, in making such an important revision to the Budget, which is the most important policy announcement of the Government other than the policy address, why are the revisions not announced in the Legislative Council? Honestly speaking, I do not mind the Government conducting consultation, be it consult only one person, 10 persons, some Members or certain members of the public, but why are such substantial revisions not announced in the Chamber of this Council?

We do have the right to request the President, via the Secretary or the Financial Secretary, to allow the latter to make a statement, to announce revisions which he considers appropriate, in the most solemn place. I personally do not think that those are appropriate revisions, but this is another issue. What surprise me most is that I am not aware that in any congress or parliament of a country or region, the finance minister or the chancellor of the exchequer is permitted to announce major revisions to the budget in stand-up briefings rather than in the congress or parliament.

Perhaps some people may think that the democratic camp is very jealous, but I really do not mind provided that things are done in a constitutional manner and in the most appropriate place. This is precisely why I describe the whole incident as the "collapse of traditional ethics". Does the present incident imply that the Chief Executive can also deliver the Policy Address outside the Legislative Council in future? I am really perplexed.

Furthermore, the underlying principle and justification of the Government's revisions are also hardly convincing. In terms of governance, there is no doubt that the revisions merely focus on short-term benefits. While the Government has successfully pleased many people, we have the right to ask, if the Government really responds to public views, why it has, apart from handing out \$6,000, turned a blind eye to issues that should be properly dealt with, including housing problems, resumption of the Home Ownership Scheme (HOS), production of more public housing units, sale of public housing units, implementation of universal retirement protection and increasing recurrent expenditure.

During yesterday's meeting, the Financial Secretary seemed to imply that he was only responsible for handing out money. Sometimes, I do hope that former senior officials can explain to us how the accountability team operates.

Cabinets of foreign countries usually operate as one single entity. No one would say that he is not responsible for housing or any other policies because this is the portfolio of another official. In the Government, there is certainly a division of responsibilities, but no government entity will divide responsibilities in this way.

A cabinet is an entity where its members sit together to express views and decide on major social, economic and political issues during the decision-making process. The decision will then be announced by the responsible official. I have never heard of a cabinet of any country claiming that an issue has been discussed, and with the exception of the official responsible, other officials are unaware of the issue and they will not be involved.

No wonder many people say that the cabinet or accountability team of the Hong Kong Government is "an army of amateurs", which has never formulated any comprehensive long-term plans for proper governance. Each member of the governing team only concerns about the issues under his assigned portfolio and cares about nothing else. In case a problem arises, all of them will seek self-protection and only the relevant Secretary of Department or Director of Bureau will be held responsible. Other people would not care less, and they could not even tell whether the issue has been relayed to the Chief Executive, the Secretary for Transport and Housing or the Secretary for Development during the morning assemblies, or whether the resumption of HOS has been discussed. Secretary Prof K C CHAN was also present yesterday, and this question had actually been raised at the meeting.

If the accountability team is so incompetent, it makes no difference if it is disbanded. Despite \$6,000 will be handed out, people from all walks of life still denounced the proposal and nearly ten thousand people took to the street. Worse still, there was no discussion in the morning assemblies on Monday and Tuesday on how to deal with the three proposals put forward by the pan-democratic camp. I consider these proposals a genuine reflection of the majority view. Finally the Financial Secretary still insisted that he was only responsible for handing out money, housing issues should be referred to the Secretary for Transport and Housing, and the issue on universal retirement protection should be handled by Secretary Matthew CHEUNG.

Deputy President, I think the operation of the Government is rather ridiculous. A friend once told me that if the Beijing Government insists not to devolve authority and genuinely practice party politics, but continues to let the

Government operate under an accountability system which requires the assumption of political responsibility, it is doubtful how many more terms of Government it will take before major social crisis is no longer handled by "an army of amateurs". As some senior politicians have said, the Beijing Government will only think of a change when the Government faces serious challenges which it cannot deal with in the existing way.

Deputy President, just now I solemnly challenge you by asking whether the present way of seeking funds on account is in line with the budgetary process. As I have pointed out time and again, there is no way we can find out the maximum funds sought under certain subheads under the Vote on Account in the end. In the absence of the relevant information, I really do not know how to cast my vote as I am not used to such a practice. I hope that you will spare some time to handle my question. Thank you, Deputy President.

**DR MARGARET NG** (in Cantonese): Deputy President, I am pretty shocked. Traditionally, the Legislative Council will definitely endorse this resolution. This time, the Government proposed an appropriation bill. I do not know what it is called in Chinese.

**DEPUTY PRESIDENT** (in Cantonese): It is called the Appropriation Bill (the Bill).

**DR MARGARET NG** (in Cantonese): I see. The Bill sets out the expenditure of the Government for the period between 1 April 2011 and 31 March 2012. Even if the Bill is passed, it will only come into operation at a later date. So, what about government expenditure in the interim? Since provisions cannot be transferred to the next financial year as provisions of last year should have been exhausted by 31 March, this necessitates the seeking of funds on account, which is about 20% of the expenditures specified in the Bill, for the Government to carry on its services. As far as I understand, the provisions would be used in the way as specified in the Bill, it would not be used for any unexpected new emerging uses. Thus, once the Bill is passed, the 20% funds approved will be deducted from it. This is my understanding.

This year, however, the mutual trust between the Government and Members has been completely eroded. The Government is not acting according to the book and there is no way we can predict its next move. When changes can be made in formulating and announcing a document as solemn as the budget, we have no choice but to read through the lines to find out the scope of the funds on account to be approved today. Unfortunately, after reading the speech given by the Secretary for Financial Services and the Treasury today, I fail to see any explanation on the usage of the funds.

Deputy President, if we look at the wordings, the funds on account sought by the Secretary is approximately \$60.2 billion. Our greatest concern is whether the Government will use this sum of money to hand out \$6,000 to each Hong Kong people. Once the funds are approved, nothing can be done and the Government will proceed with its giveaway initiative. Some newspapers estimated that the Government may need about \$36 billion to hand out \$6,000 to people aged 18 or above. That \$60.2 billion should be enough for the cash handouts if the Government violates the rules or even cheats. The point is, can it use this sum of money for handing out cash from a legal point of view? The Secretary was silent on this point in his speech today, he only highlighted that certain heads of expenditure have been set out in the footnote. Earlier, Mr LEE Cheuk-yan mentioned Head 106. Under Head 106 Miscellaneous Services, there is a sum of \$54.1 billion. Deputy President, pardon me for being insensitive to numbers. Members may refer to the paper for the relevant figures.

The Secretary has incorporated Subhead 789 Additional commitments into the initial amount of funds on account under Head 106. Let us find out what it is all about. I just obtained a copy of the Estimates of Expenditure from the Secretariat. If Members turn to Head 106 Miscellaneous Services ..... on page 222 of the Estimates, you will see what Additional commitments under Subhead 789 are about. The additional commitments sought by the Secretary involve \$51.7 billion. If Members turn to page 223, it sets out the detailed expenditure of the subhead and paragraph 4 explains the usage of the provision of \$51.7 billion under Subhead 789 Additional commitments. Deputy President, it reads that (I quote): "is to meet funding for initiatives under planning and also any unavoidable non-recurrent expenditure that may arise during the year in excess of the amounts provided under other heads and subheads of Estimates." It continues to read that, "Initiatives under planning include funding for Work Incentive Transport Subsidy Scheme; injections to Community Care Fund,



Environment and Conservation Fund and Supplementary Legal Aid Scheme Fund; and one-off payment (if any) announced in the Budget Speech." (End of quote)

If we read carefully between the lines, we would find that the commitment does not cover the cash handouts. However, if the SAR Government "plays with words" — something that it is very good at — the cash handouts may also be covered. In my opinion, if the Government seeks funds on the basis of mutual trust, it should not present its paper in this way.

Deputy President, on the whole, in accordance with the established institutional system and judging from either the legal perspective or the conventional practice, the Government can only use 20% of the provision to carry on the ongoing projects which have been approved by this Council, but not ..... Let us imagine if additional funding is required in future to implement new policies which emerge only after the passage of the Bill, according to my understanding of the Public Finance Ordinance, the Government will have to seek approval from the Legislative Council Finance Committee again for additional funding. In other words, as far as I understand, it all depends on the judgment of the Legal Adviser, if the Government has to hand out money, it will have to seek funding from the Finance Committee as this is a new policy that has not been mentioned in the Budget.

If this is the case, regardless of the amount of funds being approved today, the Government cannot use the fund to hand out cash or to provide tax rebates because these new initiatives have not been mentioned in the Bill. I would like to ask the Secretary for Financial Services and the Treasury to clarify these points later on. If the Government takes such measure, it has actually "jumped the gun" and I consider such act the "collapse of traditional ethics". This is already an understatement as what the Government has done is actually an abuse of the legislative procedure. This is wholly intolerable.

Deputy President, due to the gravity of the matter, I implore the Deputy President to let the Secretary for Financial Services and the Treasury make an elucidation first. If he really intends to "jump the gun", I will call on Members of this Council, be they from the pro-establishment or democratic camp, not to endorse the relevant resolution as this would deal a serious blow to the entire system.

Deputy President, these are my observations. What Mr LEE Wing-tat said just now was not wrong. We do have an established understanding of the present resolution moved by the Government, and there are predetermined meanings of the wordings used either in his speech or in the resolution. As we have a consistent understanding of such wordings in the past and at present, the Government can propose this resolution according to the Rules of Procedures. However, if there are risks which even the President of the Legislative Council is unaware of, just as I said earlier, we will not have the authority to endorse this resolution.

Deputy President, I wish to raise another point. Why would I doubt whether we have the authority? If the funds are really used to hand out cash, would Members consider carefully the real purpose of the Bill? The purpose of the Bill is to take money from the General Revenue of the Treasury to implement or execute government policies. Then, our next question will be: What kind of policy does the giveaway initiative belong to? Is it a government policy? We have yet to discuss this point. If the Government doles out money simply because of its enormous surplus, it cannot be considered as a public policy. I very much doubt if this Council has the authority to approve the Government's giveaway initiative.

For these reasons, I think the President of this Council should perhaps consult our Legal Adviser and ask him to clarify which stage the resolution has reached by now, and whether we have to authority to endorse it. Deputy President, before we continue with our discussion, I request the Secretary for Financial Services and the Treasury to make an elucidation, and invite the President of this Council to seek legal advice on the basis of the Secretary's elucidation. Only by so doing can we avoid doing the wrong thing. Thank you.

**DEPUTY PRESIDENT** (in Cantonese): I now call upon Mr Ronny TONG to speak. After he has spoken, I will see if there are any other Members who wish to speak before the Secretary for Financial Services and the Treasury makes a reply.

**MR RONNY TONG** (in Cantonese): Deputy President, the resolution under discussion today is the first resolution proposed by the Government in this Council after our meeting with the Financial Secretary yesterday.

Deputy President, if what Prof LAU Siu-kai, Head of the Central Policy Unit, said — we have reached a critical stage — was genuine, this is probably the first day after we have reached the critical stage. Deputy President, Secretary Prof K C CHAN was also present at yesterday's meeting. Mr LEE Cheuk-yan said on television yesterday that we were very angry and dissatisfied. I think what Mr LEE said was an understatement as the atmosphere yesterday was awfully bad. The attitude of the SAR Government was abominable.

Deputy President, we proposed some long-term social policies which had been put forward time and again over the past years. As most of these policies are indeed the aspirations of the majority of Hong Kong people, they have received the support of the general public and other Legislative Council Members. However, the reply of Financial Secretary John TSANG on behalf of the SAR Government was, "Let us have some interaction and meet again when necessary."

Deputy President, I really do not know what is meant by "interaction". As Secretary Prof K C CHAN was also present yesterday, perhaps he can explain the meaning of "interaction". The general meaning of "interaction" is "I stay put when you stay put, and I move when you move". Is Financial Secretary John TSANG challenging Members from the pan-democratic camp to see if they will move? Does he mean that if we stay put, he will stay put; and if we move, he will think about the next move? Is that what he thinks?

Deputy President, yesterday we asked Financial Secretary John TSANG why the Budget was revised in such a groundbreaking and unprecedented manner — the result of months of consultation was overturned within four days, to be replaced by an indiscriminate cash handout. Deputy President, I hope you still remember the response of the Financial Secretary. He said that there were strong voices urging him to dole out money. Deputy President, at that moment, I really could not control myself and words just jumped from my mouth before I requested for my turn to speak: "Who have made such a strong request?" Whose voice in the pro-establishment camp is the loudest? I asked whether

some 10 000 people taking to the street was a strong request, or did we need to have 100 000 or 1 million people taking to the street before the request was considered to be strong.

Deputy President, Mr LEE Cheuk-yan said on television yesterday that we would call on people to take to the street. This has all along been the response of the democratic camp, and it sounds pretty banal. Is taking to the street the only option? Deputy President, we are also a member of society. As we are elected to work in the legislature, we are tasked with an additional responsibility to fight, on behalf of the general public, for their entitled benefits. In my opinion, if we are totally incapable of monitoring the abusive use of public money by indiscriminately handing out money, or if we cannot push the Government to formulate long-term policies much sought after by the community, we would betray ourselves and let our electors down. Then, what is the point of staying in the legislature? Is the Government forcing Members to adopt an unco-operative attitude? Can the legislature be unco-operative when the Government is unco-operative? Deputy President, do not forget that as shown by past records, over 98% of government resolutions and motions were supported by the democratic camp. Members from the democratic camp can be unco-operative, Deputy President, we can work to rule. There is no need for us to speak so seriously as Dr Margaret NG, like a lawyer, by referring to the law all the time. Deputy President, this is not necessary. In fact, we can rise to speak for 15 minutes and then for another 15 minutes, and vote against this and any other resolutions, waging opposition against everything. Since we have been labelled as opposition and are forced to become one, we have no choice but to accept it. Is that what you want? Is that what you mean by "interaction"? Can you tell me if this is what you mean by "interaction"?

(THE PRESIDENT resumed the Chair)

President, if the pan-democratic camp can stand together united and members of the public are also united, we can choose to be unco-operative. We can simply work to rule, and then just wait and see how far the Government will go. There is no need for us to break the law. It is good enough if we follow the rules of the legislature, work to rule, and work according to our conscience.

President, this is indeed a very infuriating resolution. Why? Because I have never seen the SAR Government so blatantly promotes division and discrimination in society. President, let us imagine — I am not using ourselves or the President as an example — for a middle-class family where both parents work and live with an adult child, they will receive \$18,000 in the first place. Furthermore, since both parents work, each of them will receive a tax rebate of \$6,000. Thus, the whole family altogether will receive \$30,000. There is also the one-year rates waiver that may be up to \$10,000 to \$20,000, the aggregate benefit can be as high as \$40,000 to \$50,000. Coupled with an electricity charge subsidy, an ordinary middle-class or well-off family may receive as much as \$40,000 to \$50,000, or even \$60,000. On the contrary, for those who have to work from morning till night, earning the minimum wage, do not own any property but have to live in rental flats without electricity meters, they can at most receive \$6,000. President, if it is so unfortunate that they have not lived in Hong Kong for seven years, they are not entitled to that \$6,000 either. Can we not blame the Government for taking the lead to promote division and discrimination?

President, please take a look at the headline of today's *Ming Pao*. All these years, we have been aware of the difficulties in constitutional development, but we have yet to reach the stage ..... it should be critical point but not critical stage. I am sorry that I just said it wrongly. Dr Margaret NG has immediately corrected me — sorry I have pronounced the Chinese word wrongly — I have never seen this situation before.

President, I wish to ask if the Secretary has sought legal advice on whether the indiscriminate handing out of money has violated the Basic Law or the Hong Kong Bill of Rights. President, Article 25 of the Basic Law clearly provides that all residents are equal before the law, whereas the Hong Kong Bill of Rights stipulates that Hong Kong people should not discriminate against another person on the ground of social background or class. Why would some people receive \$50,000 to \$60,000, while others only receive \$6,000 or none at all? Is the Legislative Council going to do something that go against the constitution and human rights merely to support the Government's frivolous acts?

If the Secretary has a chance to give a reply later on, I wish to know if legal advice has been sought. Has the Government given serious thoughts whether it should do so during the process? Why would it come up with such a decision

within four days, but in the face of long-standing requests which we consider justifiable, his reply was "Let us have some interaction and meet again when necessary"?

President, being a Member, I feel extremely helpless and saddened. Under such circumstances, I find it very hard to support this government's resolution.

**MR ALBERT CHAN** (in Cantonese): President, I hope that the Secretary will explain in detail later on because the speeches made by a number of Members earlier worried me. I have a very strong feeling that not only the community has reached a critical point as Prof LAU Siu-kai, Head of the Central Policy Unit, has suggested, but a new critical point has also emerged in the executive body and the Legislative Council. Members have a confidence crisis, which is truly reflected in the speeches made by a number of Members earlier.

If I remember correctly, President, every year after the Financial Secretary delivered the budget, we will have to deal with the Vote on Account resolution proposed under the Public Finance Ordinance, like the one to be proposed later today. This is nothing more than a formality. However, as many Members have said today, this year's approach is basically unprecedented and unique. No doubt, it is probably the cash handout initiative announced by the Financial Secretary earlier that has given rise to such remark and concerns.

President, personally, I strongly welcome handing out money, my opinion is therefore in stark contrast with Mr Ronny TONG's. I have kept in touch with many grassroots in the community, and I learnt that they were infuriated by the proposals made by the Government in the previous budgets, such as tax rebate and rates waiver. The reason is that people who have more money, who earn more (a ceiling has certainly been imposed) or who have more properties will receive greater benefits. Therefore, the best and most direct approach is to dole out money. Long before the Macao Government handed out money, I had made similar proposals to the Financial Secretary year after year. Actually, the same proposal has been submitted in respect of the budget this year. Among the numerous proposals submitted to the Financial Secretary by Members or political parties and groupings on this year's Budget, I believe I am the only one who suggested the inclusion of cash handout initiative in the Budget.

Mr Ronny TONG talked about the strong voices just now. All along, the voice of "Hulk" has been very strong. Perhaps credits should go to my strong voice and that of members of the public. The fairest and most direct way is to dole out money, and Macao has done it five times. So has Singapore. As we can see, not only was Macao not chided after handing out money, the initiative has not resulted in any division of society either. However, it is absolutely unfair for the Government to discriminate against the new arrivals, as well as young people and residents aged below 18. This will also divide our society.

So, if there is a chance, we will make some suggestions to the Financial Secretary. Unfortunately, the Financial Secretary has met with dozens of Members from the pro-government camp and some Members from the pan-democratic camp, but he has never invited Yuk-man and me for a meeting. President, so far, Mr WONG Yuk-man and I have not received any invitation — in whichever way — to meet with the Financial Secretary.

During the consultation period of the Budget, we had difficulties in arranging the meeting as both Mr WONG Yuk-man and I were not free at the original scheduled time. Later, we again invited the Financial Secretary for a meeting, but he declined. In other words, from the preparation to the announcement of the Budget, the two of us — the two representatives of the People Power — have never been invited for a meeting.

I nonetheless wish to give a warning to the Financial Secretary, more than 5 000 people marched with the People Power on Sunday's procession. It is all right for not inviting us for a meeting or listening to our views. I just want to tell him, many proposals or new initiatives relating to public finance, such as the giveaway initiative, raised by us in previous years had actually been turned down. Even though I have put forward similar proposals year after year, they were not adopted. This year, the Government finally revised the Budget by handing out money. And yet, a few years ago, I had proposed ..... We called it a fund for improving the livelihood of the grassroots and I proposed an injection of \$20 billion by the Government. Last year, the Government proposed a new initiative called the Community Care Fund, with the Government and the private sector contributing respectively to the fund. Regarding these proposals, people who have a good understanding of the sufferings of the grassroots, as well as the deficiencies and problems of the existing public finance in Hong Kong, should know very well that certain policies, such as the CSSA, the "fruit grant" or other

support funds, are absolutely insufficient to provide the grassroots with proper care in a humane manner.

Can the Government handle public finance properly? Can different political parties and groupings forge a consensus before putting forth their proposals or requests? It is very common for different political parties and groupings to have extremely divergent political ideologies. The cash handout initiative can best illustrate the point. Many political parties, especially those from the democratic camp, oppose this proposal. They accuse the Government of arbitrarily handing out money. If they think that this is an arbitrary act, then I call on these Members not to arbitrarily receive the money, okay? Since they consider this an arbitrary cash handout, there is no reason they should accept the money. Mrs Anson CHAN opposed handing out money and indicated that she would not receive the money. I respect her as she can live up to her words. Therefore, I call on those political parties and groupings, as well as their family members, not to receive the money. I beg them not to accept the money distributed against their will. For my share of \$6,000, I have decided to donate \$3,000 to People Power and then \$3,000 to the Proletariat Political Institute. I would not use the money that I have strived for successfully for personal benefits.

**PRESIDENT** (in Cantonese): Mr CHAN, please focus on this resolution.

**MR ALBERT CHAN** (in Cantonese): Okay, President. I just want to respond to the strong opposition expressed by certain Members against the cash handout initiative. On this issue, I must set the record straight, and that is, the cash handout initiative is well supported by Hong Kong people — especially the grassroots. When I went into the community, I learnt that many grassroots were very happy about the proposal. For those elders who collect carton paper, the \$6,000 can basically pay for their expenses on food for one year. This extra sum of money can basically make up for the insufficiencies of their current inhumane living. Therefore, I consider the Government's sudden change of mind a very important move.

President, this year's Budget has given rise to a very serious problem. It is the Government's sudden change of mind which attracted accusations and condemnations. In my view, in handling public finance and political



development, it is necessary to conduct a comprehensive review and careful study of this phenomenon .....

**PRESIDENT** (in Cantonese): Mr CHAN, you may still express your views when we have a debate on the Budget later.

**MR ALBERT CHAN** (in Cantonese): President, this is not the same. Since this resolution involves provisions and a number of Members have pointed out in their speeches that .....

**PRESIDENT** (in Cantonese): Please focus on this resolution.

**MR ALBERT CHAN** (in Cantonese): ..... okay. Regarding the provisions, owing to the Financial Secretary's U-turn, many Members query whether it will have any implication on the relevant provisions. Since this point has been mentioned by a number of Members, who might vote against the resolution as a result of the Financial Secretary's U-turn, it is worthy of discussion.

(Dr Margaret NG rose)

**PRESIDENT** (in Cantonese): Dr Margaret NG, do you have any question?

**DR MARGARET NG** (in Cantonese): A point of order.

President, according to Rule 41(1) of the Rules of Procedures, a Member shall restrict his observations to the subject under discussion and shall not introduce matter irrelevant to that subject.

President, just now I asked the authorities to elucidate if the present resolution involves the use of funds for handing out cash. If the authorities reply in the affirmative, we will certainly continue with our discussion; if the authorities rely in the negative, it would mean that today's motion has nothing to

do with the cash handout initiative and whether it is right to do so, and Members should therefore not discuss the issue at this moment. For this reason, I raise this point of order and hope that the President will rule on this.

**PRESIDENT** (in Cantonese): I would like to remind Members that you can only speak on the resolution proposed under the Public Finance Ordinance. I will listen carefully to Members' speeches to decide if they are relevant to this resolution.

I have listened to Dr Margaret NG's views, but I think Members may not see eye to eye with her. Even after the Government makes an elucidation, Members may still want to express other views that are relevant to this resolution. I therefore consider that, according to the established practice, Members should first express their views before the Government makes a collective reply. By so doing, our debate can proceed smoothly.

**DR MARGARET NG** (in Cantonese): President, is it in compliance with the Rules of Procedure if I request government officials to first elucidate this point? Their elucidation will have a direct implication on how I make use of the remaining debating time.

**PRESIDENT** (in Cantonese): I consider Dr NG's suggestion justified. I have listened carefully to Dr NG's speech earlier, which raised the point that whether I, being the President of the Legislative Council, should allow the Administration to propose this resolution is relevant to the Government's interpretation of this resolution.

In fact, I have consulted the Legal Adviser about this resolution. Since Mr Albert CHAN is in the middle of his speech, I will let him finish first before I call upon the Secretary for Financial Services and the Treasury to make a brief clarification of the point raised by Dr NG. This would facilitate our subsequent debate.

Mr Albert CHAN, please continue with your speech.

**MR ALBERT CHAN** (in Cantonese): Thanks to the President for his tolerance and decision to allow me to further elaborate my viewpoint.

President, Dr Margaret NG's concern is absolutely justified and legitimate. However, as far as I understand, all expenditure items of the Government must go through the relevant financial procedures before the provision concerned can be used. If I do not understand wrongly, the resolution to be put to vote later does not, in principle, authorize the Government to unilaterally hand out cash without getting the prior approval of the Legislative Council Finance Committee. The details and criteria of the initiative, especially the target and timetable, must be approved by the Finance Committee. Of course, they are subject to clarification by the Secretary.

President, the last point I wish to make is related to the consultation method. If the Government continues to adopt the existing or old consultation method, which is a selective attitude that neglects divergent views, and in particular people with strong views, the conclusion drawn from such a biased consultation is definitely inconsistent with the general public views.

Furthermore, regarding the handling of the budget, President, there has been a lack of unified voice and request in the Legislative Council in recent years. Looking back in the 1990s, when the budget was being formulated, political parties and groupings would generally reach a basic consensus on the position of a number of major issues, and on this basis, they would put forward a collective or common political aspiration to the Financial Secretary. With a clear understanding of Members' position, it was easier for the Government to take action. Nowadays, with the presence of political groupings, be they consist of one Member or a couple of Members, just like WONG Yuk-man and I, there are only two of us, our voices are often neglected. Very often, there would be some 20 or 30 views on one single issue. In handling matters such as cash handout initiative, reform of the tax regime or an issue relating to public expenditure, the Government will tend to pay heed to the views which it considers appropriate. Consequently, there will be mismatching in the formulation of public finance, and there is also a lack of philosophy and vision. As a result, it will naturally arouse strong reaction from the community.

While a review must be conducted by the Government, I think if different political parties and groupings of the Legislative Council can, in respect of issues

relating to the budget in future — say next year — gather their strength ..... our ideologies would definitely be different, the views of Yuk-man and I would certainly be neglected, not only in this Council, but even within the so-called democratic camp, especially the bogus democratic camp which the Democratic Party is a member, our voices would be submerged at any time. Should the budgetary process remain unchanged, I believe the critical point will continue to expand, and a political or social crisis may occur at any time.

(Mr Ronny TONG rose)

**PRESIDENT** (in Cantonese): Mr Ronny TONG, what is your question?

**MR RONNY TONG** (in Cantonese): President, I wish to make an elucidation because Mr Albert CHAN just now misunderstood my speech.

President, in my speech, I have not indicated any opposition to the cash handout initiative. I only oppose to the indiscriminate and unfair distribution of money, as well as the Government's focused effort on this initiative to the neglect of the implementation of long-term policies. Thus, what Mr Albert CHAN said just now .....

**PRESIDENT** (in Cantonese): Mr Ronny TONG, you should have finished with your elucidation.

**MR RONNY TONG** (in Cantonese): ..... thus Mr Albert CHAN has misunderstood my remarks in his speech.

**PRESIDENT** (in Cantonese): Before I call upon the other two Members to speak, I would like to first call upon the Secretary for Financial Services and the Treasury to clarify the point raised by Dr Margaret NG earlier.

Since Dr Margaret NG just now queried whether it is appropriate for me to grant permission to the Administration to propose this resolution, so before I call

upon the Secretary to speak, I would like to make a brief explanation. Before I granted permission to the Administration to submit this resolution to this Council, it was my understanding that Subhead 789 Additional commitments under Head 106 mentioned therein will be used to pay for expenditures set out in the published Estimates, which means items set out in the Appropriation Bill and the Estimates which the Legislative Council has received. According to the advice of our Legal Adviser, any remarks made by the Financial Secretary on any occasion after the publication of the Appropriation Bill and the Estimates, must not in any way affect their respective contents and the usage of the funds on account. This is my understanding. If the Government has a different understanding, I hope that the Secretary will give an explanation in this session.

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): President, I wish to clarify that the funds on account under scrutiny today do not include the funds for implementing the measures proposed by the Financial Secretary, which are subject to approval of the Finance Committee. What are these proposed measures? For example, the establishment of a \$7 billion Elite Athletes Development Fund, the granting of a subsidy of \$1,800 for each residential electricity account and a sum of \$6,000 for each holder of Hong Kong permanent identity card aged 18 or above, and so on. The funds for these one-off proposals are subsumed as Additional commitments under Subhead 789 of Head 106 in the Appropriation Bill. However, only \$1 billion of funds on account under scrutiny today is sought under Subhead 789, which is reserved for other Subheads in the event of inevitable commitments for contingency arisen between the start of the financial year and the coming into operation of the Appropriation Ordinance 2011.

In response to Dr Margaret NG's question on whether funds can be drawn from the \$60.2-odd billion of funds on account to pay for the \$6,000 cash handout for each citizen, I wish to point out that the Government is not allowed to deploy funds on account under Subhead 789 for direct payment of expenditure. The appropriation of funds under this Subhead is subject to approval of the Finance Committee or its delegate before such funds can be appropriated for payment of expenditure under other related Heads or Subheads. In other words, the proposed \$6,000 handout is subject to approval of the Finance Committee.

**MR LAU KONG-WAH** (in Cantonese): President, I am very grateful to you for making a clarification on the point of order. I am also very grateful to the Secretary for making clarifications on the details, which is very important.

In fact, after listening to their clarifications, Members should be aware that the present funds on account are actually the same as any previous funds on account, which aim to meet regular expenditures. These expenditures are indeed very important to various government departments and the public at large.

Regarding the issues which some Members mentioned in the earlier discussion in relation to the entire Budget, the cash handout initiative, the middle-class issue and the implementation of long-term measures, I think there are other occasions where we can express our views. We may either put forward questions to the Finance Committee, or put forth our requests when the subject is put to vote, just as what many colleagues usually do. Whether the Budget is endorsed in the end depends on how we 60 Members vote.

President, there will be after-effects if we do not support or endorse the present Vote on Account resolution today. For instance, will students be unable to receive any grants? Will the Social Welfare Department fail to provide benefits? Will the retirees fail to receive their pensions at once? I think these are questions which the Secretary should clarify later on. Given that some Members have indicated their wish to oppose this Vote on Account resolution, the Government should categorically deal with the matter. Otherwise, the public at large and the operation of various government departments will be adversely affected.

President, in the course of our discussions on the Budget, both in terms of public input and the announcement of a policy, I think the Government must draw on the lesson so as to make room for future improvements. After the announcement of the Budget, many people became aware that they may not immediately benefit from the \$6,000 being injected into their Mandatory Provident Fund accounts. Thus, there was strong public outcry in this regard.

A swift response was made by the Financial Secretary to enable people to immediately benefit from that \$6,000. In my opinion, this is a good change of mind and I believe the Budget will be welcomed by the public. Some people queried if this sudden change is beneficial or otherwise. While Members are

divergent on this point, we must not forget that when the Financial Secretary proposed to invest for the future during the delivery of the Budget, many colleagues criticized the proposal as distant water which cannot put out a nearby fire because people do not enjoy immediate benefit. However, after the Financial Secretary changed his mind to hand out money immediately, the same group of Members then advised that, apart from providing immediate relief, the Government should also formulate long-term plans. Sometimes, it is the divergent views of Members that have put the Government in a very difficult position.

Is the Budget perfect? Certainly not. As issues involving long-term planning, such as housing and pension, are often discussed in this Council, I hope that the Government will listen to these voices and make appropriate responses. Otherwise, relevant discussions will definitely continue in the community, thereby exerting greater pressure on this Council. Nonetheless, I consider it inappropriate for us to vote down on the entire Budget or today's Vote on Account resolution for these reasons.

President, I hope that colleagues will not adopt a negative or pessimistic attitude. Just now, Mr Ronny TONG — since I was not present yesterday, I had no idea of the deliberation process — used the word "interaction". While normal people would interpret it as "negotiation and discussion", it can also mean "challenges" if we look from a pessimistic angle. And yet, "interaction" may also mean "healthy interaction". I hope that Members of this Council, regardless of their political parties or groupings, will go for healthy interaction with the Government. I hope that today's resolution can be endorsed to avoid prejudicing the operation of the entire Government and the fundamental interests of the public at large.

**PRESIDENT** (in Cantonese): I would like to remind Members again that they should speak on today's resolution. As for other views relating to the Budget, they may further elaborate them during the Council's debate session on the Budget.

**MR ANDREW CHENG** (in Cantonese): President, I understand what you are reminding me, but I just heard many colleagues speaking on the Government's

overall financial philosophy and strategy of the Budget, I thus hope that you can bear with me a little longer as I may touch on this subject.

President, we are all aware that the purpose of this resolution moved under the Public Finance Ordinance by the Administration is to seek funds on account, so as to enable the Government to carry on its services smoothly before the Budget is endorsed. President, the Government has aroused widespread discontent among the people after the delivery of the Budget; and a few days later, it has taken a complete U-turn. Just now, Mr LAU Kong-wah raised a view point which seems to echo with the Chief Executive's remark, that is, it was Members who demanded cash handouts; now that the Administration has decided to grant cash handouts, and they kept bickering, even taking the matter to street. Are they not "changing faces"?

I am obliged to make a clarification here. President, I believe fellow democrats and I, and also colleagues of the pro-establishment camp, have voiced our profound views to the Government on many subjects relating to its long-term planning and financial philosophy, such as retirement protection schemes, resumption of the construction of Home Ownership Scheme (HOS) flats, and so on. Hence, if the Government only resorts to cash handouts without any long-term strategy, many problems will arise. This is precisely why some colleagues of the pan-democratic camp are so discontented.

Certainly, as Mr Albert CHAN has just said, for those who do not wish to receive \$6,000, they can donate the money. I believe many people in Hong Kong will do so. However, this is a personal decision. As responsible Members, in discussing long-term financial strategies to be proposed to the Government, we are duty-bound to remind the Government that it must put its proposals in a long-term perspective. This short-sighted measure of cash handout has neglected the long-lasting deep-rooted problems generated in society. This can be a time bomb.

The \$6,000 may buy a moment of transient gaiety, it brings temporary excitement of hypnotization. When the gaiety subsides and after receipt of the money, people will realize when they look at their bank book that they do not have enough money to make down payment. They cannot afford to purchase a home, and yet their assets have exceeded the ceiling for public housing. They will then ask, "What is the Government's public finance strategy? After



receiving our tax payments, has Government used the public money flexibly and reasonably?" After receipt of the \$6,000, people still have to make contributions to the Mandatory Provident Fund, and yet, they may not be able to secure a dignified living after retirement. After receipt of the \$6,000, they will still ask, "How does the Government tackle the problem of wealth gap? How does it tackle the problem of persistently high property prices, which has left many people homeless?"

We wish to make sensible and long-term proposals to the Government, but strangely the Government often says, "You democrats only have slogans, but never make commitments or proposals." Contrarily, this time, the Government will bring transient gaiety to its people. Its cash handouts will win applause from the rapturous people. Yet, it has not made any long-term commitments. Then, does the Government realize that it is exactly repeating what it has criticized the pan-democratic Members about .....

**PRESIDENT** (in Cantonese): Mr CHENG, it would be more appropriate if you would leave those words to our budget debate. Would you please speak on today's resolution.

**MR ANDREW CHENG** (in Cantonese): President, I have to speak out my views. Sorry, President. I will try to return to the subject of the resolution as soon as possible and express my views accordingly. However, as there is still more than one month before 13 April, I wish to call on the Government to pull back before it is too late and face squarely this political crisis.

Yesterday, we met with the Financial Secretary. We felt disturbed because we were unsure if the Government had really listened to the people. I thus wish to take this chance to remind the Government, while I understand that this resolution moved under the Public Finance Ordinance may not necessarily be related to the most important subjects in the Budget which have been intensely discussed, I do wish to tender my advice to the Secretary through the platform of the Legislative Council. This period of time is crucial, the Government should make good use of the time to figure out how to properly use the public money and resume the construction of HOS flats and how to achieve a win-win situation by putting in place a long-term retirement protection scheme while giving cash

handouts. The Government should make sufficient financial commitments, instead of concentrating only on short-term work.

I only wish to make use of this opportunity to tender my advice to the Government. Of course, I heard Members of the pro-establishment camp, such as Mr WONG Kwok-hing, telling the media that we wanted to do a show by casting our vote of no confidence in the Financial Secretary. President, however different our views are, I hope that Members can respect each other. I express my views here today ..... Even if the casting of vote of no confidence is to be discussed in this Council ..... This is Members' responsibility and different Members may have their own idea about different policies .....

**PRESIDENT** (in Cantonese): Mr CHENG, although you have to speak out your views, you need not mention what other Member has said to the reporters outside this Chamber; otherwise, I am obliged to allow the Member concerned to respond to you and this will digress from the resolution under discussion today. Thus, if you wish to continue, please speak on the resolution.

(Mr James TO raised his hand to indicate his wish to speak)

**PRESIDENT** (in Cantonese): Mr James TO, do you have any question?

**MR JAMES TO** (in Cantonese): Pardon me, President. May I ask President to reconsider your judgment just now on Mr Andrew CHENG's mentioning of a colleague's remark made outside the Chamber in the debate. In this motion debate on funds on account, it should be, according to reason, in compliance with the rules of order if Members quote a certain Member's remark made outside the Chamber as their ground for supporting or opposing the resolution under discussion.

**PRESIDENT** (in Cantonese): Mr TO, I have no intention to debate with you on this issue. My judgment is that what Mr Andrew CHENG has just said is

irrelevant to the resolution under discussion today. Would Mr CHENG please return to the subject of the resolution.

**MR ANDREW CHENG** (in Cantonese): President, may I ask you to clarify the two points which you have just made. First, you claimed that I had digressed from the subject of the resolution; and second, you said that I could not refer to Members' remarks made outside the Chamber.

**PRESIDENT** (in Cantonese): If your reference is directly related to the present resolution under discussion, I will not stop you.

**MR ANDREW CHENG** (in Cantonese): Yes. Thank you, President. I wish to conclude that the council wishes to have the respect of the executive authority. Apart from polarizing the society, the executive departments should not polarize Members of the council as well. Regarding the Budget, we are most unhappy about the Government's approach, this is, it assumes that it now has enough votes, and hence needs not pay heed to the views of the pan-democrats.

Here, I call on colleagues of the pro-establishment camp who have requested for long-term planning, retirement protection and resumption of construction of HOS flats, if they have such ideas, they should toe our line on the Budget. Otherwise, when the Government runs out of money, it will say that it has no money for constructing HOS flats or taking forward a long-term retirement protection scheme. However, now that the Government has money, it only dishes out several thousand dollars for each citizen, hoping that such sweeteners can alter their decision to support the Government. This is an irresponsible act, neglecting long-term policies.

**PRESIDENT** (in Cantonese): Mr CHENG, you have digressed from the subject.

**MR ANDREW CHENG** (in Cantonese): President, I will shut up after saying a few more sentences as you have earlier also allowed other Members to speak. Hence, I hope to make use of this time to warn the Government, do not take

social conflicts and the protest of some ten thousand people lightly. I hope the Government will understand and colleagues of the pro-establishment camp will note that if society falls apart and protestors take to the street one day, and if the Democratic Alliance for the Betterment and Progress of Hong Kong, the Hong Kong Federation of Trade Unions and the ruling coalition dare to write on street boards that they have lobbied for retirement protection scheme but they have not toe our line this time, I think they have cheated the people and the Government has acted irresponsibly.

**PRESIDENT** (in Cantonese): Mr CHENG, please stop.

**MR JAMES TO** (in Cantonese): President, I wish to raise a question. President, I hope you can consider carefully again. Mr Andrew CHENG's statement just now is entirely related to the discussion on funds on account now. He thinks that other Members should toe the line. Why is this unrelated to the subject?

**PRESIDENT** (in Cantonese): Mr TO, please sit down. Although you are eager to defend Mr Andrew CHENG, would you please listen carefully to what he has said. I have listened very carefully to Mr CHENG just now. The strong statement made in the latter part of his speech did not ask Members of the pro-establishment camp to adopt a certain attitude to this resolution on funds on account, but rather, he referred to the Budget.

I hold that it is more appropriate for him to leave his remark to the budget debate. Today, we need to handle the funds on account. As I pointed out just now, Dr Margaret NG had said that Members would have nothing left for debate after the Government had clarified certain queries about this resolution on funds on accounts. She may be right. I hold that it is more appropriate that Members leave some of their views raised at this moment to the budget debate.

**MR ALBERT HO** (in Cantonese): President, we are facing a unique situation and a difficult question in this debate on the resolution seeking funds on account. First of all, the unique situation is that never in history has the Financial Secretary

suddenly made such substantial adjustments to the Budget after its delivery. The adjustments which involve tens of billions of dollars of additional commitments have not yet submitted to the Legislative Council and discussed at the Special Finance Committee meetings. It is thus hard to know what amendments he will ultimately made, but we are asked at this point to vote on a resolution seeking funds on account. Although the Secretary for Financial Services and the Treasury said just now that the provisions involved are unrelated to the amendments to be introduced to the Budget, is it really completely unrelated? As a matter of fact, we have the duty and the authority to clearly understand how the Financial Secretary is going to amend the Budget and what the details are before considering the matter as a whole and deciding whether or not we should support and endorse this resolution seeking funds on account. This is the stream of thoughts on this matter. Yet, the Administration has not given us the whole picture today, but we are asked to decide the funds on account proposal. This is unprecedented. This is my first point.

Second, it is under such a context that we have to make ourselves clear. If the Government is still unwilling to make a response squarely, so as to address the deep-rooted structural problems long existed in Hong Kong, we cannot support this resolution and we may even move a motion of a vote of no confidence in the Financial Secretary. We strongly voice our views because we have anticipations. Though our anticipations will very likely be turned into disappointment, we anticipate that he can still rethink about the issue and interact with the people, and then come back with an active response, thereby preventing the council and the executive authority from reaching a deadlock or breaking up, and reviewing whether it would be conducive to future social development and construction.

President, under the present situation, we will very likely vote down the Budget; and the current situation will also affect our votes on today's resolution on funds on account. The decision process is difficult. However, there is one point made by Mr LAU Kong-wah just now to which I hope you can allow me to make a brief response, because his criticism against us is neither fair nor just. He claimed that we have criticized the Financial Secretary for failing to state in his Budget how the urgent needs of the public can be met. Now that the Financial Secretary has satisfied the people's needs, we then make other criticisms. This is absolutely untrue. The majority of the proposals we have made are about policy improvement and social investment in the long run.

In our meeting with the Financial Secretary yesterday, we proposed the addition of 200 items of recurrent expenditures. In fact, each one of these items has been discussed in the past and he knew about them, except that our past proposals did not amount to \$10 billion or \$20 billion. We have raised these proposals to him in the past eight years, if not the past decade, and our requests have been clearly recorded. He did not complain that we suddenly raise new proposals and do not give him time to consider. In fact, he has been considering these proposals for a long time. Hence, between us ..... From the strong backlash from people in society, we can see why the Government has suddenly used so much money as handouts for the people at this juncture, but not making any positive commitment on long-term investment. This is the most important point.

President, having come so far, I know that many items of expenditure will be duly and intensely discussed in the Special Finance Committee meetings and at the budget debate and I will not discuss them here. I only wish to emphasize that there is still some time from now up till 13 April, and I hope the Government can truly consider the Budget soberly and responsibly. The problem that we face today is how to cast our vote. I know the tradition of the Legislative Council; that is, even if we cast a negative vote on the budget, we often will not wrangle over the proposed funds on account because we do not want to see the operation of the Government come to a halt or be hindered. After all, there are still three months for him to soberly think over the Budget. Considering today's situation, should we still maintain this tradition? I really need to think it over. I certainly have my own inclination; that is, I should not so easily break this much-respected tradition which has been maintained for years. However, considering today's unique situation, we really need to think it over.

President, before the resolution is put to vote, may we be given 10 minutes so that Members can have a brief discussion. Particularly considering that the Secretary for Financial Services and the Treasury has just clarified that the resolution does not involve the funding for the cash handouts, I hope you can give us 10 minutes for discussion before coming back for the voting. Thank you.

**DR PAN PEY-CHYOU** (in Cantonese): President, the Secretary for Financial Services and the Treasury has just clearly explained that the government motion on seeking funds on account to be put to vote today is unrelated to the funding proposals of the new items mentioned in the Budget announced recently by the

Financial Secretary. Hence, the purpose of this resolution, which we will cast our votes today, is clear. It serves to, as it did in the past, prevent the Government from running into operational problems due to shortage of money before the new Budget is endorsed by the Legislative Council.

I just heard some Members sitting here say that they would alter the tradition and cast negative votes on the resolution. However, I also heard Mr Albert HO just say that he would carefully consider how to vote. I welcome his attitude. Despite the fact that Members may have different views on the Financial Secretary's Budget and on his revised proposals made shortly after the delivery of the Budget in response to popular opinions and Members' aspirations, I hold that Members, who are accountable to 7 million Hong Kong people, must consider the whole picture and should not act on impulse; we must put the interests of all people in Hong Kong on top priority. This is the point I wish to make on behalf of the Hong Kong Federation of Trade Unions.

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

**MR JAMES TO** (in Cantonese): President, I only wish to raise a technical point. If the Secretary for Financial Services and the Treasury can clarify or explain, I will encourage him to do so. This is what I wish to say ..... President, I am referring to this resolution seeking funds on account.

Despite the view just expressed by Dr Margaret NG and the explanation given earlier by the Secretary for Financial Services and the Treasury (that is, the so-called clarification), it remains questionable whether there is a final fortress, that is to say, whether there are any measures which can legally or procedurally stop the Government from seeking the consent of the Finance Committee to change certain items (or heads and subheads) during the interim period between the endorsement of funds on account today and the voting of the Appropriation Bill 2011 on 13 April, so that the Government can seek funding before 13 April for implementing the revised items (including cash handout) not mentioned by the Financial Secretary in this Council. President, I simply think that technically, there is nothing that can legally or procedurally stop the Government from doing so.

Certainly, the Administration would say that if this is the case, there will be serious problems. For example, originally, the Police Force intends to seek funding for procuring a vehicle and the Fire Services Department intends to seek funding for procuring a vessel or uniforms in these three to four months, but these funding proposals have to be shelved because the proposal of cash handout has to be implemented first. Certainly, the funding proposal is subject to the approval of the Finance Committee. However, will the Secretary later undertake that from now up till 13 April, he will definitely not redeploy the funding approved under each head or subhead, and that he will not substitute the items with matching items under the Budget which do not required revisions before 13 April?

President, if the Government is willing to make this undertaking, I believe it will do some good. I dare not say whether Members will vote for or against the resolution, but if Members really have such a query and given that the interim revisions to the Budget are so unique and unprecedented, I think a responsible Government should make more confirmation and guarantee if it wants to convince Members to support this resolution seeking funds on account, so that some Members can have peace of mind. I believe this is what the Government should do.

**MR LEUNG YIU-CHUNG** (in Cantonese): President, we know that some of the funds on account proposed for endorsement today are used for maintaining the future operation of the Government. We understand this idea. However, the question of tradition raised by Mr Albert HO just now has reminded me of an important concept mentioned by Dr Margaret NG in our meeting with the Financial Secretary yesterday. She said that the Financial Secretary's sudden revision of the Budget has already altered this tradition and it has also substantially changed the political system. Hence, in our view, if any revision is to be made to the Budget, the only way to do so is to table a new Budget for debate in the Legislative Council after the resignation of the Financial Secretary. This is the only appropriate way forward.

Unfortunately, the Financial Secretary did not respond to this idea at all yesterday, which has prompted me to take his reaction as one of the factors for consideration in scrutinizing today's funding proposals. If the Financial Secretary will revise the original budget, he will break the tradition and deviate from some constitutional practices. Will his approach create any problems?



Or will it even impede the governance or financial arrangements of the SAR Government? In making the decision today, we must think deeply and consider carefully these problems. This is what we need to do.

Of course, we anticipate changes be made to the Budget because we find many parts of the Budget undesirable, particularly the lack of commitment made by the Government. We are thus of the view that the Government is not only short-sighted in handling the future development of Hong Kong, but also incapable of addressing the long-existed problems of people's livelihood and grievances in society.

While we anticipate revisions be made to the Budget, our aspirations will be meaningless if the procedure of revision does not conform to the legitimate procedure. Hence, as Dr Margaret NG repeatedly emphasized yesterday, the only way forward is that the Financial Secretary should resign and we can then handle the Budget afresh. This will be the most appropriate way forward. Hence, I have to consider carefully this point in considering the issue under discussion today and in deciding whether or not I will support this resolution. I hope that the Government can respond to this question and specify clearly whether the Financial Secretary will consider tendering his resignation, such that we can have a new foundation to discuss a new budget. I hold that the Government should explain the situation to us clearly today, so that we can decide how to vote.

President, I so submit.

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

**MR PAUL TSE** (in Cantonese): President, I have listened to the views raised by colleagues when they spoke on today's resolution on seeking funds on account, and I have also referred to the Ordinance concerned. Members seem to have digressed from the subject, which is basically whether this resolution moved under section 7 of the Public Finance Ordinance (the Ordinance) should be approved. The resolution itself is moved pursuant to the requirements laid in the Ordinance and there are also certain conditions. If the resolution is passed today, the Financial Secretary or the Government can only seek funds on account in accordance with the method prescribed in the resolution.

As far as my understanding goes, the resolution also sets out, as provided in subsection (2), the items of funds to be charged on account. These items are listed in the Estimates of Expenditure 2011-2012 laid before this Council on 23 February 2011. As far as I understand, and according to the Secretary's reiteration just now, the items of estimates laid before this Council do not cover the "cash handout" which is currently in heated debate. Hence, the resolution simply does not involve the seeking of funds for the "cash handout" at all. Nor does it substantiate Mr James TO's worry that no checkpoint or limitation is in place to prevent the Administration from exercising its authority to violate the requirements laid in the resolution on seeking funds on account after its passage, and redeploy the funds or part of the funds for the purpose of handing out money.

As such possibility does not exist and Mr James TO's worry is non-existent, I do not understand why Members still have to vex this point. This point should be clarified. From a pure legal point of view, the funds on account today ..... In addition, the Secretary has once again made a clarification, or explanation. I hold that there should no longer be any more shadow of doubt. This is the humble opinion I wish to voice. Would Member please study carefully the checkpoints and conditions laid in the resolution and the provisions in the Ordinance in respect of resolution on seeking funds on account before they speak. I believe this will be a better course to take.

Thank you, President.

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

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese): If not, I now call upon the Secretary for Financial Services and the Treasury to reply. This debate will come to a close after the Secretary has replied.

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): President, I thank Members for expressing their views just now. Let me briefly respond to Members. Members have certainly put forth many proposals on how to improve people's livelihood and the Government will pay

heed to Members views in respect of these subject. We will have plenty of opportunities to discuss such views.

The Budget has proposed a number of measures to improve people's livelihood. The recurrent expenditure budgeted amounts to \$242.1 billion, representing an increase of 8% compared with the revised estimate in 2010-2011, and it is also higher than the nominal GDP growth. I wish to point out that 56% of the recurrent expenditure will be expended on services relating to education, healthcare and social welfare, indicating the Government's long-term commitment to society.

In respect of one of the revisions made by the Financial Secretary to leave wealth with the people, that is, instead of the original proposal of injecting funds into Mandatory Provident Fund (MPF) accounts, each Hong Kong permanent identity card holder aged 18 or above will be granted with a sum of \$6,000, I wish to point out that the revision is made in respond to the unpopular public feedbacks on the original MPF injection proposal. The newly revised proposal is well received by the public.

Regarding new arrivals, the Financial Secretary has indicated that assistance will be offered to the new arrivals with financial difficulties through the Community Care Fund.

As I stated just now, the funds on account being scrutinized today do not include the proposal of the \$6,000 handout, nor do they include the proposals of establishing the \$7 billion Elite Athletes Development Fund and granting the \$1,800 electricity subsidy. I have already mentioned this point just now. However, in response to the question just raised by Mr James TO, I wish to point out that generally speaking, after the passage of the budget, many funding applications will be fine-tuned before submitting to the Finance Committee. This is in line with our past practice. As for the proposal of granting \$6,000 to each holder of Hong Kong permanent identity card, the Government needs some time to study and laid down the detailed arrangement in implementing the proposal. Thus, we will not submit the funding application to the Finance Committee before the Budget is passed.

Members, we know the Appropriation Bill 2011 (the Bill) will not be subject to Third Reading until mid-April. Before the passage of the Bill, approval of today's resolution by the Legislative Council is needed, so that the

Government can continue its various services to the people after 1 April. This is crucial and closely related to the livelihood of the people. I urge for Members' support of the resolution, so that the Government can secure the required resources for various services to be provided in the interim between the start of the new financial year on 1 April 2011 and the passage of the Bill.

Thank you, President.

**PRESIDENT** (in Cantonese): Before I put the question to Members, I declare the suspension of the meeting at the request of Mr Albert HO. The meeting will be resumed at 3.17 pm.

3.07 pm

Meeting suspended.

3.17 pm

Council then resumed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr Albert HO rose to claim a division.

**PRESIDENT** (in Cantonese): Mr Albert HO has claimed a division. The division bell will ring for three minutes.

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

**PRESIDENT** (in Cantonese): Mr Frederick FUNG, Mr CHEUNG Kwok-che, Mr LEE Cheuk-yan and Mr LEUNG Yiu-chung, are you not going to vote?

**MR LEE CHEUK-YAN** (in Cantonese): Because we do not support the resolution. The light indicated by the button we pressed is purple. Does this represent the embarrassment of the Government?*(Laughter)* President, does it mean so?

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

Mr WONG Yung-kan, Mr LAU Kong-wah, Ms LI Fung-ying, Mr Tommy CHEUNG, Mr WONG Kwok-hing, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Prof Patrick LAU, Ms Starry LEE, Mr CHAN Hak-kan, Mr CHAN Kin-por, Dr Priscilla LEUNG, Dr LEUNG Ka-lau, Mr IP Wai-ming, Dr PAN Pey-chyou, Mr Paul TSE and Dr Samson TAM voted for the motion.

Mr Albert HO, Mr Fred LI, Dr Margaret NG, Mr James TO, Mr CHEUNG Man-kwong, Ms Emily LAU, Ms Audrey EU, Mr LEE Wing-tat, Dr Joseph LEE, Mr Ronny TONG, Mr KAM Nai-wai, Mr WONG Sing-chi, Mr Alan LEONG and Miss Tanya CHAN abstained.

THE PRESIDENT, Mr Jasper TSANG, Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Mr Frederick FUNG and Mr CHEUNG Kwok-che did not cast any vote.

THE PRESIDENT announced that there were 36 Members present, 17 were in favour of the motion and 14 abstained. Since the question was not agreed by a majority of the Members present, he therefore declared that the motion was negatived.

### **MEMBERS' MOTIONS**

**PRESIDENT** (in Cantonese): Members' motions. Two motions with no legislative effect. I have accepted the recommendations of the House Committee: that is, the movers of motions each may speak, including reply, for up to 15 minutes, and have another five minutes to speak on the amendment(s); 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: Establishing a communication mechanism between China and Hong Kong.

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

I now call upon Mr Ronny TONG to speak and move the motion.

### **ESTABLISHING A COMMUNICATION MECHANISM BETWEEN CHINA AND HONG KONG**

**MR RONNY TONG** (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed.

President, Article 31 of the Constitution of the People's Republic of China (the Constitution) empowers the State to establish special administrative regions, and Article 66 of the Basic Law affirms that the Legislative Council of the Hong Kong Special Administrative Region (SAR) shall be the legislature of the SAR. President, with the affirmation of the Constitution and the Basic Law, the Legislative Council is not only a legal entity in Hong Kong, it is also an integral

part under the constitutional order among the executive authorities, legislature and judiciary.

President, regrettably, since the reunification, the Legislative Council of Hong Kong has never been perceived as having a status that can conduct normal communication, interaction and exchanges. President, why do I say so? I will quote some examples according to my memory. Since the reunification, the Legislative Council has never had any exchanges, I mean official exchanges, and exchange of visits with the National People's Congress (NPC). This situation does not only apply to the NPC, but also to the councils of various provinces and municipalities of the Mainland. President, can you imagine the Scotland Parliament has never had any exchanges or exchange of visits with the Parliament in London? Will the San Francisco Parliament — I should be more precise — will the California Parliament not have any exchanges or exchange of visits with the Congress in Washington or the Seattle Parliament?

President, in a broader perspective, when representatives from parliaments of overseas places or countries visit Hong Kong, most of them will visit the Legislative Council of Hong Kong. By the same token, Members of this Council will, in their official capacity, meet and have exchanges with these visitors. Nonetheless, when government organizations and law-making bodies from the Mainland pay official visits to Hong Kong, we will at most meet with them in hotels, taking meals together, making casual exchanges, and after a short while, the meeting will end. No Mainland officials have ever paid official visits to the Legislative Council, let alone speak at Council meeting.

President, I consider this strange phenomenon extremely unhealthy. President, what is more awkward is that this phenomenon is only found in the Legislative Council in Hong Kong. Why do I say so? The Executive Authorities of Hong Kong has maintained normal relationship with the executive, legislative and judicial authorities on the Mainland. The Judiciary of Hong Kong also maintains a normal relationship with the legislative and judicial authorities on the Mainland. The Legislative Council is the only exception. President, these remarks of mine do not only refer to the pan-democratic camp in Hong Kong, but the legislature as a whole.

Regarding our past exchanges, they were only confined to sightseeing visits in the form of one-day tour or two-day tour. President, you have never led

a delegation of Members to visit the NPC in Beijing, likewise officials in Beijing or deputies of the NPC have never visited the Legislative Council. President, I am not talking about political views, but the constitutional status of the Legislative Council.

President, what is even more unacceptable is that recently, we have heard many people close to the Beijing authorities stressing the importance of "one country" under the "one country, two systems". Even the SAR Government is seizing every opportunity to promote the importance of "one country".

President, recently, two Beijing academics with whom Hong Kong people are relatively familiar, namely Professor RAO Geping and Professor WANG Zhenmin, have visited Hong Kong respectively. The themes of their speeches in Hong Kong focused wholly on the importance of "one country". Professor RAO Geping spent over an hour analysing Article 1 to Article 150 or so of the Basic Law, explaining why China could exercise sovereignty in Hong Kong. President, I do not think that many people in Hong Kong will have different views about this point, for under the constitutional order, the reunification of Hong Kong with China is an indisputable fact. However, why is it that they emphasize the importance of "one country" under "one country, two systems" on the one hand, but do not recognize the status of the Legislative Council of Hong Kong, and do not regard the Legislative Council as an institution in "one country" on the other hand? Is this a deep-rooted conflict or double standard?

If people put so much emphasis on the importance of "one country" under "one country, two systems", an institution with its status fully recognized under the system and the constitutional order should then be included under "one country", only then can consideration be made as regards the problems, if any, with the "two systems", or the improvement that can be made. More so, if the relevant problems cannot be solved through the "one country" under "one country, two systems", I do not think that conflicts found in the "two systems" can be resolved.

President, if the constitutional status of the Legislative Council is being disregarded because individual Members of the Legislative Council are holding distinctly different views with the Beijing Government in various aspects, or even there is a chasm between them, I cannot help but ask when this chasm can be overcome and bridged over? President, I consider this an important constitutional issue that should not be taken lightly. Also, I have to stress that



this issue does not concern whether the democratic camp is in the majority or the minority in the legislature.

President, to put it in another perspective, in the implementation and application of "one country, two systems", if the Legislative Council is not given due recognition constitutionally, serious problems will arise. President, let us first put aside the issue on constitutional reform and focus on the daily operation of "one country, two systems". President, take the Study on Action Plan for the Bay Area of the Pearl River Estuary (the Action Plan) as an example, which is a subject of concern to Members recently. I understand that the SAR Government has clarified on other occasions that the so-called Action Plan is an exaggerated description. However, the crux of the problem is not whether the name has been exaggerated, but that the consultation period for the Action Plan is extremely short, only 18 days if public holidays are excluded. The Legislative Council was informed of the Action Plan only after the SAR Government had discussed it with the Central Authorities; there were absolutely no channels for communication with the Legislative Council, nor are there any counterparts. The Legislative Council failed to obtain even a single document, and the Government only consented to call a meeting hastily to brief Members upon the request of certain organizations and the Civic Party.

President, the Action Plan could be dated back to 2006. Back then, the governments of Guangdong Province, Hong Kong and Macao had introduced a cross-boundary project called the Planning Study on the Co-ordinated Development of the Greater Pearl River Delta Townships. At that time, Permanent Secretary Rita LAU who was responsible for planning affairs was the officer-in-charge of the Study. Upon the completion of the Study in 2009, the Planning Department pointed out that the Study was the first strategic planning study undertaken jointly by Guangdong, Hong Kong and Macao, and the objective of the Study is to formulate a regional development strategy by taking a forward-looking perspective to consider the opportunities and constraints of the Greater Pearl River Delta Region under the "one country, two systems" framework.

President, all the co-operations and studies concerned have been carried out by the Executive Authorities unilaterally. President, the problem is (*some rustling sound interfering the meeting*) .....

**PRESIDENT** (in Cantonese): Mr TONG, what are the things around you that make such a sound?

**MR RONNY TONG** (in Cantonese): ..... except Dr Margaret NG, there is nothing beside me. *(Laughter)* I do not know if she is the one interrupting my speech. I hope it is not.

President, I would like to point out that in terms of operation, we can see the growing need for further development, interactions and co-operation resulted from the economic integration of the Pearl River Delta (PRD). However, the Legislative Council does not have any role to play in all forms of interactions and co-operations. We neither have the opportunity to get certain important documents, nor the chance for exchanges, so that we can understand the requests of the Government. After the Government has finally approved or agreed on certain proposals, it will then seek approval from the Legislative Council. We are required to decide whether or not to accept the proposals after brief exchanges or within an hour.

President, this is extremely unfair. It also makes the work of the legislature extremely difficult. Should we have normal or official communication or exchanges, we would have a better understanding of the way forward and directions of the Government in planning or economic development, as well as the factors for consideration. When the Government later briefs Members on the issues, the legislature can easily tally with the measures of the Government, and even support the SAR Government on the PRD development.

President, problems in this respect can be extended to a nationwide perspective. Even in the case of the 12th Five-Year Plan, the approach adopted in the aforesaid example still applies in respect of the functions and roles of the Legislative Council. The functions and roles of the Legislative Council should be confined to that of a "rubber stamp". In other words, the authorities only submit all the policies and plans to the Legislative Council when they are finalized, in that case, Members can only decide whether or not they will support those policies and plans, they have no power to request the Government to explain the case or ask for more documents.

President, this problem happens almost every day. For instance, at the last meeting, the Government submitted a position paper or policy paper of three to four pages, and each Member was only allowed five minutes to raise questions. However, when Members probed into details, the Government failed to answer. Should we postpone the meeting whenever the Government fails to answer our questions, and only render our support only when we have been provided with all the required documents by the Government? More often than not, the postponement cannot be too long as it concerns policies. Hence, President, there are certain difficulties in operation.

President, as I said earlier, operational difficulties are not our only concern. We should assert the genuine constitutional status of the Legislative Council under the "one country, two systems" framework. Even if the Beijing authorities disagree with certain members or the pan-democratic camp, it should not turn a blind eye to the entire Legislative Council.

President, today, I put forth this motion for I earnestly hope to express to the SAR Government or express to the Central Government through the SAR Government the view that the present relationship between the legislature in Hong Kong and all official organizations on the Mainland is extremely unhealthy and abnormal. If we are sincere in implementing the "one country, two systems", reconciling different views or even conflicts, this is the first obstacle to be removed.

Thank you, President.

**Mr Ronny TONG moved the following motion: (Translation)**

"That this Council urges the authorities to study establishing expeditiously a direct, effective and permanent communication mechanism, so as to enable the three sides of Beijing, the Hong Kong Government and Hong Kong's elected representatives to, on basis of not violating the principle of 'one country, two systems', exchange views on issues relating to constitutional arrangements, people's livelihood, economy, planning, environmental protection, transportation and tourism, etc., thereby materializing the unique political, economic and social status of the HKSAR under the Basic Law, and building the foundation of long-term mutual understanding and trust among Beijing, Hong Kong and its people;

particularly under the aforesaid principles, this Council urges the authorities to establish:

- (a) a formal channel to enable council representatives to, outside of the Executive Authorities, exchange views with Mainland officials on relevant issues;
- (b) a permanent liaison mechanism between representative councils and the Mainland's municipal and provincial governments, so as to facilitate discussion on issues of concern to both sides; and
- (c) a mechanism for regular exchange of visits to enable Hong Kong's elected representative councils to exchange views directly with the Mainland's law-making bodies and other relevant departments."

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

**PRESIDENT** (in Cantonese): Mr Albert HO will move an amendment to this motion. This Council will now proceed to a joint debate on the motion and the amendment.

I now call upon Mr Albert HO to speak and move the amendment to the motion.

**MR ALBERT HO** (in Cantonese): President, I move that my amendment be passed.

President, I have to thank Mr Ronny TONG for proposing a motion debate today on the relationship between Hong Kong and the Mainland, particularly on the relationship between the legislature of the SAR and the governments and law-making bodies of the Mainland.

The debate will naturally involve many long-term issues relating to the future development and relationship between the two systems. In fact, it is good

to have discussion on this subject, for there have been many heated debates on the Budget and issues concerning people's livelihood in recent days, and the debates have been acrimonious and heated.

(THE PRESIDENT'S DEPUTY, MR FRED LI, took the Chair)

I am not saying that the debate on this issue will not be acrimonious and heated, which is surely a possible scenario. However, regarding the issue discussed today, we should consider it from a macroscopic and farsighted perspective to examine the future development of the two systems. As mentioned by Mr Ronny TONG in the original motion, this definitely involves communication and co-operation, on basis of which a foundation of essential and basic mutual understanding and trust can be built, thereby taking development forward. This is the most fundamental issue.

The relationship between Hong Kong and the Central Authorities involves several levels. The constitutional level definitely comes first. The relationship between the Central Authorities and the SAR is subject to the restrictions and affirmation of the provisions of the Basic Law. The guiding principles are "one country, two systems" and "high degree of autonomy". This policy is established in the Sino-British Joint Declaration, which is enacted and consolidated in the provisions under the Basic Law.

Speaking of the two systems, it definitely involves the Central Government's exercise of many powers of a sovereign government, thereby putting the power in Hong Kong under a subordinate regime, where we are subject to the many so-called overriding decisions made by the Central Government. This is evident on the constitutional reform issue. Even though we have strong public support under the system in Hong Kong, and even sufficient votes to pass the constitutional reform, the Central Authorities hold the ultimate veto power. Hence, this issue is the greatest limitation under the entire framework of "high degree of autonomy".

In respect of constitutional reform of last year, as it required the support of a two-thirds majority of all the Members of the legislature of the SAR, an unprecedented unique situation had arisen. The Chief Executive of the SAR

Government seemingly considered his role insignificant on the issue, for the Central Government had already set a framework, namely the Decision of the National People's Congress (NPC). With regard to the future development, such as the establishment of the election system for 2012 and whether the scope was covered by the Decision of the NPC Standing Committee, the SAR Government, including the Chief Executive, seemed to think that it was incapable of doing anything and hence, it is in a helpless position. This had led to an undesirable situation, under which political parties in the Legislative Council had to negotiate with the representatives of the Central Government.

We are aware that the Democratic Party has been criticized severely for this reason, and people queried why a more formal channel was not made available to allow more people to debate with the Central Government. I surely understand the justifications behind this criticism. However, in deciding whether we should take part in the negotiation at the time, we were restricted by the prevailing situation, for if we did not do so, no one in the SAR Government would negotiate with us. Yet if we intended to enter into negotiation, the Central Government did not offer any formal and open channels with adequate accountability and enabling the participation of various sectors. This was the greatest limitation.

Deputy President, last year, we strived to break this deadlock by all means. Eventually, we decided that if the Central Government was willing to make concession, so that we would have democratic participation in 2012 to bring our development forward, we would make a compromise at that stage and accept the arrangement. However, this will not affect our continuous strive for democracy in the future. By all accounts, our concern is still about the future.

Regarding the future constitutional development, if the support of a two-thirds majority of all Members of the legislature is needed, and if the Central Government wants to foster a consensus to strive for the achievement of future development objectives, a formal channel or platform for discussing constitutional development of Hong Kong must be put in place. The channel should allow joint discussions among the Central Government, including deputies to the Standing Committee of the NPC, the Chief Executive — for the Chief Executive has his constitutional status — and the representatives of various political parties in the legislature. This is absolutely essential.

No one should avoid this platform or channel simply because he or she does not get along well or hold significantly different views with certain Members. Otherwise, the future Government may have to face another crisis, for it will be impossible to have a common mode for communication and co-operation acceptable to parties concerned.

Members should bear in mind that the move is unprecedented. Even though some achievements have been made for the very first time, everyone participated in the discussion has been subject to severe criticism and pressure, and has borne certain political responsibilities. In the long run, this is not desirable. Hence, I think the Government should face this problem squarely.

Second, this legislature has been completely ignored by the Central Government, and much has been said about this earlier by Mr Ronny TONG. This Council often receives overseas prominent political figures who come to visit the Legislative Council. The Foreign Minister of Britain has come to meet with Members of the Legislative Council. Even legislators from Taiwan have not avoided or felt embarrassed about meeting Members of the Legislative Council from various political parties and groupings and visiting the Legislative Council. More often than not, overseas ambassadors or consular officials who have just taken office will visit the Legislative Council and have frequent exchanges with Members. However, when officials from the Central Authorities come to Hong Kong, they will avoid the Legislative Council.

Before the reunification, they might say that since Hong Kong was a colony, their recognition of the legislature at that time would result in a "three-legged stool", and thus they could not accept it. However, this is no longer an issue of concern now. Hence, I think the Secretary is obliged to promote the status of the Legislative Council and ensure that it is given due respect. Moreover, the Legislative Council does have its role to play, particularly on issues concerning the co-operation between Hong Kong and the Mainland, for the Government cannot represent the whole society. Members who represent public opinions in the legislature should have active participation.

Let me cite the planning of the Pearl River Delta (PRD) as an example. If representatives of the public are not given the opportunity to participate through the Legislative Council, the public will have the feeling that we are subject to the planning and we do not have a role to play. The misunderstanding or

insufficient information provided on the many policies of the Mainland may build up a sense of resistance among the public. The public have the civic responsibility to give views on State affairs, this is not interfering in Mainland affairs, but exercising our obligations and rights.

**Mr Albert HO moved the following amendment: (Translation)**

"To add ", given that the exchanges between China and Hong Kong have turned increasingly frequent," after "That"; to delete "three sides of Beijing, the Hong Kong Government and Hong Kong's elected representatives to, on basis of not violating the principle of 'one country, two systems', exchange views on issues relating to constitutional arrangements," after "enable the" and substitute with "various sides comprising the Central Government, the SAR Government, Hong Kong's elected representatives and the various sectors of Hong Kong to, on basis of upholding the principles of 'one country, two systems', 'Hong Kong people ruling Hong Kong' and 'a high degree of autonomy', exchange views on issues relating to the SAR's constitutional arrangements, democracy, human rights and those issues involving both the SAR and the Mainland in respect of"; to delete "Beijing, Hong Kong and its people" after "among" and substitute with "the various sides"; to delete "to establish" after "aforesaid principles, this Council urges the authorities"; to add "to establish" after "(a)"; to add "to establish" after "(b)"; to delete "and" after "both sides;"; to add "to establish" after "(c)"; and to add "; and (d) to urge the Central Government to respect the right of the Chinese nationals in Hong Kong to freely travel to and from the Mainland and reinstate the right of those Hong Kong residents and Members of the Legislative Council who have been barred from entering the Mainland to return to their hometown, so as to implement the aforesaid mechanisms" immediately before the full stop."

**DEPUTY PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Albert HO to Mr Ronny TONG's motion, be passed.



**SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS** (in Cantonese): Deputy President, in the motion put forth by Mr Ronny TONG, he proposes the establishment of a communication mechanism on three levels, namely:

- (a) a formal communication channel between the Legislative Council of the SAR and Mainland officials (since the wordings of the motion mention the communication among "Beijing, the Hong Kong Government and Hong Kong's elected representatives", I construe that the "Mainland officials" mentioned in this part refer mainly to "officials of the Central Authorities");
- (b) a permanent liaison mechanism between the Legislative Council of the SAR and the Mainland's provincial and municipal governments; and
- (c) a mechanism for regular exchange of visits between the Legislative Council of the SAR and the Mainland's law-making bodies and other relevant departments.

Under "one country, two systems", the SAR is a local administrative region of the State, which enjoys a high degree of autonomy and comes directly under the Central People's Government. The Legislative Council is the legislature of the SAR, which exercises various powers and functions under the Basic Law.

It has been over a decade since the reunification. During the period, Hong Kong has made continuous effort to enhance the co-operation with the Mainland, and the Legislative Council has always been concerned about the co-operation between Hong Kong and the Mainland. The scope of co-operation with the Mainland has been expanding, including regional co-operation, cross-boundary infrastructure, financial co-operation, environmental co-operation, commercial and economic development, food and hygiene, and cultural, sports and art exchanges, and so on.

All along, the Policy Bureaux concerned have reported to Members issues relating to the co-operation and exchanges with the Mainland within their purview at meetings of the Legislative Council and at various Panel meetings, and taking questions from Members. If the issues involve the enactment of

legislation, the relevant Policy Bureaux of the SAR Government will definitely submit a bill to the Legislative Council for scrutiny according to established procedures. If the issues involve public finance, the relevant Policy Bureaux and departments of the SAR Government will submit funding proposals to the Finance Committee of the Legislative Council. In the course of enacting legislation and examining financial proposals, the SAR Government will carefully consider the views expressed by Members on various aspects.

On the other hand, I would like to mention that in recent years, Members from various political parties and groupings have visited the Mainland and exchanged views with Mainland officials on various occasions, and they have met with officials from law-making bodies and other relevant Mainland departments. Deputy President, examples of these are in abundance. Let me quote the following as examples:

- in September 2005, the Chief Executive arranged Members of the Legislative Council to visit the Pearl River Delta (PRD);
- in December 2005, during the discussion of the 2007-2008 constitutional reform, we invited Members from various political parties and groupings to attend a forum on constitutional development held in Shenzhen to express their views to the relevant departments of the Central Authorities;
- in December 2005, a deputation of the Legislative Council Panel on Transport conducted a duty visit to the PRD to examine the transport facilities of the region and the cross-boundary transport infrastructure projects between Guangdong and Hong Kong;
- in March 2007, the Security Bureau made arrangement for Members involved in scrutiny the Bill on the co-location arrangement to pay a duty visit to the Hong Kong-Shenzhen Western Corridor;
- in July 2008, the President of the Legislative Council led the Legislative Council Delegation to visit Sichuan quake-hit areas to show concern to victims of the earthquake;

- in May 2009, the Legislative Council arranged the Delegation to Study the Economic Development and Environmental Protection in PRD Region to visit Guangdong Province;
- in September 2009, in response to the invitation of the Sichuan Provincial Government, the President of the Legislative Council and the Chairmen and the Deputy Chairmen of the relevant Panels visited Sichuan again to examine the post-quake restoration and reconstruction work; and
- in May 2010, the President of the Legislative Council led the Legislative Council Delegation to visit the World Exposition 2010 Shanghai China.

Hence, Deputy President, there are indeed many opportunities for the Legislative Council Delegation or individual Members to go to the Mainland for exchanges or visits.

Members of the Legislative Council may also have exchanges with Mainland officials on various occasions in Hong Kong. Take the Celebrations of the 10th Anniversary of Hong Kong's Return to the Motherland and Inauguration of the Third Term Government of the HKSAR held on 1 July 2007 as an example, Members now present in this Chamber had attended the function at that time.

Moreover, seminars relating to the co-operation between the Mainland and Hong Kong are often held in Hong Kong. For instance, seminars on the Framework for PRD Region's Development and Reform Planning and the National 12th Five-Year Plan have been held, and we have invited individual Members of the Legislative Council to attend.

At the same time, offices of the Central Government in the SAR and Mainland's provincial and municipal governments have arranged various activities in Hong Kong, including Chinese New Year activities and business promotion events, and Members will receive such invitations on an individual basis.

Hence, at present, the Legislative Council may make use of channels at various levels, including duty visits to and exchanges on the Mainland, as well as

exchange activities held in Hong Kong, to liaise and communicate with the Central Authorities, provincial and municipal governments and the relevant officials of the Mainland law-making bodies. In future, whenever opportunities arise, the SAR Government will continue to work hard to assist the Legislative Council to establish closer communication with the Mainland under the principle of "one country, two systems", and in the light of the overall interest of the SAR. I consider development on the existing foundation adequate and the establishment of a separate mechanism is thus uncalled for.

The amendment of Mr Albert HO mentions the issue on Home Visit Permit. According to the principle of "one country, two systems", the arrangement on immigration control of the Mainland and the issue of Home Visit Permit are within the purview of the relevant Mainland departments, and the SAR Government should respect the relevant system and arrangement.

Deputy President, I so submit.

**MR TOMMY CHEUNG** (in Cantonese): Deputy President, last Saturday, Premier WEN Jiabao of the State Council announced the 12th Five-Year Plan. For the first time, Hong Kong and Macao are included in the Plan under a Dedicated Chapter. With the launching of the 12th Five-Year Plan, liaison, exchanges and co-operation between the Mainland and Hong Kong will enter a new era. Hence, it is natural that communication and exchanges between the Mainland and Hong Kong should be further enhanced, this is also a major trend.

The Liberal Party has always made vigorous efforts to advocate and support the enhancement of communication between the Mainland and Hong Kong. Regarding communication, apart from the Executive Authorities, the Legislative Council, being an integral part of the constitutional system in Hong Kong, should participate more proactively in the communication and exchanges between the two places. Presently, many issues that are gravely concerned by the Legislative Council are in fact closely related to the Mainland, these issues include the co-operation between the two places, particularly the economic integration, environmental protection and large-scale infrastructure planning of the two places.

Take the subject of air pollution as an example. Colleagues have been urging the Government to draw up a new phrase of the PRD Regional Air Quality

Management Plan with the Guangdong authorities, but its implementation has been delayed. If the relevant Panel is given the opportunity to discuss the issue with the relevant Mainland departments, it will enhance Members' understanding of the environmental protection work on the Mainland. Moreover, for certain subjects involving the Mainland, such as the Hong Kong-Shenzhen Western Express Line, the development of Qianhai, the planning of the loop and the boundary area, and even the increase of import of nuclear power, if Members can have a better understanding of the views of Mainland officials and have more first-hand information, it will facilitate the discussion and deliberation of the relevant subjects, and even the approval of funding proposals. Hence, the Liberal Party supports that, on the premise of not violating the principle of "one country, two systems", the Legislative Council should examine ways to enhance the liaison with the relevant Mainland departments, which include enhancing the exchange of visits and the discussion of subjects of mutual concern.

Deputy President, the motion today gives people an impression that there is presently a lack of communication channels between the Mainland and Hong Kong, and a motion is thus moved to urge for the establishment of such a mechanism. However, the reality is that the Liaison Office of the Central People's Government in the Hong Kong SAR (the Liaison Office) is now acting as a bridge for communication and exchanges between Hong Kong and the Mainland. The Liaison Office is an important communication channel in promoting exchanges and co-operation between the two places. With the assistance of the Liaison Office, the Legislative Council had organized delegations to visit the Mainland in the past two years, including the visit to the World Exposition in Shanghai in early May 2010 and a duty visit to various municipalities in Guangdong Provinces in early May 2009.

In addition to the aforesaid exchange activities, various sectors in society, including Members, may express their views and put forth their requests through the Liaison Office. The most typical example was that last year, the Democratic Party and various sectors of society had, through the Liaison Office, expressed their views on constitutional reform to the Central Government. Through the Liaison Office, the Central Authorities and the SAR Government have eventually accepted the improved package proposed by the Democratic Party. This rightly reflects that the existing communication channel has been effective. Since a communication channel has already been put in place, we do not understand why this redundant request is made in the original motion.

Actually, in establishing the foundation of long-term mutual understanding and trust among Beijing, Hong Kong and its people, as mentioned in the original motion, what matters most is not a communication mechanism but attitude and sincerity. If all of us can adopt a pragmatic attitude, considering all issues from the interests of both places, striving for a win-win situation and trying to enhance mutual understandings and trust, there will naturally be a barrier-free channel for communication and exchange.

Finally, the Liberal Party reiterates that we would be glad to see Members from all levels of councils having the opportunity to visit and have exchanges on the Mainland. We hope that the Mainland authorities will return Home Visit Permits to the Members concerned, so that they can gain better understanding of the latest situation of the State. However, as emphasized in the original motion, the interactive exchanges between the Mainland and Hong Kong should be carried out on the premise of not violating the principle of "one country, two systems". I think on the same principle, Members should respect the authority and practices of the Mainland on immigration policies, and refrain from intervening the autonomy of the Mainland on immigration policy.

Deputy President, I so submit.

**MR WONG TING-KWONG** (in Cantonese): It has been some 13 years since the reunification of Hong Kong with the mother country. Yet we still discuss in this Chamber today about establishing a communication mechanism between Hong Kong and the Mainland, which indicates the aspiration of society for enhanced communication between the two places. The National 12th Five-Year Plan has just been promulgated at the meeting of the National People's Congress of the People's Republic of China. Under the new circumstance, the public aspire for more timely and in-depth communication between Hong Kong and the Mainland.

The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) has all along been advocating the enhancement of communication and co-operation between Hong Kong and the Mainland. In the manifesto published by the DAB at its establishment in July 1992, it is pointed out unequivocally that "History attests that Hong Kong and China are inseparable in their future, and their interests are intertwined ..... We insist that the relationship between Hong

Kong and China should be one of co-operation and communication, as opposed to separation, alienation and antagonism. We will do our utmost to expedite any activities conducive to the realization of 'one country, two systems' and the overall developments of Hong Kong and China."

Since its establishment, the DAB has been doing its level best to promote the communication between Hong Kong and the Mainland. Regarding the original motion proposed by Mr Ronny TONG today, we do not fully agree to it. However, on the point of urging the Administration to take necessary measures to further enhance the communication between Hong Kong and the Mainland, we will give our full support.

However, in our view, though the original motion of Mr Ronny TONG has made the right diagnosis, the wrong remedy is prescribed. The key to enhancing the communication between the two places does not lie in the lack of a mechanism, but the lack of essential sincerity in certain aspects. Moreover, since a small minority of people are constantly making deliberate disruption to the communication, this artificially imposed obstacle has to be removed.

The communication between Hong Kong and the Mainland must be carried out along the track of "one country, two systems" and the Basic Law. This is a point recognized in both the original motion and the amendment. Nonetheless, there may be discrepancies in the understanding of "one country, two systems". The Vice President of the State, Mr XI Jinping, pointed out some time earlier that there should be a correct understanding of the relation between "one country" and "two systems"; the power and rights rest with the Central Authorities under the law should be respected, and "one country, two systems" should not be segregated. The DAB considers that this understanding is essential for establishing communication.

Moreover, a good communication environment is vital for enhancing the communication with the Mainland. At present, Hong Kong gives the Mainland the impression that it is becoming more violent and more difficult to communicate. It is stipulated explicitly under the Basic Law that the Chief Executive shall represent the SAR. The Chief Executive plays a significant role for Hong Kong to communicate with the autonomous regions of Mainland provinces, but the Chief Executive has also suffered violence in Hong Kong. The Liaison Office of the Central People's Government in the Hong Kong SAR (the Liaison Office) is also an important organization in facilitating the

communication between Hong Kong and the Mainland. Presently, the Liaison Office has frequently been subject to violent acts. The Central Authorities is concerned about these violent actions. What impact will these actions exert on the normal communication between the two places? The people of Hong Kong should pay attention to these issues. In the view of the DAB, to facilitate the communication between Hong Kong and the Mainland, these malicious disruptions of communications should first be removed. This is the most imminent task at present. To ensure that justice is done, the unhealthy trend of political violence should be stopped. I think that we should start with the Legislative Council.

In the original motion, it is hoped that "the foundation of long-term mutual understanding and trust among Beijing, Hong Kong and its people" can be built through the establishment of a communication mechanism. This is again a wrong interpretation of the causal relationship. If a foundation of mutual trust has not been built, how can communication be conducted, and how can a communication mechanism be established? Besides, will a communication mechanism without the foundation of mutual trust be direct and effective? In the absence of a foundation of mutual trust, how can this be a permanent mechanism? Hence, the DAB opines that Members who fail to establish communication with the Central Authorities and Mainland provinces and municipalities should first make proactive efforts to establish a foundation of mutual trust with the Central Authorities and Mainland provinces and municipalities. We consider this the bedrock for establishing a permanent communication mechanism.

As for the amendment of Mr Albert HO, it is hoped that "various sides comprising the Central Government, the SAR Government, Hong Kong's elected representatives and the various sectors of Hong Kong ..... exchange views on issues relating to the SAR's constitutional arrangements, democracy, human rights and those issues involving both the SAR and the Mainland in respect of people's livelihood, economy, planning, environmental protection, transportation and tourism, etc.". The DAB thinks that, provided that the "one country, two systems" principle and the Basic Law are strictly complied with, the communication between Hong Kong and the Mainland can cover all subjects.

Mr Albert HO proposes in the amendment for this Council to "urge the Central Government to ..... reinstate the right of those Hong Kong residents and Members of the Legislative Council who have been barred from entering the



Mainland to return to their hometown". The DAB considers that each country and region has its own immigration control system, in this connection, Hong Kong should respect the authority of the Mainland. It is due to various reasons that a minority of residents of Hong Kong are denied entry to the Mainland, and we may not necessarily understand the reasons. Under such circumstance, the approach of reinstating the right of all people to return to their hometown may not be in compliance with the principle of "one country, two systems".

With these remarks, Deputy President, and on behalf of the DAB, I oppose the amendment proposed by Mr Albert HO. I will abstain from voting on the original motion proposed by Mr Ronny TONG.

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

**MISS TANYA CHAN** (in Cantonese): Deputy President, as far as communication is concerned, not only the communication with the Central Authorities has been difficult, it is now somehow difficult for Members of the Legislative Council to communicate with the SAR Government. Yesterday, Deputy President and other Members from the pan-democratic camp and I talked to the Financial Secretary. Members know that the Government eventually took a "wait-and-see" attitude. In that case, how can we communicate with the Government? I may not totally agree with the remarks made by the two Members earlier, but I strongly concur with certain core and major issues mentioned, such as the attitude and sincerity required for communication. Yesterday, I did not see that the SAR Government was treating us with sincerity. Let us see how we will move on in future, for it is after all a matter of interaction.

I will now return to the motion proposed by Mr Ronny TONG today. We notice that the most important agenda item at the meetings of the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC) this year is the discussion of the 12th Five-Year Plan of the Central Authorities. Hong Kong deputies to the NPC, as well as the Chief Executive who is still in Beijing now, give unstinting praise to the 12th Five-Year Plan. They stress that the country has included the positioning, roles and development direction of Hong Kong in the national development strategy plan, stating unequivocally the continual support of the Central Government on the

economic development of Hong Kong. Certainly, the formal inclusion of Hong Kong in the national development plan may prevent various provinces and municipalities and Hong Kong from coming under direct vicious competition and avoid duplication in resources in the course of development. However, we should consider the issue carefully from another perspective.

Given the importance of the 12th Five-Year Plan to Hong Kong, we have to examine whether the community of Hong Kong is familiar with the course of formulation of the Plan. In short, I think, apart from colleagues or deputies participating in the NPC and CPPCC sessions, Hong Kong people in general are extremely unfamiliar with this subject matter. It may be a bit far-reaching to talk about consulting the views of Hong Kong people by the SAR Government, even we Members know nothing about the information and opinions put forth by the SAR Government, the deputies to the NPC and the representatives of the CPPCC in connection with the 12th Five-Year Plan. I would go further to say that we have not been consulted. The legislature of Hong Kong has not been formally consulted and has never discussed the issue. What kind of procedure is this?

When it comes to policy consultation, I must mention the consultation on the plan for the Bay Area of the Pearl River Estuary conducted by Guangdong Province, Hong Kong and Macao under the 12th Five-Year Plan. Members may know that a paper on the Bay Area has been issued earlier. The scope of the Bay Area plan indeed covers a vast expanse of area. As I mentioned earlier, Hong Kong, Macao, Guangzhou, Shenzhen, Zhuhai, Dongguan and Zhongshan are all included. Even in 2009 figures, the population involved exceeded 25 million and the Gross Regional Product amounted to RMB 3,000 billion yuan. Members can imagine that the plan is of utmost importance. The plan will exert decisive influence on the economy as well as the future social structure of the entire region and even China as a whole. Members may look at the case of Tin Shui Wai. A planning mistake has brought great worries to Hong Kong. If a mistake on the planning of a small community will impose such far-reaching structural impact on Hong Kong society, let alone the plan that covers such a vast expanse of area.

However, what kind of consultation has been conducted about the plan? I believe that Members who are interested in this subject would have read the relevant papers. The Government's arrangement is really baffling. First of all,

the consultation period lasted only for one month. Since the consultation period covered the Chinese New Year holidays and Saturdays and Sundays, only a dozen days were left for consultation after excluding those days. Besides, if Members are interested in reading the relevant papers, they will find that strangely, many of the wordings in the papers are not commonly used in consultation documents in Hong Kong. Besides, the use of traditional Chinese characters and simplified Chinese characters was confusing. The papers uploaded on the webpage of the Planning Department of Hong Kong were in simplified Chinese characters. It is evident that the relevant papers are rough and sketchy.

(THE PRESIDENT resumed the Chair)

When clarification was sought from the Secretary for Development, she said that the consultation was of a conceptual nature. However, this was not the fact. Indeed, a lot of studies had already been conducted, and Hong Kong would not have conducted so many studies. The consultation paper included studies on the bay areas in other countries and places, such as San Francisco, New York, Tokyo, Vancouver and Paris, and so on. Actually, studies on bay areas of various countries had been conducted to examine the possible development in Hong Kong. Hence, I wonder why this consultation paper would be so rough and sketchy.

Certainly, as explained by the Secretary for Development, consultations with the professionals had been conducted. However, only professionals knew about these consultations and the public in general knew nothing about it. Later, the Government came forward hastily to explain that the proposals were only preliminary, the consultation sought to collect opinions of a conceptual nature, and the authorities would continue to listen to various opinions. However, Members know that the consultation period is now over. The authorities have organized two public hearing sessions in addition, but what then? By now, the authorities have not yet explained whether the views collected at the public hearing sessions would be accepted officially as views expressed and would be taken into consideration.

Regarding the consultation on the Bay Area plan this time, we notice that it has severely hampered the communication between Hong Kong people as a

whole and the Mainland, or the mother country; even the consultation procedures on overall planning has been hampered. What worries us most is that the procedures or established practices on consultation in place in Hong Kong have not been adopted by the Government, and that some vital core values of Hong Kong have not been given due respect.

Regarding the attributes such as sincerity and respect, mentioned earlier by the two colleagues, Mr Tommy CHEUNG and Mr WONG Ting-kwong, these qualities cannot be identified in the present case. I hope that when there is long-term planning involving Hong Kong region in future, the Government should respect the established system, procedures, cultures and core values of Hong Kong. It should ensure that the system in Hong Kong can be taken forward under mutual respect and mutual trust. After all, the principle of "one country, two systems" should be respected.

I so submit.

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

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese): Mr Ronny TONG, you may now speak on Mr Albert HO's amendment .....

(Mr Alan LEONG raised his hand in indication)

**PRESIDENT** (in Cantonese): Mr Alan LEONG, you may speak.

**MR ALAN LEONG** (in Cantonese): President, the Legislative Council of Hong Kong is said to be the only institution with democratic element in China and Hong Kong at the present moment. It is an institution truly elected by people on a "one-person-one-vote" basis, and enjoys a constitutional status. The 30 Members of the Legislative Council returned by direct elections are the true reflection of this arrangement.

Certainly, these elected Members have an important constitutional role in collecting public views, absorbing public opinion and feeling the social pulse of Hong Kong. Members of the Legislative Council of the pan-democratic camp muster the support of 60% of public opinion. They are thus representative Members with public mandate. At present, it is true that there is a lack of a permanent effective communication mechanism among the Central Government, the SAR Government and representatives of public opinion of Hong Kong. This is definitely the main focus of the motion proposed by Mr Ronny TONG today.

The failure to build a foundation of tripartite trust has resulted in an impasse. As a result, policies involving China and Hong Kong, that is the Mainland and the SAR, cannot be discussed in a smooth and interactive manner, which is detrimental to the development of both places. In the past decade or so, Hong Kong had experienced the disputes on the legislation on Article 23 of the Basic Law and the constitutional reform at different times. The position and attitude displayed by the Central Government reflect that the Central Government has never truly understood the thinking of Hong Kong people. Besides, it seldom contacts the representatives of public opinion in Hong Kong to grasp the change in public sentiments. As such, it usually fails to resolve the disagreement through communication before public grievance runs high. This situation will only impede and not facilitate the development of the Mainland and the Hong Kong SAR.

Earlier, some Members mentioned a recent issue on the consultation of Bay Area of the Pearl River Estuary plan. This consultation has aroused the controversy over Hong Kong "being subject to planning". It is evident that the Central Government, the SAR Government and the people of Hong Kong lack an effective and interactive mechanism, this may also be attributed to the lack of effective communication channels with representatives of public opinion in Hong Kong. Hence, the proposed arrangement put forth by Mr Ronny TONG in today's motion debate will be conducive to the establishment of tripartite interaction and trust.

President, the integration of the Mainland and Hong Kong is conducive to the generation of synergy effect, but since the legal system, culture and other aspects of Hong Kong are after all different from that of the Mainland, the problems so arise can only be rationalized through communication over an

extended period. All along, Hong Kong people have been living and brought up under an environment upholding the rule of law. In Hong Kong, the executive authorities, legislature and judiciary have been put under mutual check and balance. Hong Kong people get used to this mechanism. However, on the Mainland, the views on these core values and the institutional arrangements differ greatly from that of Hong Kong.

The Civic Party always supports communication. While we earnestly hope for the flows in regard to people, goods and capital, we also hope that the uniqueness of Hong Kong in terms of its core values and institutional arrangements can be retained at the same time. If the two aspects I mentioned earlier can be taken care of under the foundation and mechanism proposed in the motion debate today, it will definitely bring benefits to the Mainland and the SAR.

President, naturally, it takes two to tango. As in an example I cited in the past, one needs a partner to dance, so it is meaningless for a person to enter the dance floor alone. One must have a partner before entering the dance floor. Hence, I would like to take this opportunity to urge the Central Government to appreciate the uniqueness of the SAR in this aspect, the role it plays in the modern history and modernization of China, and then establish the mechanism mentioned in the motion debate today.

I so submit.

**MR LEUNG KWOK-HUNG** (in Cantonese): I think Mr Alan LEONG's remark is incorrect, for one does not necessary need a partner to dance. Has he not watched the "Loyalty Dance" during the Cultural Revolution? The President knows this. A partner is not needed in doing the "Loyalty Dance". Once the music is on, the person will dance mechanically like a robot. He really does not know much about the situation in China. Today, many people are doing the "Loyalty Dance", why do they need a partner? Once the music is on, they will dance mechanically.

This motion on the establishment of a communication mechanism between China and Hong Kong may be too glib. "Communication between China and Hong Kong" is fundamentally wrong, for it should be the communication between the Mainland and Hong Kong. China and Hong Kong, are they two

different entities? In the past, we refer China as the Mainland China, but now we change to call it the Mainland. It is hard to break the habit of a lifetime. However, it fully reflects that there are, after all, differences between the Mainland and Hong Kong.

I am keen on communicating with the Mainland. Since the start of the Jasmine Revolution, I approach the Liaison Office of the Central People's Government in the Hong Kong SAR (the Liaison Office) on a daily basis, hoping to communicate with them. However, my situation is different from that of the historical figure Dayu, who passed by his home three times without going inside as he had to concentrate on his work of preventing floods. For me, I have passed by the Liaison Office three times, but have not been allowed access, and I was not even allowed to stay in its vicinity. Communication can only be carried out on the premise of equality. What is the meaning of equality? It does not matter if "one country" must come first, for we are all Chinese nationals. According to the Constitution of the People's Republic of China, people have the right to monitor the Government. Now, when I intended to approach the Liaison Office to monitor the Government by stating its various inadequacies, I was not allowed to do so.

Hence, I am 400% certain that the so-called communication between China and Hong Kong is only one-way. It is a top-down communication from the Government of the Communist Party of China (CPC). It depends on whether the CPC can see us or whether it wants to meet with us. In this connection, I would like to recap the incident at the opening ceremony of Xinhai Revolution exhibition, at which Donald TSANG did the ribbon-cutting. At that time, guests on the stage were all officials from Beijing, such as the Vice-Governor of Hubei Province and the Director of the Liaison Office, PENG Qinghua. Under such circumstance, how can we have communication? When they saw something happen, they immediately ordered Donald TSANG to consult the doctor at dinner time. The so-called communication is indeed giving orders. The Chief Executive had the obligation to act as a tool to express the feelings of the Vice-Governor of Hubei Province or Director PENG. "Are you challenging the State power now? We officials from Beijing are sitting on the stage and how dare you pose a challenge under our eyes? How can you do this?" The Chief Executive thus went to see a doctor.

Indeed, there is communication at present. The meeting today is so smooth. Not many Members have spoken, for some Members can speak in other venues. Is this not an opportunity for the anointed to display loyalty to their masters? This is the reason John TSANG has to hastily gather some Members from the pro-establishment camp to back him up. Honestly, the pan-democratic camp has no say on whether John TSANG has to step down — I have asked him to step down. However, if people attending the committee meetings of the Chinese People's Political Consultative Conference (CPPCC) and the National People's Congress criticize him at the top level, saying that, "Junior TSANG is no good, and if Junior TSANG is no good, Senior TSANG is no good as well." John TSANG will suffer from "leg pain" anytime. This is the "cause of death" of TUNG Chee-hwa. In 2005, right after the NPC and CPPCC's meetings, TUNG Chee-hwa suddenly found himself suffering from a very severe leg pain.

Mr TONG is a good man. He puts forth the motion hoping for communication. However, for the CPC Government, this communication is dispensable in nature. Since it is the master, it can decide whether or not to communicate with you according to its preference. Members may see this from the suspected attack of the Chief Executive and the action of staging civil disobedience in Hong Kong recently, which have been discussed in a high profile manner at the solemn occasion at the meetings of the NPC and the CPPCC. President, if we browse the websites of the Mainland, we will see many fights with public security officers. There were occasions where nearly 200 people were arrested at one time and there were "bloody fights" with public security officers, and in some cases armed police were mobilized to suppress the people. Why have they been silent over those cases? The reason is that the CPC considers this practice in Hong Kong unacceptable. People respond to the Jasmine Revolution for they consider the governance of the SAR Government highly unsatisfactory. However, the authorities consider the frequent challenges absolutely unacceptable.

I have to reiterate that challenging the government is the right of the people. Now, I am going to challenge the Government. I will also challenge the CPC Government. So what? Will it bring big troubles? Many people in this Chamber often advise us not to challenge the Government. I would like to tell them the circumstance under which governments can be challenged. When a government cannot be challenged by its people, it is tyranny. We are often criticized for using violence, but is tyranny worse than violence? What is tyranny? Under tyranny, the government uses continuous violence to maintain



its political power. Hence, the issue under discussion today is straightforward: liaison between the Mainland and Hong Kong must be established on the foundation of democracy and the implementation of universal suffrage, for true unification can only be achieved under this circumstance.

**MR WONG YUK-MAN** (in Cantonese): President, regarding this motion debate on "Establishing a communication mechanism between China and Hong Kong", I think the relationship between Hong Kong and the Mainland is already very close at present. The democratic camp is blessed by the Beijing authorities. The Democratic Party could even went inside the Liaison Office of the Central People's Government in the Hong Kong SAR (the Liaison Office) and discussed with the authorities concerned the constitutional reform, and the Central Government eventually gave its support to the constitutional reform proposal put forth by the Democratic Party. Under this circumstance, the united-front strategy adopted by the Communist Party of China (CPC) in Hong Kong has achieved 1000% success. If so, is it still necessary to say that the present communication is inadequate, and that as many people from the democratic camp cannot gain entry to the Mainland, it is hoped that a permanent communication mechanism can be established?

Honestly, we should not use the term "permanent communication mechanism", Mr TONG, for there is already a permanent mechanism between governments at present. The mechanism is permanent, but this cannot be called a "communication mechanism", for one side is the boss and the other side is the "employees". The mechanism can only be called a liaison or operating mechanism.

When I was teaching at school, I taught the subject Political Communication, which means communication in politics in Chinese. Therefore, political communication is a field of communication.

Political communication, as mentioned by "Long Hair" earlier, must be built on the foundation of equal status. When the term "communication between China and Hong Kong" is used, it implies inequality, Mr TONG. For when China and Hong Kong are mentioned in this manner, it seems to be talking about two different independent political entities, and this will draw criticism of being

politically incorrect. The Legislative Council has set up the Subcommittee to Study Issues Relating to Mainland-HKSAR Families. At first, the subcommittee was called the Subcommittee to Study Issues Relating to China-HKSAR Families, do you know about this? Later, I raised my hand to voice my views ..... my view was politically correct, the Subcommittee should not be called the Subcommittee to Study Issues Relating to China-HKSAR Families, and must be called the Subcommittee to Study Issues Relating to Mainland-HKSAR Families. I pointed out that we should not say "China-Hong Kong", for it would cause great trouble and create many other problems once the term "China-Hong Kong Families" was used. However, this point of view is not of great importance. I have no intention to belittle this motion debate proposed by Mr Ronny TONG. I am not going to vote later. But since I can have seven minutes to speak, I will seize this opportunity to express my views.

As for the previous constitutional reform proposal, before Mr Albert HO and others gained the support of the Central Authorities, they actually had had secret negotiation with the Central Authorities. These incidents were brought to light afterwards, and they had issued a report in this connection. On 7 June, Donald TSANG invited Mr Albert HO to meet with him. At that time, Donald TSANG appeared to be very frustrated. He said that he had submitted the improved package on District Councils (DC) to the Central Authorities three times but it was turned down. He also told them that the State Vice-President, XI Jinping, said to him at Shenzhen that this should be the end of the incident — I quote all these from the remarks made by Mr CHEUNG Man-kwong on Donald TSANG. In other words, Donald TSANG has no power of decision on the constitutional reform. This point is obvious to all. Eventually, there was the negotiation behind closed doors. After that, Mr Albert HO commented on the role played by the Chief Executive Donald TSANG in the course of negotiation between the Democratic Party and the CPC. He said, "Donald TSANG is really 'kind of lame'".

At the Question and Answer Session at that time, I asked Donald TSANG whether he was "kind of lame" as Mr Albert HO said. If it is true, it will be a big problem. For it means he had violated the principles of "one country, two systems", "high degree of autonomy" and "Hong Kong people ruling Hong Kong" and went direct to the Liaison Office to demand a discussion on the constitutional reform of Hong Kong. Was this not communication, Mr Ronny TONG? The communication is very intimate, even to the extent of "going to bed". Am I

right? The relationship between Taiwan and the Mainland can be compared to that of "holding hands", but no further. However, the relationship between the Democratic Party and the CPC has reached the stage of "going to bed". Am I right? In that case, what kind of communication is needed? Has the communication between them not been sufficient? The first major party of the democratic camp has already developed such a close relationship with the CPC and discussed with it the constitutional development of Hong Kong in the next decade. It is lamentable.

The Legislative Council held a four-day marathon debate from last Wednesday to last Saturday. However, there was not much coverage in the newspaper. One may have to use a magnifying glass to find the relevant report. No one is concerned about the discussion held in the Chamber, am I right? This is a subject of great importance. Dr Margaret NG has made every effort and working day and night to draw up the 60 to 70 amendments, but all the amendments had been voted down and had aroused no discussion. Though I had abstained from voting or simply did not vote on a majority of amendments, I considered that there should at least be discussion. Take the replacement of corporate votes with individual votes as an example. Members have been striving for these issues in the past, but these were not discussed at the meeting. Why? It is because the communication has been so intimate that Members have been convinced. Mr TONG, if so, what is the point of making your remarks? Is it not a waste of effort?

As for other issues on people's livelihood, I have indeed drafted a script. However, you all know that I often digress from the subject. When it comes to other issues relating to people's livelihood and economy, honestly, Hong Kong cannot live without the Mainland. The Mainland is the economic hinterland of Hong Kong, not in terms of "blessing"<sup>1</sup> but in terms of "hinterland". Many Southeast Asian countries, like Singapore and Malaysia, admire Hong Kong for having this economic hinterland. Hong Kong must consider how it can promote the economic relationship, cultural and academic exchanges between Hong Kong and the Mainland on an equal and mutually beneficial footing. I think all these issues are essential, but they must be pursued at the community level.

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<sup>1</sup> The pronunciation of the Chinese character "腹" in the term "腹地" (hinterland) is the same as that of the Chinese character "福" (blessing).

At present, Mr TONG stresses particularly the need to allow elected representatives of Hong Kong, that is, Members of the Legislative Council, to exchange views outside the executive authorities with ..... Buddy, there is exchange everyday, but not with you. They may talk to you once a blue moon, but not under a permanent mechanism, Mr TONG. Those representatives of the CPPCC and the deputies to the NPC are all in Beijing now. However, the President of the Legislative Council, being the Honourable President, definitely cannot leave. President, do you have to attend those meetings? Oh, you need to, do you not? Now that many Members have gone to Beijing, the Chamber today is deserted. If anyone lacks the astuteness and raises a hand to indicate the absence of a quorum, this meeting has to abort.

Hence, regarding the Public Finance Ordinance discussed earlier ..... Ah, the Hong Kong SAR Government is ill-starred and down on its luck. With 36 Members present at the meeting, four Members have not voted, and the motion is not agreed by a majority of Members present. Members from the democratic camp have abstained from voting, and their reason for abstaining is simple: They dare not oppose it, so they abstain. One side has gone "overboard", while the other side has underestimated the situation, and we are led to this ending. This result will definitely grab the headline tomorrow. One side has gone "overboard", while the other side has underestimated the situation. Is there any problem with the communication between China and Hong Kong, President?

Thank you, President.

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

**MR ALBERT CHAN** (in Cantonese): President, regarding the communication between China and Hong Kong, it was already a problem before the reunification. Members may recall that after the June 4 incident, the representatives of Hong Kong citizens, in particular the elected representatives and those from the democratic camp, have stopped all communications with the Central Authorities, and all official or meaningful communications with the Mainland have been stopped for a long time. After the June 4 incident in 1989, the democratic camp said that they would not have any formal contacts with officials from the Central Authorities. We acknowledged this approach at that time. Hence, Martin LEE

and the late SZETO Wah resigned from the Drafting Committee of the Basic Law. They said at the time that the democratic camp would not participate in any activities celebrating the founding of the People's Republic of China on 1 October until the June 4 incident has been vindicated. Therefore, in the past two decades or so, the democratic camp remained steadfast in this stand and had not attended celebration activities on 1 October. Certainly, some democratic frauds — not small in number — had attended these activities in a low-profile or a casual manner, pretending that they knew not the nature of the activities.

The lack of communication between China and Hong Kong had resulted in the "Cha-Cha proposal" in the formulation of the Basic Law, the distortion of public opinions and sentiments, and the failure of Hong Kong to pursue democratic advancement. These are the indisputable facts. After the reunification, there was not much meaningful communication. Before TUNG Chee-hwa stepped down and 500 000 people took to the street, we mainly relied on the Liaison Office of the Central People's Government in the Hong Kong SAR (the Liaison Office), which played a co-ordinating role in handling issues on various aspects.

President, people like us do not have any status. Since the establishment of the Liaison Office, I have never been contacted by the Liaison Office, nor have I ever contacted the relevant officials of the Liaison Office. The only exception was the time we paid a duty visit to Macao and Zhuhai. I had some brief contact with certain officials from the Liaison Office during the activities held, but we did not have much communication or discussion.

Hence, it is evident that regarding the communication between China and Hong Kong, the Central Authorities is absolutely doing this in a selective manner. The Hong Kong Government just follows suit. I often say that "lackeys" will always follow the orders of their masters, and the lackeys of the lackeys are more shameless than their masters. During the consultation of the Budget, officials of Hong Kong have not contacted us, not to mention the public and the grass-roots organizations. Senior officials from the Central Authorities, particularly figures like the State President, more often than not, only communicate with large consortia. When they come to Hong Kong, they will definitely check in at certain hotels and have breakfast with certain fathers and sons.

These types of communication obviously have political implications. They come to Hong Kong to have breakfast with those fathers and sons, indicating that these people, who are influential and head of large consortia, are highly respected by the State President and leaders of the Central Authorities and the Party. However, leaders from the Central Authorities may sometimes put on a show by visiting some members of the public and have brief chats. But definitely, the conversation in the latter case will be more restrictive in scope than the one-to-one dialogue at breakfast time.

Even if leaders of the Central Authorities pay home visits, these visits are carefully arranged by the Hong Kong Government. Those patriotic families who receive the leaders are identified by the Democratic Alliance for the Betterment and Progress of Hong Kong, the Hong Kong Federation of Trade Unions or the Home Affairs Department of the Government. They can make the Government feel at ease, for they will speak good words to the leaders of the Central Authorities.

In view of these inadequacies and problems in the communication system, the public opinions and sentiments collected will definitely be biased. Selective in listening to public opinions will definitely get partial views. When biased intelligence and information are collected, there will naturally be disparity in the policies formulated. We can see that in handling public policies, the Central Authorities and Hong Kong often fail to grasp public sentiments rightly. As a result, the policies are met with strong reactions.

Certainly, the Central Policy Unit (CPU) is the culprit. Hence, LAU Siu-kai should be the first one to resign. He has been the head of the CPU for 10 years, earning an annual salary of \$2 million to \$3 million. However, his tactic in handling problems is poor. When faced with the crisis on reaching the "critical point", he disclaimed any responsibility. This is the most typical case. He is not merely unqualified to be an academic; he even lacks the fundamental ethics of a general civil servant. Even so, he can still be in a high position, which reflects that the ethics and accountability values held by senior administrative officials of the Government are extremely low. Hence, we should no longer aspire that there will be some outstanding leaders in the Government.

A serious problem in the communication between China and Hong Kong is that relevant officials from the Mainland have a strong sense of fear towards

people aspiring for democracy or being enthusiastic in democracy. They worry that any contact with these people will be perceived as recognizing their existence. A number of former chairmen of the Democratic Progressive Party of Taiwan have visited Beijing and various provinces and municipalities on the Mainland, and they were treated with great hospitality. The Democratic Progressive Party of Taiwan admits openly their support for an independent Taiwan, but they are still treated favourably. Why is this not applicable to Hong Kong?

The status or attitude of the Liaison Office is obviously one of the reasons. The Liaison Office lacks self confidence, hence it must take control of everything, fearing that once communication is opened up, it will prove that the public opinions it has collected in Hong Kong or the reports it has submitted are all wrong. As in the case of the July 1 march, where 500 000 people took to the street, the report of the Liaison Office was seriously wrong. Therefore, it is the lack of confidence that lead to the problems in communication, people's livelihood and constitutional reform (*The buzzer sounded*) ..... If the situation is not improved, the problems will persist.

**PRESIDENT** (in Cantonese): Mr CHAN, your speaking time is up. Does any other Member wish to speak?

**MR CHIM PUI-CHUNG** (in Cantonese): President, regarding the motion debate proposed by Mr Ronny TONG today, first, there is a lack of communication among colleagues of the Legislative Council. There are 23 Members from the so-called pan-democratic camp and 37 Members from the pro-establishment camp in this Council. Apart from the President, who is not in a position to vote, there are still 36 Members. If we are truly concerned about the well being of the public, we really need to have communication.

Though Members hold different opinions in political issues, we do not differ on other issues like social welfare, people's livelihood and education, and so on. We all work for the good of Hong Kong people. If so, why would communication be impossible? Honourable Members should reflect on this. Undoubtedly, President, in this Council, we merely express our views without interacting with each other, we just engage in empty talks, all we are doing is just uttering words of no substance.

When it comes to the communication mechanism between China and Hong Kong, it again involves the principle of "one country, two systems". Under the so-called "one country, two systems", we understand that "one country" comes before the "two systems". We seem to be quite reluctant in acknowledging the "one country" principle, but are enthusiastic in upholding the "two systems". When it is favourable to us, we have communication. Otherwise, we refuse to have dialogue. I can hardly say who should be blamed. However, I deeply understand to which country Hong Kong belongs. Before the reunification, theoretically, Hong Kong belonged to China and that it was entrusted to the British Government. At that time, the Central Government might criticize Hong Kong and even held opposing views, for if anything went wrong, it might simply shift all the responsibilities to the British-Hong Kong Government.

By now, it has been nearly 14 years since the reunification. Which country does Hong Kong belong to? The naked truth is that everything of Hong Kong belongs to China, both in nominal terms and in reality. Every success and failure of Hong Kong should be attributed to the Central Government, to the Chief Executive and his governing team authorized by the Central Government to govern Hong Kong. This is an unshirkable responsibility. Hence, if there is anything undesirable in Hong Kong, or if the public are not well-treated, the Central Government should take the greatest share of responsibility, so do the Hong Kong and Macao Affairs Office and the Liaison Office of the Central People's Government in the Hong Kong SAR (the Liaison Office). We should understand that these are undeniable facts. Surely, some members of society know clearly that a certain force in the world is finding every opportunity at different periods and times to denigrate China. However, these people still exploit the ideology of democracy and human rights, or employ all possible tactics to condemn the leadership of China. Their mentality and practice warrant review and denunciation on our part.

On the issue of Diaoyu Island, we are aware of the attitude adopted by Japan towards China. We have also seen how Russia has helped China directly and indirectly on the issue of the four islands. Overseas countries have acted this way on the grounds of interests or facts, and Hong Kong, being part of China ..... Hong Kong is a special administrative region, and Members of the Legislative Council represent the Central Government. We should adopt a correct position that even though we differ in political beliefs, we should make



correct and proper criticism basing on facts and render assistance. We Members should fulfil this responsibility.

In actuality, there is no interruption in the communication between China and Hong Kong. In respect of all future infrastructure and matching facilities, Hong Kong has to deal with the provinces and municipalities of China in various aspects, for this will bring special benefits to Hong Kong in areas like economy and politics in future. We should not regard the Central Government as our enemy. This is a big mistake.

President, no matter what I say, it will be useless, for Honourable Members have already formed their own concepts and views. Regrettably, they have secured enough votes to be qualified to enter this Council and speak for their electors. No matter what, I hope the public will understand at heart that there must be better communication with China.

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

**MR PAUL TSE** (in Cantonese): President, when we look closer at the wordings of the motion today, it seems that Ronny TONG hopes this Council will urge the Government to establish some channels other than the existing established channels and other channels he considers informal. First, is the Hong Kong Government capable of doing so? This poses a big question. Next, I would like to make a few additional points to make clear my voting decisions later.

First, according to my understanding, the three channels mentioned by Mr Ronny TONG are: First, the communication channel between Hong Kong and Beijing; second, the communication channel between Hong Kong and government officials from other Mainland provinces and municipalities; third, which can be regarded as a more suitable channel, the communication channel established with organizations of places outside Hong Kong, such as the National People's Congress (NPC) or people's representative mechanism.

In reviewing the history of Hong Kong, it is noticed that when Hong Kong was under the British rule, apart from the Colonial Secretariat, there was no permanent mechanism to facilitate formal communication between Hong Kong officials and government officials of the British Government, governments of

various regions in Britain, and even that of Ireland and Scotland. The practice is indeed normal. For official communication channels between government officials should be when necessary and according to the established arrangements. It is not a common practice to establish formal channels between elected representatives and the government. Hence, in this connection, we should first confirm what we are talking about at present.

Second, we have to confirm the definition of "formal" and the criteria of "regular". How should the Legislative Council of Hong Kong, as an entity and being part of the establishment, deal with the issue? There is much difference between individual and the establishment. As I often stress, while we can express our views in discussions and motion debates held in the Legislative Council, we should also take into consideration that the Legislative Council is an entity in the establishment, and hence the requests made are representative in a certain degree. Even though individual Members may be wearing two hats, having two different identities or playing two roles, his or her remarks made inside and outside this Council are still of different levels. Certain Members, having no official duties, may adopt different approaches when they speak. Hence, we must be extremely cautious, for this involves the representativeness of an entity under the establishment, where certain restrictions, rules or protocol have been put in place. We must act prudently.

President, there is another difficulty about "one country, two systems". The public in general believe that the Central Government would act with great cautiousness, at least before 2003, in safeguarding "one country, two systems". Since the concept of "one country, two systems" is said to be unprecedented, or even unique to Hong Kong, many issues are still at the experimental stage. Hence, my understanding is that even if the authorities of other provinces and municipalities wish to have direct communication with Hong Kong, the Central Government will not encourage such practices, but will request the relevant authorities to do so via formal channels, such as the Liaison Office of the Central People's Government in the Hong Kong SAR (the Liaison Office). In fact, such practice is made out of the consideration from two aspects. First, it is naturally a display of the determination of the Central Government in safeguarding "one country, two systems", and the difficulties encountered in reality. The second point, which is more important, is that if such communication is carried out in an inappropriate manner or under circumstance with much uncertainty, more often than not, it will be regarded as some channels or practices adopted by officials of the Central Government or various provinces and municipalities in an attempt to

intervene in Hong Kong. This is said to be a Hobson's choice. In other words, it will be criticized no matter what it does and the efforts made will only be futile. Or it will be attacked on two fronts. No matter how the communication is carried out, it will be criticized for having some ulterior motives.

Due to the difficult position mentioned above, in the past, it was necessary to be more cautious in handling issues on communication channels. For communication channels within the establishment, it should be handled with extreme cautiousness. We think this is understandable.

Certainly, there should be more communication among people. However, communication in the establishment should be subject to certain protocol. We must understand that specific restrictions have to be imposed. A few months ago, in a simple case involving emergency, the Chief Executive of Hong Kong contacted the President of the Philippines direct to seek assistance, yet the SAR Government was criticized by the Philippines authorities, various ranking officials and councillors for violating the protocol and acting beyond the specified scope. I do not agree with these remarks, for the situation is really dangerous and urgent. However, we have to understand that this is an issue that warrant careful attention.

President, in a nutshell, I only want to point out that many other communication channels are already available at present. Regarding the practice proposed in the motion by Mr Ronny TONG, I am afraid that it does not comply with the existing arrangement in Hong Kong under "one country, two systems" and will give rise to certain difficulties in reality. Communication cannot be forced, we must allow it to run its natural course and be carried out in an interactive manner, as many colleagues proposed today. It is only when both sides feel comfortable that communication can be enhanced gradually. More importantly, we cannot request for the establishment of a formal channel and regular exchange of visits, as proposed in the motion, for it is not a common practice among legislatures after all, not so to the Chinese authorities or governments of other countries in the international community. Exchanges between legislatures are naturally welcomed. However, exchanges between officials will involve the many issues mentioned today. I hope Members will give further consideration to these before making the decision.

Thank you, President.

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

**MR LAU KONG-WAH** (in Cantonese): President, this week, when many people were focusing on discussing the Budget, two important incidents took place which have far-reaching implications on the relationship between China and Hong Kong. First, it was the passage of the legislation on constitutional reform at the Legislative Council. This implies that under the positive interaction of the Central Government, the SAR Government, the Legislative Council and the public in Hong Kong, the constitutional development in Hong Kong has taken a step forward.

The second important incident was the promulgation of the bill on the 12th Five-Year Plan, and many colleagues are still in Beijing now to scrutinize the relevant motion. The Plan has profound influence on Hong Kong in the identification of its future role. Hence, regarding the implementation of democracy in a progressive manner under the constitutional system and the development of economy by mutually beneficial approaches resulting in win-win situation, the communication and interaction between China and Hong Kong is of utmost importance in both political and economic aspects. We welcome such interactions to proceed.

Actually, there are interactions between Hong Kong and the State has been so throughout the history. The inception of Hong Kong was in fact a reflection of the weakness of China at the time. During the first few decades of the establishment of the new China, China adopted the close-door policies. Hong Kong seized the opportunity at the time to develop. In the next 30 years, the State carried out economic reform and open-door policy. Again, Hong Kong capitalized on these opportunities to promote local development and thereby integrated with the Mainland.

Be it the initial 30 years when the close-door policy was adopted by the State, or the subsequent 30 years when the economic reform and open-door policy was carried out, Hong Kong has taken full advantage of the opportunities to develop. In the next 30 years, the State will continue to develop, and some people predict that the economic power of China will become more prominent in the next 30 years. Hong Kong people will ask what role we should play in the

next 30 years? What contribution can we make to the State? How can the State join hands with Hong Kong to take another step forward?

President, colleagues in the Legislative Council definitely hope that positive interactions can be carried on. There were many good examples of this kind in the past. A few years ago, in the capacity as Chairman of the Panel on Transport of the Legislative Council, I and other Members made wholehearted efforts to visit the Mainland and had exchanges with the officials on transport issues and issues relating to the Hong Kong-Zhuhai-Macao bridge; subsequently, the Hong Kong-Zhuhai-Macao plan was approved smoothly.

Moreover, during the scrutiny of the legislation on "co-locations", Members had paid on-site visits and put forth many valuable opinions. These pragmatic exchanges and communication had been carried out in the past. I hope there will be further exchanges in future, for they are of great importance to the people and the legislature of Hong Kong.

As mentioned by certain colleagues earlier, Members hope that this type of communication and co-operation will continue, thereby achieving mutual understanding and trust. However, certain incidents occurred in Hong Kong recently have caused great anxieties. On the one hand, some people advocate the importance to have communication, co-operation, understanding and mutual trust. But on the other hand, some people have been spurring radical actions in Hong Kong recently, using wordings like declaration of war, riots and reforms. The advocacy or incitement of such actions will do no good to Hong Kong and will lead to adverse consequence in the interactions between the State and Hong Kong.

Undoubtedly, Mr Ronny TONG proposes this motion with a good intention and from the perspective of positive interaction, but I hope that he can bring his personal influence to full play. As I mentioned earlier, there are some people demanding communication on the one hand but advocating the introduction of reform on the other hand. This situation warrants contemplation. People should examine whether they should adopt such an attitude. Only by doing so will it be more conducive to the stability of Hong Kong and the interaction between the State and Hong Kong. Thank you, President.

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

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese): Mr Ronny TONG, you may now speak on Mr Albert HO's amendment. The speaking time limit is five minutes.

**MR RONNY TONG** (in Cantonese): President, with regard to the amendment proposed by Mr Albert HO, apart from item (d), other amendment are only change in wordings. The theme of his amendment has not deviated from the principal idea of the original motion, that is, to respect "one country, two systems", and to enable Beijing, Hong Kong and the Hong Kong Government to have normal official communication on certain important subjects. President, he proposes under item (d) his hope to allow certain Chinese nationals to freely travel to and from the Mainland under the present situation, so as to implement the aforesaid mechanisms. Indeed, his emphasis is still on the hope to implement improvement to the mechanisms.

President, regrettably, during the debate, some colleagues have put the stress on individual political preferences or difference in views, failing to consider whether or not improvement should be made to the constitutional order or the system. President, it does not matter, for it is the culture of the legislature to allow Members to make use of the subject under discussion to put over his own ideas. More often than not, this is a very important approach for Members to express their views in the legislature. I think this is totally acceptable.

However, President, I have to reiterate that when I propose this motion today, I utterly focus on the alterations to the constitutional order and the system, hoping Members will think about the issue in this respect and examine how the existing system can be improved.

President, I so submit.

**SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS** (in Cantonese): President, I have listened attentively to the views expressed by Honourable Members on the co-operation between the Mainland and Hong Kong.

I always consider that we should attach importance to the communication between the two places. On the whole, we all agree with these points.

I would like to give my response on several aspects. First, Mr Ronny TONG and Miss Tanya CHAN have both given their views on the "Action Plan for the Bay Area of the Pearl River Estuary" (the Action Plan). I would like to reiterate that in handling issues relating to the co-operation between the Mainland and Hong Kong, we will definitely act in accordance with the Basic Law and the legal provisions of Hong Kong. Hence, if Members are concerned about the future development of the Action Plan, please note that before formally launching any town planning work or proposing any infrastructure projects, we will surely carry out public discussion inside and outside the Legislative Council, and we will apply to the Finance Committee of the Legislative Council for funding according to the development needs. If amendment of the legislation is required, we will certainly brief Members to enlist their support. In handling all issues relating to the co-operation between the Mainland and Hong Kong, the Government must follow these procedures. In connection with these important issues, the relevant Policy Bureaux will surely brief members at the Legislative Council meetings and at relevant Panel meetings in due course.

Second, Mr WONG Ting-kwong particularly mentioned the prevailing culture of the legislature in the Legislative Council of Hong Kong. He queried whether the solemnity in the past has been maintained? If there is deterioration in this aspect, will this affect the evaluation of Mainlanders on the legislature of Hong Kong? I believe Members have done their own assessment at heart.

Mr Tommy CHEUNG particular mentioned the availability of channels for communication and the room for co-operation. However, the attitudes adopted by various political parties and groupings and independent Members in the legislature in handling communication and co-operation with the relevant departments of the Mainland are truly important.

Now I come to the third aspect. Last year, given the sincerity shown particularly by certain political parties and groupings and independent Members, the 2012 constitutional reform package was passed last June, enabling Hong Kong to reach a consensus with the Central Authorities. However, I would like to stress a few points here. Mr Albert HO somehow queried whether the Chief Executive has been playing a distinctive role in this incident? Has he exercised his power and fulfilled the role he can perform under the Basic Law? I may tell

Honourable Members that during a long period in the past, the Chief Executive had been suggesting to the Central Authorities that certain opinions and viewpoints of the democratic camp should be listened to. After some time, the Liaison Office of the Central People's Government in the Hong Kong SAR (the Liaison Office) listened to the views of the relevant political parties and groupings on behalf of the Central Authorities. This is an important step.

Against this background of communication and listening to the views, the SAR Government still acted in accordance with the Basic Law by taking charge of the constitutional reform proposal and putting forth proposal to the SAR legislature on the amendment to Annex I and Annex II of the Basic Law. I believe the Liaison Office has surely reflected the views they heard from the relevant political parties and groupings to the Central Authorities. However, according to the Basic Law, the SAR Government should always take a leading role and preside over the proposal of constitutional reform.

Moreover, after going through the experience last year together, it is evident that the amendment procedures stipulated in the Basic Law on constitutional reform is feasible. The key is that the Chief Executive had submitted a report to the Central Authorities in 2007 and the Standing Committee of the National People's Congress (NPCSC) made the Decision in December 2007. After these two incidents, we have completed the first two steps in the five-step mechanism stipulated in Annex I and Annex II of the Basic Law. The submission of the report by the Chief Executive was the first step and the Decision made by the NPCSC was the second step. The third step will be for the SAR Government to put forth the 2012 constitutional reform proposal to the Legislative Council of Hong Kong. The fourth step will be to strive for the endorsement of the proposal by a two-thirds majority of all Members of the Legislative Council and the consent of the Chief Executive. It will then come to the fifth step, to report the proposal to the NPCSC for approval and record.

In Hong Kong, the most crucial steps are the third and fourth steps, that is, for the SAR Government to put forth the proposal, and for the Legislative Council to endorse the proposal and the Chief Executive to give his consent. As for the third and fourth steps, it is actually a stage for society of Hong Kong to arrive at an internal consensus. After that, we will submit the amendments to the NPCSC for approval and record, which signifies that this internal consensus of Hong Kong is recognized by the Central Authorities. Hence, according to the Basic Law, in handling the issue on constitutional reform, a consensus within



Hong Kong should be reached, and the same opinion should be shared with the Beijing authorities.

In the course, the Chief Executive will lead the SAR Government to listen to the views inside and outside the Legislative Council and continue to reflect those views to the Central Authorities. We will jointly consider whether there is room for adjustment in the constitutional reform proposal, trying to adjust the proposal in response to views received inside and outside the Legislative Council to reach a consensus by all means. Hence, I hope Members will understand that we follow the Basic Law strictly in dealing with the subject on constitutional reform. The Chief Executive always says that we can only achieve success when the Legislative Council, the SAR Government and the Central Government can reach a tripartite consent. The communication started last year carries positive meaning.

The fifth point is about the two important subjects put forth by Mr LAU Kong-wah earlier. The first subject is on the 2012 constitutional reform that had been handled last year, and I have given further explanation on the subject earlier. The second one is on the 12th Five-Year Plan. President, at the Two Sessions presently held in Beijing, the 12th Five-Year Plan marks an important step and a significant milestone. Also, it signifies that after the reunification of Hong Kong for 13 years, people inside and outside the Legislative Council now in general recognize the importance of enhancing the co-operation and interaction between Hong Kong and the Mainland. Inside the Legislative Council, Members have passed motions on supporting the enhancement of the co-operation between Guangdong Province and Hong Kong, and on following up proactively the 12th Five-Year Plan.

President, we notice from the 12th Five-Year Plan that the Central Authorities has stated unequivocally the continual support for enhancing Hong Kong's status as a financial, trading and aviation centre under the Basic Law. I believe when these policies are implemented, we will gain the support of the Legislative Council. We should continue to make good use of existing channels to promote the communication between the Mainland and Hong Kong, but there is no need to establish a new communication mechanism.

President, I so submit.

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the amendment, moved by Mr Albert HO to Mr Ronny TONG's motion, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr Ronny TONG rose to claim a division.

**PRESIDENT** (in Cantonese): Mr Ronny TONG has claimed a division. The division bell will ring for three minutes.

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

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

Functional Constituencies:

Dr Margaret NG, Mr CHEUNG Man-kwong, Ms LI Fung-ying, Dr Joseph LEE and Mr CHEUNG Kwok-che voted for the amendment.

Mr WONG Yung-kan, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Mr IP Wai-ming and Dr PAN Pey-chyou voted against the amendment.

Mr Tommy CHEUNG, Prof Patrick LAU, Mr CHAN Kin-por, Dr LEUNG Ka-lau, Mr Paul TSE and Dr Samson TAM abstained.

Geographical Constituencies:

Mr Albert HO, Mr Fred LI, Mr James TO, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr Ronny TONG, Mr KAM Nai-wai, Mr WONG Sing-chi, Mr Alan LEONG and Miss Tanya CHAN voted for the amendment.

Mr LAU Kong-wah, Mr WONG Kwok-hing, Ms Starry LEE and Mr CHAN Hak-kan voted against the amendment.

Mr LEUNG Yiu-chung, Dr Priscilla LEUNG, Mr Albert CHAN and Mr WONG Yuk-man abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 16 were present, five were in favour of the amendment, five against it and six abstained; while among the Members returned by geographical constituencies through direct elections, 20 were present, 11 were in favour of the amendment, four against it and four abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

**PRESIDENT** (in Cantonese): Mr Ronny TONG, you have 27 seconds to reply.

**MR RONNY TONG** (in Cantonese): President, it does not matter even if the motion is not passed. I hope that various sectors will continue to pay attention to the subject and carry on the discussion.

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Ronny TONG be passed. Will Members please proceed to vote.

(Members raised their hands)

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

(Members raised their hands)

Mr Ronny TONG rose to claim a division.

**PRESIDENT** (in Cantonese): Mr Ronny TONG has claimed a division. The division bell will ring for three minutes.

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

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

Functional Constituencies:

Dr Margaret NG, Mr CHEUNG Man-kwong, Dr Joseph LEE and Mr CHEUNG Kwok-che voted for the motion.

Mr CHIM Pui-chung voted against the motion.

Mr WONG Yung-kan, Ms LI Fung-ying, Mr Tommy CHEUNG, Mr WONG Ting-kwong, Prof Patrick LAU, Mr CHAN Kin-por, Dr LEUNG Ka-lau, Mr IP Wai-ming, Dr PAN Pey-chyou, Mr Paul TSE and Dr Samson TAM abstained.

Geographical Constituencies:

Mr Albert HO, Mr Fred LI, Mr James TO, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr Ronny TONG, Mr KAM Nai-wai, Mr WONG Sing-chi, Mr Alan LEONG and Miss Tanya CHAN voted for the motion.

Mrs Regina IP voted against the motion.

Mr LEUNG Yiu-chung, Mr LAU Kong-wah, Mr WONG Kwok-hing, Ms Starry LEE, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mr Albert CHAN and Mr WONG Yuk-man abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 16 were present, four were in favour of the motion, one against it and 11 abstained; while among the Members returned by geographical constituencies through direct elections, 21 were present, 11 were in favour of the motion, one against it and eight abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the motion was negatived.

**PRESIDENT** (in Cantonese): Second motion: Reforming the Hospital Authority.

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

I now call upon Dr LEUNG Ka-lau to speak and move the motion.

## **REFORMING THE HOSPITAL AUTHORITY**

**DR LEUNG KA-LAU** (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed.

President, the Hospital Authority (HA) being the largest public organization besides the Government, has 58 000 employees. In the past 20 years, its annual spending of public money has increased from \$7.8 billion initially to \$36.8 billion this year. Do Honourable Members know how much

additional financial resources the Government has provided to the HA this year? An extra \$2.6 billion has been allocated, which represented an increase of 7.6% from last year. At present, while many Members still complain about inadequate medical resources, I have, after serving in the HA for 24 years, observed many problems unknown to people outside the field.

Under the Hospital Authority Ordinance, the functions of the HA are to use hospital beds and general out-patient clinics, staff, equipment and other resources efficiently and to ensure accountability to the public for the management and control of the public medical system.

However, with the spending of such a hefty sum amounting to more than \$30 billion each year, why is it that the waiting time for specialist services has yet to be improved?

Let me quote the data provided in the Budget. In 2010, the median waiting time for specialist out-patient new cases triaged as first priority and second priority cases is less than one week and five weeks respectively. However, it is estimated in the Budget that in the coming year, the median waiting time for first appointment for first priority and second priority patients will become two weeks and eight weeks respectively. How come this situation arises even with the provision of additional resources?

Regarding the working condition of the HA staff, once every two or three years, a batch of colleagues would invariably come forward to complain about being overburdened with work. Two weeks ago, the staff at Tuen Mun Hospital came forward to make the same protest. There were still complaints even when a large amount of additional resources has been made. Should the Legislative Council examine whether it is fundamentally a problem about inadequate resources and manpower, or unsatisfactory management, or whether there are other structural problems?

If we attribute the reason to insufficient doctors, the number of doctors in the HA has in fact, as indicated by statistics, increased by some 30% to 40% in the past 10 years, while the number of in-patients has only increased by 10%. Are there any ways we can come up with some improvement measures? If judged from the data published by the HA currently, its transparency is very low

indeed. We can, in no way, account for the rising medical costs by reasons such as ageing population, new technologies, social demands, and so on.

Let me illustrate my point with the data provided in the Budget. Last year, the unit cost of in-patient services, that is, the daily cost of each hospital bed, was \$3,660 per patient day. According to the Government's estimate, the cost will increase to \$3,830 next year, which represents an increase of 4.6%. In fact, the cost of hospital bed is unrelated to ageing population. While an ageing population means that there are more elders in society and the number of elderly patients will increase correspondingly, the unit cost of providing in-patient services for the elderly should remain the same. My salary has not been increased and likewise, the number of medical staff per hospital bed has not increased. What then has caused such a substantial increase in unit cost?

Regarding the cost per specialist out-patient attendance, it was \$880 in the year before last and then increased to \$900 last year. It is estimated that the amount will be increased to \$950 next year. I do not understand the reasons for the rising cost. I operate a private clinic and this incurs rental expenses. With my experience, I would spend at least 15 minutes on diagnosing each patient. The consultation fee I charge is \$800. The HA does not have any rental expenses, and most of the cases are not attended by specialist doctors. Sometimes, the patient will be asked to leave after less than five minutes of consultation. Why would the cost of the HA be increased to \$950? According to the estimates for next year, the number of doctors in the HA will increase by only 1%, and the number of hospital beds by only 21 (or 0.1%). Where has the money gone? Given the extremely low transparency of the HA, I really cannot figure it out.

Judging from the figures disclosed by the HA and the Government, I find that the resources are very unevenly distributed among various hospital clusters. As the Chinese saying goes, "Inequality rather than want is the cause of trouble." According to the data collected from different clusters, the provision allocated per 1 000 population for various clusters is as follows: \$3.15 million for Kowloon East; \$3.75 million for New Territories West (where Tuen Mun Hospital locates); \$6.89 million for Hong Kong West; \$8.56 million for Kowloon Central. Why is there such a huge difference? The difference in resource allocation has also affected the number of manpower and hospital beds.

Regarding waiting time, the median waiting time for the specialty of ear, nose and throat in New Territories West is 92 weeks, while that in Kowloon Central is only one week. For the specialty of ophthalmology, the waiting time in Kowloon East is 135 weeks, while that in Kowloon West is six weeks. Why is that so?

Regarding the situation of different departments, the number of Senior Doctor in the department of pathology is three times as many as that of the department of medicine. No wonder there is an "exodus" of physicians in Tuen Mun Hospital. Members must understand that these doctors do not leave Tuen Mun Hospital to join the private sector, they merely join other specialties. Hence, staff wastage is another problem.

There is also another problem, is there a huge difference in the workload among doctors of various ranks? I often learn from fellow doctors that they are overburdened with work. However, according to the Report on Doctor Work Reform published by the HA in 2009 — let us just accept the findings as true — the average number of working hours of 5 000-odd doctors is 51 per week. That is not too long, but why some doctors have to work for more than 80 hours per week?

As I can only review the situation from the perspective of a front-line worker, I cannot see the operation of the entire HA. From my experience in the past 20-odd years, I can see that many operations in the HA are just not cost-effective. If Members have watched either the Japanese or Korean version of the drama series "The Great White Tower", I think the HA is just like one mega white tower.

There is another phenomenon known as "super-specialization". Members may have read from the newspaper a couple of days ago about the case concerning a patient suffering from hematochezia. Initially, the patient was referred to the division of gastro-intestinal. During consultation, the patient mentioned about slight pain in the upper abdomen. Suspecting the presence of gallstones, the doctor immediately referred the patient to the division for treating liver, gallbladder and pancreatic illness. The patient then booked an appointment with the relevant division. After a wait of six months, the patient went to see the doctor. It happened that the doctor who initially treated him for hematochezia had also been transferred to that division as he, being an intern, had



to work in different specialties on a six-month interval. When the patient stepped into the consultation room, the doctor said surprisingly, "How come I see you again?" From this case we can understand that "super-specialization" is actually one of the reasons for the increasingly long waiting time at the HA. This has also created duplication of work and wastage of resources.

Furthermore, "provincialism" within the HA is serious. Can Members believe that even within the same department, if a patient with hernia books an appointment at a general out-patient clinic on Tuesday, he has to wait for two years; but if he books the appointment on Thursday, he only has to wait for four weeks. Why is that so? This is because four different teams belonging to four different specialties are treating patients on different days of the week, that is, on Tuesdays, Wednesdays, Thursdays and Fridays respectively. The doctors are from different specialties and some specialties may have more patients. For example, a patient with hematochezia has to wait two years for consultation. For other specialties, such as the treatment of abdominal pain, the patient may only have to wait for four weeks.

Hernia is neither a case of abdominal pain nor hematochezia. Hence, the four teams will accept new cases by rotation. As a result, if a patient with hernia books his appointment on Tuesday, he will have to wait with other patients with hematochezia; the waiting time is two years. If the same patient books his appointment on Thursday, he will have to wait with other patients with abdominal pain; the waiting time is four weeks.

Moreover, there is another very serious problem with the HA, that is, the so-called supply-induced demand. During the previous round of discussion about medical insurance, people raised strong objection against the system of medical insurance because it might involve service provider inducing unnecessary services on the part of patients. I can tell Members that as a matter of fact, this situation also exists in the HA. I do not mean that front-line staff, who are personally involved in the work, will induce demand as they have to undertake the extra work involved.

I mean the middle management of the HA will induce demand. For the sake of career development, they would like to have more resources being allocated to the team or department they belong to. Therefore, they will try to create as much work as possible for front-line staff so that there is a reason or

excuse to seek additional resources from the senior management. For example, if a department is understaffed and nine people have to do the work of 10, the middle management will try to create more work so that a staffing complement of 12 is required. The existing nine staff members are of course working very hard and hence, there is a reason for seeking additional resources.

Unfortunately, the additional resources allocated are only enough to create one additional post. In that case, 10 people are doing the work of 12. President, by simple calculation, the original situation of nine people doing the work of 10 has now become 10 people doing the work of 12. In other words, the situation has worsened.

How can these problems be rectified? First, the HA must enhance transparency by telling the public how the financial resources are utilized, such as the number of staff members at various ranks in each department, their workload and productivity, and so on. Moreover, the HA must keep up with the times and revise its out-dated approach of cost calculation. According to the HA, the cost of each hospital bed is \$3,800 per day. It is four or five times more than that in private hospitals. Then, how can we assess the cost-effectiveness of its services? Therefore, the HA must modernize its accounting system and provide us with the details of various cost components. At present, for patients who spend one night in hospital to undergo some simple tests and take three meals, the cost is \$3,800; for patients who have to undergo some minor operations, or even major operations, the cost is still \$3,800 per day.

Moreover, if staff members want to urge the middle management to seek additional manpower on the basis of service demand, they must fight for standard working hours. Under the mechanism of standard working hours, overtime work will be remunerated at a rate higher than normal wages. The purpose of establishing this mechanism is not for front-line staff to earn overtime allowance, but to compel the management to optimize the efficiency of its department and minimize unnecessary work.

If certain duties can be performed by relatively lower-paid staff, the management should employ supporting staff to undertake the relevant clerical duties. At present, as no limit has been set for the hours of overtime work performed by front-line staff and they are not compensated in any way, they are required to undertake all other duties that are not taken up by other people. As a

result, their workload has been increasingly heavy. Therefore, standard working hours can protect our labour rights, as well as those of the grass-roots employees in the community. For the HA, it is a mechanism for formulating the relevant manpower indicators.

According to the data provided by the HA, if the average working hours of 5 000-odd doctors is 51 per week as claimed, the existing human resources manual — that is, the relevant provision in the employment contract — has already specified the standard working hours. There are 58 000 employees in the HA. Apart from the grade of doctors, 52 000 employees are in fact having standard working hours. In fact, the implementation of standard working hours in the HA does not involve any legislation or government policies.

It has already been specified in the employment contract that the average number of working hours is 44 per week. I know it may be difficult to reach this standard in one go, but since the HA claims that doctors currently work for 51 hours on average per week — let us start with 51 hours even though it means the doctors are slightly "disadvantaged" — it should not incur too much additional resources to implement the measure immediately. With such a mechanism in place, even though the HA may not be able to employ sufficient staff at once, it will help boost the staff morale. In the long run, upon the implementation of this mechanism, the management should be less prone to require the staff to work overtime for a prolonged period because it is actually more economical to employ additional staff than pay for overtime work because less staff cost will be involved.

President, I so submit.

**Dr LEUNG Ka-lau moved the following motion: (Translation)**

"That during the 20 years since the establishment of the Hospital Authority (HA), its annual spending of public money has increased from \$7.7 billion to \$33 billion, yet due to its unsatisfactory management, the morale of front-line healthcare personnel is low and the quality of care varies; the distribution of resources among various clusters is uneven, and the per capita share of hospital beds, healthcare personnel and funding can vary by as much as 200%; its administrative structure is cumbersome, and the annual salaries of the Chief Executive as well as the 33 Directors, Cluster

Chief Executives and Hospital Chief Executives are as high as \$2 million to over \$4 million; the working condition for its employees is poor, and the working hours of healthcare personnel are long, and it is common to be on duty for 28 consecutive hours; the waiting time for specialist services is too long, thus causing delay in treatment, and the subsidies to patients for using outsourced services are on the low side, thus failing to divert them to the private medical system; the transparency of the HA Drug Formulary is inadequate, and hence patients and the public are unable to find out the drug assessment criteria; and the means test under the Samaritan Fund is too harsh, causing many patients to fall outside the safety net and cannot receive due protection; in this connection, this Council urges the Government to thoroughly review the operation of HA and put forward reform proposals, including:

- (a) using disease treatment costs and service volume as the basis, to formulate objective funding criteria for each hospital cluster, and to allocate appropriate resources to hospitals in busy districts so as to avoid wastage or shortage of resources for developing services in individual hospital clusters; through the Internet or enquiry hotlines, to make public information about making appointments of various hospitals, and proactively advise patients of hospitals in busy districts to seek cross-district medical treatment, so as to balance the supply of and demand for healthcare services in various districts;
- (b) to review whether the management structure of the Head Office overlaps with those of hospital clusters, so as to streamline the relevant structure;
- (c) to formulate manpower indicators based on workload, and to set standard working hours for healthcare personnel and provide them with half-time job options, with a view to reducing medical blunders and staff wastage;
- (d) to reorganize specialist services, reduce unnecessary internal referrals, strengthen primary medical care, and increase the subsidies to patients for using outsourced services, so as to divert patients to the private medical system;

- (e) in respect of decisions to add any drugs to or remove any drugs from the HA Drug Formulary, to publish drug efficacy reports and financial implication assessments, and include patients' quality of living as a criterion of evaluation, so as to maximize the social effectiveness of drug subsidies, and even drugs 'which have preliminary medical evidence only' should be included in the safety net of subsidies, and their removal should only be considered when their efficacy is negated, so as to reduce disputes; and
- (f) to relax the application threshold of the Samaritan Fund, and set a fixed ceiling for patients' co-payment."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the motion moved by Dr LEUNG Ka-lau be passed.

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

I will call upon Dr PAN Pey-chyou to speak first, to be followed by Dr Joseph LEE, Mr CHAN Hak-kan, Mr CHEUNG Man-kwong and Mr Alan LEONG respectively; but no amendments are to be moved at this stage.

**DR PAN PEY-CHYOU** (in Cantonese): President, I would like to declare my interest before I start. To being with, I am still under the employment of the Hospital Authority (HA) as a Consultant, and I sometimes work at the HA.

As an employee, I must say that the HA has not treated me unfairly at all. Nonetheless, I consider the subject of today's debate extremely important. In consideration of public interest and my own conscience, I think I must direct some well-intended but harsh criticisms against the HA.

It has been 20 years since the establishment of the HA. In the past 20 years, the HA has been shouldering the responsibility of looking after some 7 million people of Hong Kong by treating their critical illnesses and serious

injuries. Certain credit is in fact due to the HA for saving lives and helping the vulnerable. However, its management has failed to progress with the times. The HA has all along paid no attention to the problems and has taken no actions to rectify the situation. As a result, patients complain about not getting adequate service and long waiting time; on the other hand, HA staff are physically and mentally exhausted, and they are frustrated as well. I think the current situation arises because the HA is sick, so critical that accurate diagnosis and treatment are required.

The HA is plagued with problems. As mentioned by Dr LEUNG Ka-lau just now, the first point I would like to raise is the irrational allocation of resources. This has resulted in a lot of malpractices. Second, there is the problem of low morale and wastage of talents. As for other problems, I will not go into any details here.

Regarding resource allocation, let me cite an example. The United Christian Hospital where I work belongs to the Kowloon East Cluster. As Dr LEUNG has just mentioned, the Kowloon East Cluster is actually a disaster zone with meagre resources. In fact, the Kowloon East Cluster serves two districts, that is, Tseung Kwan O New Town and Kwun Tong, with a total population of about 1 million. This represents some one-seventh or 14.2% of the total population in Hong Kong.

In March 2008, in view of the extremely meagre funding provision for the Kowloon East Cluster, which was in fact far more insufficient than other clusters, Mr Alan LEONG moved a motion at the Legislative Council requesting the Government to allocate more funding and medical resources to the Kowloon East Cluster. Three years have since gone — it will be three years in a few days' time — but have any improvements been made? As far as I can see, nothing has been changed. In 2007-2008, the funding provision allocated to the HA to the Kowloon East Cluster was 10.1%. That really lagged far behind the 14.2% required, which was the proportionate amount on the basis of population. In 2009-2010, the percentage of financial provision remained unchanged at 10.1%.

I think it looks as if the HA has paid absolutely no attention to the decision made by Members of this Council. That is totally unacceptable. In general, funding allocation is to be made according to three principles. First, resources will be allocated according to historical or other factors. What is meant by other

factors? For example, if the chief executive of a particular cluster is more dictatorial, that cluster will get more resources. If the chief executive of a particular cluster is easy going or friendly, that cluster will get fewer resources. This historical factor has perpetuated throughout the years. I think no one can see any logic behind such an unreasonable system of resource allocation.

Another principle of resource allocation is by service volume. Dr LEUNG Ka-lau has also mentioned this more equitable principle of resource allocation in his original motion. If a particular hospital or department has a relatively large service volume, it should get more resources so that additional manpower and equipment can be procured. This is seemingly a more equitable arrangement. However, this principle can also give rise to a serious malpractice which was also mentioned by Dr LEUNG just now. I do not reckon he will mention this point, that is, bogus service demand may be created. Why is that so? This is because human beings are born with the desire to extend their territory. Hence, the middle management will come up with many ingenious acts of leadership. If they want to create a greater department, what will they do? They will push the front-line and grass-roots staff to take up extra work. With additional workload and the statistics to prove increased service volume, they can then seek additional resources.

Under this principle of resource allocation, hospitals with a large service volume will be given more resources. In that case, what will the management do? It is not enough to merely push the staff because they must have some actual work to do. Hence, the management will relax the conditions for case referral so that any patient can be referred to the hospital. They would admit as many patients as possible and even pledge to complete certain tasks within hours. Under the circumstances, internal demand will increase continuously and this will in turn create many unwarranted service demands.

For hospitals which are given fewer resources because of insufficient service volume, there is no way they can provide new services and some patients must be referred to other hospitals. In that case, their resources will dwindle. Local patients suffer most as they have to seek medical treatment in other districts. Of course, it will not be a big problem for people who are able-bodied, healthy or can afford to take a taxi. But for those elders who are poor and mobility-impaired, what can they do? If you are wheelchair bound and live in public rental housing in Sau Mau Ping, can you afford to take a taxi to the Queen

Elizabeth Hospital for every follow-up consultation? How much is the taxi fare? It will incur expenses even if an out-patient escort is hired. How can such arrangement be made? If you have just been discharged from hospital and must receive rehabilitation service several days a week, how can you afford such medical expenses? Hence, this is not a feasible option.

Another principle of resource allocation is by population size in the district. Financial provision will be made according to the distribution of population and age groups in the district. Hence, I think the latter two principles of resources allocation — by service volume and population size in the district — should be considered in tandem. The demography of a district is not something that can be altered by individual hospital or administrator. This will provide stability to counteract the need to increase service volume. In my view, the HA must tackle the problem of resource allocation without any further delay. It must act with resolution by implementing tough measures according to a timetable, so as to address this unjust and inequitable method of resource allocation at root.

Regarding the problem of staff morale, this is in fact caused by both internal and external factors. More importantly, the problem has not been timely addressed because the HA's management has always disregarded the issue. The external factor is simple, the market for private medical services has been thriving. In recent years, many people have come to Hong Kong to seek medical treatment and this has created a prosperous private medical sector. This has naturally caused the drainage of healthcare personnel from public hospitals. Under the circumstances, the number of healthcare personnel in public hospitals has been reduced. What the HA should have done is to plan ahead by making early arrangements to recruit additional staff and increase the number of places at medical schools, nursing schools and nursing faculties. However, nothing has been done by the HA. In hospitals, the workload has been increasing, while some workload are generated from real demand such as the ageing and increasing population, even more workload is generated by bogus service demand as I have just mentioned. This has really created a lot of work pressures on front-line staff and their lives are just miserable.

Moreover, as a result of the requirements of quality control and complaint handling, a lot of non-clinical workload, which essentially entails clerical and paper work, has been generated. Such workload has also imposed heavy burdens on healthcare personnel. However, the situation has been left



unattended to and the healthcare personnel have to take up the work themselves. Under the circumstances of reducing manpower, long working hours and adverse working conditions, healthcare personnel have nowhere to turn for help and nobody cares about their remuneration, promotion prospects or opportunities for further studies. Under the circumstances, how can the situation be kept under control?

I think a pragmatic solution to the problem involves two steps to be taken separately. First, the HA must, as a priority, improve the remuneration package of the staff, increase the amount of overtime allowance and provide more promotion opportunities immediately so that healthcare personnel do not have to stay in the same basic rank of doctors and nurses even though they have been working hard for 20 years. Second, the HA should reduce the non-clinical workload of healthcare personnel, streamline various work processes, and more importantly, change the existing mechanism for resource allocation to reduce bogus demands. Moreover, we should ensure rational planning in the demand and supply of medical talents.

I think the situation has become so critical that the HA must act with resolution to address all these urgent problems. If no cure is provided for this critical illness, life will be lost. If the entire HA crumbles, who will then shoulder the responsibility of providing medical services for the people of Hong Kong?

I so submit.

**DR JOSEPH LEE** (in Cantonese): President, as a Board Member of the Hospital Authority (HA), I should perhaps also declare my interest.

Regarding today's motion, I thank Dr LEUNG Ka-lau and Dr PAN Pey-chyou for mentioning the HA's situation just now.

In the past 20 years, the HA had only been commended during the early years of its establishment. In the past 10 years, it has received no commendation but criticisms. One of the most controversial issue about the HA is resource allocation (two other Honourable colleagues have also mentioned this problem). However, we can see that provision ..... I think the Secretary has mentioned

previously that the provision for healthcare services has been increasing every year and the sum is getting bigger and bigger. However, where has the money gone?

This problem is of course related to the mode of resource allocation. Just now, Dr PAN has talked about using service volume as an indicator in resource allocation. In fact, this arrangement has started to change in the past three years. Nonetheless, problems have occurred again. Being gentle and cultivated, Dr PAN only talked about bogus service demands. But what is the actual situation? The actual situation is that statistics are fabricated. Of course, talking about service volume ..... For example, the cost of 10 cases is \$100 and the hospital is given \$150 by the HA. If this formula is used, it will be accepted by the hospitals. However, if resources are allocated on the basis of population size, \$200 will be granted. The problem is, with the changing formula, the amount is back to \$150 again. In that case, the hospitals claim that they receive \$50 less, but in fact, the hospitals have been initially granted \$50 more. During the days when the hospitals were given an extra \$50, what would they do with the additional resources? They thus started to provide some new services and keep on introducing new services. Of course, the public thought highly of this move, and they welcomed the new services provided by hospitals. The hospitals, on the other hand, claimed that with the implementation of new services, the root causes of diseases could be dealt with. The implementation of more preventive work in the community could help reduce the number of people getting sick, and in turn reduce the number of hospitalization cases. This was definitely some appealing logic. However, the problem is who are going to provide these new services? The services have to be provided by someone and who are those people? The services must be provided by doctors, nurses and other allied health staff.

However, in the past 10-odd years, the overall establishment of healthcare personnel in Hong Kong has always been seriously understaffed. It is because starting from 2000, the HA has been cutting down its budget to reduce costs. I am not talking about the Government's budget, but the HA's own budget. Whenever a staff left the HA, the post would be deleted. As a result, many posts have been deleted and hence, the HA is now understaffed. Moreover, due to mistakes made in respect of overall manpower planning, there is a serious shortage of doctors, nurses as well as other allied health staff. Despite the acute shortage of manpower, the hospitals still keep on introducing new services to tie

in with the new method of resource allocation. How then should be done? The hospitals would then deploy the existing staff to provide the new services; consequently, the problem of staff shortage is further aggravated. In our profession — this comment is not made by me but by nurses — many cluster hospitals do not attend to their proper business, instead of providing ward services, many staff members are deployed to take up the so-called community services, thereby further aggravating the manpower shortage problem.

Let me give an example. I have a friend who works in the ward of Princess Margaret Hospital. According to him, in taking care of a bed-ridden patient who suffers from brain compression, apart from medical treatment, you have to turn the patient from side to side frequently in order to prevent decubitus ulcers, that is, bedsores caused as a result of prolonged confinement in bed. The healthcare staff would usually turn the patient four times during a shift of eight hours. They try very hard to accomplish this task. My friend said that they were able to complete the task in the past, but after manpower had been ..... In the past, each staff was responsible for one segment of the ward (there are eight beds). Each staff would work together with a partner to turn the patients. The jargon we use for this kind of work is "fish turning". In each shift, each patient would be turned four times. Healthcare staff were very concerned about cleanliness, hence when they turned the patient, they would also perform other routine duties, such as treating the skin, observing the patient's conditions, talking to them, and so on. There was a lot of work to be done. It took at least 15 minutes to turn a patient. In each shift, they might need to turn the patients four times. However, it is not possible to do so now because each staff has to look after 16 patients. After working hard to turn the patients, he suffers from severe back pain and he himself becomes a patient. If he cannot go to work, someone has to take his place. As no one is available to replace him, what can be done? Finally, his partner must take up all the duties. This is a common phenomenon. According to front-line staff, this is caused by manpower shortage. Of course, the Secretary would say that the Government has already provided the funding. I also know that provisions have been provided and I have told front-line staff accordingly. But front-line staff said it has nothing to do with them. They did not have any increase in salary, only their workload has increased. Even with the persistent manpower shortage, the management just kept on deploying staff members to undertake other duties; not to mention the lack of promotion opportunities. Healthcare staff only want to do their jobs dutifully and properly, yet under these circumstances, they have become increasingly demoralized.

I still recall that I had once asked the Secretary about the overall manpower situation of nurses, both in the private and public medical systems, in the next 10 years. The Secretary had given me a simple answer. He said, "The situation is uncertain because there are many changes." Strangely enough, if the Secretary, as the decision-maker, is uncertain about the overall staffing situation, how can he allocate financial resources to ensure adequate manpower supply and service provision? If service provision is hampered due to inadequate manpower supply while funding resources have been on the increase, a vicious cycle will be created and front-line staff will be increasingly overburdened.

Furthermore, the effective development of private hospitals in recent years has attracted a number of staff from the public medical sector. The HA, being rigid in its administration, has not formulated sound policies to retain staff. According to some rough estimates, about 200 to 300 posts in the ranks of nurses and nursing officers are yet to be filled. I happen to have some other statistics on hand. Besides nurses, the promotion of allied health staff is ..... rather interesting. In 2009-2010, the HA has promoted one clinical psychologist, two nutritionists and five pharmacists. As a matter of fact, why is it that only a handful of people got promoted among so many employees in the HA? Is it because of the lack of financial resources? Nobody knows why. Where has all the money gone? This is a question that I must ask. As a matter of fact, Secretary, do you know where has all the money allocated to the HA gone? Why are there so many voices of discontent? This is a matter about money. If we do not have sufficient staff to make good use of the financial resources allocated, service quality will deteriorate.

In fact, apart from this problem, we must also keep in view the scope of services. According to the HA, its services are comprehensive, covering a wide range of areas and new services are also provided. However, we have received different views from various professions in respect of the scope of services. A case in point is chiropractic services. I think the Secretary is well aware of these views. When he met with the chiropractors ..... The Secretary is really a nice person and I am not licking his boots. I just want to say that the Secretary has brought out the importance of chiropractors on his own initiative. People have a misconception about chiropractors that they only provide chiropractic massage. This is not true. Chiropractors treat various spinal and nervous disorders including tennis elbow, frozen shoulder and neck pain. After treatment, the patients will feel better when they walk or sleep. The Secretary had suggested

that discussion with chiropractors should be conducted to explore the possibility of providing part-time chiropractic services in the HA. However, for some unknown reasons, I do not know whether it is because of the bureaucracy of the HA or the opposition from doctors at the HA — perhaps the opposition comes from orthopaedic surgeons who fear for their job security — the proposal has been stalled. In fact, this is a tremendous waste because if the HA can provide more comprehensive services so that chiropractors have the opportunity ..... In fact, chiropractors are not too keen to implement this proposal because even if they cannot provide such service in public hospitals, they can still do so in private practice. However, if chiropractic services can be provided in the public medical system, chiropractors can help patients in the public medical sector and make the services more comprehensive. Unfortunately, I do not know whether it is because of money, politics or bureaucracy, the proposal which originated from the Secretary had been banned by the HA as being not feasible. The whole thing was left unresolved. In fact, I feel sorry for the Secretary. He has no idea how to take the matter forward, right?

Moreover, there is the problem with optometrists. In fact, the work of optometrists is not limited to checking the eyesight of customers in optical shops. The Secretary has mentioned about primary healthcare just now. In fact, tremendous help can be provided by optometrists. If I go to get a pair of new lenses, the optometrist may say to me, "Joe, your eyes seem to have some problem with retinal detachment." Certainly, I will immediately seek the Secretary's advice if I need to consult a doctor. The Secretary may then refer me to a particular doctor, and I will pay a visit. The situation may be different with ordinary citizens. Even though the optometrist has given a referral letter to the patient for a specialist appointment, the HA would say, "Sorry, optometrists are not doctors and we cannot accept their referrals." The HA will ask the patient to consult a private doctor first. The patient can only book an appointment at a specialist out-patient clinic with a referral letter from the private doctor. By that time, the retina of the patient may have been detached and the problem has become more complicated. This is also a problem caused by bureaucracy. However, interestingly, private hospitals will accept referral letters from optometrists. Why does the HA not adopt the same practice? This has really led to a waste of resources and more importantly, this reflects red tape.

The HA is a huge organization with more than 50 000 employees. Bureaucracy may not necessarily help its operation. The Government just wants

to use the concept of bureaucracy to make the HA provide more effective services. But if bureaucracy is bringing down service quality, the Government must review the situation because it is really a critical problem.

Lastly, I would like to say that although provision has been provided to the HA, the internal promotion, staff deployment and establishment ..... not to mention the issue about doctors, are inadequate. Regarding nurses and allied grade staff, their manpower indicators, establishment and promotion are far from satisfactory. Why is that so? I know that the Government has allocated resources, but evidently, nobody knows where the money has gone? In this regard, "provincialism" in the HA is very serious presently. Different cluster chiefs can even allocate financial resources for use in their own clusters ..... This is how the situation goes. Let me give an example with nurses. A certain amount of provision was originally reserved for the recruitment of nurses. But as suitable candidates could not be identified, the money was used on other services. As the original vote reserved for the recruitment of nurses was not even used to retain the talents, the nurses resigned one after another.

In view of all these problems, I hope the Secretary can muster greater effort to monitor the HA. I agree that you have already allocated the necessary resources, the question is, has the money been used appropriately and effectively; and whether, under the auspice of various clusters, nurses and allied grade staff or doctors can continue to serve in the HA so that service quality will be enhanced. This is really the most important issue.

Thank you, President.

**MR CHAN HAK-KAN** (in Cantonese): President, I would like to thank Dr LEUNG Ka-lau for proposing today's motion. Members of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) and I will support today's original motion. The amendment which I propose today mainly makes additions in two aspects, that is, the issue of front-line doctors' work pressure and the request for expediting the development of primary healthcare.

President, being the biggest medical institution in the territory, the Hospital Authority (HA) provides the vast majority of medical services and the number of

service attendances is in millions. Although the amount of public coffers which the HA may utilize exceeds \$30 billion each year, we have noted obvious deficiency in several areas, such as patients' waiting time and subsidies for drugs. Many old problems are yet to be addressed effectively. Recently, we have also noticed the surge in departure of physicians in Tuen Mun Hospital, which has again exposed HA's internal management problems like excessively long working hours of doctors and poor promotion prospects.

President, why do I mention the problem of Tuen Mun Hospital? Because I think the surge in departure of doctors in Tuen Mun Hospital has both its uniqueness and universality. By uniqueness, I refer to the main service areas of the New Territories West Cluster, which include Tuen Mun, Yuen Long and Tin Shui Wai. In recent years, the population in these several districts has increased continuously and has exceeded 1 million, but the medical services have clearly failed to keep up. If we calculate the funding for the whole cluster's service in accordance with the population ratio, we will find a big disparity between the New Territories West Cluster and the Hong Kong East and Hong Kong West Clusters.

Regarding the problem of insufficient public healthcare services in Tin Shui Wai, actually we have discussed this issue at council meetings long ago, and many people have already made a good deal of criticisms. At first we thought that after the redevelopment of Pok Oi Hospital, part of the services could be diverted to other districts to alleviate the burden on Tuen Mun Hospital. However, we notice that the ancillary facilities provided by the HA in this regard are not sufficient. Consequently, even though the redevelopment of Pok Oi Hospital has been completed, the pressure on Tuen Mun Hospital arising from the demand for its service still exists. It remains unrelieved and unchanged.

President, by universality, I mean that the incident of Tuen Mun Hospital actually reflects that all public hospitals in Hong Kong are suffering from shortage of manpower. The problem in some specialties, such as medicine, is particularly serious. The high wastage rate of doctors in public hospitals, I believe, is due to two major reasons. The first one is internal pressure. The demand for service in public hospitals keeps increasing. With the dual impact of the ageing population and the lowering age of chronic patients, the number of consultations in the medicine department has been on the increase. It is learnt

that a number of doctors have decided to apply for transfer because they were overloaded with work. There are also cases that doctors who, owing to work pressure, cannot and dare not apply for leave even when they are sick, for fear that their absence from work will add burden to other colleagues who have to undertake their duties.

President, at a meeting previously held for doctors to air their grievances, I noted a remark which was particularly distressing. A doctor said (I quote), "We often tell patients to take more rest, but we can only have four hours of sleep every day. In fact, we lack the strength to diagnose and treat patients." (End of quote) President, we can tell from this remark the big pressure currently faced by front-line doctors in public hospitals, and their work is indeed not easy to cope with. President, if the hard work of front-line healthcare staff can gain recognition, I believe they will be willing to endure the adverse conditions for a while. However, as we can see, many front-line doctors still stay in the same position after working for more than 10 years. The chance of promotion is almost zero. That certainly makes them feel frustrated and disappointed.

President, apart from internal management problems, there is an external factor which has also caused the surge in departure. As our Honourable colleagues have mentioned earlier, in recent years, private hospitals have largely expanded their services and they poached experienced doctors from public hospitals with high remunerations and attractive salaries. Moreover, some specialists have decided to set up their own business and become private practitioners, exacerbating the shortage of healthcare manpower in public hospitals and even leading to succession problems and talent gaps.

President, I know that two days ago Dr LEUNG Pak-yin, HA's Chief Executive, went to Tuen Mun Hospital, saying that he would take an overnight shift to experience the hardship of front-line doctors. Being a senior management staff, his action deserves recognition. Yet I read from the press that Dr LEUNG turned out to make a whirlwind visit to Tuen Mun Hospital, stayed there for two hours and left in a flash. I wonder if Dr LEUNG could really feel the pressure of front-line healthcare staff and experience their actual working situation during these two hours.

President, the problem of long working hours of front-line doctors do not arise today. In 2006, the HA appointed the Steering Committee on Doctor Work



Hour and published a report which laid down the strategies and implementation plans with the aim of reducing in three years the average weekly working hours of doctors in public hospitals as well as their continuous working hours. In April last year, the HA submitted a report to the Panel on Health Services of this Council, which pointed out that the proportion of doctors working for more than 65 hours per week on the average had dropped from 18% in 2006 to 4.8% in 2009. The number of doctors undertaking on-site on-call duties for more than 24 hours in one go had also dropped from 340 a day on the average in 2006 to 221 in 2009.

President, judging from the figures, the problem of overtime work or long working hours of doctors seemed to have marked improvement, but somehow in less than a year, the problem of long working hours of doctors resurfaced. In this regard, I really wish to seek the Secretary's advice and hope the Secretary would give us a concrete explanation in a while.

President, to resolve the long-standing shortage of manpower in public hospitals, it is indeed necessary to make replenishment by providing more training places for doctors. Although the Government will assess the manpower requirement for healthcare staff every five years, the relevant assessment and planning are obviously detached from our actual situation. As the saying goes, "distant water will not put out a fire nearby." As we know, to train a specialist, it will take at least more than 10 years. If the Government still does not make any big move today to provide additional training places for doctors, the problem of shortage of doctors in public hospitals will become more acute upon the implementation of the voluntary medical insurance scheme. To retain the incumbent healthcare staff, the HA also needs to set up a fair and reasonable promotion mechanism, so that they will find prospects in working in public hospitals instead of feeling more and more disheartened at work.

President, another important point of the amendment proposed by me is that I hope the HA will enhance the development of primary healthcare. In the early days of the establishment of the HA, it was mainly responsible for providing hospital services, while primary healthcare service was under the charge of the Department of Health. However, since the HA took over the healthcare service, the relevant development remained stagnant. It was not until the Government gradually implemented the medical reform in recent years that primary healthcare began to gain attention and the relevant development strategy was put forward.

The DAB opines that the HA, being the flagship organization in the public healthcare system, should make allocation of resources which is skewed towards the needy and introduce related policies to develop primary healthcare, including the establishment of community health centres and provision of services beyond the medical profession, so that people in the community, especially the elderly and those with chronic illness, will be taken care of accordingly.

As we know, in recent years the Government is determined to alleviate the pressure on public service through public-private partnership. Projects like the Shared Care Programme have been introduced to encourage patients to consult private doctors instead, but we notice that the response so far has not been encouraging. I believe one of the reasons is insufficient subsidies. As we have recently read from the press, private doctors are now faced with problems of rising rentals and increasingly expensive drugs, and therefore they have raised their fees progressively. Members of the public just have no confidence that they can afford such extra medical expenses in the long run. So they would rather stay in the public healthcare system. Hence, I hope the authorities will increase the amount of subsidies for the scheme in order to divert members of the public to the private healthcare system, thereby mitigating their over-dependence on the HA.

President, I so submit.

**MR CHEUNG MAN-KWONG** (in Cantonese): President, last Sunday, some ten thousand people took to the street to protest against the Budget and demand Financial Secretary John TSANG to step down. The Budget has aroused the anger of everyone. Misgovernment forces the people to rebel. It is not that the Government does not have enough resources; it has fiscal reserves which amount to \$600 billion. This year there will be a surplus of at least \$70 billion. Yet, the money has not been put to effective use. As a result, the Government is rich but the people are poor. Recurrent expenditures are remote from public opinion while public expenses are improperly allocated. The people despise the Government for implementing policies which ignore their livelihood and disregard deep-rooted social conflicts in respect of healthcare, education, housing, poverty alleviation and so on. John TSANG's approach of handing out money to "put out the fire" is short-sighted. After the money is handed out, the social

conflicts will keep burning like dry wood in raging fire, challenging the governance of the Special Administrative Region (SAR) Government.

(THE PRESIDENT'S DEPUTY, MR FRED LI, took the Chair)

Before the procession, I had a meeting with a group of representatives of doctors, during which I was deeply impressed. The problem with public healthcare is exactly like the problem with the governance of the SAR Government. The principles behind the financial and healthcare policies are unclear, and resources in the Hospital Authority (HA) are unevenly distributed, thus leading to all kinds of conflicts and chaos in the whole public healthcare system. There are conflicts between the Food and Health Bureau and the HA, among the hospital clusters, between the leading hospital and other hospitals within the same cluster, among various specialties, between the management and front-line staff, as well as between doctors and patients. Conflicts exist at each level which are too tangled to unravel. In the end everyone is a loser. The management of the Policy Bureau and the HA are unwilling to face up to the deep-rooted conflicts in the medical sector. They just concentrate on putting out the fire, trying to fix one thing but failing to cope with others, thus making mistakes again and again.

Presently, the most imminent fire is the public doctors' industrial action which has been brewing since the beginning of this month. With the wastage of doctors in public hospitals, the workload is overwhelming. LAU Siu-kai said that social discontent has reached the critical point. Yet the critical point in the healthcare system has become a breaking point. The work pressure of front-line doctors and nurses has already exploded. The cries from front-line healthcare staff are saddening.

Doctors are professionals who take care of patients, giving them warmth and showing them compassion. However, under the present circumstances in public hospitals, front-line healthcare staff are like machines and gears, they work non-stop. Though they have such a heart, they do not have the strength to show compassion. The utilization rate of some of the wards in Kwong Wah Hospital is as high as 160%. Nurses work with tears of exhaustion. How can they give patients any warmth?

Some front-line doctors told us that pregnant doctors, bearing their baby bumps, have to work in wards to check on patients and deal with communicable diseases. The situation has come to an inhumane stage. Recently, at the HA's grievance meeting, Dr TAM from the medicine department of Caritas Medical Centre, who is five months pregnant, said that she suffered from vaginal bleeding and doctor in the obstetrics and gynaecology department told her to rest. Yet three to four doctors had left her department this year. Some colleagues in their thirties have worked so hard that they have high blood pressure and kidney stones. As the work in the wards was extremely busy, she could only apply for two weeks' sick leave. Being an over-aged pregnant woman and though still suffering from bleeding, she had to go to work and stay on duty for 28 consecutive hours. She could not bear to see her colleagues having to take up one more night shift because she had applied for sick leave.

The practice of staying on duty for 28 consecutive hours is the front-line doctors' biggest predicament. The original purpose of being on call is that doctors would continue to stay in the hospital during their rest time, so that in case of emergencies, they can immediately involve in the treatment. However, as revealed by front-line doctors, at present when they are on call, basically they have to look after patients without a break. In the medical wards, three to four doctors have to take care of some 100 patients on average every night. The doctors can only take turns to take a rest. Should there be an urgent case, they may have to work the whole night without any rest. In the past, front-line doctors would, after enduring the hardship for a period of time, get promoted and they no longer need to undertake on-site on-call duties. However, many specialists who are now in their forties still have to be on call and stay on duty for 28 consecutive hours; physically they find it difficult to hang on. A senior doctor revealed that, owing to manpower shortage, he has to be on duty for 10 to 15 nights every month, and he has not had a good night's sleep in the past 13 years. In order not to affect his performance in operations, on the days when he is off duty, he has to take sleeping pills which are four times higher than the normal dosage in order to get to sleep.

The HA just allows the situation of shortage of doctors to persist, exploiting the on-call hours of doctors to the full without leaving any reserve of manpower. Should there be any incidents similar to SARS or serious incidents with heavy casualties, the healthcare system will break down at any time. Eventually, senior doctors perform operations while junior doctors deal with

out-patients. If doctors are unable to pursue clinical studies, how can they receive training and learn from their seniors? The situation is worrying.

Heavy work pressure and inadequate rest time not only affect doctors' lives but also make front-line doctors worry: working incessantly without any sleep or break, it is easy for them to become listless, thereby causing medical incidents involving patients' lives and health, and undermining the confidence and respect which people and patients have for doctors' professionalism.

At present, the consultation time at the specialist out-patient clinic is extremely short. The out-patient service has to treat about 40 patients in three hours. The time allocated to each person is less than five minutes on average. The Department of Medicine of Queen Elizabeth Hospital once even required each consultation to be completed in two to three minutes. Some front-line doctors describe themselves as meter readers. They only have time to take down the blood pressure, the pulse and whether the patient has a fever. They cannot ask deeper questions in their consultations. Even if a doctor is willing to work late and see each patient for a few more minutes, it is not practicable because consultation work requires the co-operation of nurses and dispensers. If the doctor knocks off late, the whole team will be detained. Hence, patients have to wait for hours to seek only a few minutes' consultation from the doctors. How will they be satisfied with such medical service?

Previously, the Government has introduced a proposal to put out the fire, which includes its promise to promote 100 specialists to be Associate Consultants. However, as Dr LEUNG Pak-yin has said, the doctors' concerns are long working hours, heavy workload, professionals being drained and burnt out, as well as inferior quality of medical service; promotion is not a matter of great concern. The most fundamental problem is high wastage of healthcare staff, as well as whether HA's management are effective and resources are properly utilized.

Public hospitals suffer from shortage of doctors mainly because they are poached by private hospitals. Instead of conducting proper manpower planning, increasing the number of places for medical students and providing additional training for specialists, the Government promotes the medical industry and develops private healthcare. As a result, with the impact from both sides, the shortage of healthcare staff has become even more intractable.

In recent years, the funding allocated to the HA has increased from \$32.8 billion in the fiscal year of 2009 to \$34.2 billion in 2010 and \$36.8 billion in 2011. During the three years between 2007 and 2009, the number of medical officers and resident doctors rose only 3%. However, the number of senior staff with directorate pay increased from 596 to 664. The increase was 11%. When 11% is compared to 3%, the fact that the top is fattened at the expense of the bottom is grossly obvious. However, the Legislative Council can, in no way, monitor such a situation, while front-line staff and patient groups have no way to voice their opinions. Besides, "provincialism" prevails in the HA. Each cluster just minds its own business and competes for resources with one another. That is what we have heard for a long time. Within each cluster, there are also complaints from time to time that the leading hospital has taken up all the resources and wasted money on renovating the conference rooms while the other hospitals cannot even acquire the basic equipment. As such, the problem lies not in the scarcity of resources but in its uneven distribution. For any patients in the hospitals, access to medical facilities should be fair, and for any medical staff in the hospitals, allocation of resources and manpower should be impartial, so as to avoid triggering bigger wastage of manpower in the HA, more serious demoralization of staff and deeper medical and political crises.

With these remarks, I propose the amendment.

**MR ALAN LEONG** (in Cantonese): Deputy President, over the past five years since the Hospital Authority (HA) designated seven hospital clusters by geographic locations in 2003, there has always been the problem of uneven distribution of resources among the clusters. I think under this system ..... I believe Deputy President also knows very well, the lack of resources in the Kowloon East Cluster is really very serious.

In March 2008, I proposed a motion debate in this Council. Regrettably, three years after the motion was passed, there has not been any obvious improvement in the situation.

Deputy President, I have made a simple calculation based on the information contained in the HA's annual report. The ratios of general beds and healthcare staff per 1 000 population in the Kowloon East Cluster are respectively 2.4% and 3.4% only, which are lower than those of the Hong Kong West Cluster

and the Kowloon Central Cluster by more than one fold. The per capita share of healthcare resources for the Kowloon East Cluster is less than that for other clusters, but the situation of its ageing population is more serious than that in other districts. In Kwun Tong alone, the number of people aged over 65 already accounts for 16% of the whole population, and the number of low income households exceeds 50 000, accounting for nearly 30% of population in the whole district. Their medical needs largely rely on the public healthcare system. The amount of resources allocated to the cluster, including healthcare manpower, is reflected by the waiting time and this directly affects the health of the poor and elderly patients in the district.

Regarding the problem of uneven distribution of resources per capita among different districts, actually the HA has not disclosed the relevant data and rationale. The HA should enhance the transparency of the relevant information and clearly explain to the public the funding criteria so as to avoid uneven distribution of resources. It can also facilitate this Council to monitor whether these tens of billions of public money has been used properly. Such disclosure of data and rationale should indeed be carried out without delay.

(THE PRESIDENT resumed the Chair)

President, speaking of the Kowloon East Cluster, one of the problems is its lack of specialties. Specialties currently missing in the whole cluster include traumatology, neurosurgery, oncology and thoracic surgery. Patients in need of these services, even if they are acute patients, can only be transferred to hospitals in other clusters for treatment. Such a practice seriously affects patients who require services of the said specialties and also poses unnecessary medical risks.

Besides, owing to insufficient space, two doctors in specialist out-patient service need to share one consultation room which is simply partitioned by a fabric curtain in the middle. I have seen such a situation in United Christian Hospital before.

Each year about 2 000 cancer patients need to be transferred to hospitals outside their district to receive electrotherapy. Suffering from malignant

diseases, they still have to make tiring journeys to receive chemo and electrotherapy. In a city as affluent as Hong Kong, this is indeed inhumane.

President, the United Christian Hospital has requested redevelopment and expansion for years in order to provide local residents with better services. Last year, the Kowloon East Cluster submitted a proposal which involved a funding application for \$6 billion to set up the first cancer centre to provide chemo and electrotherapy services in the Kowloon East Cluster. I believe such an essential and urgent funding application would unlikely be turned down if it was submitted to this Council. Unfortunately, in this year's Budget, the request of the United Christian Hospital has been denied. Here let me strongly request the Government, would the HA and the Financial Secretary, for the benefit of the health of residents in Kowloon East, expeditiously allocate \$6 billion so as to carry out the relevant redevelopment project of the United Christian Hospital.

Moreover, President, I would like to briefly talk about the HA Drug Formulary (the Drug Formulary). The Civic Party has always been concerned about whether the Drug Formulary system can facilitate patients to obtain the best medication to treat their illnesses. President, of course I know that under the present mechanism of the Drug Formulary, the expert committees which comprise doctors, clinical pharmacologists and pharmacists will regularly assess whether new drugs introduced in the market should be incorporated into the Drug Formulary. At the same time they will review the types of drugs in the Drug Formulary and the guidelines on the use of drugs and make changes according to circumstances.

However, over the years since the implementation of the relevant system, it seems that the Drug Formulary has become a barrier which obstructs new drugs which have fewer side effects from obtaining subsidies. From the patients' perspective, the Drug Formulary is merely a shield for the Government to save money.

President, I have raised queries about Thalassaemia patients and oral chemotherapy drugs in a number of meetings. Some patient groups have carried out research jointly with research staff of universities and published different reports. They have calculated and compared the cost-effectiveness of using new and old drugs by patients. President, according to the results, for patients who have taken the more effective though more expensive drugs for treatment, their



hospital admission rate was lower. The demand for manpower in hospitals was correspondingly reduced, and there was no need to deal with any side effects caused by the drugs. Their conditions can prove that although new drugs are more expensive, they can save manpower in hospitals and obviate the need to deal with issues of cost-effectiveness caused by side effects of drugs. Taking account into the money saved, it is more economical as there are more advantages than disadvantages.

Unfortunately, since these reports were published, the authorities have remained unconvinced. Drugs which have been listed as free items provided by the governments in many nearby regions and countries are still not treated in the same way in Hong Kong.

President, the HA keeps saying that the amount of money allocated for medicines has increased year after year and is sufficient to cope with the demand. Yet what we have observed is that many new drugs which can improve patients' quality of living have been repeatedly excluded from the Drug Formulary. The Civic Party suggests that the Government should increase the transparency of the Drug Utilization Review Committee (DURC) in updating the Drug Formulary. It should also invite representatives of patient groups to participate in the updating process so as to enhance transparency.

Even if the HA has justifications for placing certain drugs as second-line treatment, it should be the attending doctors who decide whether individual patients should receive drug subsidies according to their clinical conditions, rather than having rigid rules to hinder patients from getting the best medicinal treatment.

The DURC should also regularly compare Hong Kong's Drug Formulary with the criteria on the use of drugs adopted in overseas countries to ensure that new drugs which are effective in curing diseases and conducive to improving patients' quality of living can be incorporated into Hong Kong's Drug Formulary as soon as possible.

Lastly, I would like to briefly talk about the manpower problem of front-line healthcare staff. Before my speech, a number of Honourable colleagues have also mentioned this issue. We can hear time and again from healthcare staff in hospitals that three workers have to handle the work of eight

workers, and that people will not be promoted after working some 10 years. We can also hear discussions like "two doctors have just resigned". The Civic Party has expressed many times its concerns in relevant Panel meetings about the long-term problem of having inadequate healthcare manpower to cope with the demand. We urge the authorities to improve healthcare staff's promotion prospects so as to attract more talents to join and return to the HA, with a view to increasing front-line healthcare manpower and relieving the pressure of front-line healthcare staff.

We call on the authorities to strengthen public-private-partnership, increase the amount of healthcare vouchers to \$1,000 and lower the age requirement to 65.

I so submit.

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): President, I thank Dr LEUNG Ka-lau for moving this motion and the Honourable Members for speaking in the debate.

In 1990, the Government established the Hospital Authority (HA) with the major objective of co-ordinating the management of all public hospitals then managed respectively by the Government and various charitable organizations under subvention. It was also hoped that through a brand new mode of organizational management, service volume of public hospitals could be increased and their service quality enhanced. Under the new structure of the HA, the remuneration and promotion framework of healthcare personnel serving in public hospitals had also been unified. During the initial inception of the HA, the quality of medical services in Hong Kong had indeed been enhanced significantly.

As a result of the ageing population and growing public expectation on the standard of public medical services, the authorities have been increasing the funding provisions allocated to the HA so that service volume can be increased while attaining continuous improvement in the quality of medical services. In terms of hardware provision, eight new public hospitals have been commissioned since the establishment of the HA. Many hospitals have also undergone redevelopment or extension. Moreover, the HA has procured and installed various state-of-the-art medical equipment. In terms of software provision, the

HA has been striving to train up healthcare personnel so as to strengthen manpower supply. The number of doctors in the HA has increased from 2 300 initially to more than 5 000 currently. The establishment of nurses has also been increased by 25% over the past 20 years, with the current strength at some 20 000.

Recurrent resource allocation has been made by the Government to the HA. In the past few years, the provision allocated to the HA has increased from \$29.1 billion in 2007-2008 to \$33.4 billion in 2010-2011. With the additional resources, the HA has implemented a number of new improvement measures in recent years including the provision of additional hospital beds in the Hong Kong East, Kowloon East and New Territories West Clusters, the strengthening of various specialist services such as mental health services, and the improvement of various services for the treatment of life-threatening diseases including haemodialysis services, palliative care for end-stage patients, oncology service, acute cardiac care, and so on.

Since its establishment, the HA has developed into an organization with nearly 60 000 employees. It is responsible for the management of 41 hospitals and medical institutions as well as over 100 clinics. In 2010-2011, the number of discharges for in-patient and day in-patient services is expected to reach up to 1.4 million while the numbers of attendances at accident and emergency services, specialist out-patient services and primary care services are expected to reach up to 2.2 million, 8.4 million and 5 million respectively.

As the primary healthcare service provider in Hong Kong, the HA must also handle various contingencies which threaten public health, including pandemics such as SARS, avian influenza and human swine influenza, as well as the melamine incident. With the professionalism of its entire staff, together with state-of-the-art medical equipment, the HA has been able to overcome various challenges over the years and make Hong Kong one of the healthiest cities in the world. At present, the average life expectancy of the Hong Kong people is amongst the top in the world. The average life expectancy for men is 79.8 years and ranks third in the world, while the average life expectancy for women is 86.1 years and ranks second.

In response to the changing demands of the people for healthcare services, the HA has been striving to improve its services, enhance service quality as well

efficiency, and respond to the needs of society. The HA Board consists of members from various sectors of the community and various committees have been formed under the Board to discuss issues relating to the services and operation of the HA. The HA has also established a consultation mechanism at the district and hospital levels. Hence, various sectors of the community, district organizations and patients' organizations have been effectively monitoring the HA's operation and its use of resources. The HA can also maintain close communication with different stakeholders through these channels so that its services can meet the people's needs.

Some Honourable Members have mentioned a number of specific issues just now. I would like to first listen to the views of other Members on the motion and the amendments before I give my reply later on. Thank you, President.

**PROF PATRICK LAU** (in Cantonese): President, the issues of the Hospital Authority (HA) concern the health of the entire population in Hong Kong. I am very happy that last night the HA came up with a proposal to retain doctors. No matter whether the proposal can gain the doctors' recognition, at least it shows that the authorities understand the seriousness of the problem.

Focusing on the motion on reforming the HA, I have especially consulted a number of my friends who are doctors. I am very grateful for their opinions. Summing up the responses from government doctors and private doctors, they agree that most of the suggestions put forward in the motion are positive. Many doctors have pointed out that the crux of the problem, as the Secretary has just said, is that services of public hospitals are just too good, and the problem is that the services may be unnecessarily too good. Why do I say so? As you know, I was once injured when I was playing a football game on behalf of the Legislative Council, and I was sent to Pamela Youde Nethersole Eastern Hospital. The healthcare staff not only examine me carefully, but also promptly carried out some checks, put me under the X-ray and scanned my brain. I stayed in the hospital for one night before I was discharged. President, although I had taken various tests and had been examined by a number of specialists, the fee was only \$100. On another occasion, I underwent a gastrointestinal check in a private ward in Queen Mary Hospital. Again, I stayed one night, but the fee was over \$10,000, which is more than 100 times of that for staying in a general ward in a

public hospital. With such a big difference, members of the public will certainly choose public hospitals which offer low prices and high quality.

President, let me tell you an astounding figure which reflects the imbalance between the public and private healthcare systems. A doctor told me that in Hong Kong, the number of government doctors and private doctors are almost the same, the ratio is 50:50. Yet regarding the distribution of patients, 93% of patients in Hong Kong seek consultation from government doctors while only 7% visit private doctors. You can tell from this figure how serious the problem is.

Of course, the ever-growing number of patients due to ageing population, the increasingly long waiting hours and rising expectations of patients have also greatly increased the pressure on front-line healthcare staff, as mentioned by many Members just now. Some doctors in public hospitals have complained that they can only spend less than three minutes in diagnosing each patient. The situation for private doctors is vastly different. Depending on which doctor you visit, some doctors may spend half an hour on consultation. If doctors have more time to understand their patients, the chance of giving wrong diagnosis will be reduced. Hence, to enhance public healthcare services, it is necessary to lengthen the consultation time for each case, apart from shortening the patients' waiting time. No matter what, reform in human resources should be explored.

However, what kind of reform will be effective? My doctor friends have suggested three methods.

The first method is to increase the amount of resources and recruit a large number of staff, but as this will involve a huge amount of money, it may not be feasible.

The second method is to make full use of the existing human resources to provide more services. In the past few years, the HA adopted this method, which resulted in doctors working overtime and under excessive pressure. Eventually it triggered the incident where doctors in Tuen Mun Hospital cried out their grievances.

The third method is what they consider as more feasible, a reform in manpower deployment which focuses on the problem of patients being largely lopsided on one side under the public and private healthcare systems. The

Government is to provide needy patients with healthcare vouchers of a fixed amount so as to encourage people with limited financial ability to shift to the private market. The idea is that when a patient needs to have an operation, for example, to remove his gall bladder, the Government will contribute an amount, say, \$5,000 so that the patient may go to a private hospital to undergo the surgery, and the balance will be paid by him. Not only will this shorten the waiting time in public hospitals but also allow patients to choose doctors and hospitals freely. To attract these patients, private doctors will certainly improve their services and shorten the length of hospitalization. With more patients seeking consultation, there will be more resources to acquire advanced equipment, and more patients will be attracted to leave the system of public hospitals.

The "money-follow-patient" concept prevails in many foreign places. Most importantly, medical records will follow the patients. At present, the Government has an electronic health record sharing system in place, but many private doctors are unable to browse the records. When patients seek consultation, they will have to be examined all over again, thus causing a big waste of resources.

Actually the shortage of doctors in public hospitals originated from the Government's refusal to allow doctors from Commonwealth countries to practise in Hong Kong since 1997. A few years ago, owing to poor economic situation, many doctors stayed in the Government. Now that the economy has become better, they shift to private practice, thus giving rise to this problem. In my opinion, the Secretary must formulate short-term, medium-term and long-term measures to resolve the manpower problem. Promotions and overtime allowances proposed by the HA may retain some doctors in the short run. Yet regarding medium-term measures, in view of the shortage of medical graduates in the next five years, can we recruit talents from overseas to make up for the insufficiency, or flexibly employ private doctors to help in public hospitals? As regards long-term measures, medical schemes should of course be devised to protect members of the public in the long run.

I wish the whole set of reform proposals will, through healthy competition and incentives to devoted healthcare staff and hospitals, ultimately benefit the patients. I hope more time will be spent on conducting in-depth studies on this issue in the future. Thank you, President.

**DR PRISCILLA LEUNG** (in Cantonese): President, last night I visited my bone-setter. He has just undergone a "balloon angioplasty" operation in a well-known hospital in Kowloon West. He has medical knowledge himself. Yet his leg was swollen for two or three months. I asked him how he was. He said he had to wait until August for follow-up consultation, and the doctor would re-examine his condition then. He said he had to pay \$50,000 for the "balloon angioplasty" operation received in that hospital. I asked what would happen to those who did not have money for the operation. He replied that as far as he knew, patients who needed to receive this kind of surgery would have to wait for a very long time because they did not belong to urgent cases. In fact, some people died while they were still waiting.

Another example I would like to give concerns a retired university professor whom I know very well. When he was in employment, he enjoyed good medical benefits. However, upon his retirement, the university cut off his medical benefits which also cover his wife, who suffers from diabetes. Recently, he told me miserably that in the past, they did not seek medical consultation from public hospitals very often. Now that they do not have medical insurance, they have to visit public hospitals. According to him, it would take a few months to wait for a diabetic injection. He points out that, as Prof Patrick LAU has just said, if you want to get quality service instantly, the best way is to call an ambulance on the pretext of emergency and go to the hospital at midnight. If you are going to die or pretend that you are going to die and cannot move, the hospital will admit you right away.

In another case, I have a friend who has lived in Hong Kong for a long time. Her income is not bad, but she gave birth in a hospital of the Hospital Authority (HA). She said the best doctors are actually in the HA. Hence, Hong Kong people are used to using the services of the HA's hospitals. Their impression of these hospitals is not bad, and they have much confidence in their services. That was the case for my father too. During those several years before his passing, he received excellent services in Tuen Mun Hospital and Princess Margaret Hospital. At that time I was not a Member yet. That was seven or eight years ago.

What do the above situations imply? The two cases which I mentioned at the beginning are quite representative in nature. Speaking on the public healthcare system, I believe that at present, many Hong Kong people habitually

rely on public healthcare services, just like when we watch television, we habitually tune it to TVB. That is to say, even though the elderly can get healthcare vouchers of \$250, the amount of healthcare vouchers is now increased to \$500 ..... I still think the amount is far from adequate. I remember that before the Financial Secretary delivered the Budget, we said the amount of healthcare vouchers should at least be increased to \$1,000. Even with \$1,000, the elderly will still habitually seek treatment from public hospitals because they think the medical fee in public hospitals will be limited. Thus it is difficult to avoid the public healthcare system being overloaded.

I remember that earlier, I learnt from my favourite radio programme how a few hepatologists conducted a liver transplant operation for 24 consecutive hours without any sleep or break. That was a highly delicate operation. I would like to salute to this group of doctors. I can never stay up overnight, not even for just one night, not to mention conducting an operation in hospital. The pressure is really huge, and the work is exhausting.

Some doctors told me that they have to work 80 hours per week. They are indeed overburdened. Dr LEUNG Ka-lau just now mentioned working 51 hours per week. I think we need to respect your professional evaluation. Nevertheless, regarding the services of healthcare staff, I absolutely have to salute to them. In my view, they have to work with a higher degree of concentration than other people because the patients' life is in their hands. I have learnt about the current situation in Tuen Mun Hospital. I know a number of healthcare staff have left. I also know many young people who work as doctors, their morale is very low. As a result, we must support the allocation of additional resources. Of course, nowadays many people suggest public-private partnership. If there is public-private partnership, the healthcare vouchers of \$1,000 are actually not enough. Just one consultation from a private ophthalmologist will already use up all the healthcare vouchers. In fact, it is rather difficult for the private sector to share the workload of the public sector.

Besides, some elderly people and patients wish us to raise one point. Actually ever since the Budget was delivered, we have been raising this issue. The Drug Formulary is mentioned in paragraph 158 of the Budget, which highlights the inclusion of several types of drugs. For many patients, say, cancer patients, if you ask them to buy targeted drugs, they really do not have that much money. We hope the Government can allocate additional resources in this regard. In paragraph 157 of the Budget, it is stated that the expenditure on



public healthcare services will be increased by some \$3 billion this year. I think this amount is indeed too small. On behalf of people of this profession, I really have to point out that this amount is indeed too small. In my opinion, the manpower in public hospitals and the Drug Formulary are actually the two issues that the general public in Hong Kong are most concerned with.

I agree that Hong Kong will soon become an aged society. In a recent prize presentation ceremony which I attended, the oldest person who could move about freely was 108 years old. In other words, after retirement at 65, one may live on for decades of years. For this reason, the whole healthcare system should help them. We should also examine whether it is feasible to co-operate with Mainland organizations in the future to address the medical needs of the elderly systematically. In my view, this is an issue that Hong Kong must handle without delay. I believe the number of elders in Hong Kong will soon exceed the number of young people, and what the elderly need most is healthcare. As for medical insurance, many people may not have borne in mind that upon retirement, they will suddenly lose all the coverage of their medical insurance. When people go to public hospitals to wait for consultation one after another, the pressure on public hospitals will be increased. For this reason, we need to "walk on both legs". We must increase the amount of healthcare vouchers and the resources for public hospitals. It is also necessary to recruit more manpower to relieve the pressure on the services (*The buzzer sounded*) .....

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

**DR PRISCILLA LEUNG** (in Cantonese): ..... Thank you.

**MR IP WAI-MING** (in Cantonese): President, my Honourable colleague Dr PAN has also mentioned some problems of the Hospital Authority (HA) earlier, but I would like to focus the discussion on several issues, especially the HA's recruitment of junior staff on contract terms since 2001 to gradually replace permanent posts, such as Workman II, Clerical Officer II and Clerical Officer III and naming the positions of cleaners, clerical staff, ward assistants and so on collectively as General Services Assistant (GSA) and Technical Services Assistant (TSA).

However, the posts mentioned above are not centrally recruited by the HA. Instead, each hospital cluster will decide on its own the remunerations and number of people to be recruited. Operations among the clusters are highly independent. As we often say, "fiefdom" actually prevails in Hong Kong's healthcare system: to the Government, the HA is a fief; to the HA, each cluster is a fief; to the clusters, each hospital is a fief; and each department in the hospital is also a fief. Hence, with such prevalence of "fiefdom", we have noted that there has been different pay for the same job in the HA.

Previously, the Hong Kong Federation of Trade Unions has learnt that the pay for the posts of GSA and TSA is the lowest in the New Territories West Cluster. For instance, for GSAs who are responsible for patient care, the starting salary in the Kowloon West Cluster differs from that in the New Territories West Cluster by as much as \$1,400. We find such a situation outrageous. Consequently, a number of GSAs in the New Territories West Cluster have "switched over" to other clusters, and in one hospital more than 10 workers left within a month, thus aggravating the shortage of front-line manpower.

According to the Government Employees Association, at present the numbers of GSAs and TSAs have reached 12 000. President, the situation of different pay for the same job is common. As pointed out by the Association, the HA does not have any sound mechanisms for pay adjustment and promotion. Not even a duty list in its simplest form is available. My Honourable colleague Dr PAN and I have observed that in certain situations, phlebotomists concurrently work as clerks and clerks concurrently work as cleaners. In short, the situation may be even more chaotic than what you would have imagined.

As a result, we consider that the HA should consult the staff and trade unions on the review report for the GSA and TSA posts. I believe the trade unions can offer advice on the relevant aspects. My Honourable colleague Dr PAN is doing such work with the trade unions now. We hope that the Government will, at the same time, set up a uniform pay mechanism for the staff and clearly list out their job duties so that there will be rules for them to observe.

President, apart from the unfair treatment suffered by the HA's junior staff and doctors, we have also mentioned a number of times the unfairness faced by pregnant women in North District. Since 2007 the HA has cancelled the acute obstetric and gynaecological services in North District Hospital. Thus a lot of residents from Tai Po to Sheung Shui have to go to Prince of Wales Hospital in

Sha Tin for consultation and childbirth, thereby causing great inconvenience to the pregnant women in that district.

We have discussed this issue with the Secretary in this Council, but the Secretary turned down our request on the basis of some figures. Yet we opine that referring pregnant women in North District and Tai Po to Prince of Wales Hospital for childbirth will not only add to the burden of healthcare staff but also prolong the waiting time of other people in need. More importantly, it takes half an hour to travel between North District and Sha Tin. During this half-an-hour trip, pregnant women may have to risk their lives to take a cross-district journey to have their babies delivered in Sha Tin, we find this unacceptable. Such an incident has happened before, where a pregnant woman in North District who was going into labour could not make it to Prince of Wales Hospital and was forced to give birth to her baby in the street.

Hence we strongly request the HA to reinstate the acute obstetric and gynaecological services in North District Hospital so that the risks faced by pregnant women will be reduced and their children can be "indigenous residents" of North District.

Besides, the Government hopes that chronic patients suffering from high blood pressure or diabetes can participate in the Shared Care Programme. All along we have criticized this programme. We have conducted several surveys and found that the response to this kind of shared care programme is actually not satisfactory. We think the main reason is insufficient subsidies. According to the results of our last survey, the number of doctors who participated in the programme was 36, but the number of patients who participated was only 32. Of course, we believe the figures have increased now, but we wonder why the Government would not increase the amount of subsidies?

The current amount of subsidy fails to attract patients to participate in the programme, and there is a lack of participation from doctors too. Therefore we suggest that the authorities should improve the programme, make good use of the present electronic health record sharing system and consider arranging patients to seek consultation from private doctors first and then go back to hospitals, out-patient clinics or health centres under the HA's clusters to collect their drugs, so as to alleviate private doctors' workload. It can also attract more doctors to participate and benefit more patients.

We hope that the HA can readily take good advice and accept the views of the staff and members of the public. Otherwise it may eventually end up in a situation where money has been spent but no one can be benefited.

President, I so submit.

**MR CHAN KIN-POR** (in Cantonese): President, Hong Kong's public healthcare system has always had a lot of problems. Recently there was even an exodus of doctors, which directly led to shortage of healthcare manpower in some hospitals, sparking off the discontent of front-line doctors who then considered taking industrial action. To placate the healthcare staff, senior executives of the Hospital Authority (HA) respectively visited the hospitals to meet with front-line doctors and planned to introduce measures to retain doctors.

It is good that the HA's senior executives know they should take remedial measures and acted promptly, but no matter how they do the mending work, they still fail to change the roots of HA's problems. If the roots cannot be fixed, problems will keep emerging and become more and more serious. Today Dr LEUNG Ka-lau puts forward this motion which proposes to conduct a thorough review and reform the HA. It is exactly the right remedy which tackles the problems at their roots. Dr LEUNG is a well-known doctor who has served in the HA for 24 years. His diagnosis on the HA has rightly got to the heart of its problems. The Government should indeed seriously take such good advice which is free of charge.

It has been 20 years since the HA was established. It manages a total of 41 public hospitals and medical institutions, 48 specialist out-patient clinics and 74 general out-patient clinics. The amount of public money spent each year has increased from \$7.7 billion at the beginning to \$33 billion this year. For such a big organization, it is by no means easy to attain good management work, not to mention the traditional public healthcare sector in Hong Kong has already kept many ingrained habits for long, causing the HA to bear inherent flaws.

Front-line doctors complain about heavy workload and excessive overtime work. However, as shown by the information, the number of doctors in the HA has increased 40% over the past 10 years, which is much higher than the increase in the number of people seeking consultations. Since there is an increase in manpower, how come the problem of doctors' overtime work still remains

serious, and the waiting time for specialist out-patient service has become longer and longer? I believe the HA has mismanagement problems in its manpower deployment and daily operations. As a result, despite the positive growth in manpower, the HA still cannot cope with the increasingly heavy workload. The HA hired Shane SOLOMON, an overseas expert in managing medical institutions, to be the Chief Executive to implement reforms in the HA. Regrettably, up to the time he left, effects of the reforms were yet to be seen. Judging from this, improvement measures adopted in a piecemeal manner cannot produce any effect at all. The Government must "administer a heavy dose" and conduct a comprehensive structural reform for the HA with sweeping changes.

At the same time, as the HA is not a government department, the transparency of its operations is relatively low. In fact, it is difficult for outsiders to exercise supervision. For a public organization which spends some \$30 billion of the taxpayers' money a year, it is indeed necessary to enhance the transparency of its policies to allow monitoring by the public. This should be the first step to be taken in reforming the HA. The original motion and the various amendments today have also put forward many concrete and feasible suggestions. I hope the Government will give them serious considerations.

Besides, to reform the healthcare system, I think we must talk about the medical insurance scheme. Front-line doctors complain about heavy workload, but the truth is that the demand for healthcare services in Hong Kong has not reached the peak yet. According to the population projection, at present, one out of every eight people in Hong Kong is one elderly person aged over 65. However, 22 years later, there will be a drastic change in the population ratio owing to ageing. One out of every four people will be an elderly person. By then, the demand for healthcare services will surge rapidly, and the healthcare system in Hong Kong will face great challenges.

To cope with the future needs, the Government plans to introduce the Voluntary Medical Insurance Scheme in the hope of attracting the well-off in the middle class to participate, thereby diverting the participants to the private healthcare system and reducing the demand for services in public hospitals. It is estimated that the \$50 billion earmarked by the Government can be used for 20 years. That means the amount spent each year will be only \$2.5 billion, which is equivalent to merely a few percent of the public healthcare expenditure. Yet it may be able to attract a number of people in the middle class to participate, thus relieving the pressure on public healthcare. Of course, while promoting the

medical insurance scheme, it is also necessary to develop the private medical industry properly. Otherwise many other problems will arise.

I would also like to raise another point in particular, that is, the dispensing of medicines in the HA. At present, whether the people consult the accident and emergency department, specialties or general out-patient clinics, they will always be given several bags of drugs which are more than those given by private clinics. Is there any wastage in this area? I hope the HA will review issues in this regard. I believe a lot of unnecessary expenses can be cut down.

President, I so submit.

**DR SAMSON TAM** (in Cantonese): President, I just heard many Honourable Members talk about the problems of the Hospital Authority (HA), including its massive organization, the lack of effective communication, the need for enhancing transparency, and so on. I think all these criticisms or views are justifiable. Of course, Dr LEUNG and Dr PAN who come from the medical profession are more than qualified to speak on the subject because they have a thorough understanding of the HA.

During my term as a Member of the Legislative Council in the past two-odd years, I have visited a number of hospitals many times. I did not go there for medical treatment. Instead, I went there to learn about the entire operational flow of a hospital. For example, when there was an incident involving the lost of data in a hospital, I would go to the hospital in question to see how the information was handled by its computer system. When I went to the hospital, I could see the information literally "floating around" and this was no exaggeration. Many patients were waiting for medical consultation and the healthcare personnel were all very busy.

Recently, I have visited the United Christian Hospital together with the Commissioner for Innovation and Technology to see how the hospital could improve its operational flow through technology. Through these visits, I realize how difficult it is for the HA to manage so many hospitals and their networks. If the traditional or current approach is adopted, many cases of mismatching of resources or low efficiency will occur, and this is an expected scenario.

President, is the allocation of additional resources to the HA every year an effective solution to these problems? I think a responsible Director of Bureau should ensure the effective use of public resources. In addition to the allocation of resources, he should consider how to create a better platform so that all front-line staff and healthcare personnel can function effectively.

I would like to respond to several points raised in the motion. I hope the Secretary would, apart from allocating financial resources, also consider how those resources should be allocated to ensure effective utilization. First, I would like to respond to the point about how to improve the uneven distribution of resources among the hospital clusters. Just now, other Members have said that in order to resolve the uneven distribution of resources among different clusters, the root causes must be identified. Why does such a situation happen? One must get hold of the relevant information before the causes can be identified.

If, as mentioned by Dr LEUNG, it is unclear which particular services the HA has spent the funding provision on or what the details of the cost components are; if the Secretary does not make public the relevant information, it will be very difficult for Members or other monitoring departments to exercise control. This is because in an organization with more than 50 000 employees, operations in many aspects are involved. The HA must present clear accounts to ensure the cost-effectiveness of its operation. I hope the HA can provide the public with information on the use of funding resources and clearly account for the specific uses of the funds. This should be the first step in achieving a balanced distribution of resources among different clusters. Of course, if it is found that resources have been distributed unevenly or they could be put to better use, the authorities should adopt the suggested approach and reconsider the allocation mechanism. Of course, the implementation of the proposal will meet with great resistance because it is really not easy to adjust the amounts of funding provisions.

If the problem remains unresolved, can the authorities consider the proposal of establishing a mechanism for different clusters so that patients can also seek cross-district medical treatment "on a fast track"? In terms of implementation, it will not be too difficult if the existing information system is more transparent, such that patients would know which specific services are provided by which hospitals, how long they have to wait for appointments, and so on. I have also made enquiries with the IT department of the HA. They said

that it was absolutely feasible to build up such a system. I believe that with the establishment of the system, transparency will be enhanced so that the public will know how to locate the services they need in different clusters. Of course, the implementation of this proposal would require a comprehensive patient record system. Presently, the medical record system of the HA already allows sharing of patient records among different hospitals. I think the proposal is practical with the availability of the existing facilities.

President, the second point I would like to mention is that in the long run, the Government must promote public-private partnerships in medical services so that the existing private medical sector can have a greater role to play. According to my own research, some consultation papers or forecasts have already indicated that on the basis of existing estimates, by 2033, public healthcare expenditure will account for 50% of the total expenditure of Hong Kong. If we do not consider ways to strike a balance between the services provided by the public and private medical sectors now, the pressures of meeting these demands by then will create even more tensions on the HA and various public hospitals. Hence, the Government must consider ways to effectively promote public-private partnerships in medical services. Possible areas for promoting public-private partnerships include the healthcare voucher scheme and the existing population-wide electronic health record sharing system. I think the work in these areas should be accorded priority. I hope the Government can allocate the necessary resources expeditiously so that the relevant work can be undertaken properly.

President, the last point I would like to raise is that I hope the Secretary — I have mentioned the same view in last year's budget debate — will study the resources allocation made by other countries on information technology so that technologies can be used to assist the healthcare personnel, doctors and nurses to further enhance their efficiency. This can in turn improve the standard of our medical services. I hope the Secretary can make more reference to the data of overseas countries. I believe that the investments made by other countries in technologies are proportionately higher than that in Hong Kong.

Hence, I suggest that the Secretary should consider ways to promote the use of technologies. A better use of technologies can reduce errors caused by human negligence. Medical blunders are invariably caused by some oversight of the personnel concerned who are just too busy. Therefore, the effective use



of technologies can help track and monitor all the procedures so that mistakes caused by manual checking of information can be avoided. Whenever a medical blunder involving front-line healthcare personnel occurs, they would invariably be criticized by the media or the press and they were put under a lot of undue pressure. Hence, I think the HA should improve its information system expeditiously so that more technologies can be applied. This will not only make the staff feel more at ease, but also enhance efficiency. In this way, the \$30-odd billion allocated to the HA will be used even more effectively.

President, I so submit.

**MR CHEUNG KWOK-CHE** (in Cantonese): President, I thank Dr LEUNG Ka-lau for proposing this motion debate.

President, recently I read from the press that Tuen Mun Hospital has had the most serious "exodus" of doctors in the past 30 years. From last year to date, about one-fourth of junior doctors in the medicine department have resigned. Some doctors pointed out that admission to medical wards in Tuen Mun Hospital has exceeded the number of hospital beds by 1.5 times. Moreover, some doctors have to work as many as 85 hours per week.

Of course, the situation at Tuen Mun Hospital is only the tip of an iceberg because last year, a total of 222 doctors in public hospitals have resigned. About one-third of these doctors were senior doctors, the most affected specialties include obstetrics and gynaecology, medicine and surgery.

The problem of serious wastage at public hospitals is nothing new. Unfortunately, for many years, the senior management of the Hospital Authority (HA) are only concerned about getting their bonuses, drawing high salaries and shirking responsibilities. They have never dealt with the problems encountered by grass-roots employees squarely. That is why the wastage rate has been deteriorating. As we all know, doctors are not ordinary professionals. A high wastage rate of doctors will certainly affect our healthcare services.

I think it is incumbent upon the HA to implement measures to relieve the work pressure of front-line healthcare personnel, such as the formulation of manpower indicators based on workload. For example, instead of following the

current arrangement where the clusters make their own decisions arbitrarily, the manpower requirement of healthcare personnel should be determined according to the number of hospital beds. At the same time, the HA should set standard working hours for the healthcare personnel to ensure that they are fit enough to serve the public. Otherwise, they cannot stay healthy even though they cure other people's illnesses. Of course, the HA should also review the existing promotion mechanism for healthcare personnel in order to boost their morale and reduce staff wastage.

Moreover, the serious uneven distribution of resources among various clusters presents another major problem. For example, a sum of \$3.65 billion has been allocated to the Hong Kong West Cluster which serves a population of 530 000; whereas for the New Territories West Cluster which serves a population twice of that in the Hong Kong West Cluster, it only receives a slightly higher amount of \$3.98 billion. No wonder only 1.9 hospital beds are provided per 1 000 population in the New Territories West Cluster, whereas in the Hong Kong West Cluster, as many as 5.4 hospital beds are provided per 1 000 population. I hope the HA can give us an explanation for such inequality.

However, it is baffling that notwithstanding the grievances expressed by front-line healthcare personnel, the senior management of the HA still accept no responsibility at all and they can still enjoy sumptuous salaries and benefits. This is a case of "fattening the top and thinning the bottom". Moreover, their salary payments are very confusing. In the case of the former Chief Executive of the Kowloon West Cluster, supposedly she should retire in 2008, but she was given a nine-month extension to her contract. Hence, during the said nine-month period, she received salary for pre-retirement leave as a civil servant and she also drew salary from the HA. As she had received double pay, her annual salary was as much as \$4,768,000, which was \$320,000 more than that of Mr Shane SOLOMON, the then Chief Executive of the HA.

Moreover, from 2005 to 2008, the accumulated salary increase rate of senior management of the HA amounted to some 20%, while the rate of salary increase of general grade healthcare personnel was somewhat less than 5% over the years. While the senior management enjoy high salaries without taking responsibilities, front-line healthcare personnel are suffering from intense pressures; no wonder they are all so fed up that they leave the public medical system successively.

President, I recently saw a documentary about expensive medication. The film was about several volunteers who took part in the rescue operation after the September 11 terrorist attack. Having breathed in excessive asbestos dust at the scene, they were afflicted with serious illness to their respiratory system and they had to use a long-term aerosol medication to soothe the respiratory tract. However, as the medication was very expensive in the United States costing about HK\$1,000, these heroes of the September 11 rescue operation had to go to Cuba to buy the drugs. The cost, which I think will surprise everybody, was just HK\$0.40. Finally, they bought a lot of drugs and brought them back to the United States.

Of course, the example of Cuba may be a bit too extreme because Cuba is one of the most health conscious countries in the world. Nonetheless, I am not asking the Government to be on par with Cuba. I just hope the Government can do more for the grassroots. Should advancement in technologies and human civilization only bring benefits to the wealthy people, while poor people who are sick should be left to perish?

Therefore, I hope the Government and the HA can pay more attention to the views expressed by the grassroots for expanding the coverage of the existing Drug Formulary, relaxing the application threshold of the Samaritan Fund and giving more consideration to the needs of patients, so that more patients who cannot afford the expensive costs of medication can still obtain reasonable and equitable treatment.

President, I so submit.

**MR LEUNG YIU-CHUNG** (in Cantonese): President, recently, I received a complaint from a patient. What did he complain about? He was diagnosed to have terminal (Stage 4) colorectal cancer. He pointed out that after he found blood in his stool more than six months ago, he went to a public hospital. The doctor told him — No, he told the doctor — since his mother died of colorectal cancer, he worried that he also had colorectal cancer and so he requested the doctor to perform a colonoscopy for him.

However, the doctor told him that the charge of colonoscopy was very high and the waiting time was also very long, so he might not be able to arrange a

colonoscopy for him. The doctor went on saying that the symptoms were mild and the situation might not be that serious. He merely probed the patient's anus with his hand and said he could come back for consultation again if he had further queries.

As such, treatment was delayed. In the few months that followed, he continued to have blood in his stool, so he went to see the doctor for the second time. The doctor told him that he had haemorrhoid but not colorectal cancer, and prescribed to him the medicine to treat haemorrhoid. After two weeks of medication, he felt better. However, he had blood in his stool again in the third week. Again, he went to the hospital. The doctor who treated him this time was better and arrangement was made for him to receive colonoscopy within the shortest time. The result was that he had Stage 4 (terminal) colorectal cancer. It was really a bolt from the blue.

He cannot help but ask why this would happen. Although he had urged the doctor time and again to perform colonoscopy, the doctor told him that resource was limited and he had to wait for the test. Finally, he is diagnosed to have Stage 4 colorectal cancer. As we all know, Stage 4 colorectal cancer is already in a severe state and the cure rate is not so high. So, he felt very sad and lodged a complaint to me.

President, I have come across many similar cases, but I am not going to recount them one by one. Nonetheless, these cases have illustrated several points. Firstly, individual doctors ..... I do not rule out the possibility that certain doctors have problems with their work ethics, and they fail to diagnose patients carefully with full attention. However, in my opinion, this is not a major factor. The following two factors are more important.

First of all, the shortfall of doctors has placed serving doctors under immense pressure and thus they cannot diagnose their patients with full attention. For instance, each doctor originally has five minutes for diagnosing one patient, but now they only have three minutes. Previously, each doctor only has to diagnose 30 patients, now they have to diagnose 50 to 60 patients or even more. How can they observe the symptoms of the patients attentively and make accurate diagnosis under such heavy work pressure?

Secondly, it is the resource problem. As I said earlier, the patient concerned only requested for a colonoscopy, but he has to wait for a long time. What is more, the doctor pointed out the exorbitant charge and advised that he did not need to do the test given his mild symptoms. By probing the patient's anus with his hand, the doctor diagnosed that he had haemorrhoid (which is definitely not the case). If the doctor could perform a colonoscopy at an earlier stage and confirmed that he has cancer (probably at a preliminary stage, say, Stage 1 or 2 cancer), he would have a greater chance of getting cured.

This brings out another issue, and that is the lack of resources. Resources are inadequate in the provision of out-patient services, as well as the provision of drugs, as Mr CHEUNG Kwok-che has said earlier. Many elderly people told us that they have lately been to the hospital to get drugs for curing hypertension. According to them, the drugs that they used to take for curing hypertension did not have many side-effects, but the new drugs have caused serious edema, or they felt "bloated". They did not know why but they doubted that — I am not sure whether this is true or not — the new drugs were not as good as the old ones.

In the past, we often heard that the drugs prescribed to patients with mental illness would have fewer side-effects if they were of a better quality, whereas medicines of inferior quality would have more side-effects. However, very often, doctors can only prescribe inferior drugs as expensive drugs are not available. As a result, the cure rate of patients is on the low side.

All these show that the quality of healthcare services lacks assurance, either in terms of manpower or resources. Regrettably, in his earlier reply, the Secretary merely undertook time and again that he would ensure the quality of healthcare services.

Some Members have just pointed out that despite the additional injection of resources and manpower, the situation has not been improved, mainly because of the increasing number of people seeking treatment at public hospitals. Dr Priscilla LEUNG even went further to say that some patients habitually go to public hospitals to seek treatment. Even if the consultation fee of private hospital is only some \$100, the patients will not turn to private hospitals for help. The case is like watching television, people get used to viewing TVB instead of ATV.

I think the case can be likened to TUNG Chee-hwa's appeal to the public to purchase flats in the past. Is it still necessary to encourage patients to go to private hospitals? Patients will certainly turn to private hospitals or practitioners if they can. What is so good about public hospitals? As there may be private practitioners in your vicinity, why do you have to travel a long way to public hospitals which also require prior booking by telephone? As we all know, public hospitals are usually located in remote areas. Then, why would patients choose to go to public hospitals? This is indeed a very simple question. As far as the grassroots' financial means is concerned, the charges of the private sector are actually beyond their affordability, hence forcing them to rely on public medical services.

The Government often calls on people to turn to private hospitals or practitioners in view of a lack of manpower and resources in public hospitals. Nonetheless, such a remark hinges on one question: Will anyone with a head of hair want to look bald? It is a matter of reality. Prof Patrick LAU just said that services provided by private hospitals are not bad, but the charges can be as high as over \$10,000, whereas those of public hospitals are only \$100-odd. As such, what choices do the grassroots have? If we do not provide more manpower and resources to the healthcare system, the grassroots cannot receive services that they are entitled to. This is a critical point.

Although the Secretary said time and again that, when compared with last year, additional resources have been provided, and manpower has been strengthened, there is one thing the authorities must take into consideration. It is the growing and ageing population, which has brought immense pressure on society. The authorities cannot just stress increases without considering demographic changes. When there are changes in society, an increase in resources and manpower is not enough, a substantial increase is required to meet social needs. This is the crux of the problem.

The authorities cannot keep telling us how much more we have this year than last year, which is an 8% increase as advised by the Secretary. Hong Kong has all along been plagued by the ageing problem, and the Secretary just now also admitted that the average lifespan of male and female has risen. Given that the average lifespan of people has increased, the demand for medical services (*The buzzer sounded*) .....

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

**MR LEUNG YIU-CHUNG** (in Cantonese): ..... will also increase.

**MR LEE CHEUK-YAN** (in Cantonese): President, first of all, I would like to invite Members who propose this motion and other amendments to join the Members' Union which met with the Financial Secretary yesterday. This is because one of our requests is to urge the Government to increase its recurrent expenditure to \$20 billion.

In fact, all issues under discussion today are related to recurrent expenditures. The problems of the Hospital Authority (HA) Drug Formulary (the Formulary) are related to recurrent expenditure; the resource problems of the HA are also related to recurrent expenditure. During our meeting with the Financial Secretary yesterday, we proposed that among the \$20 billion requested, \$3 billion should be allocated to the HA to carry out various tasks: first, increase front-line healthcare personnel; second, revise the Formulary; and third, promote primary healthcare services.

All the abovementioned improvement measures require resources, and the problems raised do not emerge today. It is just that the Government has recently been panicked by some urgent incidents, in which doctors vowed to take industrial action. I therefore call on various trade unions to take industrial action to put pressure on the Government and unscrupulous employers when such a need arises. The Government has started to feel nervous, but we have no idea what action it will take. So far, no updated information has been received. I only learnt that Dr LEUNG Pak-yin had paid a night visit to Tuen Mun Hospital, but he left very soon. What plans does the Government have to resolve the problem? We are very concerned about it. After all, the solutions to all problems pin down to one solution, and that is resources. Should there be no input of resources, problems such as long waiting time and a shortfall of doctors can never be resolved, but will prevail year after year.

I believe Dr LEUNG Ka-lau would also admit that the subject raised by him today is not a new issue, in fact a number of discussions have actually been held over the past years. When the problems were relayed to the Financial

Secretary yesterday, he asked us to discuss with the relevant bureaux. In response, we told the Financial Secretary that a number of discussions have already been held with the relevant bureaux, and a number of debates have been conducted in the Legislative Council, which I believe Secretary Dr York CHOW should be very familiar with. What is the outcome then? Secretary Dr York CHOW harped on the same old tune by making assurances of the quality of healthcare services, so on and so forth. Yet, nothing has been changed so far.

We only hope that there will be genuine changes initiated by an increase in recurrent expenditure, thereby increasing the investment in the local public healthcare system. Without these changes, we will have to wait for another year to bring up the same issue in the following budget. The Government will probably continue "handing out candies" until people have bad teeth and have to seek medical treatment in hospitals, which will further aggravate the heavy burden of the healthcare system. After the Government hands out \$6,000 for each person, people might consume more high cholesterol food, which will also aggravate the heavy burden of the healthcare system. I hope Members will understand what I mean. I am saying that we will soon get caught in a vicious cycle.

I also wish to relay one thing to the Secretary on behalf of the Hong Kong Neuro-Muscular Disease Association. After attending its annual general meeting, I learnt that its members were originally very excited when they learnt about an expansion of the coverage of the Formulary proposed in the Budget. However, their excitement disappeared in a blink of an eye. This is because interferon, a medicine usually taken by muscular dystrophy patients, can be divided into different classes. The patients later learnt that the interferon that they are taking is not included in the proposed expansion, and they are thus gravely disappointed.

Why are drugs being classified into three types, namely drugs in the Formulary, drugs covered by the Samaritan Fund and self-financed drugs? As drugs covered by the Samaritan Fund must have proven efficacy, why do we not remove these drugs from the Samaritan Fund and include them in the Formulary? Given that applicants for subsidies under the Samaritan Fund are subject to a means test, but honestly, many people (even the middle class) cannot afford to buy this kind of drugs, thus the situation is highly undesirable. Under the present practice, people must first spend all they have on the drugs they need



before subsidies are granted through the Samaritan Fund. What should the patients do then? In order to save their lives, they must buy the drugs. However, they will go bankrupt after buying those drugs. What is more, they will lose a sense of security, they have to choose between saving their life and turning from rich to poor. By then, they will be eligible for assistance under the Samaritan Fund. Why is the Government reluctant to genuinely relax the Formulary and provide drugs with efficacy to members of the public? This is a matter of life and death, yet the Government is still reluctant to save lives, the reason is again related to resources.

Today, Dr LEUNG Ka-lau has provided a lot of information which I consider very useful. It reflects that apart from the problem of resources, another major issue is uneven distribution. In the Hong Kong Island Cluster and the Kowloon Central Cluster, there are 1.3 doctors and 6.2 beds for every 1 000 population, whereas in the New Territories West Cluster and the Kowloon East Cluster, there are only 0.6 doctor and 1.9 or 2.1 beds; how come there is almost a threefold difference? Why does the Kowloon Central Cluster have preferential treatment? While this can be attributable to historical reasons, it also exposes the authorities' planning blunders. Although Queen Elizabeth Hospital and Queen Mary Hospital are traditional hospitals while Tuen Mun Hospital is not, why did the Government not increase the number of beds and doctors in Tuen Mun Hospital upon its commissioning, as well as in the New Territories West Cluster? Why is there such an uneven distribution?

The uneven distribution has directly caused hardship to local residents, as evident in the long waiting time. For instance, for internal medicine, the waiting time is 36 weeks and 35 weeks for the New Territories West Cluster and the New Territories East Cluster respectively, 36 weeks for the Kowloon West Cluster, but 60 weeks for the Kowloon East Cluster. It should be noted that the number of week is used as the computation unit, and there are 52 weeks in one year. In other words, the waiting time is more than six months or even one year. The situation in the Hong Kong West Cluster is much better. The waiting time for internal medicine is only seven weeks. For ear, nose and throat clinics, the New Territories West Cluster has a record-breaking 92 weeks of waiting time, but it is only one week in the Kowloon Central Cluster. Why is there such a great disparity? Can the Government make a fairer distribution to shorten people's waiting time by developing a clearer establishment based on the ratio between population and doctor? Again, the Secretary will certainly find an excuse by

saying that additional resources would be required. In the end, it comes down to the same old problem: The problem can never be resolved without an injection of resources, and the vicious cycle will repeat itself all over again if sufficient resources cannot be provided.

After all, it is a matter of money or resources. If the Secretary is still reluctant to tackle the problem by an injection of resources, I cannot see any way out. Today's motion debate will be of no avail as the problem has yet to be resolved. Thank you, President.

**MR LEUNG KWOK-HUNG** (in Cantonese): President, when John TSANG met with pan-democratic Members yesterday, he said that they might discuss matters with the Director of Bureau. However, the Director of Bureau in turn said that discussion had to be held with John TSANG because of the so-called "ceiling setting" arrangement. What kind of government is that?

President, the Hospital Authority (HA) has always been criticized for "fattening the top and thinning the bottom"; therefore, front-line staff are weighed down with work and under immense pressure owing to shortage of resources. The recent strike and exodus of doctors in Tuen Mun Hospital has exactly reflected their plight.

A sick system certainly originates from a sick government. Let us look at the existing policies of the SAR Government. The Second Stage Public Consultation on "My Health, My Choice" Healthcare Reform that has just been concluded is a case in point. It fully reflects that the SAR Government, instead of allocating more resources to the public healthcare sector and trying by all means to initiate institutional reform, only resorts to relying on the private sector and shirking responsibilities, which will eventually aggravate the problems.

During the 20 years since the establishment of the HA, its annual spending of public money has increased from \$7.7 billion to \$33 billion. From 1999 to 2009, the number of doctors has increased from 3 979 to 5 278, at a rate of 33%. During the same period, there has only been a 10% growth in the number of discharged general patients and a 17% increase in the number of people receiving specialist out-patient services. Yet, owing to the shortage of front-line manpower resources, the situation of overtime work by healthcare staff have

aggravated. A doctor can only spend, on average, five minutes on diagnosing each patient. If the four steps of consultation of traditional Chinese medicine are adopted, namely inspection, listening and smelling, inquiry and palpation, each step has to be completed in one minute only. A nurse has to look after 10 to 12 patients at one time, more than double the international average. A team of three orthopaedic doctors in the United Christian Hospital has the workload of eight doctors. A neurosurgery doctor has to undertake on-call duty every other day because of manpower shortage, eventually he becomes sick. He can only sleep tight after taking high-dose sleeping drugs. Some doctors have compared themselves to slaves, and the most hilarious joke is that doctors in Hong Kong are busy saving people but they cannot save themselves.

Nevertheless, the management staff have pay increases year after year and they get huge bonuses. This is not a problem of inadequate resources, but uneven distribution of resources. First, the ratio of our public expenditure to our Gross National Product is generally lower than that in similar countries or regions. While they have a ratio of 40% to 50%, we only have a ratio of 20%. As the pie is so very small, we naturally have a tight budget on healthcare expenditure.

The HA does not have an effective monitoring mechanism for conducting value-for-money studies on hospital services, thus doctors will only die of exhaustion and overwork; if this problem cannot be solved, eventually the innocent and helpless public will suffer.

This week, Dr LEUNG Pak-yin, the Chief Executive of the HA went to the public hospital to experience the working conditions of doctors working night shift. I think that he is just staging a show. In recent years, several Hospital Chief Executives or Cluster Chief Executives who have reached the retirement age have remained employed. This is an example of senior management staging a show, being nepotistic and not retiring when they have reached the retirement age.

Apart from the uneven distribution of manpower, the distribution of resources among hospital clusters also requires drastic adjustment. Based on the figures from 2009 to 2010, the per capita share of hospital beds, healthcare personnel and resources in the Hong Kong West and the Kowloon Central Clusters were double of those in the Kowloon West, New Territories East and

New Territories West Clusters, and three times of those in the Kowloon East Cluster. Though the population in the New Territories West has doubled, its funding is still \$3 billion, which is the same as that of the Hong Kong West Cluster. How are such figures arrived at? I can say with certainty that this actually tells us that only people living in areas such as the Hong Kong West and Kowloon Central with a high concentration of the rich and powerful, are considered to be of a superior status.

This issue is actually very simple. Dr J T HART, a family doctor of primary healthcare in the United Kingdom introduced "the law of reversed healthcare" back in 1971. According to him, if the Government relies on the market to provide healthcare services, those who are most in need of medical care will get the least services because people who lack the resources often need more attention and services, however owing to their restrictions, they cannot get appropriate support. On the contrary, people who are least in need of services can get more services because they have abundant resources to pay for the high costs of new technologies and services. Yet, precisely because they have abundant resources, they actually have less need for these services.

At this point, it actually boils down to one problem, that is, there is no difference between the allocation of resources and the distribution of power among social classes. The rich and powerful people will naturally shift the burden of primary healthcare onto the grassroots. They will only obtain their required healthcare services from the private sector, and they will shift the responsibilities for healthcare services required by the public onto the market, dragging the general public to hell. Thank you, President.

**MR WONG KWOK-HING** (in Cantonese): President, I am really thankful to Dr LEUNG Ka-lau for proposing such a meaningful motion for debate today. As Dr LEUNG Ka-lau has served in the Hospital Authority (HA) for 20 years, he can reveal the problems from the perspective of an insider for our discussion. I think Dr LEUNG has proposed a highly desirable motion and I thank him for that.

President, I would like to discuss a few issues. First, I strongly support Dr LEUNG's motion, requesting to enhance the transparency in monitoring the HA. I would like to point out that, based on the current clustering of the HA and the information disclosed, we can hardly monitor the HA effectively. Why do I say

so? I would like to give an example. According to the clustering arrangement of the HA, the New Territories West Cluster covers the areas of two District Councils, namely Tuen Mun and Yuen Long District Councils. As there are 1 046 800 people in Tuen Mun and Yuen Long, the so-called New Territories West Cluster fails to reflect the true state.

Based on the Government's administrative districts and the Legislative Council's constituency demarcation, the areas covered by the so-called New Territories West should actually include three administrative districts, namely Kwai Tsing, Tsuen Wan and Islands, covering five districts including Tuen Mun and Yuen Long, and having a total population of 1 943 800. That is the true state based on administrative districts. Therefore, the demarcation of the New Territories West Cluster is rather ambiguous. By including Kwai Tsing, Tsuen Wan and North Lantau in Kowloon West Cluster, it fails to reflect the true picture and we cannot easily monitor the HA? This is one of the issues I would like to raise and I hope that the Secretary will make changes after listening to my remark.

Second, I would like to point out that, according to the HA's demarcation of clusters, as many Honourable colleagues have just mentioned, the New Territories West Cluster and the Hong Kong West Cluster of the HA — I must mention the HA as this demarcation is unique to the HA — are given the same funding resources of over \$3 billion though there is a 50% difference in their population. The allocation of resources is thus unreasonable. There are only 545 800 people in the Hong Kong West Cluster of the HA while there are 1 046 800 people in the New Territories West Cluster of the HA, yet the two clusters are allocated with the same provision, which does not make sense at all. Since the allocation does not make sense, a reform is required; this is the second issue that I would like to raise.

Concerning the third issue, due to unreasonable and distorted resource allocation, the waiting time for specialist services in the New Territories West is particularly long. As a directly elected Member returned by the New Territories West constituency, I only concentrate on discussing the condition of the New Territories West Cluster but not other clusters. How bad is the situation of specialist out-patient services in the New Territories West? Take the urology clinic as an example, the current appointment has been booked up till 2017. President, we are now in the year of 2011 and 2017 is six to seven years from now, by then, the patients may have gone west.

Next, I would like to talk about the redevelopment of Yan Chai Hospital again. Originally, I thought that more services would be provided after the redevelopment of Yan Chai Hospital, yet it turned out that, after the redevelopment of Yan Chai Hospital, the original services provided by the urology clinic will cease. This is definitely unreasonable; the patients are told that they can use the services provided by Princess Margaret Hospital. In other words, the patients will be fatigued by the long journey and they will have to spend more money on travelling expenses, which cause great inconveniences to elderly patients. For this reason, the Secretary should review whether the urology clinic should be re-established after the redevelopment of Yan Chai Hospital.

Another example is Tuen Mun Hospital in the New Territories West Cluster of the HA. Patients who seek treatment in the ear, nose and throat clinic have to wait for 91 weeks, that is, one year and nine months. I saw Dr LEUNG stating, if I am wrong, I hope he would provide additional information as he may know the inside story. According to the information I have collected, the waiting time for appointment at the ear, nose and throat clinic is one year and nine months. Is this kidding? This is the third issue that I would like to raise.

Regarding the fourth issue, I will not talk about the problems of doctors because doctors in Tuen Mun Hospital have taken actions. I can see that the HA has taken their actions seriously and is now handling the matter. Hence, I will not discuss their problems for the moment. I would like to say that, in the New Territories West Cluster, the General Services Assistants and Technical Services Assistants are not fairly treated, as they have unequal pay for the same work. The HA has given a positive response after the intervention and assistance of the trade unions concerned and upon a few months' negotiations, these staff will have a pay rise if all goes well. Honestly speaking, I am grateful to the Secretary's concern if they can have a pay rise.

Nonetheless, the fundamental problem is that the pay adjustment has not been revised. A staff member will be considered for employment on permanent terms after he has been employed on contract terms for six years. Is this kidding? Six years? The performance of a staff member who has been employed for three years is conspicuous enough, why should we wait for six years? That is highly unreasonable. Hence, staff members really hope that the Government will carry out a reform so that they can be employed on permanent

terms. I hope the Secretary would hear their appeal. Owing to the time constraints, I can only stop speaking. Thank you, President.

**MR RONNY TONG** (in Cantonese): President, the following speech does not represent the position of the Civic Party.

President, some people think that it is lovely for me to be so frank while more people think that it is terrible for me to be so frank. I am compelled to speak frankly today.

President, when I read the original motion and some amendments for the first time, the words "serve them right!" came up to my mind. President, I know this seems very unreasonable and even vicious; but to be honest, I really think so.

President, please look at the original motion of Dr LEUNG Ka-lau, it is stated in item (a): "avoid wastage or shortage of resources for developing services in individual hospital clusters"; and in item (e): "in respect of decisions to add any drugs to or remove any drugs from the HA Drug Formulary, to publish drug efficacy reports and financial implication assessments, and include patients' quality of living as a criterion of evaluation, so as to maximize the social effectiveness of drug subsidies, and even drugs 'which have preliminary medical evidence only' should be included in the safety net of subsidies".

President, let us now consider Dr PAN Pey-chyou's amendment, it is stated in item (b): "optimizing as much as possible the utilization of precious healthcare resources and services"; in item (d): "to comprehensively review and reasonably improve the pay and promotion ladder of front-line healthcare personnel, and offer reasonable remuneration for their duty hours, so as to retain talents"; in item (g): "when procuring drugs, should not base its consideration solely on the financial principles"; and in item (i): "to allocate additional resources to provide more healthcare personnel with local and overseas training opportunities".

Dr Joseph LEE's amendment has added item (g): "to set a nurse-patient ratio to improve the quality of nursing care"; and item (k): "to review the pay and grade policies on nurses and allied health staff, so as to resolve the problem of severe wastage of talents".

In the amendment of Mr CHAN Hak-kan from the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB), it is stated in item (d): "provide sufficient funding to strengthen primary medical care, and to expedite the implementation of the strategy for developing primary care, including establishing community health centres to improve public primary healthcare".

President, we in this Council can even recite these appeals backwards; how many times have we discussed them? The Government just would not listen. Is there any opportunity to change the Government's position? President, there is an opportunity but we have just missed it. Those Members who met with the Financial Secretary — I am sorry that none of them is now present in the Chamber — when the Financial Secretary told them that over \$40 billion would be spent on cash handouts, why had they not asked him, in passing, to allocate additional resources; all we need is just \$3 billion. It might not be forceful enough when only one person made the request, but they ought to insist, and if their request was not heeded, they could just turned and walk away.

Yesterday, we from the democratic camp proposed allocating additional resources for the reform of the HA. The total amount required was only \$3 billion. Even if we had miscalculated the amount, and the actual amount incurred turned out to double our estimate, it would only be \$6 billion. Such amount is insignificant when compared to some \$40 billion. Why had they not insisted? What were the reasons? They do not need to explain to me; they just have to explain to the people of Hong Kong and the industry players concerned. They had a golden opportunity last week, and such an opportunity would not arise again. Even if we have discussions in this Council for 10 more years, we may not have such an opportunity again. It is because there may not be another Financial Secretary who is as foolish as this one; the next Financial Secretary will not be that foolish. How hard it was for them? Did the Financial Secretary have them over a barrel? He was begging for their support. They could just ask him why he was unwilling to spend \$3 billion. The money would not go into Dr LEUNG's pocket but it would be spent for the benefit of Hong Kong people. Why had you not insisted? Why did you not ask your colleagues to say, "You must spend \$3 billion in addition to handing out \$40 billion". If that is the case, we need not have this debate today, our meeting will come to an end earlier and we can go home for dinner. President, we do not need to have further discussion.



President, I can tell you, this motion today will certainly be passed, and we definitely do not need a division. So what? How many times have we passed this kind of motions?

I am sorry, President, I sometimes speak like an opportunist. Some people describe the Council as a refined marketplace. Sometimes, if you cannot get your reasons across, you need to show your political capacity and political capital, this applies to events both inside and outside this Council. I concur with this, however, I do not agree that we should merely rely on ..... throwing things, demonstrations or mass movements ..... we should act in parallel. Nonetheless, a golden opportunity has arisen but it has not been grasped. We in this Council are now asked to support this motion. Of course, we will support this motion, so will the DAB, for their amendment is exactly about what we told the Financial Secretary yesterday, that is, spending some money to improve primary medical care. Yet, the opportunity has not been grasped.

President, why have I said that my speech does not represent the position of the Civic Party? It is because I am really not sure and I do not want to offend the doctors in the Civic Party. *(Laughter)* There are many doctors in the Civic Party and the husband of our former party leader is also a doctor. Just now, I did not have an opportunity to ask her if what I said would offend her. Honestly speaking, I am compelled to make these remarks; I would like to bring this message home though it is a bit late. I do not wish to have such an opportunity again but this is really a golden opportunity. Therefore, it is a great pity that my colleagues have wasted this opportunity.

**MR ALBERT HO** (in Cantonese): President, Mr Ronny TONG should be the last one to speak because this debate session should be concluded with remarks that are so impassionate. I am now going to give some substantive information and data to illustrate that the motion and amendments today should be supported.

It has been 20 years since the establishment of the Hospital Authority (HA) in 1990, and it has so far developed into a big white elephant. Not only the former Legislative Council but also the Legislative Council today cannot effectively monitor it. I wonder whether the Secretary, Mr Anthony WU, the Chairman of the HA, or Dr LEUNG Pak-yin, the Chief Executive of the HA, has the ability to control such a huge organization. Regarding the HA, I think many people may take a part for the whole, they fail to have an overall understanding of

what has happened to the HA. In our view, it is high time for the HA to conduct a comprehensive review, and carry out certain reforms to strengthen its monitoring and accountability.

If the HA has a good self-monitoring and self-perfecting system, this Council needs not spend a long time discussing in-depth how to strengthen its accountability or monitoring. However, when we consider the performance of the HA, we find that front-line personnel has low morale and medical incidents have frequently occurred, putting heavy financial burdens on patients, especially those suffering from serious illnesses. We really have to consider seriously all these problems. In the midst of the economic downturn during the outbreak of SARS, we could understand that the Government had to cut down on its expenditures, hence affecting the service. However, in recent years, although the Government has provided an extra of \$1 billion to \$2 billion to the HA each year, we fail to find obvious improvement in the quality of its services or the relief of work pressure of healthcare personnel.

We cannot help but ask if the additional resources are duly used. What kinds of work are being undertaken by the additional personnel? Has due attention been given to patients and front-line healthcare personnel who provide direct healthcare services? With the financial commitment of this Council, has the HA put into effect the healthcare policies and services promised by the Government? Indeed, we can raise many questions after looking at the statistics of the HA and listening to the views of patients and front-line doctors.

As reiterated by the Government throughout the years, the merit of its healthcare policies is that no one should be denied adequate healthcare through lack of means. Can the HA really put this policy into practice? The most obvious example is the HA Drug Formulary. At present, there are 14 life-saving drugs for cancer treatment on the list of self-financed drugs, and patients cannot take these drugs if they do not have money. There are many drugs that can be taken orally, but for some children, like those suffering from thalassaemia, they still have to put up with eight to 10 hours' injection of drugs each day. We can hardly believe that officials from the Policy Bureaux and doctors from the HA would regard this as suitable medical treatment.

The annual expenditure on all drugs of the HA amounts to some \$3 billion, accounting for 8.5% of the overall expenditure of the HA. Can we not increase the expenditure to alleviate the plight of patients? The HA has tried every

possible means to reduce the expenditure on drugs, and many expensive drugs have to be purchased by patients or the patients can only receive assistance after passing the household-based means test. Are we facing insurmountable financial pressure? Will we really fail to meet the current operating expenses of the HA if we do not ask patients to pay for these drugs? In view of the various problems, we need to examine again whether the funding of the HA has been adequately used.

The crux of this issue is not merely about whether resources should be used on employing more management staff. At present, front-line doctors are overburdened with work, and patients have to spend all they have on purchasing life-saving drugs, yet in utilizing resources, drug subsidy and employment of more front-line staff are not accorded with top priority. The HA lacks transparency regarding the creation of new posts, as well as the deployment of resources and manpower, there is a lack of adequate monitoring of how public money is used.

In the past three years, the HA created 68 directorate posts, incurring an additional annual payroll costs of over \$200 million. Actually, the creation of directorate post by the Government must be approved by this Council. Are there any procedures within the HA that allow greater accountability and transparency to ensure public monitoring and well utilization of public funds?

President, in respect of resource allocation, the HA has all along been criticized for uneven distribution of resources among various clusters. For instance, the New Territories West Cluster has the largest population but there are only 2 094 general beds while there are 5 174 general beds in the Kowloon West Cluster. There are only 662 doctors in the New Territories West Cluster, that is 0.6 doctor per 1 000 population; it has the smallest number of doctors among all clusters throughout the years. This year, Pok Oi Hospital and Tuen Mun Hospital have opened additional acute beds and rehabilitation beds, which have increased the workload of front-line healthcare personnel. Therefore, doctors in Tuen Mun Hospital are suffering badly and it seems that Tuen Mun has become the hardest hit area. Indeed, we are worried that should an epidemic break out, which hospital will "collapse"?

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

**MS AUDREY EU** (in Cantonese): President, as Mr Ronny TONG mentioned my name when he spoke just now, I think that I should respond to what he has just said. First, he mentioned that my better half is a doctor. President, my husband had served for more than 10 years in the public healthcare sector, and at that time, the Hospital Authority (HA) had not yet established. If we compare the present situation to the situation back then, I believe the situation was even worse at that time, as canvass beds were used. In those days, the hospitals were very crowded and doctors had even longer working hours. When he was an intern — when we were dating — he had to undertake on-call duties once every three days and he did not have time for sleep. Unlike today when doctors can have a little time to rest when undertaking on-call duties, he did not have time for sleep at that time and he was frequently asked to treat various kinds of diseases.

I do not think that nowadays, we should ask front-line doctors to work similarly long hours as doctors back then, or that the situation of hospitals today should be the same as the time when canvass beds were used. As time progresses, people naturally have different aspirations.

In the first place, I must admit that we should be proud of our public healthcare services. When Secretary Dr York CHOW speaks in a while, I believe that he will definitely highly praise our public healthcare services. For example, when the Chief Executive attended the activities commemorating the 20th anniversary of the HA, he inclined to mention our average life expectancy. He said that Hong Kong people had an increasing average life expectancy; the male average life expectancy was 79.9 years, which ranked fourth in the world while the female average life expectancy was even longer; it was 85.9 years, which ranked second in the world after Japan.

However, with the passage of time, people have different views, aspirations and needs. Many Honourable colleagues have also mentioned today the major problems of the HA. Apart from the administrative phenomenon of "fattening the top and thinning the bottom" and many black box operation cases, the allocation of resources among clusters is uneven, the problem lies not in the scarcity of resources but in its uneven distribution. I believe this issue has been discussed in this Council for many times, and Secretary Dr York CHOW should well understand the situation.

I would also like to talk about an issue that many Honourable colleagues have discussed. In some poorer districts such as North District or Kowloon East District, there are fewer resources as compared with some richer districts such as Hong Kong West. I am not sure about the reasons but healthcare services also reflect the situation of our society as a whole, that is, the rich are getting richer while the poor are getting poorer. This is not fair.

Concerning the senior management of the HA, let us look at the rate of increase, during the period between 2005-2006 and 2009-2010, the income of the HA had increased by 21%; the number of doctors increased by 7.7%, the number of healthcare personnel increased by 3.2%; and the number of allied health staff responsible for direct care of patients increased by 9.4%. Nonetheless, the number of HA executives increased by 47.5%. This explained why people are greatly dissatisfied and morale is low. Staff members think that the management at the higher level are not sympathetic to the problems of front-line healthcare personnel.

I learnt from newspapers that Mr LEUNG Pak-yin, HA Chief Executive, said that he would inspect and personally experience the conditions of work of doctors in a hospital. However, as he had not performed front-line duties for a long time, it was inappropriate for him to provide treatment or healthcare services, consequently he just stayed in the hospital for two hours or so to show his concern, and he did not actually get involved in the work. Of course, it is still better for him to go there, yet, this is not enough after all. In particular, we have noticed that front-line doctors made many appeals to him but Dr LEUNG only responded by saying that he would set up a special team to collect and analyse data on the workload and working hours of doctors in various hospitals. After I have become a Member of this Council, I have heard this issue repeatedly discussed in this Council, Dr LEUNG must be well aware of the problem. Why then does he still say today that a special team should be set up to study the issue? In such a huge organization with so many administrative staff, why do they still fail to address properly this basic task?

President, Mr Ronny TONG also raised this issue in his passionate speech just now. It is not true that the Government is not aware of the issue we raised or there is no consensus in this Council. It seems that we Members have just been continuously repeating the issue but we have failed to play our roles at the critical moment when we have to vote.

Just now I watched television and learnt about Secretary Prof K C CHAN's comment that we, Members from the democratic camp, have not done what we should do and have acted irresponsibly. What should Members do? What are our responsibilities? We should ensure that we can really play our roles. After we have talked about something that everybody knows and have raised issues that everybody knows, we should really play our roles and abstain from voting or vote against the motion at the critical moment, so that the Government will feel pangs over a past failure and make changes. Even though Mr Ronny TONG has used some emotional wordings in his speech, which I may not use, what he said definitely represents the views of the Civic Party.

Thank you, President.

**MR ALBERT CHAN** (in Cantonese): President, in the speeches of many Members, they have made one-sided criticisms about the present healthcare system, especially the hospital services under the administration of the HA, and the relevant issues.

I am well known for frequently reprimanding the Government. However, let us look at our healthcare services; if we compare today's situation with that of 1950s and 1960s, there have been marked improvements in healthcare services in the past 20 to 30 years, and the standards of healthcare personnel have been fully enhanced.

As far as I can remember, if a patient was hospitalized in the 1960s and he wanted better services, he had to give the hospital staff some money; he would then be given a glass of warm water or he would receive better care. However, this practice has basically disappeared.

Of course, there are still serious problems with the existing healthcare services, and I have repeatedly asked questions about the healthcare services in New Territories West in this Council, and raised criticism. Based on the population or patient ratio, New Territories West ranks the lowest among various districts while the Hong Kong Island always ranks the higher because senior officials and people who are very rich and powerful basically live on the Hong Kong Island.

This is class distinction, a social class has been given preferential treatment while another class is being discriminated against. For many years in the past, I have strongly criticized this practice of the Government in this Chamber, and I believe the problem can only be solved by "sacking" someone. Only in this way can directors of bureaux draw a lesson from the bitter experience and avoid causing boiling public discontent. If one day, there are medical blunders or if healthcare personnel become so aggrieved that they go on strike together or work to rule, people's resentment and indignation may lead to political instability. Such a situation may arise.

Apart from unfair allocation of healthcare funding, many Honourable colleagues have also raised the issue regarding the work pressure of doctors and healthcare personnel. This issue is related to the public's confidence in public healthcare services. Owing to population growth and ageing, as well as the increasing demand for healthcare services, public healthcare services is definitely in great demand.

This situation arises because on the one hand, people have confidence in public healthcare services; and on the other hand, private healthcare services are far too expensive. More often than not, even if a person has taken out insurance, he will choose to go to a public hospital instead of a private hospital when he is seriously ill. Evidently, private hospitals commonly have such problems.

The third point is about the separation of prescribing and dispensing. We frequently receive complaints from various people in the districts, including elderly CSSA recipients, middle-class people with chronic illness and people suffering from certain illness. Owing to the separation of prescribing and dispensing and a lack of a comprehensive drug list, even for drugs consistently taken by CSSA recipients, if doctors do not prescribe these drugs, the CSSA recipients have to purchase them on their own. Since drugs are very expensive, some middle-class people may be forced to sell their flats for medication. This is a common situation.

Now that we have the Community Care Fund, actions should be taken to see if this problem can be tackled expeditiously through funding from the Fund and the relevant subsidy. I hope the Secretary would understand that not only the patient himself suffers, his family and friends also have to bear the sufferings and pressure. If the problems of patients are not properly handled, the chain reaction so caused will be very extensive and serious.

Another issue is about the mechanism of the HA for handling medical blunders. Of course, everybody may make mistakes. Nevertheless, under the present system, the investigations and handling of medical blunders lack transparency and accountability. We have handled numerous cases of medical blunders at the district level, and very often these cases are handled by the Public Complaints Committee of the HA. The mechanism works this way: first, a person should lodge a complaint to the hospital, the director of the hospital would reply and explain the relevant matters. If the complainant is dissatisfied, he can file a complaint to the Public Complaints Committee of the HA, which claims to be an independent body comprising members of the community.

Yet, the mechanism does not involve the participation of patients or complainants, and the case is handled wholly by the HA. This practice is slightly better than that of the Independent Police Complaints Council because the Council is even more biased and it works behind closed doors. However, the complainants are very often dissatisfied with the HA's findings concerning the complaints of the medical blunders. I believe that our system for handling medical complaints is the most restrictive among all advanced regions in the world and it is most difficult to obtain justice. If, without improving the system, as well as enhancing transparency and professional support, the victims of medial blunders and their families will consider the entire system as biased.

President, the last issue that I would like to raise is that, though many Members have complained about or are dissatisfied with the HA today, I believe that progress will be made through progressive reform. Yet, we should never accept the healthcare financing scheme because of such dissatisfaction.

The healthcare financing scheme will just make public healthcare services similar to the services provided by The Link REIT. If so, the disasters and impacts caused will be 10 times more serious than having The Link REIT manage the shopping centres in public housing estates. Therefore, I call upon all industry players to join protests if the Government is going to make public healthcare services similar to the services provided by The Link REIT.

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



**MR WONG YUK-MAN** (in Cantonese): President, we welcome the motion today on Reforming the Hospital Authority (HA), and we are thankful to Dr LEUNG for giving us the opportunity to review afresh where the problems with the existing public healthcare system are.

The HA is loaded with problems but what is the source of these problems? Many Honourable colleagues have discussed this just now. If we first consider the contents of the original motion and various amendments today, we will find that most of the 25 proposals are matters of common sense, which is really awful. We are grateful to Dr LEUNG for preparing the information on this motion, including many specific data for our reference; I have spent time in doing the homework.

However, when I consider the contents and suggestions in the original motion and various amendments, my impression is that they are matters of common sense. For instance, as there is an uneven allocation of resources among various clusters, the Government should use "disease treatment costs, service volume and the distribution of population and age groups in the districts concerned as the basis, to formulate objective and fair funding criteria for each hospital cluster", and to redeploy resources "so that the types and quantity of services of the various clusters can better suit the needs of people in their districts, thereby alleviating the plight of elderly and physically weak persons in seeking cross-district medical treatment".

Regarding low morale and serious wastage of front-line healthcare personnel, the Government should "comprehensively review and reasonably improve the pay and promotion ladder of front-line healthcare personnel, and offer reasonable remuneration for their duty hours", and "formulate manpower indicators based on workload, and to set standard working hours for healthcare personnel and provide them with half-time job options", so as to retain talents.

In view that the HA Drug Formulary fails to keep abreast of the times or cater for the needs of the grassroots and the chronically ill, it is proposed that the "HA, when procuring drugs, should not base its consideration solely on the financial principles, but should also take account of drugs quality and supply stability" and "in respect of decisions to add any drugs to or remove any drugs from the HA Drug Formulary", it should "publish drug efficacy reports and financial implication assessments, and include patients' quality of living as a

criterion of evaluation, so as to maximize the social effectiveness of drug subsidies".

The above examples concern common sense; should we feel invincible after making some common sense proposals? Nevertheless, these people carry out the actual work. All of us have identified the problems but why there are no solutions? Some Honourable colleagues have just made certain points; for example, the Legislative Council cannot monitor the HA. I wonder how would it be even if the Legislative Council can monitor the HA. At present, many funding proposals of the Government have to be approved by this Council. Nonetheless, the problems of uneven resource allocation and "fattening the top but thinning the bottom" still arise. Are these not the problems with the public sector?

Actually, the current problem is not related to authority. Even if the authority of the Legislative Council is strengthened so that we can also exercise control over the HA financially, can the problems just mentioned be solved? For this reason, some people consider this as a crucial point. Nevertheless, I think it is not a bad idea if the Legislative Council can really monitor the HA. Yet, we are now monitoring the immediate supervisor of the HA, that is, the Secretary who is now present in this Chamber, but we are still under difficult circumstances.

In fact, we must fully recognize the work of front-line personnel, and even though the HA has administrative and management problems, we cannot treat them ..... All of us who have received public healthcare services would think that, as compared with the situation 20 years ago, the standard of public healthcare services is, honestly speaking, very high today. However, the existing problems have nothing to do with that as they are about the pressure of front-line personnel.

The HA Drug Formulary is most annoying to me. I can tell Honourable colleagues that I often come into contacts with some elders in the districts and they have mentioned the Formulary time and again, which is actually very sad. If a person is sick and has no money, he is in fact waiting for death. It might be better for him to die because he cannot afford to purchase drugs that cost \$100,000 per dose. These are humanitarian problems or problems concerning the allocation of resources. I believe that the HA should seriously consider how

these problems should be solved, and the Secretary should consider these problems when formulating policies.

Looking back, we find that many incidents involving the HA were attributed to several causes in common. One of the causes was the miserable condition of work of front-line personnel. Am I right? Accidents have occurred one after another — I have written down some specific examples, and I will not mention them due to the time constraint — many people have pointed out that the HA concocted various pretexts for expanding its establishment and "fattening the top and thinning the bottom".

There is another very interesting point. The HA jointly offered a pet first aid certificate course with a pet first aid training organization in the United States in December 2009. The Accident & Emergency Department of the Ruttonjee & Tang Shiu Kin Hospitals under the HA, the centre for providing first aid training to healthcare personnel, has even been used as the training centre for the course. Hospitals under the HA are intended to be used for meeting emergency needs. While the HA has not properly provided people-oriented healthcare services, the public hospital has long been used for pet first aid courses. I find this rather interesting.

There was also the incident of the lavish renovation works of the HA Headquarters building, incurring \$10 million. In the year 2009-2010, the Finance Committee allocated \$600 million to the HA for undertaking over 900 improvement works. Works incurring an expenditure of less than \$21 million only have to be submitted to the Hospital Governing Committee for consultation and discussion. The proposal would then be submitted to the hospital clusters, followed by the HA and the Food and Health Bureau for approval. The works can commence after being approved. Thus, there is a lack of checks and balances.

On the whole, these problems are caused because senior management of the HA have not been accountable. Second, the HA is a financially independent empire that can do whatever it likes. Third, there are mediocre officers; the senior management have first-class pay but their performance is only of a very low standard. They have a pay rise each year and they just want to maintain their high positions. Therefore, the Secretary has unshirkable responsibilities.

We support this motion and all the amendments today because all the issues covered are matters of common sense, and we cannot raise opposition. Yet, how would it be if this motion is passed in this Council? When the Secretary responds later on, besides expressing thanks to the Member for moving this motion and making some official remarks as a ritual, can he make a specific commitment in respect of how the HA should be reformed? Thank you, President.

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

**MR PAUL TSE** (in Cantonese): President, since I do not belong to the healthcare sector, I am not familiar with this topic. As I am getting older, even though I seemed unbeatable in the past, I now have the need to ..... some close friends and relatives of mine have medical problems now. In particular, last week, my "beloved" — Ms Audrey EU has just talked about her better half and I will now use the term my "beloved" — found that she had some problems with her knee. All along, she has not been too afraid of death and she has not been very conscious of taking care of herself; but the pain was too severe and she needed some treatment. I then asked her to try public hospital services, and tell me afterwards what improvements were needed.

I had once been treated in a public hospital on the Hong Kong Island and my impression was not bad, as other Honourable colleagues have just said. This time, she went to the Prince of Wales Hospital for treatment; I am not sure if it belongs to the Kowloon West, New Territories West or New Territories East Cluster. Anyway, her impression was that a patient seeking treatment would suffer wrong.

When many Honourable colleagues spoke a while ago, they expressed their views from different angles, including those of front-line personnel, doctors and healthcare personnel. Nevertheless, we seem to have neglected the feelings of service recipients in the entire system. Regardless of how much money and resource we put in ..... though I understand that the quality of services will be affected if front-line personnel have to work under pressure. However, have we, in recent years, ever considered the issue from the perspectives of human relations, interpersonal relationships or service recipients? Even if they are poor

and lowly, and regardless of the classes to which they belong, they should be cared for and respected.

The comments I have received were mostly negative, for example, the queuing system was not at all user-friendly. Patients were treated like beasts, being driven from one place to another, and long waiting time was inevitable. My "beloved" needed a referral letter from the doctor; as a certain period of time had lapsed, she had to get a new referral letter from the doctor concerned. To avoid queuing for a consultation chip again, she asked if the letter could be sent to her by fax, but she was reproved by the staff, telling her that the facsimile machine was not for her use, and they even queried what she wanted. The staff have not taken into consideration the needs of the patients, they have not tried to lessen patients' fatigue and alleviate their hardship. Their approach is completely wrong.

Of course, the tourism sector attaches great importance to attitude. When incidents occur, such as those involving Ah Chun and Ah Yung, there will be huge public outcry, demanding for improvements. At present, the HA has an annual funding of \$33 billion, probably 66 times of that of the Hong Kong Tourism Board and 1 320 times of that of the Travel Industry Council, as it definitely has a much larger establishment. After so much resources have been put into the HA, should it do a better job?

Dr Margaret NG has just said that these issues are about common sense. I think all the proposals made by Honourable colleagues should be supported. For proposals supported by Members from all parties and groupings, how can the Government not take any actions? Is this Council that ineffective? Mr Ronny TONG has just used the words "serve them right!" I am not sure if he is referring to my colleagues or those colleagues who do not support his view. Indeed, what can we do?

Let us look at the proposals, many of them are pretty good and I consider one of the proposals worth further study. That is item (i) proposed by Mr CHEUNG Man-kwong, which is about the Hospital Authority Ordinance. Is the Legislative Council's regulatory control over the HA inadequate? In respect of monitoring, we can certainly do a better job in areas such as the representativeness of patient groups' and the involvement of the Legislative

Council Members. If the situation is so unsatisfactory, should we allow it to continue?

According to the comments made by Honourable colleagues just now, in particular the comments of Dr LEUNG Ka-lau, the problem is not related to resources but management. As pointed out by Ms Audrey EU, there is an over 40% increase in management personnel, and this rate of increase is much higher than that of doctors and front-line personnel; however, why they still fail to handle the problems well? I think the Secretary will naturally bear the blame. Secretary, do not blame me for saying so, as I am a layman, I have limited knowledge of the many issues we discussed. Nonetheless, from the management angle, we should handle the problems if they exist. The problems must be tackled if they exist.

I hope that the problems will not be left unsettled soon after our discussions today. Though we have an abundant surplus and the Government is going to hand out money, our healthcare services can no longer tie in with our current economic development, and our patients are not duly respected.

Recently, I had an opportunity to visit the public hospitals in the United States, and I observed that even in an ordinary hospital, all patients, be they the general public, or even the recipients of government assistance and allowance, are duly respected and the services they receive are catered to individual needs. That should be the right attitude of service provision. Back in Hong Kong, although we have put in so much money and so many resources, the provision of service are still far from satisfactory. I think that is really a great failure.

Hence, apart from providing more resources for front-line personnel — my full support to this measure — and enhancing management, I hope that an additional element would be considered, that is to cater for the feelings of our service recipients and consider from their perspectives how our services can become more user-friendly, more caring and respect. Thank you, President.

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

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese): Dr LEUNG Ka-lau, you may now speak on the five amendments. The speaking time limit is five minutes.

**DR LEUNG KA-LAU** (in Cantonese): President, though many Honourable colleagues are now not in Hong Kong, there are still 22 Honourable colleagues who have spoken, and I would like to thank them. When I spoke for the first time, due to the time constraint, I have not talked about the Drug Formulary under the Samaritan Fund and the management problems of the Hospital Authority (HA), and I thank some Honourable colleagues for their supplementary remarks.

I would like to respond to the manpower shortage problem mentioned by many Honourable colleagues just now. Honestly speaking, as a doctor in private practice, I certainly hope that there are slightly less doctors. However, for the benefit of the public and the interests of the community, it would be better if there are more doctors. At least, there will be sufficient manpower and the cost of the services provided will be more reasonable. Nevertheless, I only agree that there should be slightly more doctors. What are the problems with too many doctors?

Perhaps I should spend a little time telling a story that happened long ago. Previously, the number of doctors in the HA did not hinge on the volume of services but on the funding it could get from the Government. In 1998, there were only 3 800 doctors in the HA, but the number was regarded as excessive. At that time, 100 doctors who had completed internship were not employed by the HA, which aroused public concern and the public subsequently urged the HA to employ all those doctors. However, the HA only agreed to employ those doctors on agreement terms. If the Government had not provided additional funding three years later, these doctors would have to leave the HA by natural wastage, so as to vacate positions for the employment of new graduates. Under such a mechanism, there was a wastage rate of 2.5% between 2001 and 2003 when the economic situation remained poor. These doctors did not leave voluntarily.

In 2003, owing to the further reduction in funding, the HA introduced the voluntary early retirement scheme and offered monetary compensations to some senior doctors to retire early. Times have now changed and the Government has provided the HA with much more funding. Currently, the number of doctors

exceeds 5 200. We learn that the Government will increase the number of medical students to 420 persons. Since these students will only become doctors in 2018, it can be said that distant water will not put out a fire nearby. From now up till 2018, 2 000 medical students will graduate. In the meantime, if the Government reduces funding again or the wastage rate suddenly drops but nobody is departing, there will be zero vacancies and these medical students will not be employed.

Planning of healthcare manpower is rather difficult and it takes \$2 million to \$3 million to train up a medical student. It will be most satisfactory for medical students to work in public hospitals after graduation as this will meet the interests of the community and benefit the doctors themselves. This will improve the doctors' medical skills and have far-reaching social impacts on the quality of healthcare in our society in the long run. The doctors need to work for more than 10 years in public hospitals before they can master the most advanced and innovative skills. It is really a waste if doctors are not employed by the HA after training.

As regards the increase in manpower as some Honourable colleagues have proposed, we actually have a faster solution. As I mentioned when I spoke just now, the cost of specialist out-patient services of the HA is \$950 per case. The simplest solution having immediate effect is for the HA to employ at such cost (not the cost of private doctors) part-time personnel to provide the services that it fails to provide or cannot provide due to shortage of manpower. Alternatively, it can purchase services from the private healthcare sector. This is a more flexible solution that can solve the problems immediately. Even if the HA suddenly has insufficient funding for unknown reasons three to five years later, the problems would still be solved very quickly.

There is one minute to go and I will particularly respond to Dr Joseph LEE's remarks. President, I support Dr Joseph LEE's proposal about setting a suitable ratio of nurses and allied health staff, and reviewing their pay structures. As regards introducing direct referral services by optometrists, I have consulted people who get involved in providing ophthalmic services in the HA, and they do not support the proposal. It is because optometrists have not received comprehensive medical training. The diseases with other organs in our body often include eye symptoms. If these cases are referred to ophthalmologists, the



workload of ophthalmologists in the HA will considerably increase. The correct approach is that family doctors should be consulted for treatment first.

President, I so submit.

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): President, first of all, I would like to thank Dr LEUNG Ka-lau and many Members for putting forward their valuable suggestions and views in our discussion about the management structure and services of the Hospital Authority (HA) just now.

Many Members have talked about the problems before the establishment of the HA. I am fairly old and I have served in the public healthcare sector for 40 years. Before the establishment of the HA, I was a front-line doctor and I had worked in several hospitals. I started working in Queen Elizabeth Hospital and then worked in Queen Margaret Hospital, during that time, I had to share some work of Kwong Wah Hospital, Caritas Medical Centre, Yan Chai Hospital and United Christian Hospital. At one time, I worked in three hospitals. Back then, I agonized over whether I should stay in the public sector or leave, because many of my classmates and colleagues who had acquired specialist qualifications had left the public sector to join the private sector. The reason why I was willing to stay in the public sector and later joined the management of the HA was that I wanted to initiate an institutional reform. I did not just want to treat patients; I also wanted to treat the system. I wanted to change our healthcare system and bring it on a par with other overseas healthcare systems which we considered desirable at that time. However, when we now review the many healthcare systems in the world, we found that each healthcare system has its own problems.

I have just talked about resources. We do not have many healthcare resources in Hong Kong. In terms of GDP per capita, our resources only account for one third of those of the United States or around two thirds of those of many European Union countries. If their resources are taken as the standard, there is room for an increase in our resources. However, in terms of professional standards, especially in respect of medical or health indicators, we perform as good as other countries. Therefore, we must be particularly careful in this regard, and if we are to carry out any reforms, we must first maintain our professional quality and professional talents, and we cannot afford any wastage.

This is a very important point. Take a look at the cases of many countries, they have spent many years in carrying out various reforms, but hardly any changes have been made. By wastage, it means doing something we should not do or providing duplicative services or having too many intermediaries in the provision of services. I think all these factors will lead to a wastage problem within the whole healthcare system, and have adverse effects on efficiency.

With an ageing population, the public have increasing demands for healthcare services (in terms of quality and quantity of service). Therefore, we must ensure that the whole healthcare system can keep abreast of the times and meet the needs of the community. Though we are discussing about the HA today, I must emphasize that, in further enhancing the healthcare services of the HA, we must promote the development of other aspects of the healthcare system, including public-private partnership and division of work, public health protection, and the training of healthcare professional and manpower training.

The Government has always been devoted to promoting a healthcare reform. Last October, we published the second stage public consultation document on healthcare reform and have received positive responses. The public generally supported strengthening the regulation of private medical insurance, as well as the service quality and costs of private healthcare services. We will summarize the views collected and move on to the next step. Moreover, we have introduced many measures for promoting public-private partnerships, for instance, the Elderly Health Care Voucher Pilot Scheme and subsidizing surgeries for cataract patients in the private sector, with a view to testing the acceptability and credibility of the private sector. These measures help promote the development of a healthy private healthcare market.

All along, we have been adjusting the modes for the provision of healthcare services, to strengthen our upstream work and efforts on disease prevention. For example, we would enhance surveillance of influenza in the whole community, step up vaccination and preventive work, as well as strengthen the control of non-communicable diseases, which include addressing the obesity problems of some children or students. More importantly, we have formulated the strategies for tobacco control and health promotion. Regarding elderly services, we will enhance upstream care, especially the care of elderly people in residential care homes. The objective is to provide timely and appropriate services, so as to reduce the need for referral of these cases to the HA.

The training of healthcare personnel and manpower planning would also be handled with due attention. Certainly, we must have sufficient healthcare personnel to meet the needs of the community. Nevertheless, we do not want to see an oversupply of healthcare personnel. If the Government fails to afford the costs involved in future, we do not want to see the recurrence of the situation in 2002-2003. At that time, owing to the financial situation of the Government, we had to implement measures such as wage reduction and voluntary departure, leading to a number of problems that could not be properly resolved immediately. Thus, it is of vital importance to initiate a comprehensive healthcare reform, promote public-private partnership and mobility, as well as maintain healthcare resources at a sustainable level, so as to control costs and ensure the quality of services.

Indeed, the healthcare system is interrelated in many aspects. I hope that through the discussion today, you can have a better understanding of this social issue that is rather complicated, and together with the healthcare sector and the public, continue to support our efforts in promoting the public-private healthcare systems reform. I am going to respond to a few points of particular concern to Members.

First, I would talk about the training and manpower of healthcare personnel. Professional healthcare personnel are important assets for the HA and healthcare services. In recent years, the HA has proactively employed additional healthcare personnel for meeting the increasing demands for healthcare services. In 2011-2012, the HA plans to employ around 330 doctors, 1 720 nurses and 590 allied health staff. Attention should be drawn to the fact that all graduating doctors and nurses would probably be employed by the HA. However, we have also noticed that these talents are also needed in other markets, including the social welfare market. For this reason, we should pay particular attention to how we can help in the allocation. Apart from employing additional personnel, the HA has always been devoted to upgrading the professional standards of healthcare personnel, improving their working environment, promotion prospect and remuneration, in order to attract and retain talents. As new career structures have gradually been implemented for doctors, nurses and some allied health staff since 2007, the HA has introduced a series of training programmes in recent years to tie in with the development and promotion of healthcare personnel under the new structures. Furthermore, the HA has set up an overseas training scholarship scheme in 2009-2010 to subsidize short-term

overseas study or practical training for healthcare personnel. In the year 2011-2012, the HA will continue to introduce a number of training programmes with the additional provision. I would now speak on the improvement measures for various grades.

Concerning doctors, as at July 2010, there was a net increase of 361 doctors in the HA as compared to the number three years ago (in late July 2007), representing a rate of increase of 7.5%. Under the new career structure for doctors implemented by the HA in October 2007, a new "nine-year training contract" was offered to cater for the specialist training needs, under the new contract, doctors undertaking specialist training would have enough time to complete training; moreover, the starting pay points of Residents and Associate Consultants were also raised. Apart from filling all vacancies of doctors in recent years, the HA has created additional posts of Associate Consultants and Consultants to address actual needs and enhance the promotion prospect of doctors. As at late January 2011, there was a net increase of 299 Associate Consultants and Consultants in the HA, as compared to the number three years ago (in late January 2008). This also explains why we have increased costs, as queried by some Members.

In respect of specialist training for doctors, we have, in recent years, enhanced training for family doctors, improved their knowledge and skills for treating various chronic diseases, and provided training on simulation techniques for minimally invasive surgery in individual high-risk areas of clinical services. In light of the training needs of individual specialty, the HA will continue to create additional posts of resident doctor in specific departments in the year 2011-2012. Funding will be provided to individual departments to facilitate manpower deployment or arrangement when doctors attend overseas scholarship programmes; for instance, employing doctors on short-term contracts, part-time doctors or granting special allowances.

We are very much concerned about the working environment and work-life balance of doctors. After the HA has launched a reform on the work of doctors in late 2006, the working conditions of doctors have obviously been improved. The proportion of doctors working over 65 hours on average per week had decreased from 18% in December 2006 to 4.8% in late December 2009. The number of doctors performing more than 24 hours continuous duty in hospitals had also decreased from an average of 340 doctors per day in 2006 to 221 doctors

in 2009. The HA will continue to adopt various feasible measures to rationalize the working hours of doctors. On the other hand, the HA should provide adequate training opportunities for interns and doctors under training, so that they can meet the training conditions required by various specialty colleges. These doctors can accumulate, through practical clinical work, sufficient experience required for the completion of specialist training, so as to maintain their professional standards.

Regarding nurses, as at late July 2010, there was a net increase of 408 nurses in the HA, as compared to the number three years ago (in late July 2007), representing a rate of increase of 2.1%. The HA has introduced a new career development structure for nurses by phases from June 2008 to broaden their promotion pathway based on the past nursing management promotion structure. The HA has recently implemented initiatives to improve the terms of employment of nurses, which include raising the starting pay points of nurses; extending the contract period of Registered Nurses to six years; and providing permanent employment terms to eligible full-time contract Registered Nurses, and so on. To strengthen the retention of nurses, the HA has proactively improved the working arrangements of nurses, which include reducing the non-nursing duties of nurses; improving the equipment commonly used by nurses with a view to reducing their workload and increasing work efficiency, increasing the flexibility of recruitment and hiring part-time nurses, and so on.

On the training front, the HA has put in efforts to enhance the training of nurses. Each year, it subsidizes around 350 nurses to enrol in bridging programmes for enrolled nurses or postgraduate/Master degree programmes for registered nurses. Beginning from the year 2009-2010, the HA annually offers training to 800 to 1 000 newly employed nursing graduates in patient assessment and on simulation techniques for dealing with patients with urgent medical conditions, so as to consolidate their clinical skills. In order to provide training to more nurses, the HA will continue to offer various nursing programmes in 2011-2012, including a three-year higher diploma registered nurse programme and a two-year enrolled nurse training programme. Arrangements will also be made for general registered nurses to attend a 18-month midwifery programme and psychiatric nurse programme.

Insofar as the allied healthcare system is concerned, as at late July 2010, there was a net increase of 508 allied health staff in the HA, as compared to the number three years ago (in late July 2007), representing a rate of increase of 10%.

In 2008-2009, the HA has implemented for the first time a new professional development model for diagnostic radiographers, physiotherapists and occupational therapists, and it has created senior positions of consultant therapists/diagnostic radiographers in individual grades. Also, in line with the development of the allied healthcare system, the HA established in 2007 the Institute of Advanced Allied Health Studies for providing systematic and long-term training planning to allied health staff, including the provision of three-year on-the-job training to newly recruited staff in 13 allied health grades.

In addition, the HA has taken various measures to improve the work arrangements for allied health staff, which include employing additional General Service Assistant (GSA) and developing the E-waiving System to assist Medical Social Workers in handling applications. Besides, the HA has introduced new employment conditions for three grades having recruitment difficulties (including diagnostic radiographers, radiation therapists and podiatrists), with a view to attracting overseas applicants while strengthening local and overseas recruitment.

Some Members have mentioned the GSA and Technical Service Assistant grades. We understand that we have had these two grades for nearly 10 years and the operational needs of hospitals have changed during the period. For this reason, the HA has earlier commissioned a human resource consultancy to conduct a review. The scope of the review includes the overall remuneration package including rank structure, remuneration, welfare, and so on, as well as various employment conditions, to ensure that the remuneration of the two grades are comparable to the employment conditions in the market and are also competitive. The review, launched in 2010, is now close to completion according to schedule. The consultancy is now summarizing the results of the review, and a report, together with the recommendations, will be submitted to the HA management and the HA Board for consideration.

A Member has proposed that hospitals should have specific staffing indicators. At present, the service types and models within various HA clusters are different in light of the population and service needs of the communities. Based on actual operational needs and service needs, various hospitals and departments can make flexible manpower deployments and adjustments. We all understand that the HA hospitals look after many patients each day, and the situation is sometimes not under their control. The number of people entering the Accident and Emergency Department and the number of emergency cases are

not entirely predictable. Have the conditions of any patients deteriorated today? How many patients have deteriorated conditions? How many people need to be specially deployed to look after these patients? Handling these matters requires flexibility. Thus, even though the HA does not have uniform staffing indicators, in planning new services, various clusters will consider the needs for various healthcare professionals on the basis of the new work plans, and they will make suitable arrangements according to the supply of healthcare professionals.

It is worth responding here about the remuneration of the HA senior management, as raised by many Members, and the issue of "fattening the top and thinning the bottom" mentioned by some Members. Among some 60 000 HA staff members, only 0.8% of them (about 480 persons) currently have an annual salary of more than \$2 million. Ninety percent of these 480 persons are healthcare personnel providing clinical services; these front-line doctors are consultants but not management personnel. They certainly have management and leadership responsibilities but they are also front-line doctors who directly look after a large number of patients. In 2010-2011, management personnel with an annual salary exceeding \$2 million account for 0.08% of all HA personnel, which is a very small number. As we all know, the HA is not just an organization, it operates 41 hospitals providing various services. As I said in my opening remarks, the HA Board is composed of members of various sectors and its operation is transparent. The appointment and remuneration of the senior management of the HA, including the Chief Executive, Cluster Chief Executives and Hospital Chief Executives are subject to discussions and approval by the HA Board and its Human Resources Committee whose members are not HA staff members. It is worth mentioning that, since the establishment of the HA, there has been four Chief Executives, each of them receiving less remuneration than his predecessor. Today, Dr LEUNG Pak-yin is receiving less remuneration than his predecessor while his predecessor received less remuneration than his predecessor. Therefore, the former Secretary YEOH Eng-kiong had the highest remuneration as HA Chief Executive. We should understand that, when compared with many other similar international organizations such as medical organizations or professional organizations, the HA management's remuneration is not high at all.

Members have mentioned the management structure of the clusters and I agree that a review should be conducted on the clustering system, which has been implemented since 2001, with a view to enhancing operational efficiency and

streamlining the management structure. Under a unified management structure, various hospitals within each cluster have their clear positions, and the clusters can rationalize hospital services within the districts through co-ordination and support among hospitals, so as to avoid duplication of services. We all understand that there are hospitals of larger and smaller scales, and each hospital may not be able to operate independently and must co-ordinate with other hospitals. In light of the changes in the demand for services and the use of the services of the subordinate hospitals, the clusters can flexibly deploy resources and enhance the efficiency in the use of resources. The management structure of the HA clusters has so far worked well; but as some Members queried whether co-ordination among clusters are inadequate in handling certain issues, we find this point worthy studying. The demarcation of clusters is actually based upon the distribution of many major hospitals in the past. We also think that it is worth studying whether any adjustments should be made.

Let me talk about the mechanisms for resource allocation of the HA, which is our concern. Dr PAN Pey-chyou has mentioned the allocation approach in the past, that is, more money would be allocated to those who were more ferocious. I have to say that the HA might really have such problems in the past, because there was a distinction between government and non-government hospitals at that time. After the establishment of the HA, we certainly had to raise the standards of some subsidized hospitals, and hence we allocated more resources to these hospitals. Nevertheless, we also noticed that many patients used to visit a certain hospital for treatment and they want to continue their treatment in that hospital. For this reason, some hospitals with a longer history would have more patients, and more people would receive cross-district or cross-cluster services. This also explains why more patients in Hong Kong West and Kowloon Central are receiving cross-district treatment.

In addition, in the course of healthcare development, as some special services have been developed in a few hospitals, they need additional resources. For example, it may cost around \$800,000 to \$1 million for an organ or liver transportation surgery at Queen Mary Hospital; a surgery on bone marrow transplantation at Queen Mary Hospital may cost more than \$1 million; and a few major hospitals may need more resources because of cardiothoracic surgery needs; Queen Elizabeth Hospital also have special needs for additional resources for the care of AIDS patients. Besides, some major hospitals need more



resources for treating more cancer patients or brain surgery patients. Nonetheless, we should have a fairer resource allocation mechanism for these tertiary and quaternary services. Correspondingly, the HA has adopted since the 2009-2010 financial year the new "Pay for Performance" system, so as to allocate resources in fairer and more transparent manners. Under this system, resources will be allocated on the basis of the workload. The resource implication for each type of service will be set, and the hospitals' workload can be measured with the number of cases treated, adjusted by the complexity of the cases, and resources can then be allocated. This system encourages hospitals to enhance efficiency in resource utilization and service provision.

Members queried if some doctors at middle or senior levels have "exaggerated the numbers" under this system. I believe that doctors, being professionals, attach great importance to work ethics. If they have really done so, I believe the problem will soon be disclosed. However, if this has become a popular practice, I believe the HA must look squarely at the situation.

Members have also spoken on the waiting time for various services. The HA has already taken different measures to improve specialist services and shorten the waiting time. These measures include strengthening family medicine specialist services, that is, encouraging private doctors and some front-line primary healthcare service units to perform the responsibilities of family doctors, play their roles as gatekeepers of specialist out-patient clinics and follow up all patients classified as routine cases, so that patients in serious conditions can be treated as soon as possible. These measures also include referring patients in stable conditions for primary healthcare follow-up. In order to improve the referral arrangement and efficiency, the HA has set up a working group to review the internal referral arrangements, issue guidelines to clinical doctors and provide additional specialist drugs based on clinical needs, to enable the Family Medicine Specialty Clinics to handle these patients and reduce unnecessary specialist referral services.

Regarding individual specialist services such as cataract extraction, joint replacement surgeries, magnetic resonance imaging and computerized tomography scan diagnostic services, the HA will strengthen these services using the newly allocated funding from the Government in the year 2011-2012.

Some Members have also talked about strengthening information technology to help our staff. I would like to point out, for the past 20 years, the HA has made a lot of efforts in connection with electronic record. It can be said that it has a leading position in the world in this respect. We will continue to strengthen information technology to enable front-line personnel to make good use of information technology to facilitate their work.

The problems of optometrists and chiropractors have also been discussed. At present, the HA optometrists are responsible for examining the vision problems of patients, providing vision training and prescribing glasses, and so on. Direct referral of cases by optometrists for treatment involves complicated issues, such as clinical guidelines, quality and risk, detailed consideration is thus required. Although members of the sector have not yet forged a consensus, I think we should make the best use of the expertise of optometrists. In Hong Kong, optometrists are professionals who have received four years' training, and they certainly have sound medical knowledge, particularly in connection with eyes. I believe they may be better than some general doctors; thus they should be nurtured in this area. As regards chiropractors who are practising alternative medicine, after discussions within the HA, there is currently no plans to include this additional service. Yet, I believe we should enhance their communication with western doctors in due course.

Among the proposals made by Members, there is a proposal about releasing information on appointment booking for certain services for reference purpose. Currently, similar arrangements have been made in some hospitals. The HA will consider providing the public with more relevant information. As regards cross-district medical treatment arrangements for specialist services, we find it necessary to consider the needs and wishes of patients. For this reason, the HA will consider making arrangements for cross-district referral service depending on the circumstances of individual patients. We also need to enhance the links between specialist services and primary treatment services to put in place a more flexible referral system.

Regarding primary healthcare, I must point out that the Food and Health Bureau has worked out the strategies for primary care development in Hong Kong and the relevant document was published on the Internet in December 2010. About specific follow-up actions, we have published in early January this year the web-based version of the reference frameworks for diabetes and hypertension

care, which provide common reference to healthcare professionals across different sectors for the provision of continuing, comprehensive and evidence-based care in the community. In the next phase, we will develop primary care conceptual models and reference frameworks for the elderly and children. Starting from December 2010, we have enrolled doctors and dentists in the development of a Primary Care Directory, and we plan to roll out the first edition of the Doctor and Dentist sub-directories to the public in March 2011 to help them identify family doctors and dentists who can cater for their individual needs. Besides, the Government will continue to explore various Community Health Centre (CHC) types and models with healthcare professionals and providers from the public sector, private sector, non-governmental organizations and universities. A purpose-built CHC in Tin Shui Wai will be established in the first half of 2012, for the provision of comprehensive, co-ordinated and person-centred primary healthcare services.

In line with the Government's direction of strengthening primary healthcare services, the HA has implemented since 2009 a series of pilot projects to strengthen the treatment of chronic diseases in the primary care settings. These include multi-disciplinary Risk Assessment and Management Programme, Nurse and Allied Health Clinics, the Patient Empowerment Programme, the Tin Shui Wai Primary Care Partnership Project and the Public-Private Chronic Disease Management Shared Care Programme. Through providing to the public continuous and comprehensive care, these projects play a gatekeeping role with a view to reducing the pressure on hospital and specialist services. The Government and the HA will assess in detail the effectiveness of the above projects, and continue to explore various measures for strengthening primary care services.

Next, I will talk about the HA Drug Formulary and the Samaritan Fund that Members are highly concerned about. Since the introduction of the Drug Formulary in 2005, we have been adopting an evidence-based approach and we have adopted specific evaluation criteria in reviewing new drugs and drugs that have already been included in the Drug Formulary. In reviewing individual drugs, the committees and expert panels have taken into account the principles of efficacy, safety and cost-effectiveness, as well as various factors, such as the patients' quality of life as Members have just said.

Members have proposed the inclusion of drugs "which have preliminary medical evidence only" in the safety net of subsidies. I must stress that the HA and professional doctors are duty-bound to provide patients with drugs proven as safe and effective, and we should ensure that public funds would be used in the most equitable and effective manner for the provision of services to more patients and serving the interests of the general public. If drugs "which have preliminary medical evidence only" are included in the safety net of subsidies, there will be safety risks and it fails to comply with the above principle.

To enhance transparency, the HA has established in 2009 an official consultation mechanism for the Drug Formulary under which consultation meetings are held with the Samaritan Fund and patient groups in connection with the Drug Formulary. In recent years, in light of the views and suggestions of patient groups, the HA has made various amendments to the Drug Formulary and the scope of subvention of the Samaritan Fund, so as to benefit more patients. To further strengthen communication with stakeholders, the HA is now considering the future publication of information on the operation of the committee, including the types of drugs discussed each quarter, as well as the outcome of its discussions. Yet, to avoid creating unnecessary political pressure for members of the committee and ensure the independence of its assessment, we will not make public the committee membership and the details of its discussions.

The purpose of setting up the Samaritan Fund is to provide financial assistance to needy patients for meeting their expenses on privately purchased medical equipment or appliances in the course of treatment. Our social workers will consider subsidy applications under a transparent vetting system. Under the present mechanism, the medicine expenses to be shared by the patients subsidized by the Fund will not exceed 30% of their annual disposable financial resources, after the deduction of the essential expenses of these patients. We hope that the patients can generally maintain their quality of life even though they have to purchase drugs that are more expensive. The HA has recently implemented various measures to enable the Fund to benefit more patients. For example, it relaxed in 2008 the criteria for financial assessment of fund applicants (including the re-determination of the methods for computing their disposable incomes and allowable deductions) so that more patients will be eligible for receiving subsidy application. We think that the existing vetting criteria are good enough. The

HA will continue to review on a regular basis the scope of subsidy of the Fund and the eligibility for subsidy under the established mechanism.

President, in the past 20 years, the HA as the major public healthcare service provider in Hong Kong have continuously been devoted to improving service standards, and it has successfully dealt with various crises and challenges; thus, its achievements were remarkable. In fact, the professional performance and highly efficient services of the HA have been highly commented by people from all walks of life, and many overseas public healthcare systems have learnt from the experience of the HA (including the Drug Formulary) from time to time with a view to carrying out reforms. The success of the HA relied on the devotion of all staff to their work and to serve the public with dedication and professionalism. The HA has always attached great importance to the working environment and professional development of all staff. In recent years, it has implemented various measures with a view to improving the remuneration packages and promotion structure for doctors, nurses and other staff, so as to enhance staff morale and retain talents as far as possible.

To tie in with the increased demand for healthcare services, the Government has recently provided the HA with additional funding. In 2010-2011, its recurrent funding reached \$33.4 billion, and its recurrent funding would be increased to \$36.1 billion in 2011-2012 as proposed. The HA will continue to keep abreast of the times and provide the public with efficient and quality services through innovative services and management structure review to enhance transparency and accountability of its operation.

Thank you, President.

**PRESIDENT** (in Cantonese): Dr PAN Pey-chyou, you may move your amendment.

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

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

"To add ", with population ageing, the healthcare issue has become a great challenge currently faced by society;" after "That"; to delete "its unsatisfactory management" after "yet due to" and substitute with "the failure of its management to progress with the times and its disregard of various unreasonable phenomena"; to add ", staff wastage is serious," after "healthcare personnel is low"; to delete "and service volume" after "disease treatment costs" and substitute with ", service volume and the distribution of population and age groups in the districts concerned"; to add "and fair" after "formulate objective"; to add ", on the one hand," after "hospital cluster, and"; to delete "so as to avoid" after "hospitals in busy districts" and substitute with "while avoiding"; to add ", so that the types and quantity of services of the various clusters can better suit the needs of people in their districts, thereby alleviating the plight of elderly and physically weak persons in seeking cross-district medical treatment" after "individual hospital clusters"; to add "(b) with a view to optimizing as much as possible the utilization of precious healthcare resources and services, HA should" before "through the Internet"; to delete ", to" after "enquiry hotlines"; to add "where their capabilities and clinical conditions permit" after "seek cross-district medical treatment"; to delete the original "(b)" and substitute with "(c)"; to add "(d) to comprehensively review and reasonably improve the pay and promotion ladder of frontline healthcare personnel, and offer reasonable remuneration for their duty hours, so as to retain talents;" after "the relevant structure;"; to delete the original "(c)" and substitute with "(e)"; to delete the original "(d)" and substitute with "(f)"; to delete the original "(e)" and substitute with "(g)"; to add "HA, when procuring drugs, should not base its consideration solely on the financial principles, but should also take account of drugs quality and supply stability;" before "in respect of"; to delete "and" after "to reduce disputes;"; to delete the original "(f)" and substitute with "(h)"; and to add "; (i) to allocate additional resources to provide more healthcare personnel with local and overseas training opportunities; (j) to reorganize the grade structures of General Services Assistants and Technical Services Assistants, set up a unified system of ranks, pay and fringe benefits, and formulate uniform employment terms, so as to rectify the unfair situation of different remunerations for the same post in different clusters; and (k)

to strengthen the Chinese medicine services in HA hospitals, and consider establishing Chinese medicine hospitals to provide the public with more comprehensive Chinese medicine services and promote the development of Chinese medicine" immediately before the full stop."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Dr PAN Pey-chyou to Dr LEUNG Ka-lau'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): Dr Joseph LEE, as Dr PAN Pey-chyou's amendment has been passed, you may now move your revised amendment.

**DR JOSEPH LEE** (in Cantonese): President, I move that Dr LEUNG Ka-lau's motion as amended by Dr PAN Pey-chyou be further amended by my revised amendment.

**Dr Joseph LEE moved the following further amendment to the motion as amended by Dr PAN Pey-chyou: (Translation)**

"To add "; (l) to set a nurse-patient ratio to improve the quality of nursing care, so as to effectively safeguard patients' safety; (m) to review the manpower establishment of allied health staff and re-examine the service volume and manpower demand, so as to improve allied healthcare services, thereby reducing the chances of patients' re-hospitalization; (n) to introduce direct referral services by optometrists, so as to reduce unnecessary referrals and shorten waiting time, and to strengthen primary healthcare; (o) to introduce chiropractic services to meet patients' needs; and (p) to review the pay and grade policies on nurses and allied health staff, so as to resolve the problem of severe wastage of talents" immediately before the full stop."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That Dr Joseph LEE's amendment to Dr LEUNG Ka-lau's motion as amended by Dr PAN Pey-chyou 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 CHAN Hak-kan, as the amendments by Dr PAN Pey-chyou and Dr Joseph LEE have been passed, you may now move your revised amendment.

**MR CHAN HAK-KAN** (in Cantonese): President, I move that Dr LEUNG Ka-lau's motion as amended by Dr PAN Pey-chyou and Dr Joseph LEE be further amended by my revised amendment.

**Mr CHAN Hak-kan moved the following further amendment to the motion as amended by Dr PAN Pey-chyou and Dr Joseph LEE: (Translation)**

"To add "; and (q) to provide sufficient funding to strengthen primary medical care, expedite the implementation of the strategy for developing primary care, including establishing community health centres to improve public primary healthcare" immediately before the full stop."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That Mr CHAN Hak-kan's amendment to Dr LEUNG Ka-lau's motion as amended by Dr PAN Pey-chyou and Dr Joseph 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, as the amendments moved by the previous three Members have been passed, you may now move your revised amendment.

**MR CHEUNG MAN-KWONG** (in Cantonese): President, I move that Dr LEUNG Ka-lau's motion as amended by Dr PAN Pey-chyou, Dr Joseph LEE and Mr CHAN Hak-kan be further amended by my revised amendment.

**Mr CHEUNG Man-kwong moved the following further amendment to the motion as amended by Dr PAN Pey-chyou, Dr Joseph LEE and Mr CHAN Hak-kan: (Translation)**

"To add "; (r) to provide administrative and logistic support, so as to prevent imposing additional administrative work on frontline healthcare personnel; (s) to face up to the healthcare manpower wastage problem in public hospitals, review the impact of the Government's measures on promoting the development of medical services industry and encouraging the development of the private medical sector on the demand for healthcare personnel, and to increase the supply of healthcare personnel; (t) due to factors such as population growth, population ageing and the development in medical science and technology, and the problem of inadequate resources of HA, the Government should value the contributions of frontline healthcare personnel in public hospitals, and targeting at the serious staff wastage and low morale problems in some public hospitals and specialties, allocate additional resources to recruit sufficient manpower, improve the management and resource allocation of hospitals and clusters, and train more specialist healthcare personnel; and (u) as the Legislative Council does not have sufficient power to monitor HA, according to the Hospital Authority Ordinance, HA is not required to seek the Legislative Council's approval for creating posts with high pay, and the various public hospitals even have the authority to set the levels of fees for their services; furthermore, there are insufficient channels for patient groups and the public to participate in HA's decision-making and push HA to make improvements, the Government should explore amending the Hospital Authority Ordinance to enhance the Legislative Council's regulatory control over HA in creating posts with high pay and determining its service charges, and enable patient groups and the

Legislative Council to elect representatives to serve as members on the HA Board, so as to enhance patient groups' participation and the Legislative Council's regulatory control over HA" immediately before the full stop."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That Mr CHEUNG Man-kwong's amendment to Dr LEUNG Ka-lau's motion as amended by Dr PAN Pey-chyou, Dr Joseph LEE and Mr CHAN Hak-kan 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 Alan LEONG, as the amendments moved by the previous four Members have been passed, you may now move your revised amendment.

**MR ALAN LEONG** (in Cantonese): President, I move that Dr LEUNG Ka-lau's motion as amended by Dr PAN Pey-chyou, Dr Joseph LEE, Mr CHAN Hak-kan and Mr CHEUNG Man-kwong be further amended by my revised amendment.

**Mr Alan LEONG moved the following further amendment to the motion as amended by Dr PAN Pey-chyou, Dr Joseph LEE, Mr CHAN Hak-kan and Mr CHEUNG Man-kwong: (Translation)**

"To add "; (v) in respect of individual hospital clusters with smaller amounts of funding, including the New Territories West and Kowloon East Clusters, to offer sufficient resources to improve their services; (w) to enhance the transparency of approving drugs to be included in the HA Drug Formulary, regularly publish the approval results and grounds; (x) to explain the funding criteria adopted by various hospital clusters, so as to avoid uneven resource distribution; and (y) to expedite the progress of hospital redevelopment and medical equipment renewal, so as to cope with growing medical demands" immediately before the full stop."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That Mr Alan LEONG's amendment to Dr LEUNG Ka-lau's motion as amended by Dr PAN Pey-chyou, Dr Joseph LEE, Mr CHAN Hak-kan and Mr CHEUNG Man-kwong be passed.

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

(Members raised their hands)

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

(No hands raised)

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

**PRESIDENT** (in Cantonese): Dr LEUNG Ka-lau, you may now reply and you have one minute 16 seconds.

**DR LEUNG KA-LAU** (in Cantonese): President, the Secretary has spent 40 minutes on his speech, but I have only one minute, so I can hardly debate with him. *(Laughter)* I only hope that the Secretary, actually he has just given a lot of explanations ..... I am not clear how those accounts are worked out. It is of vital importance to have transparency so that we can have a clear idea about the relevant accounts and know why there is such an uneven distribution of resources. Could the Secretary give an account in the light of the special services, liver transplant, bone marrow transplant, and so on, which he has mentioned? As long as we can see the data, we will accept this kind of arrangement.

Just now the Secretary also heard many Members request for the provision of additional resources to the Hospital Authority (HA), despite I have already pointed out in my first speech that the HA has been allocated with an additional funds of \$2.6 billion. We need to look into such accounts carefully. All the solutions proposed have one point in common, that is the Secretary should enhance transparency so that we will know how the funds are allocated.

Besides, the Secretary has not responded to the issues of many operations in the HA not being cost-effective, the prevalence of "provincialism" and many service providers inducing unnecessary services. I hope the Secretary can face up to these issues when he is still in office.

Thank you, President.

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the motion moved by Dr LEUNG Ka-lau, as amended by Dr PAN Pey-chyou, Dr Joseph LEE, Mr CHAN Hak-kan, Mr CHEUNG Man-kwong and Mr Alan LEONG, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

### **NEXT MEETING**

**PRESIDENT** (in Cantonese): I now adjourn the Council until 11 am on Wednesday, 16 March 2011.

*Adjourned accordingly at thirteen minutes past Nine o'clock.*