

# OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 27 October 2010

The Council met at Eleven o'clock

## MEMBERS PRESENT:

THE PRESIDENT

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

THE HONOURABLE ALBERT HO CHUN-YAN

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

THE HONOURABLE LEE CHEUK-YAN

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

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

DR THE HONOURABLE MARGARET NG

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

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

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

THE HONOURABLE LEUNG YIU-CHUNG

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

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

THE HONOURABLE LAU KONG-WAH, J.P.

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

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

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

THE HONOURABLE ANDREW CHENG KAR-FOO

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

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

THE HONOURABLE TOMMY CHEUNG YU-YAN, S.B.S., J.P.

THE HONOURABLE FREDERICK FUNG KIN-KEE, S.B.S., J.P.

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

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

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

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

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

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

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

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

THE HONOURABLE RONNY TONG KA-WAH, S.C.

THE HONOURABLE CHIM PUI-CHUNG

PROF THE HONOURABLE PATRICK LAU SAU-SHING, S.B.S., J.P.

THE HONOURABLE KAM NAI-WAI, M.H.

THE HONOURABLE CYD HO SAU-LAN

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

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

THE HONOURABLE CHAN HAK-KAN

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

THE HONOURABLE CHAN KIN-POR, J.P.

DR THE HONOURABLE PRISCILLA LEUNG MEI-FUN

THE HONOURABLE CHEUNG KWOK-CHE

THE HONOURABLE WONG SING-CHI

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

THE HONOURABLE IP WAI-MING, M.H.

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

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

DR THE HONOURABLE PAN PEY-CHYOU

THE HONOURABLE PAUL TSE WAI-CHUN

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

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

THE HONOURABLE LEUNG KWOK-HUNG

THE HONOURABLE TANYA CHAN

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE WONG YUK-MAN

**MEMBERS ABSENT:**

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

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

DR THE HONOURABLE LEUNG KA-LAU

**PUBLIC OFFICERS ATTENDING:**

THE HONOURABLE HENRY TANG YING-YEN, G.B.M., G.B.S., J.P.  
THE CHIEF SECRETARY FOR ADMINISTRATION

THE HONOURABLE JOHN TSANG CHUN-WAH, G.B.M., J.P.  
THE FINANCIAL SECRETARY

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

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

THE HONOURABLE MRS RITA LAU NG WAI-LAN, J.P.  
SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT

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

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

MR YAU SHING-MU, J.P.  
UNDER SECRETARY FOR TRANSPORT AND HOUSING

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 VIVIAN KAM NG LAI-MAN, ASSISTANT SECRETARY GENERAL

MRS JUSTINA LAM CHENG BO-LING, 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>
Double Haven and Others (Special Areas) Order 2010.....	137/2010
Admission and Registration (Amendment) Rules 2010 (Commencement ) Notice .....	138/2010

**Other Papers**

- No. 14 — Construction Workers Registration Authority  
Annual Report 2009-10
- No. 15 — Electrical and Mechanical Services Trading Fund  
Annual Report 2009/10
- No. 16 — Companies Registry Trading Fund Annual Report 2009-10
- No. 17 — Traffic Accident Victims Assistance Fund  
Annual Report for the year from 1 April 2009 to 31 March  
2010
- No. 18 — Fish Marketing Organization  
Audited financial statements and the Auditor's report for  
the year ended 31 March 2010
- No. 19 — Vegetable Marketing Organization  
Audited financial statements and the Auditor's report for  
the year ended 31 March 2010
- No. 20 — Marine Fish Scholarship Fund  
Audited financial statements, the Trustee's report and the  
Auditor's report for the year ended 31 March 2010

- No. 21 — Agricultural Products Scholarship Fund  
Audited financial statements, the Trustee's report and the Auditor's report for the year ended 31 March 2010
- No. 22 — Office of the Telecommunications Authority  
Trading Fund Report 2009/10
- No. 23 — Hong Kong Post Annual Report 2009/10

## WRITTEN ANSWERS TO QUESTIONS

### Protection of Animal Rights

1. **MR PAUL TSE** (in Chinese): *President, it was reported earlier that a batch of 18 bulldogs were suspected to have been kept for breeding for years in an animal breeding facility and had been abandoned after they were no longer suitable for breeding. As those dogs lacked exercise and were confined in a very crowded environment for a prolonged period, most of them had developed health problems, and several of them had to be euthanized as a result. Regarding the protection of animal rights, will the Government inform this Council:*

- (a) *of the respective number of complaints received by the Government in each of the past three years that involved suspected illegal breeding of cats and dogs or cruelty to such animals at animal breeding facilities, and among them, the number of complaints in which prosecutions were instituted; if prosecution was not instituted, of the reasons for that;*
- (b) *how the law-enforcement departments can effectively invoke the existing relevant animal rights protection legislation to prosecute the responsible persons of the animal breeding facilities or pet shops involved in excessive breeding of cats and dogs as well as cruelty to animals, and to deter such unlawful acts;*
- (c) *whether the authorities had, in past two years, reviewed if the relevant animal rights protection legislation is outdated, so as to*

*ensure the prevention of cruelty to various types of common pets or domestic animals; and*

- (d) *whether the authorities will formulate appropriate measures (for example, implementing an animal healthcare voucher scheme, and so on) to encourage the public to complement the proposal put forward in the Policy Address delivered by the Chief Executive on the 13th of this month for enhancing adoption services for stray cats and dogs; and give priority to considering solving the problem of stray cats and dogs by arranging adoption services through the Society for the Prevention of Cruelty to Animals and other voluntary organizations?*

**SECRETARY FOR FOOD AND HEALTH** (in Chinese): President, over the years, the Government has adopted a three-pronged strategy comprising education, publicity and law enforcement to raise public awareness of animal rights. Cruelty to animals is unlawful. Under the Prevention of Cruelty to Animals Ordinance (Cap. 169), cruelty to animals includes the act of cruelly beating, kicking, ill-treating, torturing, infuriating or terrifying animals, thus causing unnecessary suffering to them. Other forms of cruelty to animals also include carrying animals or holding them in captivity in an improper manner. While excessive breeding is not an offence under the existing legislation, prosecution will be taken out when there is sufficient evidence to prove that a person is involved in cruelty to animals in the process of animal breeding. There have been successful prosecutions in the past. Our reply to the various parts of the question is as follows:

- (a) The Government received 190, 187 and 157 complaints and reports of suspected cruelty to animals in 2007, 2008 and 2009 respectively, showing a slight downward trend. There were 18 persons prosecuted in each of 2007 and 2008 and nine in 2009. Given that stray cats and dogs are usually involved in such cases, law-enforcement officers unavoidably encounter greater difficulty in collecting and adducing evidence. However, they have been making their best endeavours to bring to justice those who committed an offence relating to cruelty to animals.



- (b) Section 3 of the Prevention of Cruelty to Animals Ordinance (Cap. 169) sets out the possible forms of cruelty to animals and the relevant penalties. The main consideration is whether an animal has been treated wantonly or unreasonably, resulting in unnecessary suffering. If a keeper of any animal breeding facilities or pet shop has failed to provide proper care to the animals in his or her possession, thus causing them unnecessary suffering, we will collect evidence and institute prosecution under the relevant legislation. In April 2010, the Government successfully prosecuted the owner of a dog breeding farm under the Prevention of Cruelty to Animals Ordinance for negligence in care of 43 dogs. The owner was fined \$7,000 and sentenced to two weeks' imprisonment. We consider that the relevant legislation and sentences have sufficient deterrent effect.
- (c) Clearly, legislation has to be kept abreast of the times. As such, we substantially increased in 2006 the maximum penalty for cruelty to animals from a fine of \$5,000 and imprisonment for six months to a fine of \$200,000 and imprisonment for three years. The conditions of Animal Trader Licence were also tightened early this year, stipulating that pet shops could only sell dogs from approved sources. We will review from time to time whether animal welfare is adequately protected under the existing legislation.

Apart from legislative control, publicity and education are also very important in enhancing public awareness of care for animals. As such, the Agriculture, Fisheries and Conservation Department (AFCD) has been stepping up publicity and education at various levels and through different channels, including Announcements of Public Interest on television and radio as well as posters on public transport carriers which convey animal welfare messages. The AFCD also produces promotional leaflets, posters and souvenirs for distribution to the public and organizes other promotional activities, with a view to reminding the public of the importance of good treatment of pets, responsible pet ownership and respect for the life of animals.

- (d) The AFCD collaborates with 11 animal welfare organizations (partner organizations) in providing re-homing services for cats and dogs. To encourage more people to adopt these animals, the AFCD will provide outsourced free neutering service for animals adopted through its partner organizations. The Department will, through collaboration with partner organizations and other avenues, promote the benefits of adopting abandoned animals and pet neutering.

In addition, the AFCD will introduce new re-homing procedures including, among others, pro-active liaison with partner organizations and provision of animal photos when there are suitable animals ready for adoption.

The AFCD will enhance the co-operation and exchange with partner organizations in respect of re-homing services. Related initiatives include laying down clear guidelines and requirements so as to strengthen mutual co-operation; helping these organizations promote re-homing services; enhancing the technical support for partner organizations; as well as establishing a system to monitor the work performance of partner organizations.

We consider that the most effective way to tackle the problem of stray cats and dogs is to reduce their number at source. To this end, the AFCD has all along been stepping up publicity and education at various levels and through different channels with a view to raising public awareness of responsible pet ownership.

### **Project Officers Responsible for Observing Drug Testing Process Under Trial Scheme on School Drug Testing in Tai Po District**

2. **MR CHEUNG KWOK-CHE** (in Chinese): *President, it has been nearly one year since the Trial Scheme on School Drug Testing in Tai Po District (the Scheme) was launched at the end of last year, and in the course of drug testing conducted by the Student Drug Testing (SDT) team, project officers from the Home Affairs Department are present on site to observe the drug testing procedures. In this connection, will the Government inform this Council:*

- (a) *of the rank and average salary of project officers;*
- (b) *of the details of the work being carried out by project officers when observing on site the drug testing by SDT team and the purpose of their work;*
- (c) *whether project officers may offer on-the-spot comments in the course of drug testing; if they may, of the aspects on which they may comment; whether it has assessed if such comments will affect the professional work and judgment of the social workers and nurses in relation to drug testing procedures; if an assessment has been conducted, of the assessment results; and how it ensures that project officers will not impede the drug testing procedures and interviews when offering on-the-spot comments;*
- (d) *whether project officers possess the professional qualifications of social workers or nurses; and*
- (e) *given that the Scheme will continue to be implemented in this school year, whether the authorities have any plan to change the number of project officers; if they have, of the details; if not, the reasons for that?*

**SECRETARY FOR SECURITY** (in Chinese): President,

- (a) The Scheme was carried out in the 2009-2010 school year. A Chief Executive Officer and a Senior Executive Officer from the Government were provisionally deployed to serve as project officers. The mid-point salaries of these two ranks are \$83,060 and \$60,890 per month respectively.
- (b) Before the Scheme was launched, we had prepared a detailed Protocol to ensure that the Scheme would be implemented in accordance with the following four principles:
  - (i) helping students in their best interests;

- (ii) voluntary participation by students and parents;
- (iii) keeping all personal information strictly confidential; and
- (iv) professional testing and support services for participating students.

Following the Protocol, the project officers are principally responsible for:

- (i) observing the SDT team on school visits and offering comments on whether the SDT team has adhered to the drug testing procedures set out in the Protocol;
- (ii) advising participating schools on the data privacy requirements relating to drug testing as set out in the Protocol, and relaying concerns identified to relevant authorities;
- (iii) handling complaints relating to drug testing from participating students, their parents/guardians, or other relevant parties; and
- (iv) compiling school visit reports to school principals, and monthly compliance reports and a final report to school principals and the Government at the end of the Scheme.

For each school visit by the SDT team, the project officers must be present to observe the whole process, to ensure that the drug testing procedures are duly performed by all parties in accordance with the Protocol.

- (c) The Protocol has laid down clear and detailed guidelines on the drug testing procedures, covering such aspects as the list of participating students, arrangement for random selection, urine specimen collection, screening tests, confirmatory tests, result notification and protection of personal data privacy, for field staff to abide by. If deviations are observed during testing, a project officer may, based on his or her judgment of the matter, offer views either on the spot or upon completion of the procedures, but always in the best interests

of the student. The project officers' observations and comments must be based on the drug testing procedures set out in the Protocol. Hence, they could not be prejudicial to the professional work and judgment of the field staff.

- (d) The two project officers deployed in the Scheme were drawn from the Executive Officer grade, who are experienced in resource and system management as well as internal monitoring. Their duties include practical application of legislation relating to the protection of personal data. Hence, they are suited for the posts of project officers.
- (e) Based on the experience gained in the implementation of the Scheme in the previous school year and in consultation with the participating schools, we have decided to carry on the arrangement for two project officers this school year in continuing the Scheme, with appropriate refinements. Accordingly a Senior Executive Officer and an Executive Officer I have been deployed to carry out the work.

### **Discretionary Power of Director of Immigration to Allow a Person to Remain in Hong Kong**

3. **MR LEUNG YIU-CHUNG** (in Chinese): *President, under the Immigration Ordinance (the Ordinance) (Cap. 115), the Director of Immigration (the Director) is empowered to exercise, on humanitarian and other grounds, discretion to allow a person without the right of abode in Hong Kong to remain in the territory. In this connection, will the Government inform this Council of:*

- (a) *the number of applications received by the Director in each of the past five years for the exercise of the aforesaid discretionary power by him, broken down by the reasons for making applications;*
- (b) *the number of cases in which the Director exercised discretion to allow the applicants concerned to continue to remain in Hong Kong in each of the past five years, broken down by the reasons for making applications; and*

- (c) *the factors taken into account by the Director in exercising the aforesaid discretionary power, and among them, whether the basic human right of family reunion is taken into account?*

**SECRETARY FOR SECURITY** (in Chinese): President, whereas the Ordinance clearly sets out the categories of persons having right to land and right of abode in Hong Kong, the Director may also exercise discretion to allow certain individuals to stay in Hong Kong.

Our response to the three parts of the Member's question is as follows:

- (a) and (b)

From 2005 to September 2010, the Director exercised discretion to allow 129 persons to stay in Hong Kong. Since the circumstances of each case are different, the Director, in exercising his discretion, will consider individual cases having regard to all relevant circumstances. It is therefore inappropriate to categorize the cases by making straight-forward references to the reason(s) for such applications.

- (c) In exercising his discretion under the Ordinance, the Director will take into account the primary object of the Ordinance, which is to maintain effective immigration control. Exceptions to the established immigration policies must be supported by unique and sufficient justifications. The Director will carefully consider the circumstances of individual cases, such as, whether the case is justified on sufficiently strong and convincing humanitarian grounds, and make a decision having regard to prevailing public interest. Based on the aforesaid, the concerned person's family situation can be one of the considerations.

### **Measures to Promote Development of Social Enterprises**

4. **MS STARRY LEE** (in Chinese): *President, in his 2007-2008 Policy Address, the Chief Executive indicated that the Government would continue to promote the development of social enterprises (SEs) to foster a new caring*

*culture. Towards this end, the Government has been providing seed capital to various SE projects through the Enhancing Self-Reliance Through District Partnership (ESR) Programme of the Home Affairs Department, the Enhancing Employment of People with Disabilities through Small Enterprise Project (3E's Project) of the Social Welfare Department (SWD), the Community Investment and Inclusion Fund (CIIF) of the Labour and Welfare Bureau, and the Revitalising Historic Buildings Through Partnership Scheme (the Revitalisation Scheme) of the Development Bureau. There are restrictions on the period of subsidy under each of the aforesaid schemes, and it is emphasized that the enterprises will have to achieve sustainability and financial self-sufficiency at the end of the subsidy period. In this connection, will the Government inform this Council:*

- (a) of the projects awarded, the amounts of subsidy approved and the numbers of jobs created under each of the aforesaid schemes in each of the past three years (list in table form);*
- (b) of the number of projects under each scheme to which subsidy was granted within the past three years and which could achieve sustainability and financial self-sufficiency at the end of the subsidy period; the number of projects that operated at a loss, the reasons for their losses and the amounts of such losses; the number of projects that have ceased operation at present, and the reasons for their cessation of operation; and*
- (c) the assistance provided by the Government to the aforesaid projects that had suffered losses and ceased operation?*

**SECRETARY FOR HOME AFFAIRS** (in Chinese): President,

*ESR Programme of the Home Affairs Department*

- (a) The ESR Programme has been implemented since 2006 and has processed eight phases of applications. In the past three years, the ESR Programme has approved 52 SE projects totalling about \$50 million and creating about 800 jobs. Details are elaborated below:

<i>Year</i>	<i>Number of approved SEs</i>	<i>Amount of grant approved</i>	<i>Estimated number of jobs created</i>
2008	25	\$24 million	440
2009	14	\$13 million	180
2010	13	\$14 million	200

A breakdown of the 52 SE projects by business type is appended below:

<i>Business Type</i>	<i>Number of SEs</i>
Catering/cafeteria	14
Retail	7
Beauty care/hair care/massage	7
Household services/Fitting out works	6
Commercial services	5
Recycling/sale of used items	5
Car servicing/repair	3
Others (for example, eco-tourism)	5
Total	52

- (b) Whether an SE is able to achieve net profit is not the only benchmark for an SE's success. Based on the progress reports submitted by the approved SEs, about two-thirds of the approved SEs could meet or exceed the projected targets in terms of sales volume, profit or job creation stated in their business proposals. To date, the funding period for 15 out of 52 approved SEs has expired. Apart from three SEs which have ceased operation as they were unable to meet their projected business targets, the remaining SEs are still in operation.
- (c) For SEs which are not able to achieve the projected targets stated in the business proposals, the ESR Advisory Committee will meet with the operators to understand the difficulties involved and to give appropriate advice. These SEs are then required to submit proposals to improve their business and report periodically to the Advisory Committee on their performance. Where necessary, the Home Affairs Department will arrange mentors to provide voluntary professional and business advisory services to these SEs.



It will also consider making supplementary grants for SEs which may not be able to achieve a balanced budget as a result of the deteriorating business environment. Such supplementary grants aim to help improve the operation of these SEs and enhance their sustainability.

### *3E's Project of the SWD*

3E's Project was set up by the SWD in 2001 with a one-off grant of \$50 million. Through the provision of grants as seed money to non-governmental organizations (NGOs), the 3E's Project supports the setting up of small enterprises/businesses with a view to enhancing the employment opportunities of persons with disabilities through the market-driven approach. The ratio of employees with disabilities for each business must not be less than 50%. As at September 2010, the 3E's Project helped create 500 job opportunities for persons with disabilities.

- (a) Over the past three years, the number of approved projects, amount of funding granted and number of employment opportunities created under 3E's Project are as follows:

<i>Financial year</i>	<i>Number of approved projects</i>	<i>Business nature of projects</i>	<i>Amount of funding granted</i>	<i>Number of jobs created (figures in bracket are number of jobs created for persons with disabilities)</i>
2007-2008	3	- Organic farming - Catering - Retail	\$3.04 million	25 (19)
2008-2009	7	- Beauty and leisure - Catering - Retail - Marketing and promotion	\$5.59 million	70 (49)

<i>Financial year</i>	<i>Number of approved projects</i>	<i>Business nature of projects</i>	<i>Amount of funding granted</i>	<i>Number of jobs created (figures in bracket are number of jobs created for persons with disabilities)</i>
2009-2010	8	- Catering - Retail	\$4.13 million	65 (49)
Total	18 <sup>Note</sup>	-	\$12.76 million	160 (117)

Note: The SWD provides NGOs with funding support to cover the operating loss in the first two years of business operation. As at September 2010, there were eight funded businesses operating beyond the two-year funding period.

- (b) Under the 3E's Project, apart from seed money, the SWD also provides NGOs with funding support to cover the operating loss in the first two years of business operation. As at September 2010, there were eight funded businesses operating beyond the two-year funding period. Among them, seven are able to sustain their business on a self-financing basis. The remaining one has ceased to operate owing to failure in its bid for a new service contract upon the expiry of the current contract.
- (c) Apart from the aforementioned funding support, the Marketing Consultancy Office (Rehabilitation) of the SWD strives to help participants of the 3E's Project sustain their business through provision of various kinds of assistance, which include providing advice on the formulation of sustainable business plans; sharing latest market information; organizing training on marketing strategies; and strengthening NGOs' co-operation with the Government to secure job orders and identify suitable venues with favourable terms.

#### *CIIF of the Labour and Welfare Bureau*

The CIIF was set up in 2002 to provide seed money to support collaborative projects that create social capital through encouraging mutual

support in the neighbourhood, community participation and cross-sectoral collaboration. The CIIF is not an initiative to promote the development of SEs and eligible applicants for the CIIF are not confined to SEs. NGOs, community groups, welfare agencies, education organizations as well as private organizations can all apply for CIIF. Applicants are not required to set up SEs for running CIIF projects.

- (a) The service content of the projects funded by the CIIF include after-school care services for children, employment assistance and training, youth development programmes and volunteer services to support needy families, and so on. In the past three years, a total of about \$58.9 million has been approved under the CIIF to support 49 projects:

<i>Year</i>	<i>Number of approved projects</i>	<i>Funding amount approved</i>
2008	31	\$36.82 million
2009	9	\$8.09 million
2010 (as of 30 September 2010)	9	\$13.99 million

It has never been the objective of the CIIF to foster the development of SEs and create job opportunities. As such, we do not have the number of jobs created by the projects funded by the CIIF.

- (b) Projects funded by the CIIF aim at promoting the development of social capital in the community. Since profit-making is not an objective for CIIF projects, we do not have information on CIIF projects which are/were operated at a loss. An independent consultant has recently been commissioned to review the sustainability of the completed projects. The consultancy is expected to complete in early 2012.
- (c) Not applicable.

*The Revitalisation Scheme of the Development Bureau*

- (a) Batch I of the Revitalisation Scheme was launched in February 2008. In February 2009, the Development Bureau announced the conservation and revitalization proposals selected for six historic buildings. Details are as follows:

<i>Historic Building</i>	<i>Adaptive Re-use</i>	<i>Capital Cost (\$million) (funded by Government, unless otherwise specified)</i>	<i>Government subsidy in the first two years of operation (\$million)</i>	<i>Number of Jobs Created</i>
North Kowloon Magistracy	SCAD Hong Kong Campus	Not required	Not required	220 <sup>A</sup> 147 <sup>B</sup> 67 <sup>C</sup>
Old Tai O Police Station	Tai O Heritage Hotel	69.13	Not required	103 <sup>A</sup> 10 <sup>B</sup> 10 <sup>C</sup>
Fong Yuen Study Hall	Tourism and Chinese Cultural Centre cum Ma Wan Residents Museum	8.64	1.9	21 <sup>A</sup> 6 <sup>B</sup> 40 <sup>C</sup>
Former Lai Chi Kok Hospital	Jao Tsung-I Academy/ Hong Kong Cultural Heritage	235.31	2.0	195 <sup>A</sup> 53 <sup>B</sup> 47 <sup>C</sup>
Mei Ho House	City Hostel	209.5	4.4	163 <sup>A</sup> 42 <sup>B</sup> 63 <sup>C</sup>
Lui Seng Chun	Hong Kong Baptist University Chinese Medicine and Healthcare Centre	24.7	2.6	41 <sup>A</sup> 27 <sup>B</sup>
Total Government Funding		547.28	10.9	

Notes:

- A During works period  
 B Full-time jobs during operation  
 C Part-time jobs during operation

Batch II of the Revitalisation Scheme was launched in August 2009. In September 2010, the Development Bureau announced the conservation and revitalization proposals selected for three historic buildings. Details are as follows:

<i>Historic Building</i>	<i>Adaptive Re-use</i>	<i>Capital Cost (\$million) (funded by Government, unless otherwise specified)</i>	<i>Government subsidy in the first two years of operation (\$million)</i>	<i>Number of Jobs Created</i>
Old Tai Po Police Station	The Green Hub for sustainable living	39.11	1.842	64 <sup>A</sup> 12 <sup>B</sup> 9 <sup>C</sup>
Blue House Cluster	Viva Blue House	56.91	4.168	76 <sup>A</sup> 17 <sup>B</sup> 7 <sup>C</sup>
Stone Houses	Stone Houses Revitalisation Scheme	30.8	2.328	40 <sup>A</sup> 11 <sup>B</sup> 6 <sup>C</sup>
Total Government Funding		126.82	8.338	

Notes:

A During works period

B Full-time jobs during operation

C Part-time jobs during operation

(b) Most of the nine projects under Batch I and Batch II of the Revitalisation Scheme are at the preparatory or renovation stage. At the moment, only the SCAD Hong Kong Campus at the former North Kowloon Magistracy commenced operation in September 2010. We are therefore not able to provide the required information at this stage.

(c) Same as the above.

### **Increase in School Fees Charged by English Schools Foundation Schools**

5. **MR ABRAHAM SHEK:** *President, it has been reported that a parents' group has accused the English Schools Foundation (ESF) of failing to communicate with parents since 2008 before the launch of three major policy initiatives, which include an attempt to change the school calendar, the introduction of a HK\$25,000 capital levy and an increase in school fees for the 2010-2011 school year. In this connection, will the Government inform the Council:*

- (a) *whether it knows the measures which have been taken by the ESF to implement the recommendations to enhance its governance standard made by the Audit Commission at the Report No. 43 of the Director of Audit published in November 2004 concerning the management and operation of the ESF, and whether measures taken by the ESF to improve communication with parents were included;*
- (b) *whether the factors and principles considered by the Government in approving the fee increase application by the ESF include comprehensive consultation by the ESF with the stakeholders concerned; if so, of the details; if not, whether the Government will consider requesting the ESF to conduct prior consultation with the parents' representatives on the increase in school fees; and*
- (c) *given that it has been reported that the government subsidy of HK\$269 million for the ESF for the 2009-2010 school year, which is equivalent to 20.6% of its total income, has decreased by 6.4 percentage points as compared with that for the 2000-2001 school year, whether the Government has considered increasing the amount of subsidy to the ESF in the next financial year; if so, of the expected amount of increase in the total government expenditure arising from the increase in such subsidy; if not, the reasons for that?*

**SECRETARY FOR EDUCATION:** President,

- (a) In response to the Report No. 43 of the Director of Audit and the recommendations of the Public Accounts Committee of the Legislative Council, the ESF undertook to reform its governance structure and mode of operation. Following the enactment of the English Schools Foundation (Amendment) Ordinance 2008, the ESF has introduced a series of reform measures since end 2008. These include:
  - (i) the establishment of a new Board of Governors, comprising 10 independent members nominated by an independent Nominating Committee with business, higher education,

- School Council and parent representation; eight parents elected from within the ESF parent community; three School Council chairmen; four members of staff, including the Chief Executive Officer (as ex-officio and non-voting member);
- (ii) the formation of five advisory committees for Parents, School Council Chairmen, Principals, Teaching Staff and Support Staff ;
  - (iii) the establishment of independent Standing Committees, with no staff among their membership, overseeing audit, finance and remuneration matters;
  - (iv) the introduction of a Code of Conduct with relevant declaration of interest arrangements;
  - (v) putting in place Standing Orders to regulate the conduct of its business;
  - (vi) the introduction of a vigorous annual budgeting process, with involvement of all the committees mentioned above;
  - (vii) the formulation of a long-term financial strategy for the renewal of its building stock and the establishment of a Major Building Projects Committee to monitor the major construction projects for reporting to the Board;
  - (viii) a review of the housing policy and its property holdings; and
  - (ix) a review of the operation of the Hardship Scheme to ensure that the scheme is being implemented as sensitively as possible to support parents who encounter sudden change in circumstances and as a result have difficulty in paying school fees.

As seen from the above reform measures, the ESF has enhanced its communication with parents through the involvement of parents

extensively in the governance structure. The ESF also issues regular circular notices to parents individually by email and via its website on issues of interest.

- (b) In considering the fee adjustment application by the ESF, the Education Bureau has attached importance to the "test of due process", including its consultation with stakeholders on the fee proposal. We note that the ESF's Board of Governors, which has a wide representation, has discussed and reached consensus on the fee adjustment proposal. The ESF has also engaged parents and other stakeholders in the process of explaining the fee increase proposal at various committees under its governance structure such as the Committee of Parents and Committee of School Council Chairmen, whose membership includes parents, teachers and community representatives. In addition, the ESF has also issued letters to parents explaining the rationale behind the fee increase and the initiatives to be undertaken for the benefits of students. The concerns expressed by some parents had been followed up by the Committee of Parents and the Board.

Notwithstanding this, we believe that it would be conducive to the relationship between the ESF and its stakeholders if the ESF would continue making efforts to engage parents and stakeholders directly and forging consensus on issues of mutual interest.

- (c) In the 2009-2010 school year, the ESF received a government subsidy of about \$284 million, which constitutes around 20% of its operating income. We will address the issue of whether or not the present mode of subvention should continue and other related matters in the context of subvention review, having regard to the Director of Audit's Report and the recommendations of the Public Accounts Committee of the Legislative Council as well as the provision of education services by the ESF under present day circumstances.



### Time Taken for Immigration Clearance

6. **DR SAMSON TAM** (in Chinese): *President, regarding the waiting time for travellers visiting Hong Kong to go through immigration clearance, will the Government inform this Council:*

- (a) *of the average waiting time for travellers to go through immigration clearance at the Hong Kong International Airport in each of the past six months, and how such figures compare with those of the same period for the past three years;*
- (b) *whether at present there is any difference in the average waiting time for travellers with different types of travel documents or of different nationalities to go through immigration clearance; and*
- (c) *whether the authorities had, in the past two years, studied how the time taken for completing immigration clearance can be shortened by using new technologies; if so, of the details; if not, the reasons for that?*

**SECRETARY FOR SECURITY** (in Chinese): President,

(a) and (b)

The Immigration Department (ImmD) has all along strived to provide efficient immigration clearance service to residents and visitors. Regarding the waiting time of visitors going through immigration clearance at the Hong Kong International Airport, the ImmD pledges to clear 95% of visitors within 15 minutes. The target has generally been met. The compliance situation in the past six months and its comparison with the past three years is set out as follows:

<i>Completing clearance within 15 minutes</i>	
2010 September	99.0%
August	98.3%
July	98.7%

<i>Completing clearance within 15 minutes</i>	
June	99.1%
May	98.6%
April	97.4%
2009	99.5%
2008	98.8%
2007	98.2%

The ImmD does not have the breakdown on the waiting time for travellers of various nationalities or holding various types of travel documents.

- (c) We have all along sought to apply new technologies with a view to shortening clearance time for both residents and visitors. In the past two years, we launched the frequent visitor e-Channel service at the Airport so as to allow eligible frequent visitors to use the service therein after enrolment. Since September 2009, this service has been extended to eligible members of frequent flyer programmes of various airlines.

From 2012 onwards, the Mainland authorities will issue by phases electronic "Exit-Entry Permits for Travelling to and from Hong Kong and Macao" (e-EEP) for Mainland residents travelling to Hong Kong and Macao. The ImmD has secured, in July 2010, funding approval from the Finance Committee of the Legislative Council for upgrading its computer system, to allow eligible and enrolled Mainland frequent visitors to use e-Channel service with their e-EEP by then.

Besides, the ImmD has commissioned this March consultants to develop a new Information Systems Strategy to meet the challenges over the coming decade and enhance service standards. Among others, this will include enhancement of the information management system for the control points and possible applications of new technologies.

## Regulation of Exchange-traded Funds

7. **MR FREDERICK FUNG** (in Chinese): *President, it has been learnt that in recent years, exchange-traded funds (ETFs) have developed rapidly in the financial market in Hong Kong and the trading volumes involved have continued to rise. More than 60 ETFs are currently listed on the Hong Kong Stock Exchange, and a majority of ETFs seek to track the movements in indexes, commodities, bonds and currencies, and so on. They adopt different replications, and the risks incurred by them also vary. As ETFs which adopt replication strategies operate in the form of investments in derivative instruments, counterparty risks of issuers on derivative instruments and swap traders in respect of their ability to honour contracts are involved, and therefore relatively higher risks are entailed. It has been reported that extremely high risks exist in some ETFs, and earlier on the Securities and Futures Commission (SFC) has also issued relevant risk warnings. In this connection, will the Government inform this Council:*

- (a) *of the current mode and way of regulation on ETFs; whether the authorities have conducted studies, made references to relevant overseas experience and reviewed the current mode of regulation, including examining the adequacy of risk disclosure requirements on ETF issuers and risk awareness of investors, and so on, as well as whether the authorities need to strengthen the regulation on such issuers in respect of their operation and collateral requirements; if they have not, of the reasons for that; and*
- (b) *given that it has been reported that in the face of the increasing popularity of ETFs, more complex or leveraged ETFs with higher risks and much wider implications may evolve in future, whether the authorities have assessed the impact of short-term and medium-term ETFs on the overall stability of the financial market and the potential systemic risks in them; whether the authorities have formulated corresponding strategies to reduce the potential risks incurred by the trading of such funds, and avoid the recurrence of the situation similar to "the Lehman Brothers' Minibonds Incident"?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Chinese): President, my reply to the two parts of the question is as follows:

- (a) Before an ETF can be authorized for offering to the public in Hong Kong, it must comply with the disclosure and structural requirements as set out in the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products. The Handbook includes the Code on Unit Trusts and Mutual Funds (UT Code). A key requirement is that an ETF must be subject to the ongoing management of a manager regulated by the SFC. The manager must comply with the Fund Manager Code of Conduct, act in the best interest of unit holders and actively monitor the counterparty risk of the fund and the value of the collateral.

The UT Code also imposes a number of structural requirements with regard to the ETF. For instance, the collateral provided by a counterparty should be sufficiently liquid and must not include any structured products. In addition, the collateral provided has to be marked-to-market daily, appropriately diversified, and held and readily accessible/enforceable by the trustee/custodian of the ETF.

In terms of conduct requirements, an ETF intermediary is required to, among others, know its clients and ensure the transaction is suitable for a client when making a recommendation or solicitation to the client. The SFC has issued circulars reminding licensed corporations to put in place appropriate measures to ensure that their staff be familiar with the risks and features of investment products, including ETFs that invest in derivative instruments designed to replicate the performance of an index (that is, synthetic ETFs). The SFC is also working with the Stock Exchange of Hong Kong Limited (SEHK) and the industry on measures to help investors better differentiate traditional ETFs and synthetic ETFs.

The regulatory approach for ETFs in Hong Kong is in line with that in other leading international markets, such as the United States and the European Union. There are many synthetic ETFs in the United States and the European Union and their investor protection regimes

primarily focus on disclosure requirements for ETFs and conduct regulation of intermediaries.

- (b) The SFC has been closely monitoring the development of ETFs. As at the end of September 2010, there were 50 synthetic ETFs and 16 traditional ETFs listed on the SEHK. The average daily turnover of these 66 ETFs was HK\$2.1 billion during January to September 2010. This represented about 3.3% of the total market turnover. The SFC considers that the ETFs market constitutes a relatively small part of the stock market at present, and does not seem to have a significant systemic impact on the stock market. Nevertheless, the SFC will continue to monitor the development and trading of ETFs in Hong Kong and in other major markets. It will also remain in close dialogue with relevant regulators for effective market surveillance and systemic risk management.

### Cases Handled by Family Court

8. **MS CYD HO** (in Chinese): *President, regarding cases of family violence handled by the Family Court, will the Government inform this Council:*

- (a) *of the number of cases of battered spouses handled by the Family Court in each of the past three years, with a breakdown by gender of the battered;*
- (b) *of the number of various custody orders granted for cases of battered spouses involving minor children handled by the Family Court in each of the past three years, with a breakdown by gender of the battered and the batterer using the table below;*

<i>Year</i>	<i>2007</i>		<i>2008</i>		<i>2009</i>	
	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>
<i>Number of cases where the battered was granted child custody</i>						
<i>Number of cases where the batterer was granted child custody</i>						

<i>Year</i>	<i>2007</i>		<i>2008</i>		<i>2009</i>	
<i>Gender of the battered/batterer</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>
<i>Number of cases where joint custody was granted to both parties</i>						
<i>Number of cases where neither party was granted child custody</i>						

- (c) *whether it knows the principles or basis on which the Court grants joint custody orders for battered spouse cases involving child custody, and whether the Court has different factors of consideration in the light of the gender of the battered;*
- (d) *among the cases in part (b) where the battered was granted child custody, of the number of cases where child access was granted to the batterer by the Family Court each year, with a breakdown by gender of the batterer;*
- (e) *of the information (using the table below) on the various access arrangements under the child access orders in part (d);*

<i>Year</i>	<i>2007</i>		<i>2008</i>		<i>2009</i>	
<i>Gender of the batterer</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>
<i>Number of cases where visits by the batterers were arranged by social workers</i>						
<i>Number of cases where visits by the batterers were arranged:</i>						
<i>(i) more than one visit per week</i>						
<i>(ii) one visit per week</i>						
<i>(iii) one visit every two weeks</i>						
<i>(iv) one visit per month</i>						
<i>(v) less than one visit per month</i>						
<i>(vi) other visit arrangements</i>						

- (f) of the information (using the table below) on the maintenance orders granted for cases involving battered spouses by the Family Court in each of the past three years; and

<i>Year</i>	<i>2007</i>		<i>2008</i>		<i>2009</i>	
<i>Gender of the battered</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>
<i>Number of cases where the battered applied for maintenance payments</i>						
<i>Number of cases where the battered applied for maintenance payments of one dollar</i>						

- (g) among the cases in part (f), of the number of cases each year involving default in maintenance payments, statistics on cases where legal proceedings have been/are being instituted for recovering maintenance arrears and other relevant statistics (using the table below)?

<i>Year</i>	<i>2007</i>		<i>2008</i>		<i>2009</i>	
<i>Gender of the maintenance payee</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>
<i>Number of cases where the maintenance payee was defaulted maintenance payments</i>						
<i>Number of cases involving a judgment summons hearing</i>						
<i>Number of cases where an application was made for an order to attach the maintenance payer's income</i>						
<i>Number of attachment of income orders granted</i>						
<i>Number of other cases involving "enforcement" proceedings</i>						

**CHIEF SECRETARY FOR ADMINISTRATION** (in Chinese): President, the Administration has consulted the Judiciary on the questions and has received the following information and response:

- (a) There is no definition in the Domestic and Cohabitation Relationships Violence Ordinance (Cap. 189) (previously known as the Domestic Violence Ordinance) (the Ordinance) in relation to what is considered as "battered spouse". There is also no specific definition of "family violence". Nonetheless, the Ordinance provides that an application for an injunction can be made to the Family Court under its sections 3, 3A and 3B if the applicant or a specified minor has been molested by the spouse or former spouse of the applicant; a relative of the applicant; or where the applicant is a party to a cohabitation relationship, the other party to that relationship. The following is the number of cases where applications have been made under the above provisions in the past three years:

<i>Year</i>	<i>2007</i>		<i>2008</i>		<i>2009</i>	
<i>Gender of the applicant</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>
Number of applications for injunction	1	15	4	18	2	26
Total	16		22		28	

Among the above, the number of cases where injunctions were granted is as follows:

<i>Year</i>	<i>2007</i>		<i>2008</i>		<i>2009</i>	
<i>Gender of the applicant</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>
Number of cases where injunctions were granted	1	13	3	15	2	24
Total	14		18		26	

As can be seen above, not all applications for injunction have been granted and even if injunction orders are granted, direct inference cannot be drawn as to whether the orders are related to spouse battering or family violence.



- (b) For questions (b), (d) to (g), the information is not readily available as the Judiciary does not normally keep the statistics on the outcome of judicial proceedings. However, having regard to the relatively small number of cases involved, the Judiciary has managed to collate manually the figures as below by going through the relevant case files.

Among the cases in part (a) above where minor children were involved, the number of various custody orders granted is as follows:

<i>Year</i>	<i>2007</i>		<i>2008</i>		<i>2009</i>	
<i>Gender of "applicant"*/ "respondent"*</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>
Number of cases where sole custody was granted to the "applicant"	0	11	4	9	1	16
Number of cases where sole custody was granted to the "respondent"	0	0	0	0	0	0
Number of cases where joint custody was granted to both parties	1		3		2	
Number of cases where custody was granted to neither party	0		0		0	

Note:

- \* The "applicant" and "respondent" refer to the parties in respect of the injunction applications in part (a).

- (c) In deciding whether "joint custody" is appropriate in a case, the Court will consider the general principles set out in section 3 of the Guardianship of Minors Ordinance (Cap. 13), and shall have regard to the welfare of the child as the first and paramount consideration. In having such regard, the Court shall give due consideration to the wishes of the minor if, having regard to the age and understanding of the minor and to the circumstances of the case, it is practicable to do so; and any material information including any report of the Director of Social Welfare. Further, as set out in section 3 of Cap. 13, the Court shall not take into consideration whether, from any other point of view, the claim of the father is superior to that of the mother, or *vice versa*.

- (d) Among the cases in part (b) above where child custody was granted to the "applicant", the number of cases where child access was granted to the "respondent" is as follows:

<i>Year</i>	<i>2007</i>		<i>2008</i>		<i>2009</i>	
<i>Gender of "respondent"</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>
Number of cases where access was granted to the "respondent"	11	0	9	4	16	1

- (e) Among the cases in part (d) above, the number of cases where visits by the "respondents" were arranged by social workers is as follows:

<i>Year</i>	<i>2007</i>		<i>2008</i>		<i>2009</i>	
<i>Gender of the "respondent"</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>
Number of cases where visits by the "respondents" were arranged by social workers	2	0	3	3	6	0

The Judiciary does not have the information on other access arrangements.

- (f) Among the cases in part (a) above, the information on maintenance orders granted is as follows:

<i>Year</i>	<i>2007</i>		<i>2008</i>		<i>2009</i>	
<i>Gender of the "applicant"</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>
Number of cases where the "applicant" applied for maintenance payments	0	5	1	4	0	8
Number of cases where the "applicant" applied for maintenance payments of one dollar	0	8	0	5	0	7

- (g) Among the cases in part (f) above, the number of cases involving default in maintenance payments, statistics on cases where legal

proceedings have been/are being instituted for recovering maintenance arrears and other relevant statistics are as follows:

<i>Year</i>	<i>2007</i>		<i>2008</i>		<i>2009</i>	
<i>Gender of the maintenance payee</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>
Number of cases where the maintenance payee was defaulted maintenance payments	2	0	0	0	1	0
Number of cases involving a Judgment Summons hearing	1	0	0	0	1	0
Number of applications for Attachment of Income Order	0	0	0	0	0	0
Number of Attachment of Income Orders granted	0	0	0	0	0	0
Number of cases involving other enforcement proceedings	1	0	0	0	0	0

### **Assistance to Persons with Disabilities and Elderly**

9. **MR WONG SING-CHI** (in Chinese): *President, quite a number of persons with disabilities and elderly people have relayed to me that the subsidized places in residential care homes for persons with disabilities and residential care homes for the elderly (RCHEs) are currently inadequate, and the relevant support services provided in the community are also insufficient, resulting in the people in need can receive no services despite years of waiting. In this connection, will the executive authorities inform this Council:*

- (a) *of the respective number of places and quotas, number of persons on the waiting list and the average waiting time for places and services provided by the various types of subsidized RCHEs, residential care homes for persons with disabilities and Community Care Services for the elderly and persons with disabilities at present, with a breakdown by District Council (DC) district (list in table form);*
- (b) *of the respective increases in places and quotas planned for the various types of subsidized RCHEs, residential care homes for persons with disabilities and Community Care Services for the*

*elderly and persons with disabilities for the next five years, with a breakdown by DC district (list in table form);*

- (c) *of the quotas for the various support services provided for carers of persons with disabilities and the elderly at present, with a breakdown by DC district (list in table form); and*
- (d) *of the types of assistance currently provided by the Government to the elderly, persons with disabilities and their carers who are waiting for the aforesaid places and services?*

**SECRETARY FOR LABOUR AND WELFARE** (in Chinese): President, my reply to Mr WONG Sing-chi's question is as follows:

- (a) Regarding residential care services for the elderly, the number of various types of subsidized residential care places is listed by DC district at Table 1 (Annex refers).

As at the end of September 2010, there were 20 328 elders in the territory waiting for subsidized care-and-attention (C&A) places and 6 535 waiting for subsidized nursing home (NH) places. Since applicants can choose to wait for RCHEs in different districts at the same time, the Social Welfare Department (SWD) is unable to provide a breakdown of the number of applicants by district.

The average waiting time for various types of residential care places for the elderly is as follows:

<i>Types of places</i>	<i>Average waiting time (in months)</i>
C&A places	24
- Places in subvented homes and contract homes	35
- Places provided under the Enhanced Bought Place Scheme (EBPS)	8
NH places	43

As SWD has not drawn up separate waiting lists for individual districts, it is unable to provide the waiting time by district.

For community care services for the elderly, the number of service places by district is listed at Table 2 (Annex refers).

As at the end of September 2010, 1 451 elders in the territory were waiting for day care services, and the average waiting time was about eight months. As regards home care services, 747 elders in the territory were waiting for the service, and the average waiting time was about three months.

The waiting time for day care and home care services for the elderly in individual districts is affected by many different factors, such as the number of places in individual service units made available through natural wastage, the number of elders waiting for services in the same district, the specific requirements of the applicants for service providers, and so on. Therefore, the waiting time in individual districts often varies significantly and cannot accurately reflect the waiting situation.

In respect of rehabilitation services, information on service provision, waiting list and average waiting time for various types of subsidized residential care homes for persons with disabilities is set out at Table 3 and Table 4 (Annex refers). For persons with disabilities living in the community, the SWD will provide them with various day care and training services. Information on service provision, waiting list and average waiting time of the relevant services is set out at Table 5 and Table 6 (Annex refers). In addition, the SWD also provides other types of community support services for persons with disabilities and their parents, for example, District Support Centre for Persons with Disabilities, Community Rehabilitation Day Centre, Transitional Care and Support Centre for Tetraplegic Patients, Day Care Service for Persons with Severe Disabilities, Residential Respite Service, Parents/Relatives Resource Centre for Disabled Persons and Integrated Community Centre for Mental Wellness, and so on. There are no fixed service quota and

central waiting list for these services. Persons with disabilities may apply for the services with the relevant operating units directly.

- (b) Regarding residential care services for the elderly, 1 716 additional subsidized residential care places will come on stream in the coming four years, as listed below:

<i>Types of places</i>	<i>Number of places (according to the service commencement year of the places)</i>			
	<i>2010-2011</i>	<i>2011-2012</i>	<i>2012-2013</i>	<i>2013-2014</i>
NH places	80	592	278	145
C&A places	581	14	11	15

We increase the provision of various types of residential care places mainly by constructing new contract homes, purchasing places from self-financing or private RCHEs and making full use of available space in existing homes. Since the geographic distribution of some additional residential care places depends on the response of RCHEs in different districts to the purchase scheme and the progress of related work, we cannot provide the distribution of the additional places by district for the time being.

Apart from the above additional places, the Chief Executive has introduced in this year's Policy Address a series of measures to further increase the provision of subsidized residential care places, which include providing additional higher-quality subsidized places under the EBPS.

As for community care services for the elderly, in the coming three years, we will provide a total of 141 additional day care places for the elderly in Kowloon City, Sai Kung, Kwun Tong and Yau Tsim Mong Districts. Besides, the Pilot Scheme on Home Care Services for Frail Elders targeting elders living at home and waiting for NH places will be launched in March 2011. The Scheme is expected to serve 510 elders residing in Kowloon within three years. In addition, Chief Executive has just announced in his Policy Address

that subsidized home care places will be significantly increased next year. Details will be announced in the Budget in February next year.

As regards persons with disabilities, the SWD's planned provision of additional places for residential care services and day care and training services for persons with disabilities in the next five years are set out at Table 7 and Table 8 respectively (Annex refers). We will continue to step up efforts in identifying new resources and suitable sites for setting up new residential care homes and service centres in order to maintain a steady increase in the provision of places for rehabilitation services.

- (c) In respect of carers of elders, the Government provides support services for them through 41 District Elderly Community Centres, 117 Neighbourhood Elderly Centres, 59 Day Care Centres/Units for the Elderly and 85 home care service teams throughout the territory. These services include the provision of information, training and counselling, assistance in forming carers' mutual-assistance groups, setting up resource centres, provision and loan of rehabilitation equipment, and so on. All subsidized RCHEs and day care centres also provide respite services so that carers can take a break or attend to other business, thereby relieving their stress.

In addition, we have launched the District-based Scheme on Carer Training since 2007, providing subsidy for elderly centres to partner with local community organizations in organizing carer training programmes and launching carer services. In 2009, we extended the Scheme to cover all districts in the territory. At present, there are 114 elderly centres participating in the Scheme. About 2 400 individuals have been trained and some 4 000 others are now receiving training.

In respect of care services for persons with disabilities, we strive to provide day care, training and community support services to persons with disabilities with a view to enabling them to live independently and strengthening the carers' caring capacity to relieve

their stress. Information on the provision of relevant services can be found at Table 5 (Annex refers).

(d) In respect of elders, the Government has been providing various kinds of subsidies and services for elders waiting for subsidized residential care places. As at the end of August 2010, among the some 26 000 elders waiting for subsidized places, more than 14 000 were receiving different kinds of government subsidies or services, including:

- over 3 000 elders using subsidized community care services;
- about 300 elders using subsidized residential care services of a lower care level;
- over 7 500 elders staying in non-subsidized residential care places in private RCHes and receiving Comprehensive Social Security Assistance (CSSA) ; and
- over 3 300 elders living at home and receiving CSSA.

The Government also encourages elders to use subsidized community care services while waiting for residential care places. As mentioned in part (b) above, we will launch the Pilot Scheme on Home Care Services for Frail Elders in early 2011, targeting elders on the waiting list for NH places, to provide them with tailor-made services so that they will be taken care of properly while waiting for NH places.

As regards persons with disabilities, at present, the majority of persons with disabilities waiting for subsidized residential care places and their families are receiving day care, training and community support services as mentioned in the above paragraphs. To facilitate persons with disabilities in getting their required services at the same centre of the district, the SWD has set up 16 district-based District Support Centres for Persons with Disabilities across the territory to provide one-stop support services for persons



with disabilities and their carers. Furthermore, the Government will launch a three-year "Pilot Scheme on Home Care Service for Persons with Severe Disabilities" in March 2011 to provide persons with severe physical and intellectual disabilities who are living in the community and are on the waiting lists for subsidized residential care services with a package of home-based support services, which include personal care and escort service, occupational therapist/physiotherapist rehabilitation training service and nursing care service. The Scheme will be tried out in Tuen Mun and Kwun Tong which have the largest numbers of persons with severe disabilities waiting for residential care services. We expect that a total of about 540 persons with severe disabilities will be served.

Annex

Table 1: Number of subsidized residential care places  
for the elderly in individual districts<sup>(1)</sup>  
(As of September 2010)

<i>District</i>	<i>C&amp;A places</i>	<i>NH places</i>
Central and Western	828	23
Eastern	790	81
Wan Chai	516	0
Southern	1 638	0
Islands	359	0
Kwun Tong	1 665	337
Wong Tai Sin	1 323	391
Sai Kung	687	270
Kowloon City	1 849	0
Sham Shui Po	1 125	35
Yau Tsim Mong	632	0
Sha Tin	1 195	0
Tai Po	1 268	0
North	1 198	254
Yuen Long	1 698	50

<i>District</i>	<i>C&amp;A places</i>	<i>NH places</i>
Tsuen Wan	1 298	368
Kwai Tsing	2 588	166
Tuen Mun	1 279	216

Note:

- (1) Not including self-care hostel places and home for the aged places which do not have a long-term care element. The SWD has ceased to accept new applications for these places since 1 January 2003, and has started converting them gradually into long-term care places providing a continuum of care.

Table 2: Number of elderly community care service places  
in individual districts<sup>(2)</sup>  
(As of September 2010)

<i>District</i>	<i>Service Type</i>	<i>Day care service</i>	<i>Home care service<sup>(2)</sup> (frail cases)</i>		
			<i>Integrated home care services (frail cases)</i>	<i>Enhanced home and community care services (18 teams)</i>	<i>Enhanced home and community care services (6 teams)</i>
Central and Western		104	40	136	99
Eastern		216	80	186	
Wan Chai		72	30	144	
Southern		108	80	113	
Islands		40	20	124	-
Kwun Tong		305	150	236	171
Wong Tai Sin		237	100	216	208
Sai Kung		85	30	128	
Kowloon City		95	30	170	106
Sham Shui Po		203	90	125	
Yau Tsim Mong		132	40	138	
Sha Tin		176	120	147	157
Tai Po		64	30	99	
North		44	30	121	

<i>Service Type</i> <i>District</i>	<i>Day care service</i>	<i>Home care service<sup>(2)</sup> (frail cases)</i>		
		<i>Integrated home care services (frail cases)</i>	<i>Enhanced home and community care services (18 teams)</i>	<i>Enhanced home and community care services (6 teams)</i>
Yuen Long	110	90	133	136
Tsuen Wan	64	40	145	
Kwai Tsing	149	90	211	
Tuen Mun	110	30	130	
<b>Total</b>	<b>2 314</b>	<b>4 699</b>		

Note:

- (2) Not including meal delivery, cleaning and home making services provided for non-frail elders by integrated home care service teams. Service allocation for non-frail cases (also known as ordinary cases) is arranged by individual non-governmental organizations. The SWD does not set a ceiling on the number of places for these services. At present, there are about 20 000 people using these services, including 17 000 elders.

Table 3: Distribution of Provision of Residential Care Home Services for Persons with Disabilities<sup>(3)</sup>  
(As of June 2010)

<i>Service Type</i> <i>District</i>	<i>LSCH</i>	<i>HWH</i>	<i>SHOS</i>	<i>HMMH</i>	<i>HSMH</i>	<i>C&amp;A/SD</i>	<i>HSPH</i>	<i>C&amp;A/AB</i>	<i>SGH (MMHC)</i>	<i>IVTC (Res)</i>	<i>RSCCC</i>
Central and Western/ Southern/ Island	170	168	7	333	547	200	100	375	0	0	44
Eastern/ Wan Chai	0	119	40	85	173	100	58	0	8	0	0
Kwun Tong	0	84	61	308	230	0	65	0	14	0	0
Wong Tai Sin/Sai Kung	0	237	76	184	359	88	100	0	6	0	12
Kowloon City/Yau Tsim Mong	0	0	10	220	55	0	0	52	0	0	0

<i>Service Type</i> <i>District</i>	<i>LSCH</i>	<i>HWH</i>	<i>SHOS</i>	<i>HMMH</i>	<i>HSMH</i>	<i>C&amp;A/SD</i>	<i>HSPH</i>	<i>C&amp;A/AB</i>	<i>SGH (MMHC)</i>	<i>IVTC (Res)</i>	<i>RSCCC</i>
	Sham Shui Po	200	169	30	60	104	0	0	78	0	0
Sha Tin	0	206	20	186	470	102	88	0	1	0	0
Tai Po/ North	0	80	70	80	104	100	0	0	32	170	24
Yuen Long	0	104	46	169	106	100	50	80	0	0	0
Tsuen Wan/ Kwai Tsing	425	162	20	189	479	100	0	0	3	0	30
Tuen Mun	612	180	20	364	431	67	67	240	0	0	0
Total	1 407	1 509	400	2 178	3 058	857	528	825	64	170	110

Note:

- (3) The SWD allocates residential care places for persons with disabilities on the basis of its 11 administrative districts, hence no breakdown by DC district is available.

Legend:

LSCH - Long Stay Care Home

HWH - Halfway House

SHOS - Supported Hostel

HMMH - Hostel for Moderately Mentally Handicapped Persons

HSMH - Hostel for Severely Mentally Handicapped Persons

C&A/SD - Care and Attention Home for Severely Disabled Persons

HSPH - Hostel for Severely Physically Handicapped Persons

C&A/AB - Care and Attention Home for the Aged Blind

SGH (MMHC) - Small Group Home for Mildly Mentally Handicapped Children/Integrated Small Group Home

IVTC (Res) - Integrated Vocational Training Centre (Residential Service)

RSCCC - Residential Special Child Care Centre

Table 4: Residential Care Home Services for Persons with Disabilities Waiting List and Average Waiting Time<sup>(4)</sup>  
(As of June 2010)

<i>Service Type</i>	<i>Waiting List</i>	<i>Average Waiting Time (2009-2010) (month)</i>
Residential Special Child Care Centre	60	16.6
Long Stay Care Home	1 045	31.8
Halfway House	790	6.2
Hostel for Moderately Mentally Handicapped Persons	1 357	79.1

<i>Service Type</i>	<i>Waiting List</i>	<i>Average Waiting Time (2009-2010) (month)</i>
Hostel for Severely Mentally Handicapped Persons	2 020	68.4
Care and Attention Home for Severely Disabled Persons	364	39.6
Hostel for Severely Physically Handicapped Persons	377	61.9
Care and Attention Home for the Aged Blind	67	3.2
Supported Hostel	983	15.3
Small Group Home for Mildly Mentally Handicapped Children/Integrated Small Group Home	62	23.1
Integrated Vocational Training Centre (Residential Service) <sup>(5)</sup>	N.A.	N.A.
Total	7 125	N.A.

Notes:

- (4) Since the applicants may indicate more than one preference in different locations at the same time, the SWD is unable to provide information on the number of persons on the waiting list and the waiting time by district.
- (5) Applicants may apply to the operating units direct or through referral for the service. There is no central waiting list for the service. Therefore, no data on average waiting time is available.

Table 5: Distribution of Places for Day Care and Training Services  
for Persons with Disabilities<sup>(6)</sup>  
(As of June 2010)

<i>Service Type</i>	<i>TAC</i>	<i>DAC</i>	<i>SW</i>	<i>SE</i>	<i>IVRSC</i>	<i>IVTC (Day)</i>	<i>OJT<sup>(7)</sup></i>	<i>Sunnyway<sup>(7)</sup></i>
<i>District</i>								
Central and Western/Southern/Island	0	702	315	115	545	0	-	-
Eastern/Wan Chai	50	345	521	378	200	0	-	-
Kwun Tong	50	451	661	197	170	0	-	-

<i>Service Type</i> <i>District</i>	<i>TAC</i>	<i>DAC</i>	<i>SW</i>	<i>SE</i>	<i>IVRSC</i>	<i>IVTC (Day)</i>	<i>OJT<sup>(7)</sup></i>	<i>Sunnyway<sup>(7)</sup></i>
Wong Tai Sin/ Sai Kung	0	455	275	370	653	0	-	-
Kowloon City/ Yau Tsim Mong	0	255	580	95	134	220	-	-
Sham Shui Po	50	256	520	120	210	0	-	-
Sha Tin	50	545	260	20	749	0	-	-
Tai Po/North	0	229	291	65	0	233	-	-
Yuen Long	0	110	364	70	207	0	-	-
Tsuen Wan/ Kwai Tsing	0	562	746	180	280	0	-	-
Tuen Mun	30	585	600	35	537	0	-	-
Total	230	4 495	5 133	1 645	3 685	453	432	311

Notes:

- (6) The SWD allocates day care and training places for persons with disabilities on the basis of its 11 administrative districts. Hence, no breakdown by DC district is available.
- (7) Since the number of places for the On the Job Training Programme for People with Disabilities and Sunnyway — On the Job Training Programme for Young People with Disabilities are allocated according to the operating units, the SWD does not have the number of places for each district.

Legend:

TAC - Training and Activity Centre for Ex-mentally Ill Persons  
 DAC - Day Activity Centre  
 SW - Sheltered Workshop  
 SE - Supported Employment  
 IVRSC - Integrated Vocational Rehabilitation Services Centre  
 IVTC (Day) - Integrated Vocational Training Centre (Day Service)  
 OJT - On the Job Training Programme for People with Disabilities  
 Sunnyway - Sunnyway — On the Job Training Programme for Young People with Disabilities

Table 6: Day Care and Vocational Rehabilitation Services  
 for Persons with Disabilities  
 Waiting List and Average Waiting Time  
 (As of June 2010)<sup>(8)</sup>

<i>Service Type</i>	<i>Waiting List</i>	<i>Average Waiting Time (2009-2010) (month)</i>
Training and Activity Centre for Ex-mentally Ill Persons <sup>(9)</sup>	N.A.	N.A.
Day Activity Centre	1 075	31.2

<i>Service Type</i>	<i>Waiting List</i>	<i>Average Waiting Time (2009-2010) (month)</i>
Sheltered Workshop	2 499	14.8
Supported Employment	107	2.3
Integrated Vocational Rehabilitation Services Centre <sup>(9)</sup>	N.A.	N.A.
Integrated Vocational Training Centre (Day Service) <sup>(9)</sup>	N.A.	N.A.
On the Job Training Programme for People with Disabilities <sup>(9)</sup>	N.A.	N.A.
Sunnyway — On the Job Training Programme for Young People with Disabilities <sup>(9)</sup>	N.A.	N.A.
Total	3 681	-

Notes:

- (8) Since the applicants may indicate more than one preference in different locations at the same time, the SWD is unable to provide information on the number of persons on the waiting list and the waiting time by district.
- (9) Applicants may apply to the operating units direct or through referral for the service. There is no central waiting list for the service. Therefore, no data on average waiting time is available.

Table 7: Estimated Provision of Places of Subsidized Residential Care Homes for Persons with Disabilities for the Next Five Years

Estimated provision of places of subsidized residential care homes for persons with disabilities from 2010-2011 to 2011-2012<sup>(10)</sup>

<i>Project and District</i>	<i>Service Type</i>	<i>Provision of Places</i>
Ex-South Kwai Chung Jockey Club Polyclinic	Care and Attention Home for Severely Disabled Persons	51
	Hostel for Severely Mentally Handicapped Persons	53
	Hostel for Severely Physically Handicapped Persons	25
	Hostel for Moderately Mentally Handicapped Persons	29
	Long Stay Care Home	100
	Supported Hostel (Mentally/Physically Handicapped)	63

<i>Project and District</i>	<i>Service Type</i>	<i>Provision of Places</i>
Ex-Ma Tau Wai Girls' Home	Hostel for Severely Mentally Handicapped Persons	82
	Hostel for Severely Physically Handicapped Persons	20
	Hostel for Moderately Mentally Handicapped Persons	62
	Supported Hostel (Mentally/Physically Handicapped)	19
Projects which will be located in Southern, Tseung Kwan O, Tsuen Wan/Kwai Tsing, Tuen Mun, Yuen Long and Sha Tin Districts, and so on <sup>(11)</sup>	Supported Hostel (Mentally/Physically Handicapped)	72
	Small Group Home	16
	Hostel for Severely Mentally Handicapped Persons	185
	Hostel for Moderately Mentally Handicapped Persons	88
	Supported Hostel (Ex-Mentally Ill)	40
	Care and Attention Home for Severely Disabled Persons	50
Total		955

Estimated provision of places of subsidized residential care homes for persons with disabilities from 2012-2013 to 2014-2015<sup>(10)</sup>

<i>District</i>	<i>Service Targets<sup>(12)</sup></i>	<i>Provision of Places</i>
Kowloon West	Severely physically handicapped persons, severely mentally handicapped persons, moderately mentally handicapped persons and the ex-mentally ill	170
Kowloon East		20
New Territories West		125
New Territories East		30
Hong Kong Island		100
Total		445

Notes:

- (10) The numbers of places are estimated on the basis of the information and projects in hand and are subject to the progress of the planning and preparation work of the projects.
- (11) Some of the projects are in the process of local consultation and application for change of land use, and need to go through Legislative Council consultation and funding application under the Lotteries Fund at a later stage. Since these projects are still in the planning stage, the time of service commencement and actual number of places may change subject to the progress of project development, actual size and configuration of the premises, and so on.
- (12) Given that these projects are still in the initial planning stage, the type of service and number of places to be provided in each project may change subject to the actual size and design of the premises, and so on. Hence, we are not able to provide a breakdown of the estimated service places by service type at this stage.



Table 8: Estimated Provision of Places of Day Care and Training Services for Persons with Disabilities for the Next Five Years

Estimated provision of places of day care and training services for persons with disabilities from 2010-2011 to 2011-2012<sup>(13)</sup>

<i>Project</i>	<i>Service Type</i>	<i>Provision of Places</i>
Ex-South Kwai Chung Jockey Club Polyclinic	Day Activity Centre	55
	Integrated Vocational Rehabilitation Services Centre	170
Ex-Ma Tau Wai Girls' Home	Day Activity Centre	82
	Integrated Vocational Rehabilitation Services Centre	168
Projects which will be located in Tsuen Wan and Yuen Long District <sup>(14)</sup>	Day Activity Centre	160
	Integrated Vocational Rehabilitation Services Centre	100
<b>Total</b>		<b>735</b>

Estimated provision of places of day care and training services for persons with disabilities from 2012-2013 to 2014-2015<sup>(13)</sup>

<i>District</i>	<i>Service Type<sup>(15)</sup></i>	<i>Provision of Places</i>
Kowloon West	Day Activity Centre and Integrated Vocational Rehabilitation Services Centre	100
New Territories West		160
Hong Kong Island		100
<b>Total</b>		<b>360</b>

Notes:

- (13) The numbers of places are estimated on the basis of the information and projects in hand and are subject to the progress of the planning and preparation work of the projects. The Government will continue to step up efforts in identifying new resources and suitable sites for setting up new facilities for services for persons with disabilities in order to maintain a steady increase in the provision of subsidized day training and vocational rehabilitation service places.
- (14) Some of the projects are in the process of local consultation and application for change of land use, and need to go through Legislative Council consultation and funding application under the Lotteries Fund at a later stage. Since these projects are still in the planning stage, the time of service commencement and actual number of places may change subject to the progress of project development, actual size and configuration of the premises, and so on.
- (15) Given that these projects are still in the initial planning stage, the type of service and number of places to be provided in each project may change subject to the actual size and design of the premises, and so on. Hence, we are not able to provide a breakdown of the estimated service places by service project and service type at this stage.

**Assistance for Independent Musicians to Stage Live Performance**

10. **MS AUDREY EU** (in Chinese): *President, quite a number of music critics have all along criticized that Hong Kong lacks venues for live performance of independent music and open-air concerts, with the result that independent music has failed to develop prosperously, and Hong Kong does not have the conditions for hosting mega events for the music and tourism sectors, such as the Spring Scream Music Festival in Kenting of Taiwan, the Modern Sky Music Festival in Beijing and the Glastonbury Festival of Contemporary Performing Arts in the United Kingdom. In this connection, will the Government inform this Council:*

- (a) *what measures had been taken in the past three years to solve the problem of inadequate performance venues for independent musicians in Hong Kong;*
- (b) *whether it has assessed if the number of performance venues for independent music has increased or decreased since the implementation of the policy on revitalizing industrial buildings this April; if it has, of the details; if not, the reasons for that;*
- (c) *whether it has studied if unused government premises can be converted for other uses and leased to independent musicians for use as performance venues; if so, of the details; if not, the reasons for that; and*
- (d) *whether it had planned in the past three years to provide venues for use as performance venues of large open-air concerts; if it had, of the details; if not, the reasons for that?*

**SECRETARY FOR HOME AFFAIRS** (in Chinese): President,

- (a) Performance venues are currently provided by the Government to individuals and organizations through a variety of measures as follows:
  - (i) Fifteen performance venues under the management of the Leisure and Cultural Services Department (LCSD) are

available for hire by individuals or organizations having regard to their performing art forms and needs. The piazzas of some of these venues have a suitable setting for organizing open-air concerts, for example, the Hong Kong Cultural Centre piazza and the Sha Tin Town Hall plaza. In addition to their core functions, the leisure and recreational venues under LCSD's management can also be used for staging other activities including concerts, subject to certain requirements such as noise level being met. The large-scale outdoor concert "Symphony Under The Stars" presented by the Hong Kong Philharmonic Orchestra at the Happy Valley Racecourse Recreation Ground in recent years is a case in point.

- (ii) Two fully-equipped performance venues are available for hire at the Youth Square in Chai Wan. Community halls at different districts are also suitable for holding various small-scale music activities.
- (iii) LCSD has launched the "Open Stage" Pilot Scheme from July to December 2010 to provide more room for arts enthusiasts to showcase their creativity and performing talents. Specific zones at the Hong Kong Cultural Centre piazza, the Sha Tin Town Hall plaza and the Kwai Tsing Theatre plaza are designated as places for public performances by individuals or organizations. We welcome the staging of a wide spectrum of performing art forms such as acoustic band, instrumental music, percussion, dance and singing. The Scheme is implemented on a trial basis for six months and will be subject to review on its effectiveness.

Apart from the above measures, government sites which are not required for long-term development in the near future or which are not covered by Outline Zoning Plan are open for applications by organizations for renting for the purposes of organizing temporary performances or related activities. If the Government land under application is suitable for such temporary uses, the Lands Department (LandsD) will consider leasing the land in the form of a short term tenancy, provided that the application is supported by relevant Policy Bureaux and that there is no reasonable objection

from relevant government departments and the local community. LandsD has compiled a list of such vacant sites available for application by District Councils and district bodies for beautification or other suitable temporary uses.

In addition, non-government venues, including the Hong Kong Academy for Performing Arts, Hong Kong Arts Centre, Jockey Club Auditorium of The Hong Kong Polytechnic University, Black Box Theatre of the Jockey Club Creative Arts Centre, HKICC Lee Shau Kee School of Creativity, and the Avenue of Stars at Tsimshatsui promenade are available for application by individuals or organizations for staging performances. The Hong Kong Arts Centre also presents "Street Music Series" from time to time at its main entrance for musicians and songwriters to play music of different styles and interact with the audience, thus nurturing an outdoor music culture.

- (b) The Hong Kong Arts Development Council started, in June 2010, a "Survey on the Current Status of Industrial Buildings for Arts Activities and Future Demand". The survey examines the current situation of the use of industrial buildings by arts practitioners and looks into their needs and concerns. It is expected that the survey and related analysis will be completed by the first half of 2011, and that the findings will provide reference information on the situation of arts activities at industrial buildings.
- (c) Government premises are mainly for office use by bureaux/departments or for the provision of public services. Under the current accommodation policy, surplus government premises should first be put to suitable government use by the Government Property Agency (GPA), failing which the GPA will consider the suitability of opening such premises for commercial use. The GPA will arrange the commercial letting of those surplus government premises suitable for commercialization through open tender, and interested parties may submit their bids for the premises concerned. At present, according to the GPA records, there are no surplus government premises that are suitable for use as performance venues or open-air concerts.

- (d) To actively bring the arts and culture to the public and encourage public participation in the process so that the arts can better integrate with the community, we are considering various measures to provide a conducive environment for outdoor performances:
- (i) A major planning design principle adopted by the West Kowloon Cultural District (WKCD) Authority is to develop the WKCD into an integrated arts and cultural district with intrinsic arts and cultural components in public spaces, inside and outside of individual arts and cultural facilities, in the infrastructure as well as in landscaping. Echoing this fundamental principle, all the three Conceptual Plan Options now being displayed under the Stage 2 public engagement exercise allow the possibility of organizing a variety of arts and cultural activities including outdoor performances in public open spaces. Taking into account the views collated, the WKCD Authority will select one of the Conceptual Plan Options early next year to form the basis for the preparation of a detailed Development Plan.
  - (ii) Depending on their designated uses, some of the historic buildings can provide space for arts and cultural activities after revitalization. For example, the revitalization project of the Central Police Station Compound, of which the detailed programming plan is being developed, is capable of providing multi-purpose space for educational activities and performing arts, including a place for outdoor performances.
  - (iii) In planning new district areas, the Administration will consider whether there is a need to reserve land for conducting open-air performances (including music concerts) where appropriate. For instance, under the development plan of the Wan Chai Development Phase II, the area west of the Hong Kong Convention and Exhibition Centre has been designated as an "Arts and Cultural Precinct", with a view to complementing the development of the arts and exhibitions. The preliminary proposal includes open-air performance venues in the Precinct, the details of which are to be worked out at the detailed design stage.

**Inspection of West Rail Line**

11. **MR CHEUNG HOK-MING** (in Chinese): *President, it was reported a few months ago that cracks and water seepage were found in the bridge columns supporting the rail tracks of the West Rail Line of the MTR Corporation Limited (MTRCL), which had been commissioned for less than seven years. In this connection, will the Government inform this Council whether:*

- (a) MTRCL has conducted a comprehensive and detailed inspection of all the bridge columns for the West Rail viaducts to find out if they are of the same conditions described above; if it has, of the specific inspection results; if not, the reasons for that;*
- (b) it has assessed the causes for the cracks and water seepage found in those bridge columns, and whether the persistent recurrence of such conditions will affect the structure of these bridge columns; and*
- (c) it has used ultrasound or other high-tech tools to inspect the corrosion of steel bars in and the concrete density of those problematic bridge columns; if it has, of the results; if not, what methods were adopted by MTRCL for assessing the structural safety of bridge columns?*

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

(a) and (b)

The section of the West Rail Line between Tuen Mun and Nam Cheong Stations was constructed by the Kowloon-Canton Railway Corporation (KCRC) and commenced operation in December 2003. Following the Rail Merger, the MTRCL took over the operation and maintenance of the KCR railway network, including the West Rail Line.

The Buildings Department (BD) is responsible for the monitoring of the buildings and building works managed by the MTRCL, including the viaduct piers along the West Rail Line. The MTRCL is

required to regularly inspect and maintain its buildings and building works to ensure railway safety.

The MTRCL maintains its facilities, systems and trains in accordance with an established maintenance management system. This system also applies to the maintenance of the facilities of the KCR network to ensure safe and smooth railway operation.

According to the MTRCL, the corporation has been conducting regular structural inspections of the 409 viaduct piers of the West Rail Line. This includes visual inspection once a year and hammer tapping test once every five years to examine the quality of concrete and to check for any concrete spalling. The BD accepts that these inspection methods are commonly adopted by the industry.

When the BD became aware of the reports on the cracks at one of the viaduct piers located between Yuen Long and Long Ping Stations of the West Rail Line on 20 August 2010, the BD immediately contacted the MTRCL to find out about the situation. A joint site inspection with the MTRCL was conducted on 23 August 2010. During the inspection, minor cracks were found at that viaduct pier but there was no safety problem on the overall structure.

According to the MTRCL's records, the KCRC had found minor cracks at 24 viaduct piers after the completion of the construction works of the West Rail Line in mid-2003. The consultancy firm which was responsible for the design and the independent consultancy firm which was responsible for scrutinizing the design at that time had reviewed the design respectively and concluded that the minor cracks would not affect the overall structure. In 2005, the KCRC appointed another independent consultancy firm to review the design of the 24 viaduct piers. The appointed consultancy firm recommended that strengthening works to one viaduct pier and suitable repair works for the remaining 23 should be carried out to ensure the durability of the viaduct piers. The KCRC had followed the recommendations and completed the strengthening and repair works in 2005 and 2006 respectively.

- (c) According to the MTRCL, the above visual inspections and hammer tapping tests have been regularly conducted to examine the building structures of the West Rail Line (including the viaduct piers) and monitor the condition of the cracks. During the annual visual inspection of the structures of the viaducts of the West Rail Line in March 2010, out of the 409 viaduct piers, 16 were found to have minor surface cracks that would require repair. However, no water seepage was observed at the concerned viaduct piers. As these are minor surface cracks, there was no adverse impact on the overall structure of the viaduct piers. The concerned repair works were commenced in August 2010 and are expected to be completed in the second quarter of 2011. The MTRCL will continue to monitor the condition of the cracks to ensure railway safety.

The MTRCL understands the public concern of the matter and has engaged an independent consultancy firm to conduct another detailed structural assessment of the condition of the cracks. The assessment report will be submitted to the BD, which will determine whether any follow-up actions are required after examining the report.

### **Regulation of Cosmetic Contact Lens**

12. **DR JOSEPH LEE** (in Chinese): *President, at present, contact lenses for vision correction are classified under the law as a medical device and must be prescribed and supplied on prescription by qualified registered professionals, for example, optometrists or ophthalmologists, and so on, whereas the sale of non-vision-correction contact lenses (for example, most of the popular cosmetic contact lenses available on the market) is not covered by the legislation. Nevertheless, using non-vision-correction contact lenses is equally risky, thus it is necessary to conduct a thorough examination of the curvature of the users' eyeballs and the users themselves must know the ways to cleanse and the technique to wear such lenses, or else they may contract eye diseases such as keratitis. Some optometrists have pointed out that inadequate regulation of non-vision-correction contact lenses by the Government at present directly threatens the optical health of the public, who may also neglect the risks of using such lenses as a result. In this connection, will the Government inform this Council:*



- (a) *whether the authorities have information on the number of cases in the past three years in which members of the public contracted eye diseases as a result of using non-vision-correction contact lenses and subsequently sought medical treatment from the Hospital Authority (HA); if so, among these cases, of the number of cases which involved contact lenses that were not supplied by qualified registered professionals on prescription; if not, whether the authorities will consider keeping such statistics in future;*
- (b) *whether the Government has information on the number of cases in the past three years in which persons who were not registered professionals supplied contact lenses for vision correction on prescription; if so, whether prosecutions had been instituted, and of the details; if not, the reasons for that;*
- (c) *given that in reply to a question raised by a Member of this Council on 31 January 2007, the former Secretary for Health, Welfare and Food said that legislation would be introduced to classify cosmetic contact lenses as medical devices, of the progress of the work in this regard; and*
- (d) *whether the Government will step up public education and publicity on correct usage of contact lenses, so as to enhance the public's knowledge of using such lenses; if it will, of the details; if not, the reasons for that?*

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

- (a) The numbers of cases in the past three years in which people sought treatment at the ophthalmology clinics of the HA for microbial keratitis caused by contact lenses are as follows:

<i>Year</i>	<i>Number of cases</i>
2008	80
2009	146
2010 (as at June)	67

The HA has not categorized the cases into those of non-vision-correction contact lenses and those of contact lenses for vision correction. The Department of Health (DH) has not received report of cases in which members of the public contracted eye diseases as a result of using non-vision-correction contact lenses.

- (b) Under the Supplementary Medical Professions Ordinance (Cap. 359), only qualified registered professionals are allowed to prescribe contact lenses or supply such lenses (including contact lenses for vision correction) on prescription. Over the past three years, the DH has not received complaints about unregistered professionals selling contact lenses for vision correction.
- (c) The Administration is taking steps to establish statutory regulation of medical devices and will consult the Health Services Panel of the Legislative Council shortly. The proposed regulatory approach includes empowering the Director of Health to, having taken into account the local situation and the views of relevant stakeholders, decide to regulate certain specific products such as non-vision-correction contact lenses in order to protect public health.
- (d) To enhance public education on correct usage of contact lenses, the DH has produced and published on its website information leaflets on usage of contact lenses, including "What is Contact Lens?" and "Tips on Using Contact Lens Solution". Members of the public are reminded to strictly follow the instructions of qualified registered optometrists and ophthalmologists and to use and take care of their lenses properly when they use contact lenses. Besides, the DH also plans to step up publicity and education specifically for high-risk groups (for example, the youths) and during certain festivals (for example, Halloween and Christmas).

### **Statistics on Organ Donation**

13. **MR ALBERT CHAN** (in Chinese): *President, recently, quite a number of members of the public have relayed to me that the organ donation website of the*

*Department of Health (DH) only provides the annual number of organ donation without regularly showing the number of new registrants for organ donation, making it difficult for members of the public to assess the effectiveness of the authorities' campaign to promote organ donation. In this connection, will the Government inform this Council:*

- (a) of the current number of registrants on the Centralised Organ Donation Register (CODR);*
- (b) of the respective annual numbers of successful transplant operations involving donated organs conducted in the five years prior to the launch of CODR; and the respective annual numbers of successful transplant operations involving donated organs conducted since the launch of CODR;*
- (c) of the reasons why all along the number of new registrants for organ donation has not been regularly made public on the organ donation website; and*
- (d) whether it will consider regularly publishing the number of new registrants for organ donation; if it will, of the details; if not, the reasons for that?*

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

- (a) With the advancement in medicine and medical technology, organ transplant through donation can not only give a new life to people in need, but also improve their quality of life. Driving home the importance of organ donation to the public, however, is a process that takes time because organ donation also entails consideration from the cultural point of view and there are different views among the community. The Government has all along endeavoured to promote organ donation through a variety of means. For instance, the Government established a CODR for the public on 24 November 2008 to provide a reliable and effective way to identify people with

brain stem death and suitable for donation of their organs for transplant purpose. As at 30 September 2010, more than 60 000 members of the public have registered through CODR indicating their willingness to donate their organs after death. In this connection, we would like to express our gratitude to various community groups for their assistance and contribution in promoting organ donation. We will continue our effort in working closely with the relevant organizations to organize different kinds of activities to further disseminate the message of organ donation.

(b) The DH has launched the CODR since November 2008. The statistics of organ donations from 2007 to 2009 are at Annex.

(c) and (d)

Apart from establishing the CODR in November 2008, DH has also set up an organ donation thematic website at <<http://www.organdonation.gov.hk>>, providing information on organ donation, including the number of cases in which organs have been donated for transplant and the number of persons on the waiting list for organ transplant since 2001 up to the present. Such statistics, updated on an annual basis, are uploaded to the website for public reference.

Apart from launching organ donation promotional activities, latest statistics on organ donation and the increase in the number of registrations will also be disseminated to the community through different channels such as seminars, exhibitions, press release or media interviews. We will also make use of these opportunities to appeal to the public to support organ donation and take action through online registration as organ donors after death. In response to social changes and to enhance the promotion of organ donation among young people, the Government will consider promoting organ donation and online registration through various means, such as promotion at universities, so as to benefit more people in need.

## Annex

## Statistics of Organ Donation from 2007 to 2009

Year	Organ/tissue										
	Kidney			Liver			Heart	Double Lung	Cornea (pieces)	Skin	Long bone
	Cadaveric	Living	Total	Cadaveric	Living	Total					
2007	58	8	66	26	41	67	5	1	198	13	1
2008	65	12	77	26	42	68	6	1	211	19	1
2009	87	8	95	43	41	84	10	2	203	17	0

Source: Hospital Authority, 7 October 2010

### Problem of Flight Delay

14. **MS MIRIAM LAU** (in Chinese): *President, there have been complaints about the increasing severity of delay of flights to and from the Mainland at the Hong Kong International Airport in recent years, and in particular, the situation is even worse when the weather is unstable. The complaints have also alleged that quite often a flight was informed that it was not cleared for taking off just before it was about to commence its take-off run and thus it had to wait for instructions at the aerodrome, causing the passengers to wait for a long time inside the cabin until the pilot received the take-off advice. In this connection, will the Government inform this Council:*

- (a) *of the number of flights to and from the Mainland which used the Hong Kong International Airport in each of the past 12 month, the number of delayed flights among them, the number of affected passengers and the destinations involved in the worst flight delays; whether the duration of such delays has increased as compared with that in the past two years, and of the percentage of increase;*
- (b) *whether the authorities know the causes of such serious flight delays, and whether they have assessed the impact of flight delays on the aviation industry; and*
- (c) *given that some members of the aviation industry have relayed to me that, in addition to a well developed international aviation network, it is very important to maintain punctual flight services to enable*

*Hong Kong to become an international aviation hub, and that with the continuous expansion of Mainland airports, the number of flights to and from the Mainland using the Hong Kong airport is expected to continue to rise in the future, whether the authorities have actively studied improvement plans in relation to the aforesaid problem of flight delays; if so, of the details; if not, the reasons for that?*

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

- (a) The numbers of delayed departure flights for the Mainland (up to June 2010) are tabulated below:

<i>Month</i>	<i>Total number of departure flights for the Mainland</i>	<i>Number of delayed departure flights (percentage)</i>
July 2009	5 680	203 (3.6%)
August 2009	5 902	513 (8.7%)
September 2009	5 437	322 (5.9%)
October 2009	5 998	141 (2.4%)
November 2009	5 596	274 (4.9%)
December 2009	5 593	293 (5.2%)
January 2010	5 402	240 (4.4%)
February 2010	4 968	221 (4.5%)
March 2010	5 514	219 (4.0%)
April 2010	5 775	241 (4.2%)
May 2010	6 150	339 (5.5%)
June 2010	5 932	395 (6.7%)

Flights arriving from the Mainland might also be delayed, but the Civil Aviation Department (CAD) does not have the relevant statistics.

The CAD has been monitoring closely the situation of delayed departure flights for the Mainland. The relevant statistics in the past three years are set out below:

<i>Year</i>	<i>Number of delayed departure flights</i>	<i>Average delay time (minutes) and percentage change</i>
2008 (whole year)	2 114	55.4
2009 (whole year)	2 045	35.7(-35.6%)
2010 (January to June)	1 655	41.2(+15.4%)

More serious delay was experienced by flights for Beijing and Shanghai. The CAD does not have information on the number of affected passengers.

- (b) The major causes of flight delays include bad weather, limitations on air routes or airspace, air traffic in excess of air traffic management handling capacity, and so on. Under these circumstances, the Mainland authorities will impose air traffic flow control to ensure aviation safety. Flight delays not only inconvenience passengers, but also possibly affect the airlines' deployment of aircraft, thereby increasing their operation costs. Given that the circumstances of flight delays vary, such as the different routes involved and the number of flights and passengers affected, it is difficult to quantify in simple terms the impact of flight delays on the aviation industry.
- (c) The CAD has been following up the problem of flight delays with the Mainland authorities. We understand the Civil Aviation Administration of China (CAAC) is reviewing the air traffic operations in the central part of the Mainland and a new radar control sector was established in Zhengzhou in mid-September 2010 to increase the traffic handling capacity and alleviate delays. Meanwhile, to improve the flight delay situation in the eastern part of the Mainland, the CAAC reduced the radar separation requirement between aircraft operating in the Xiamen/Hangzhou region in September 2010 to increase air traffic flow. These new measures will help ease air traffic flow between Hong Kong and the northern (including Beijing) and the eastern (including Shanghai) parts of the Mainland.

In addition, the CAD convened a co-ordination meeting with the local airlines in September 2010 to discuss improvement measures that could help the airlines handle more effectively flight delays caused by air traffic flow control on the Mainland. The CAD will

disseminate information on flow control to the airlines as soon as possible so that the airlines can take contingency measures and minimize passengers' in-cabin waiting time. The airlines support the proposed measures and the CAD is finalizing the procedural details for early implementation.

### **Operation of Hong Kong Girl Guides Association**

15. **MR LEUNG KWOK-HUNG** (in Chinese): *President, after the Secretary for Home Affairs answered my question concerning the operation of the Hong Kong Girl Guides Association (the Association) on 14 July this year, I have received complaints from parents, members of women groups, Unit guiders and kindergarten teachers that there were serious problems with the Association's management, accounts and use of donations. There were even complaints that after the departure of its Chief Executive in early October this year, the Association had appointed a staff member with only secondary education level to fill the important post of the Chief Executive, which has deviated from the basic academic qualification requirements for heads of statutory bodies in general. In this connection, will the Government inform this Council:*

- (a) *whether it knows if the Association will publish the provisions of its "Constitution" and "Policy, Organization and Rules" on the Internet to enable members of the public and donors to have a clear understanding of the Association; if it will, when the provisions will be published; if not, the reasons for that;*
- (b) *whether it knows if the incumbent Chief Executive of the Association is a university graduate; if she is, of the university from which she graduated and the year of graduation; if she is not, the reasons for the deviation from the basic academic qualification requirements for heads of statutory bodies in general;*
- (c) *whether it knows the number of girl guides units which received raffle refund from the Association in each of the past two years, broken down by the percentage of refund in the following table;*



2008-2009	Percentage of refund	Number of units	2009-2010	Percentage of refund	Number of units
<i>The first 500 lottery tickets</i>	12%		<i>The first 500 lottery tickets</i>	13%	
<i>The 501st to 1 000th lottery tickets</i>	15%		<i>The 501st to 1 000th lottery tickets</i>	15%	
<i>The 1 001st to 2 500th lottery tickets</i>	25%		<i>The 1 001st to 2 500th lottery tickets</i>	25%	
<i>The 2 501st to 3 500th lottery tickets</i>	35%		<i>The 2 501st to 3 500th lottery tickets</i>	35%	
<i>The 3 501st and above lottery tickets</i>	40%		<i>The 3 501st and above lottery tickets</i>	40%	

- (d) *given that the Association had pointed out in its open letter dated 16 September this year that the sale of lottery tickets had been conducted for more than 20 years and the percentage of refund to its units had never been in the region of 50%, whether it knows if it was the case that for each lottery ticket sold at \$2 in 1992 and before, \$1 was refunded to the units;*
- (e) *given that while the Association had asserted in its open letter dated 16 September this year that its 2009 financial report was open information, quite a number of members of the public have complained to me that the report is not available on the website of the Association and requests from members of the public for perusal of the report have been rejected by the Association, whether the Government will immediately publish the report submitted by the Association; if it will, when the report will be published and where the report can be obtained; if not, of the reasons for that;*
- (f) *given that one of the objectives of the Girl Guides Enhancement Scheme (Phase V), which is implemented by the Association using grants from the Education Bureau, is to provide subsidies to schools*

*or institutions for purchasing essential materials for the establishment of new units and leadership training, whereas some teachers have complained that while the deadline for application was 31 January 2011, the Association had refused to accept applications from schools in October this year, whether the Government knows the quota for schools or institutions to apply for subsidies under the Scheme, why the Association has refused to accept applications from schools before the deadline for applications, the names of the schools which have submitted applications, and among them, the number of schools which are operated by or whose operation involves the participation of the incumbent Hong Kong Chief Commissioner and her family members, as well as the names of the schools which had received subsidies under the Girl Guides Enhancement Scheme (Phase IV); and*

- (g) *whether it knows the venue of the Association's annual dinner to be held in November this year, the estimated expenses, the number of tables reserved, the necessity of choosing this venue, and whether it is feasible to choose some other venues that will incur lower expenses (for example, the Association's Headquarters), so that the savings from dinner expenses may be used on the development of girl guides units?*

**SECRETARY FOR HOME AFFAIRS** (in Chinese): President, the Association was established in 1916. As an independent statutory body, the Association is subject to legislation, its constitution and internal rules as far as its operation is concerned. The Government respects its independent status. My reply to the question of Mr LEUNG Kwok-hung is as follows:

- (a) At present, any person who wishes to read the constitution of the Association may make a request to the Association by email or in writing for a copy. We understand that the Association intends to upload such information as its constitution to its website for public browsing. The preparation is now underway.
- (b) The post of the Chief Executive of the Association is now vacant and its duties are temporarily undertaken by Senior Executives. The

Association has conducted an open recruitment for the post. According to the information provided by the Association, possession of a degree is one of the entry requirements.

- (c) According to the information provided by the Association, depending on the number of raffle tickets sold, the girl guides units will obtain different percentages of refund from the raffle sales. Such refund will be used by the units as resources in addition to their basic operational funding. The respective numbers of units participated in the raffle sales in 2008-2009 and 2009-2010 are 714 and 715. The respective numbers of girl guides units which received refund from the raffle sales at various levels of refund percentages are:

2008-2009			2009-2010		
<i>Number of raffle tickets sold by units</i>	<i>Percentage of refund</i>	<i>Number of units</i>	<i>Number of raffle tickets sold by units</i>	<i>Percentage of refund</i>	<i>Number of units</i>
The first 500 raffle tickets	12%	714	The first 400 raffle tickets	13%	715
The 501st to 1 000th raffle tickets	15%	229	The 401st to 1 000th raffle tickets	15%	331
The 1 001st to 2 500th raffle tickets	25%	53	The 1 001st to 2 500th raffle tickets	25%	47
The 2 501st to 3 500th raffle tickets	35%	12	The 2 501st to 3 500th raffle tickets	35%	15
The 3 501st and above raffle tickets	40%	7	The 3 501st and above raffle tickets	40%	8

- (d) According to the information provided by the Association, each raffle ticket was sold at \$2 before 1992. Starting from the sale of the 1 001st ticket, a maximum of \$1 was refunded to the units per ticket. The refund was less than \$1 when the sale was below 1 000. Hence, the average percentage of refund was under 50% at that time.

- (e) The Association has clearly indicated that its financial report is open information. It is prepared to respond to requests made via email or in writing and arrange for the provision of the report.
- (f) According to the information provided by the Association, a quota of seven new units is available to schools or institutions under the HKGGA assistance programme for this academic year. So far, three schools have applied and their applications have been approved. They are:
  - (i) SKH Chi Fu Chi Nam Primary School;
  - (ii) Hong Chi Morninghope School, Tuen Mun; and
  - (iii) FSFTF Fong Shu Chuen Primary School.

The incumbent Hong Kong Chief Commissioner and her family members have not operated or participated in the operation of the above three schools. According to the information provided by the Association, the Association has not refused applications from any schools or institutions since the Scheme was launched for applications on 17 May 2010.

Under Phase IV of the Scheme, a quota of seven new units was available and a total of four applications had been received and approved. The schools or institutions which had received subsidies were:

- (i) PLK Wong Wing Shu Primary School;
  - (ii) CCC Hoh Fuk Tong Primary School;
  - (iii) TWGHS Wong Yee Jar Jat Memorial Primary School; and
  - (iv) Hong Kong Sheng Kung Hui Shatin Children and Youth Integrated Service Centre.
- (g) According to the information provided by the Association, the annual dinner is held to thank various organizations and volunteer workers for their support. Considering that the Association's Headquarters is too small to accommodate the estimated number of participants, the Association has chosen the more spacious Hong Kong Convention and Exhibition Centre as the venue for this year's

annual dinner. The venue has a capacity for a maximum of 33 tables and the cost of hosting each table is HK\$7,800. The Association has not used its fund for the annual dinner. The expenditure of the annual dinner is financed by fees paid by participants of the event and sponsorship from the Organising Committee.

### **Prosecution Policy on Assault on Police Officers**

16. **MS EMILY LAU** (in Chinese): *President, in August this year, Ms Amina Mariam BOKHARY was placed on probation for 12 months in a case of assault on police officers, arousing the dissatisfaction of some police organizations and the public that the penalty imposed was too light. Some members of the public even staged processions to complain about miscarriages of justice. Both section 63 of the Police Force Ordinance (PFO) (Cap. 232) and section 36(b) of the Offences against the Person Ordinance (OAPO) (Cap. 212) deal with assaults on police officers, but the penalties are different. While on the aforesaid case the Government instituted prosecution by invoking PFO which imposes a lighter penalty, it chose to institute prosecution against protesters alleged to have assaulted police officers by invoking OAPO which imposes a heavier penalty, hence it was criticized as being selective in instituting prosecutions. In this connection, will the executive authorities inform this Council:*

- (a) *of the respective factors of consideration for choosing which of the aforesaid two Ordinances to invoke to prosecute persons alleged to have assaulted police officers;*
- (b) *of the respective numbers of prosecutions instituted by invoking PFO and OAPO in the past three years for assaults on police officers; and among them, whether OAPO was invoked in all the prosecutions against protesters; and*
- (c) *whether consideration will be given to amending the legislation to stipulate standardized penalties for assaults on police officers?*

**SECRETARY FOR SECURITY** (in Chinese): President,

- (a) For cases involving assaults on police officers, in deciding whether prosecution should be instituted and if so, under which provision, the police will take into account circumstances of the criminal conduct involved and the evidence collected and where necessary, obtain legal advice from the Department of Justice. The police will seek legal advice beforehand if they intend to proceed with a charge pursuant to section 36(b) of the OAPO. Prosecutors of the Department of Justice will make the decision to prosecute in respect of each case independently in accordance with established principles as set out in the "Statement of Prosecution Policy and Practice" so as to appropriately and sufficiently reflect the criminal liability of the defendant.
- (b) According to the relevant records, the number of persons prosecuted under section 63 of the PFO in 2008, 2009 and first half of 2010 is 160, 131 and 65 respectively.

On the other hand, the number of persons prosecuted for offences under section 36 of the OAPO in 2008, 2009, and first half of 2010 is 288, 246 and 110 respectively. The police do not maintain a breakdown of prosecution figures under each of the three sub-sections of section 36. The three sub-sections under section 36 are: section 36(a) "assaults any person with intent to commit an arrestable offence", section 36(b) "assaults, resists, or wilfully obstructs any police officer in the due execution of his duty or any person acting in aid of such officer", and section 36(c) "assaults any person with intent to resist or prevent the lawful apprehension or detainer of himself or of any other person for any offence".

As for cases involving demonstrators, in particular the statistics of prosecutions instituted against participants of public procession or public assembly, the number of relevant persons prosecuted under section 63 of the PFO in 2008, 2009 and first half of 2010 is 0, 0 and three respectively; while the number of persons prosecuted under section 36(b) of the OAPO is one, four, and 0 respectively.

- (c) The police have consulted the Department of Justice in relation to the prosecution of cases involving assault on police officers and have issued internal guidelines in August this year based on the recommendations of the legal advice. The guidelines require all front-line officers to seek legal advice beforehand if they intend to proceed with a charge pursuant to section 36(b) of the OAPO. We believe that these guidelines will further ensure the consistency in enforcing the relevant provisions.

We will continue to keep in view the developments and will keep in contact with the Department of Justice and the police in order to closely monitor the implementation of the new guidelines and any area that requires improvement.

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

17. **DR LAM TAI-FAI** (in Chinese): *President, regarding the depreciation allowances on machinery and plants under section 39E of the Inland Revenue Ordinance (IRO) (Cap. 112) (section 39E), will the Government inform this Council:*

- (a) *given that in his reply to my question raised at the Chief Executive's Question and Answer Session on 13 July this year, the Chief Executive said that Hong Kong levies tax on a territorial basis, and once any capital or economic activity leaves Hong Kong, it will be dealt with in a different way, which must not contravene the territorial source principle of taxation, whether the authorities can explain this view in detail;*
- (b) *why Hong Kong manufacturers are entitled to depreciation allowances on capital expenditure for their investments in commercial buildings or structures on the Mainland but the machinery or plants installed on the Mainland are not entitled to the same arrangement;*
- (c) *given that in his reply to my question raised on 25 November 2009, the Secretary for Financial Services and the Treasury indicated that*

*the Government considered that the implementation of section 39E by the Inland Revenue Department (IRD) was in accordance with the legislation and was supported by case law, whether the view was put forward by the Department of Justice (DoJ); if so, of the details, and whether section 39E is applicable to non-tax avoidance circumstances; if not, whether DoJ has been consulted on this, and of the details; apart from the Board of Review (BoR) case, whether there are other related court cases; if so, of the details; if not, the reasons for that;*

- (d) given that according to the current taxation principles, in calculating taxable income or profits, taxpayers may apply for deductions on "outgoings and expenses, to the extent to which they have been incurred in the production of chargeable profits", and the relevant profits earned by Hong Kong manufacturers from using machinery or plants on the Mainland are regarded as taxable profits in Hong Kong, why Hong Kong manufacturers, under the same principle, are not entitled to depreciation allowances on the machinery or plants concerned;*
- (e) given that some members of the trade have pointed out that after section 39E was amended in 1992, IRD did not interpret the arrangement under which Hong Kong manufacturers made available their machinery facilities in Hong Kong for use by Mainland outsourced processors free of charge as equivalent to usages under "lease", and did not restrict such Hong Kong manufacturers from being entitled to depreciation allowances on the facilities concerned, and this situation went on until IRD suddenly changed the interpretation of the definition of "lease" in recent years, and withdrew those depreciation allowances granted and recovered taxes from the enterprises concerned, of the reasons for a sudden change in the position of IRD; of the annual number of cases and tax amount involved in the withdrawal by IRD of the depreciation allowances already granted since 2000 (list in table form);*
- (f) given that the authorities have indicated that in relaxing the restrictions of the anti-avoidance provisions in section 39E, there are practical difficulties in implementation and may lead to tax*



*avoidance loopholes, whether the authorities have encountered difficulties in implementation and tax avoidance loopholes when levying taxes on international trade and economic activities of other nature; if they have, how they coped with such difficulties, and whether the practical difficulties encountered in relaxing section 39E may be coped with in similar ways; if not, of the reasons for that;*

- (g) given that the authorities have indicated that there are practical difficulties in relaxing the restrictions under section 39E, whether the authorities will explain specifically such practical difficulties in detail, and whether there is evidence to support such views; if so, of the details; if not, the reasons for that; and*
- (h) given that some members of the trade have pointed out that IRD has used difficulties in implementation to justify applying the unfair taxation arrangements to persons who have not avoided tax, which violates the legislative intent of section 39E, whether the Government has assessed if there is such an unfair situation at present; if an assessment has been conducted, of the outcome; if not, the reasons for that?*

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

(a), (b) and (d)

As indicated in our reply to the written question raised by Dr LAM Tai-fai on 4 November 2009, section 39E of the IRO aims at limiting tax avoidance opportunities in various forms of machinery or plant leasing arrangements. Capital expenditure on commercial buildings or structures is not restricted by section 39E.

In fact, if Hong Kong enterprises wish to claim depreciation allowances in Hong Kong for their capital expenditure on commercial buildings or structures constructed in the Mainland, they have to meet two prerequisites: (1) the commercial buildings or structures in the Mainland do not constitute the permanent

establishments of the Hong Kong enterprises in the Mainland (for example, factories and offices in the Mainland would not be qualified), otherwise, capital expenditure on such buildings or structures should be handled according to the Mainland tax laws; (2) the commercial buildings or structures in the Mainland are constructed for the purpose of producing chargeable profits in Hong Kong. Given the above two prerequisites, only rare cases are eligible for claiming depreciation allowances in Hong Kong for capital expenditure on commercial buildings or structures in the Mainland.

Moreover, under the "import processing" arrangements, the relevant Mainland enterprises are separate legal entities which make direct use of the machinery or plant to produce goods for sale to the Hong Kong enterprises or other buyers with a view to generating profits in the Mainland. Based on the territorial source principle of taxation, the profits of these Mainland enterprises are derived from the Mainland and hence not chargeable to Hong Kong profits tax. According to the same principle, since the Hong Kong enterprises engaging in "import processing" in the Mainland conduct merely product trading activities, only profits derived from their trading activities but not the profits earned by the above Mainland enterprises would be subject to Hong Kong profits tax. As such, the Hong Kong enterprises would not be granted depreciation allowances in relation to the production of profits by the Mainland enterprises.

(c) and (h)

As indicated in our reply to the written question raised by Dr LAM Tai-fai on 25 November 2009, the written decision of the BoR on the case with reference no. D61/08 (24 IRBRD 184) pointed out that section 39E had not stipulated that there should be "an intention to avoid tax" for the application of the provision. At the hearing of the above case, the Commissioner of Inland Revenue was represented by a barrister appointed by the DoJ. This demonstrates that the implementation of section 39E by the IRD is in accordance with the legislation and is supported by case law.

Apart from the above BoR case, there is no other court cases related to section 39E.

- (e) The definition of "lease" was provided in the IRO when section 39E was enacted in 1986. The IRD takes enforcement actions in accordance with the relevant legislative provisions. The IRD updated the Departmental Interpretation and Practice Note (DIPN) No. 15 in 2006 to include detailed explanations and examples so that it could more clearly reflect the real situation and the principles laid down by court cases. The said DIPN has not changed the definition of "lease". Since the IRD normally adopts the "Assess First, Audit Later" mechanism in making tax assessments, if the IRD confirms subsequently that the taxpayers are not eligible for claiming depreciation allowances, it will carry out back tax assessments and recover the profits tax from the relevant individuals/companies. The IRD does not have data on the amount of back tax assessed in question.
- (f) We would review from time to time the tax regime of Hong Kong, taking into account changes arising from the development of international economic and trading activities, business restructuring as well as operational enhancement. In drawing up and amending the tax laws, we would devise relevant anti-avoidance provisions to tackle possible loopholes or abuse in the course of implementation. In fact, the anti-avoidance provision of section 39E was enacted to tackle specifically the then tax avoidance cases emerged in the society.
- (g) As indicated in our replies to the written questions raised by Dr LAM Tai-fai on 21 October and 4 November 2009, there are a lot of practical difficulties in relaxing the relevant restriction, including whether the machinery or plant used in the Mainland is producing profits chargeable to tax in Hong Kong; whether it is used solely for the manufacturing of goods sold to the Hong Kong enterprise; whether the machinery or plant has been sold; whether the goods so produced are wholly sold to the Hong Kong enterprise; whether depreciation allowances for the same machinery or plant have been claimed by other enterprises, and so on. Although the taxpayer has

the onus of proof under the IRO, as the relevant machinery or plant is used by another enterprise outside Hong Kong and such an enterprise is usually a separate legal entity, it would be difficult for the IRD to check the actual usage of the relevant machinery or plant. The IRD also does not have the statutory power to request such an overseas entity to provide supporting documents. Moreover, when examining individual tax cases, the IRD has once discovered that the confirmation letters provided by the taxpayers were factually incorrect and there were inconsistencies between the financial statements of the Hong Kong enterprise and those of the Mainland enterprise. Hence, the IRD could not rely solely on the proof or financial statements provided by the taxpayers to resolve the enforcement difficulties. If the relevant restriction is relaxed, the specific anti-avoidance provision can easily be exploited, resulting in tax deferral or loss and a large number of cases in dispute.

### **Waste Recovery and Recycling**

18. **MR KAM NAI-WAI** (in Chinese): *President, according to the statistics of the Environmental Protection Department (EPD), about 3.18 million tonnes of municipal solid waste were recovered in Hong Kong in 2009, and among them, less than 1% was recycled locally and the rest was exported to the Mainland and other countries for recycling. Of the recyclable materials recovered locally, glass materials account for around 3 000 tonnes. Yet, glassware and glass containers have so far not been included in the Recyclables Collection Services currently provided by the Food and Environmental Hygiene Department (FEHD). In this regard, will the Government inform this Council:*

- (a) *of the average percentage of glassware and glass containers in the domestic waste collected each day at present;*
- (b) *whether the Government had, in the past two years, considered including glassware and glass containers in the Recyclables Collection Services of FEHD; if it had, of the implementation timetable; if not, the reasons for that;*

- (c) *whether it has considered extending the Glass Container Recycling Programme launched by EPD to cover all industries and districts in Hong Kong;*
- (d) *of the total number of glass recovery and recycling contractors in Hong Kong at present and the main recycling methods adopted by them;*
- (e) *given that the glass containers collected by some glass recovery and recycling contractors are crushed into glass sand to make works materials for producing eco-blocks for pavements, of the current number of pavements that are paved with recycled eco-blocks in Hong Kong, and among such blocks, the quantity of those which were produced locally; and*
- (f) *whether it will consider providing assistance and incentives for the glass recovery and recycling industry, with a view to increasing the rate of local glass recovery and recycling, thereby reducing the quantity of glassware and glass containers sent to landfills?*

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

- (a) In 2009, on average about 9 000 tonnes of municipal solid waste were disposed of at landfills in Hong Kong daily. Among them, 255 tonnes (about 2.8%) were waste glass containers.
- (b) The availability of sustainable recovery outlets is a key consideration in extending the Recyclables Collection Service Programme to cover waste glass containers. To develop local recycling outlets for waste glass, the EPD funded a research by a local university in 2004 to crush waste glass containers into particles to substitute natural river sand for the production of paving blocks. The success of the research provides an additional recovery outlet for local waste glass containers. Since 2004, there are two concrete paving blocks manufacturers making use of the recycled glass containers collected in Hong Kong. We will continue to expand actively recycling

outlets for waste glass to promote local recovery of waste glass containers.

- (c) All along the Government has encouraged the public to separate waste at source for recycling. To promote local recovery of waste glass containers, the Hong Kong Hotels Association, with the support of the EPD, launched the Glass Container Recycling Programme for the Hotel Sector in November 2008 to encourage the trade to reduce waste disposal and delivered the waste glass containers collected to local manufacturers for the production of concrete paving blocks. The EPD also encourages and supports non-profit-making organizations to organize activities and launch voluntary recovery programmes in local communities to collect waste glass containers for recycling.

Apart from the hotels that participate in the above Programme, some other hotels and large catering service providers have launched recovery programmes on glass containers individually. The EPD will seek to extend progressively the recovery of glass containers to more hotels and other sectors.

- (d) We understand that there are a few recyclers in Hong Kong that are active in the recycling of waste glass and recycle waste glass by the following means:
- two producers will crush waste glass containers into particles to substitute natural river sand for the production of paving blocks; and
  - another two recyclers will clean waste glass containers for resale and reuse as containers of non-beverage liquids;
- (e) As regards the current quantity of paving blocks used in Hong Kong which are eco-paving blocks made from recycled waste glass containers and the quantity of such blocks produced locally, we do not have the relevant figures. The eco-paving blocks with recycled glass content produced locally have been provided to the market for a relatively short period of time, such kind of paving blocks has so

far been used before in suitable public works projects under some government departments (including the Housing Department, EPD and Highways Department (HyD)), as well as in the works projects by some tertiary institutions, to try out its performance; and

- (f) In view of the satisfactory performance of the eco-paving blocks made from recycled waste glass containers in the trials so far, the Administration will promote the use of such kind of eco-paving blocks. To further promote the recovery of waste glass containers, the HyD has already stipulated in their public road maintenance contracts since this October that priority should be given to eco-paving blocks containing recycled glass content for paving concrete block pavements.

### **Arrangements Regarding Statutory Holidays**

19. **MR WONG YUK-MAN** (in Chinese): *President, after visiting a lunar new year fair in Sha Tin on 13 February 2010, the Chief Executive indicated that he was aware that a holiday on Saturday had been arranged to substitute the Lunar New Year's Day holiday of this year, which in effect rendered some members of the public losing one day's holiday, and in order to keep the legislation abreast of the times, the Government was considering amending the legislation to give the substitution of holidays greater flexibility. In addition, some trade union representatives have requested the Government to increase the number of "labour holidays". In this connection, will the Government inform this Council:*

- (a) *given that among the general holidays for 2011 promulgated by the Government, the first day of January, the third day of the Lunar New Year, the day following Good Friday and the National Day overlap with a weekend, and the situation of the public losing holidays has not been improved, whether it has assessed if such an arrangement is contradictory to the improvement being considered by the Chief Executive;*
- (b) *given that Monday, 1 October 2012 happens to fall on the 16th day of August on the Chinese lunar calendar, that is, the National Day*

*overlapping with the day following Chinese Mid-Autumn Festival, whether the authorities will designate 2 October 2012 as an additional general holiday; and*

- (c) *given that the employees of banks, educational establishments, public offices and government departments are entitled to 17 days of "general holidays" every year under the General Holidays Ordinance (GHO) (Cap. 149) but employees other than those of the aforesaid organizations are entitled to only 12 days of statutory holidays with pay, commonly referred to as "labour holidays" under the Employment Ordinance (EO) (Cap. 57), whether the authorities will consider aligning the "labour holidays" with the "general holidays" so that workers are also entitled to 17 days of statutory holidays?*

**SECRETARY FOR LABOUR AND WELFARE** (in Chinese): President,

- (a) General holidays, as provided for by the GHO, are days kept as holidays by all banks, educational establishments, public offices and government departments. There are currently 17 general holidays in a year in addition to Sundays. The Schedule of GHO stipulates the arrangements of designating an additional general holiday when a general holiday falls on a Sunday.

Earlier this year, the Chief Executive undertook to review the present arrangement whereby in the event that the Lunar New Year Day falls on a Sunday, the day before, that is, Saturday, will be designated as the additional general holiday. As this scenario will not occur until 2013, the Labour Department will make use of this interval to conduct a thorough review and consult stakeholders in due course. Nevertheless, as Saturdays are not designated as general holidays under GHO, there is no question of making arrangements for additional general holiday when a general holiday falls on a Saturday.

- (b) GHO stipulates that if two general holidays fall on the same day, the next following day that is not itself a general holiday is to be



observed as an additional general holiday. In this regard, as the National Day and the day following Chinese Mid-Autumn Festival fall on the same day in 2012, 2 October (Tuesday) will be designated as an additional general holiday.

- (c) General holidays are holidays taken by all relevant institutions (that is, days on which no service is provided) whereas statutory holidays (or so-called labour holidays) are benefits to which employees are entitled and granted by employers as required under the EO. General holidays and statutory holidays are of different nature and established under different backgrounds. Nonetheless, some employers in both the public and private sectors do, having regard to their own circumstances, offer their employees benefits above the EO requirements by granting leave on general holidays in addition to statutory holidays.

The current stipulation of 12 days of statutory holidays under the EO is a community consensus after extensive consultation. In contemplating improvements of employment benefits, including increasing the number of statutory holidays, we must strike a reasonable balance between the interests of employers and employees and, in particular, carefully consider and assess the possible impact of the proposed measures on employees' job opportunities and employers' business costs. We also need to secure the consensus of the community at large. The Administration has no plan to introduce amendments in this respect at this stage.

### **Immigration Facilitating Measures for Hong Kong and Taiwanese Residents**

20. **MR WONG TING-KWONG** (in Chinese): *President, the SAR Government has indicated that to enable Hong Kong to complement enhanced cross-strait relations, it is strengthening exchanges and co-operation with Taiwan. In this connection, will the Government inform this Council:*

- (a) *given that since January last year, the HKSAR Government has implemented two new measures for the convenience of Taiwanese residents, which are the removal of the restriction that they may submit iPermit applications only twice within a 30-day period and extension of the limit of their stay in Hong Kong to 30 days, of the number of visits by Taiwanese residents visiting Hong Kong in the whole of last year, and how such figure compares with that in the year before the implementation of these measures;*
- (b) *given that since September this year, Taiwan allows Hong Kong and Macao residents who were born in Hong Kong or Macao, are holders of a valid SAR passport and have visited Taiwan before, to submit an online application for entry permit and print their own permit for travelling to Taiwan with the fee waived, whether it knows the number to date of visits to Taiwan by Hong Kong people by means of this method and how the number of visits to Taiwan by Hong Kong residents since September this year compares with that for the same period in the previous year;*
- (c) *whether the authorities have further explored relevant facilitating measures in respect of immigration arrangements for residents in both places; if so, of the specific contents; if not, the reasons for that; and*
- (d) *whether the authorities will conduct a research on the possible impact on the local tourism industry of the measures for facilitating immigration clearance implemented by the Mainland, Hong Kong and Taiwan for residents of the three places; if they will, of the specific contents; if not, the reasons for that?*

**SECRETARY FOR SECURITY** (in Chinese): President, our response to the four parts of the question is as follows:

- (a) The arrival figures of Taiwan visitors were 2 318 000 and 2 103 000 in 2008 and 2009 respectively. The relevant number from January to September 2010 was 1 691 000.

- (b) Over 70% of SAR passport holders are eligible for the simplified entry permit application measure implemented by the Taiwanese authorities since last month. The HKSAR Government does not have the number of Hong Kong residents applying for entry permit for, or entering, Taiwan.

(c) and (d)

Apart from our facilitation measures relating to iPermit and multiple entry permit, Taiwan visitors holding "Mainland Travel Permit for Taiwan Residents" (MTP) may visit Hong Kong for seven days without the need to apply for any endorsement (that is, "permit-free") since 27 April 2009. In the first nine months of this year, about 80% of the Taiwan visitors benefited from this "permit-free" arrangement on the strength of their MTPs. The SAR Government will continue to pursue further measures to facilitate the entry of Taiwan visitors, with a view to striking a balance between the maintaining of effective immigration control and the provision of reciprocal facilitation arrangements.

Moreover, the SAR Government has been in close contact with the Central Government in further facilitating Mainlanders to visit Hong Kong. Measures implemented include, effective 1 April 2009, enabling Shenzhen permanent residents to apply for one-year multiple individual visit endorsement for Hong Kong; and effective 15 December 2009, enabling non-Guangdong residents ordinarily residing in Shenzhen to apply in Shenzhen for individual visit endorsement for Hong Kong.

The Hong Kong Tourism Board (HKTB) monitors the impact of various immigration facilitation measures on tourism performance. When a new immigration facilitation measure is implemented, the HKTB monitors closely any changes in the number and types of visitors and, where necessary, examines the causes and adjusts its strategy.

**MEMBERS' MOTIONS**

**PRESIDENT** (in Cantonese): Members' motion.

Motion of Thanks. Ms Miriam LAU will move the motion; Mr Albert HO, Mr LEE Wing-tat, Mr WONG Sing-chi, Mr Frederick FUNG and Mr Ronny TONG will move amendments to this motion; and Ms Cyd HO will move an amendment to Mr Ronny TONG's amendment.

I have accepted the recommendations of the House Committee on the time limits for speeches in the debate. Every Member may speak in any of the five debate sessions, but he/she may only speak once in each session, subject to the total speaking time limit of 30 minutes.

Like all other Members, Ms Miriam LAU and the six Members who will move amendments may speak in any of the five debate sessions, but no amendment is to be moved at this stage. Ms Miriam LAU, as mover of the motion, will have an additional 15-minute speaking time for moving the motion and making the reply, and another five minutes to speak on the amendments.

Members' speeches in a debate session should be confined to the policy areas to be debated for that session.

In each session, I will first call upon those Members who wish to speak to speak. After Members have spoken, I will suspend the meeting for 10 minutes for the relevant public officers to prepare their response. Only public officers may speak when the meeting resumes. If public officers consider the break not necessary, I will not suspend the meeting. The total speaking time limit for public officers in each session will depend on the number of speakers, but they will have a minimum of 45 minutes. After the public officers have spoken, the debate session will come to a close.

At the conclusion of the five debate sessions, Ms Miriam LAU may speak on the amendments. I will then call upon Members who will move amendments to move their amendments to this motion one after another. After Members have voted on the amendments, Ms Miriam LAU may reply on the motion. Finally, Members will vote on the original motion or the motion as amended.

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

## MOTION OF THANKS

**MS MIRIAM LAU** (in Cantonese): President, in my capacity as Chairman of the House Committee, I move the motion "That this Council thanks the Chief Executive for his address".

President, this is the eighth year that I move the Motion of Thanks. As usual, I wish to point out in the first place that this motion is not directional. It is a traditional practice required by the Rules of Procedure of the Legislative Council to give Honourable Members an opportunity to express their gratitude to the Chief Executive for his address. As regards Members who intend to move amendments to the Motion of Thanks, I respect their decision and right to do so. I hope Members will air their views freely on the Chief Executive's Policy Address during the debate sessions in these three days.

### *Concerns of Last Year*

Among the issues tackled in the last Legislative Session, I believe constitutional development and minimum wage have aroused the widest public concern. With respect to constitutional development, since the Legislative Council Panel on Constitutional Affairs published a report in June 2000, which called on the Administration to review constitutional development, there have been debates in society. The relevant committee of the Legislative Council had conducted countless meetings to scrutinize, debate and seek public views on the matter. The constitutional reform package was subsequently passed by a two-thirds majority of Members of this Council in June this year. Similarly, the Legislative Council Panel on Manpower had started to explore the issue of minimum wage as early as January 1998. After several stages of research and discussion, the Minimum Wage Bill was ultimately passed in July this year. Although formulating local legislation and setting the minimum wage level are respectively required for finalizing the specific details of implementation, it is comforting to see that we have made a big stride forward in laying a solid foundation and setting a framework in these two important areas. As such, the Legislative Council and the Administration can divert their efforts and resources to other important livelihood issues in the new Legislative Session.

*Focus in the Coming Year*

The Policy Address this year places its focus on livelihood issues, including housing, the ageing population and wealth gap. In his address, the Chief Executive has laid out his policy direction on these issues and proposed some specific measures and innovative ideas, such as the establishment of the Community Care Fund to be chaired by the Chief Secretary for Administration. Regrettably, he has not touched on the details and operational arrangement of the Fund. In the past two weeks, different sectors of society have expressed many views and have put forth different proposals in relation to the Policy Address.

As far as Members of the Legislative Council are concerned, different political parties and individual Members certainly have different views on the Policy Address, but their concerns and those of the public are mainly on housing, poverty alleviation, caring of the elderly, and so on. I believe in these three days of debate, Members will probe deeply into individual policy directions and measures. I hope the Administration can seriously listen to the views and proposals put forth by this Council and different sectors of society and take them into consideration. Only by so doing can the goal of forging consensus in the community be reached. Nevertheless, I also wish to remind the Administration not to neglect other portfolios such as those concerning the economy, political system, education, infrastructure, environmental protection and transport because these issues and topics are closely related to people's livelihood. I also hope that the Administration will actively follow up the development of the 10 major infrastructure projects and the six major industries where Hong Kong enjoys clear advantages, which the Chief Executive proposed in his past policy addresses.

*Relationship between the Executive Authorities and the Legislature*

President, I have been the Chairman of the House Committee for eight years in a trice. I must take this opportunity to thank Members for their love and support all along. One of the duties of being Chairman of the House Committee, and for the Deputy Chairman Mr Fred LI as well, is to meet with the Chief Secretary for Administration every week, to relay to him Members' views and forward the Chief Secretary's responses and the Administration's positions to Members. Although from time to time I have to handle controversial issues, I am glad to be able to bridge the executive authorities and the legislature. I believe the Deputy Chairman shares the same sense of mission as mine.

I wish to take this opportunity to point out to principle officials and Government decision makers that Members of the Legislative Council act by the power conferred by the Basic Law to relay views of their voters to the Administration, and their common goal is to resolve social problems for the well-being of the community at large. Hence, when the community and the Legislative Council unanimously hold a strong view on certain issues, public officers should listen with an open mind, respect public views and seek to resolve the problem in a pragmatic way. They should not resort to approaches like the way they had handled the Country Parks (Designation) (Consolidation) (Amendment) Order 2010 (Amendment Order), in which they exploit a loophole at the very last minute and even denied the power of the Legislative Council to amend subsidiary legislation. Not only is such an approach unacceptable, it also encroaches on the fundamental power of the executive authorities and the legislature. Although the motion to repeal the Amendment Order was passed by a majority vote in the Legislative Council, the constitutional problem arisen has yet to be resolved. I hope the executive authorities can seriously review its approach in handling this incident, so as to avoid committing the same mistake again in future.

### *Legislative Programme*

President, the Legislative Programme of the Administration is often an issue of much concern to me. According to the Legislative Programme for this Legislative Session just submitted to the Legislative Council, the Administration plans to table a total of 20 bills this year, with six bills to be tabled in the first half of the year and another 14 bills in the second half of the year. The reason why I am so concerned is that the Administration's past performance and record in this regard are far from satisfactory. Despite my repeated efforts to remind the Administration in my annual meeting with the Chief Secretary for Administration that the Administration should table the bills as early as possible, so that Members can have sufficient time to scrutinize the clauses of the bills and conduct consultation, the Administration often table a number of bills at the very end of the Session. Many of such bills tabled are controversial. For example, the Minimum Wage Bill was tabled at the last Legislative Council meeting of the 2008-2009 Session and the Competition Bill was tabled at the last meeting of the last Legislative Session.

Here, I must urge the Administration again to improve its past record and table bills to the Legislative Council as early as possible. It should also avoid tabling controversial bills at the very end of this legislative term.

President, at this moment, the construction of the new Legislative Council building is in full swing. If the construction is completed as scheduled, the motion debate on the next policy address will very likely be held in the new building in Tamar and this will be the last time that we conduct our debate in this Legislative Council Building.

While I am certainly reluctant to part with this 98-year-old historic building, a place where I have worked for 22 years, I eagerly look forward to moving into the new building which will be equipped with the latest facilities. In any case, the Legislative Council as well as the Government headquarters will move to Tamar at the same time. I anticipate that this will symbolize the narrowing down of distance between the SAR Government and the Legislative Council and their concerted efforts to create a better tomorrow for the people of Hong Kong.

With these remarks, President, I beg to move.

**Ms Miriam LAU moved the following motion: (Translation)**

"That this Council thanks the Chief Executive for his address."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the motion "That this Council thanks the Chief Executive for his address" moved by Ms Miriam LAU be passed.

This Council will now proceed to a joint debate on the motion and the amendments.

**PRESIDENT** (in Cantonese): We now proceed to the first debate session on the theme of "Developing the Infrastructure for Economic Growth". This session covers the following seven policy areas: Commerce and Industry; Development (planning, lands and works); Economic Development (other than energy);



Financial Affairs; Housing; Information Technology and Broadcasting (other than creative industry); and Transport.

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

**DR DAVID LI:** President, the banking industry has noted that the Chief Executive gave strong weight to the financial services sector in his Policy Address. We, of course, welcome this attention.

Financial services is not only a significant component of the Hong Kong economy today, it also offers considerable scope for expansion in the future. Hong Kong's prospects as an international financial centre have improved greatly following the financial crisis in America and Europe.

While the Hong Kong economy suffered a sharp contraction in the immediate aftermath of the crisis, the local banking and financial sectors weathered the storm extremely well. Hong Kong banks are well capitalized, and did not face the same issues as their overseas counterparts. With the rebound of the global economy, Hong Kong's financial institutions are ready to take advantage of the new opportunities which are now emerging.

As the Chief Executive pointed out in his Policy Address, the centre of global economic gravity is shifting to the East. Hong Kong is ideally placed to take on a significant role as the major provider of financial services in the Asian time zones.

Nevertheless, we must always remember that other centres are looking to fulfil that same role. Competition is intense, and we must work hard to cement our natural advantage. The recent news of the possible link-up between the Singapore and Australian stock exchanges is a timely reminder of how quickly the competitive landscape can change.

Therefore, the banking sector very much welcomes the close attention paid to financial services in the Policy Address, and looks forward to working closely with the Administration to achieve the goals set out by the Chief Executive.

Aggregate Renminbi deposits in Hong Kong have risen sharply in recent months: in August 2010 they stood at Renminbi 130 billion, up from Renminbi 63 billion at the end of 2009. This dramatic increase shows very clearly the success of government policies to establish Hong Kong as a centre for the internationalization of the Renminbi. It also reflects the growing demand for Renminbi-denominated business outside of the Mainland. The banking sector fully supports the continuing efforts of the Hong Kong Government in this regard. It is very encouraging to see more Renminbi bond offerings being launched in Hong Kong, and I hope that the next wave of liberalization will also cover equity linked products.

I am very pleased to note that the Government is making progress in its efforts to sign comprehensive double-taxation agreements with other jurisdictions. However, several international banking representatives here have mentioned to me that it will be helpful if the number of agreements can be expanded to include additional countries, among them more members of the European Union.

I hope that efforts can be stepped up in the months ahead. Hong Kong has already met the demands of the international community to allow reporting of tax information, and it is now time that overseas jurisdictions recognize the efforts that we have made.

Hong Kong must have a robust investor protection regime if it is to establish itself as the leading financial and asset management centre for the Asian time zone. However, we should be careful not to veer too far in the direction of invasive regulation. This requires that we constantly review our efforts to ensure that regulation is not so onerous as to impede legitimate business.

In this regard, I would highlight that we should take care to distinguish between private banking business catering to more sophisticated investors on the one hand, and the mass retail banking market on the other. These two business models should be regulated differently, in order for investor protection to be as meaningful and effective as possible. Private banking business is not only directed at local investors, but at a worldwide clientele. These investors have many options at their disposal, and will bypass Hong Kong if regulation is too cumbersome.

Current trends in the property market have distorted the banking sector's traditional role as a provider of mortgage loans to families and individuals starting their careers. First-time home buyers are very important to banks. A mortgage is a long-term commitment, and is very often the foundation of a lifelong relationship between a bank and a customer. That first-time home buyers are being priced out of the private residential market is therefore not only a personal and family issue, not only a social issue, but also an issue of great concern to the banking sector.

The My Home Purchase Plan is a market-based scheme aimed at restoring affordability to the private housing market. For the individual home buyer, it offers an outstretched hand onto the first step of the private housing ladder. Further, it leaves open the element of choice. Those who enter the scheme can take a wait-and-see attitude to the market, making a decision to buy only when they are comfortable with the decision.

From the banking sector's perspective, the Plan is very welcome indeed. It restores the banking sector's traditional relationship with first-time home buyers; it ensures that home-buyers are comfortable with their decision to buy a home; it promotes stability. It provides an alternative while other measures, including efforts to increase housing supply by releasing more land onto the market, gradually take effect. The Plan deserves our full support.

Some Members and the public at large have in the past highlighted that Hong Kong should not put all its eggs in the basket of financial services. I could not agree more. The financial sector can only prosper in a diversified and thriving business environment. It is vitally important that we foster the conditions that allow a full range of business activities to grow and bear fruit.

However, we must not take this as an excuse to neglect our natural advantage in financial services. Competition to be Number One is intense, and we cannot rest. The Chief Executive has detailed a very clear and effective strategy in financial services in his Policy Address.

President, I take great pleasure in supporting the Motion of Thanks.

**MR LAU WONG-FAT** (in Cantonese): President, I wish to declare that I am a landowner in the New Territories.

After the passage of the constitutional reform package in 2012, the Chief Executive has made it clear that the SAR Government will focus its attention on people's livelihood and economic infrastructure. I believe the general public very much welcomes the Government's undertaking and looking forward to its early implementation.

Housing has undoubtedly become a social and livelihood issue of grave concern to the people of Hong Kong. The crux of the housing problem is that housing units are in short supply, and relief measures should be focused on supplying sufficient land in a timely and effective manner to meet housing needs. In the past, in planning and taking forward major infrastructure projects and long-term housing policy, there were indeed occasions where the authorities have missed the target or could not keep abreast of the times. However, it is never too late to take remedial measures. The authorities should be resolute and make extra efforts to recover the lost ground.

In response to the current serious situation, the authorities must urgently adjust its planning and strategies for Hong Kong, expeditiously optimize the use of existing development areas and new towns, and develop the Kai Tak Development Area and other development areas in the northern New Territories. It all depends on whether the authorities are willing to take actions and adopt special measures to tackle special situations. The Government must demonstrate its determination and efficiency to tackle this problem, in order to stabilize public sentiment within a short span of time. I very much support the Government to think out of the box to review existing land uses and explore new land resources. In this regard, apart from converting industrial sites into residential sites, the Government can identify more land for more permanent use by releasing the land in the frontier closed area and carrying out coastal reclamation other than along the Victoria Harbour.

The Government can make better planning of the extensive piece of land adjacent to the border for the construction of another large new town or comprehensive development area. The original proposal of excising a large strip of land from the area for greening and buffer areas has a good intent but not practical. Nor can it satisfy our desperate need of land in Hong Kong for developing into a metropolis with tens of millions of people.

With respect to creating land by reclamation, in order to achieve the expected result, I hold that an easier option is far better than a difficult one. When the Heung Yee Kuk was consulted on the Policy Address, it proposed to carry out massive reclamation along the section of Tolo Harbour between Tai Po and Sha Tin to straighten the shoreline. With its shallow water and gentle waves, and coupled with its unique geographical location, Tolo Harbour is like a dead sea. If reclamation is to be carried out there, the Government will be able to secure an extensive area of land quickly, desirably and efficiently as land reserve. Moreover, the reclamation work can well utilize the mud generated from the upcoming tunnel excavation for the Guangzhou-Shenzhen-Hong Kong Express Rail Link. In this way, two birds can be killed in one stone.

President, there is an inseparable relationship among the planning and use of land, reasonable compensation for land resumption and effectiveness of environmental protection. Mainland and overseas experience have revealed that we can only achieve long-term success in environmental protection if we can rationalize the rights and responsibilities of stakeholders and strike a balance among different aspects. Apart from preparing draft Development Permission Area plans for Sai Wan, Hoi Ha, Pak Lap and So Lo Pun, the Government also plans to include 50 sites adjacent to country parks but not yet covered by statutory plans into country parks, or determines their proper uses through statutory planning, so as to meet conservation and social development needs. This has become a matter of grave concern to landowners.

Conservation is a common task for all people in Hong Kong. Landowners should not be the only party to take up this responsibility. No matter what stand we are taking, the compulsory designation or freezing of private land for conservation purposes without reasonable compensation is unfair, unreasonable and violates against the rule of natural justice. The proper approach should be land-for-land exchange. In order to address this conflict and achieve better conservation result, the Heung Yee Kuk has worked with environmental groups for many years to fight for the establishment of a nature conservation fund. It is regrettable that the proposal is yet to be actively considered by the Government. Upon consultation with environmental groups, the Heung Yee Kuk has decided a few days ago to establish a civil conservation fund on its own.

I need to point out that the practice of resuming private land without compensating the affected landowners is no different from expropriation. Article 105 of the Basic Law specifically provides that the SAR Government

shall protect the property of individuals and legal persons. The authorities are duty-bound to act by that provision and mete out justice and redress public grievances.

President, the 10 major infrastructure projects proposed by this Government, such as the Hong Kong-Zhuhai-Macao Bridge, the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the MTR Shatin to Central Link and the South Island Line have been gradually taking forward. I believe it is high time for the Government to consider the implementation of other works projects to further upgrade our city facilities, so that more people can enjoy the fruit of development.

Over the years, the Tuen Mun District Council, the Tsuen Wan District Council and local residents have been striving for the construction of the Tuen Mun-Tsuen Wan railway line to solve once and for the transport problems connecting the two places. However, the authorities have failed to give due regard to this aspiration. Although there is West Rail in Tuen Mun, it is inconvenient as the West Rail route goes pass the extensive Yuen Long city and country areas before reaching the city. Moreover, the West Rail does not cater for the rapidly developing area along the Tuen Mun coastline and the growing population in the area. In the long run, the Tuen Mun-Tsuen Wan line will be an integral part of Hong Kong's railway network. I hope the Government can plan ahead of time, or establish a task force to conduct relevant studies.

The Hong Kong Government allocated \$4 billion to implement the Rural Planning and Improvement Strategy in 1989, in a bid to improving the living environment of the New Territories residents. The Strategy has achieved impressive results but it was replaced by the Rural Public Works Programme in 1999 by the Home Affairs Department. Unfortunately, the latter is not effective, and as a result, a lot of rural environment in the New Territories cannot have sustainable improvement. The reason behind is that at present, the authorities do not resume the land involved before conducting the Rural Public Works, and as authorization from the landowners cannot be obtained, many improvement works have to be shelved. Take the northern New Territories as an example, although as many as over 100 minor works projects have already been planned, these projects eventually cannot be implemented because the authorities failed to obtain authorization from the landowners concerned. The rural community is very disappointed and unhappy about this situation.

I hope the Government can grasp this opportunity of financial abundance to reintroduce a strategy to improve the rural environment and the planning of rural villages, so as to optimize the rural community and address problems relating the roads, lighting, transport infrastructure, flood and drainage control, sewage discharge and hygiene, water supply and recreational facilities, with a view to benefiting the well-being of the New Territories residents, narrowing the gap between the urban and rural areas and facilitating the establishment of a harmonious society.

With these remarks, President, I support the original motion. Thank you, President.

**MR WONG KWOK-HING** (in Cantonese): President, I attach great importance to the each year's policy address because it concerns the livelihood of the people in the coming year and reflects whether the Government's administration is close to people's aspirations. Thus, before the delivery of the policy address, the Hong Kong Federation of Trade Unions (FTU) has collected views from the local communities through questionnaires, signature campaigns, rallies and petitions; we have also met with the Chief Executive to voice the views of the FTU.

After the Chief Executive had delivered his Policy Address in the Legislative Council, I had attended all the meetings held by the 18 Legislative Council Panels to receive the Administration's briefings on the Policy Address, and I had raised questions at the meetings. At the same time, I had also visited New Territories West, which is my geographical constituency, in the past 10 days or so to collect feedbacks from local residents in the district and at housing estates. I had held eight resident meetings in the district, the number of participants ranged from 20 to 30 people to as many as 100 to 200 people. Two such meetings were cancelled due to the weather condition, so only eight resident meetings were held. Many residents in New Territories West had strongly requested me to relay their views to the Government, so I had promised them that apart from relaying their views in the 18 Panels, I would also reflect their views in the Policy Address debate today. President, at the meetings of the 18 Panels, I had raised a total of 45 questions, problems or proposals and the government departments concerned had made relatively positive responses to 22 of them. I will not read out all of the 22 responses here, but I think they are positive. I thus hold that there is progress to these issues.

In our questions and views submitted to the Chief Executive, we have requested the Government to tailor its administration closer to people's aspirations and improve their livelihood. In the process, the Government has responded to seven of our questions. Through our efforts, progress has been made in the sense that the Government's response is comprehensive and with an implementation timetable. What exactly are these seven responses?

The first one is related to the revision of the existing legislation on privacy. The Chief Executive has devoted paragraph 147 of the Policy Address on this issue. In response to our enquiry, the Bureau informed us that after completing the consultative exercise at the end of this year, the Administration would submit a legislative proposal to amend the Personal Data (Privacy) Ordinance in the first half of next year, hopefully in the first quarter of next year.

The second issue is about pyramid selling. We have received many complaints concerning this issue. Last year, we had provided assistance to more than 50 members of the public to report such malpractices to the police. We welcome the Government's proposal to amend the Pyramid Selling Prohibition Ordinance. The Government informed us that it would table an amendment bill in the first quarter of next year.

The third issue is about reinstatement. The Government will revise the existing legislation to address the issue of unreasonable dismissal. The Secretary has promised that a legislative amendment proposal would be tabled in the 2010-2011 Session, this is, within this Session.

The fourth issue is about paternity leave for male employees. Over the years, we have been following up and lobbying for this issue. We have also reflected to the Bureau that paternity leave for male employees not only catered for male employees, it also benefited female employees. The Secretary has promised us that a discussion paper on this subject would be issued in the first half of next year.

Fifth, we have repeatedly asked the Government to computerize and prioritize all unauthorized buildings works in the territory, including advertizing signs, because this is the only way to stop corruption, secret dealings and bribery. I am very glad that this request, which had been turned down by the Secretary outright a few years ago, was accepted by the Secretary this time. She said that several tens of millions of dollars would be earmarked to entrust a consultation



company to make computerized records of all unauthorized buildings works and photos would also be taken. The proposal would be taken forward immediately. The Secretary has made prompt reply this time, and I believe that she will take forward this project efficiently, because the people of Hong Kong still remember vividly the building collapse incident which took place in Ma Tau Wai Road last year. The Government is definitely duty-bound to prevent this painful experience from happening again. If all unauthorized buildings works and unclaimed advertizing signs in the territories can be computerized, we will be able to set up an alert system.

The sixth issue which I have asked for government action is the provision of dental services to the public. The Government has finally made further response to this issue as compared to that of last year. The Government will earmark \$22 million to conduct a feasibility study at the end of this year on the provision of dental and oral healthcare services to the elderly. I very much hope that the Government can honour its promise. It is already late October now, I hope that the authorities can hammer on this project as soon as possible. If this trial project is successful, it will be a breakthrough for the general public as they can finally enjoy public dental service. Members may not be aware that at present, only civil servants are entitled to this service while the general public is only entitled to two kinds of service provided by public hospitals or the Department of Health. One is to get a painkilling injection to ease the toothache, and the other is to have their aching tooth plucked. For grown-ups like us, we will not have a new tooth after a tooth is plucked. I welcome that the Government is finally willing to conduct a feasibility study. While the Government is looking into this issue, I also hope that it can honour the promise it has made, that is, to co-operate with private dental institutions to fill the service gap on dental and oral healthcare, so that this service, which now only cover primary school students, can be extended to cover secondary school students. As the Government has already promised to conduct the feasibility study, I hope that the authorities can also honour this promise at the same time.

The seventh issue is about the subject which the Secretary for Justice has made a thorough response at the briefing on the Policy Address held by the relevant Panel. The issue is when legislation will be introduced on mediation services. Legislation is the only way to ensure that mediation services can be implemented in Hong Kong. The Secretary for Justice replied that the legislative process would be kick-started next year, that is, 2011.

Honourable Members and colleagues, the Government's responses on the seven issues above are comprehensive. I wish to mention them for record purpose and I hope that the Government can make good its promises.

President, I have brought with me a mascot, a Gibraltar monkey, to describe some points that I am going to make. President, what makes this mascot, the Gibraltar monkey, so special? The Gibraltar monkeys are found in a mountain in Gibraltar and they do not have a tail, that is, they have a head but not a tail. The description on the monkey says, "I am a Gibraltar monkey. Do not take after me in your governance, that is, do not get the job started and leave it half done." Which items in the Policy Address should we urge the Government not to get the job started and leave it half done? Just now, I have mentioned some measures with detailed information as regards when it will get started and when it will be completed, there is an implementation timetable and a roadmap as well. I wish to say that ..... Why do I say so? Because I am concerned that the Government will get a job started and leave it half done ..... This Gibraltar monkey wears a "bow-tie" too, and it is very polite.

I wish to point out that during the enquiry process, I found that there are seven issues which are left half done. The first issue is about the legislative proposal to regulate private columbarium. In response to my question on when the legislative proposal can be introduced, the timetable and the roadmap, the Government said that the question was very complicated and could not be resolved easily, thus it could not provide me with an answer and refused to say when the issue could be solved. As the Government has already kick-started the legislative process to regulate private columbarium, a move welcome by us all, when is it going to complete the work? When is it going to introduce the proposal? We have no information. This is the first point.

Second, the Government claimed that in legislating for private columbarium, it would put all private columbaria into two lists, that is, List A and List B. Private columbaria under List A are those compliant with all requirements and the public can purchase the niches there. Private columbaria under List B are those the statuses of which are not yet confirmed. Thus, I further asked the Government in a meeting when the authorities could publish List A and List B for our reference. President, I regret to tell you that the Government has again left the job half done. The Secretary said that this issue was under the portfolio of the Development Bureau and that the Development

Bureau had to deal with many issues and this issue was very complicated. Every one knows that this is a complicated issue. It is pointless to say that "My mother is a woman". Every one knows that. We wish to know the timetable to tackle this problem. Is the columbarium niche which I have purchased legal? If I have paid the deposit, should I pay the remaining amount? Is the columbarium niche which I have already paid for illegal? The Government must provide an answer to all these questions. Even though the authorities are unable to solve this issue now, how much longer do they need to tackle this issue? Ten months, 20 months or 30 months? The authorities should tell us all these information, but President, they have not provided any answers.

The third issue in question is about regulating property management companies through licensing. In the regard, I welcome and thank the Government for taking my proposal and accepting the request of the industry to put in place a statutory licensing regime, so as to regulate property management companies. President, I then further asked the Government when the legislative proposal would be introduced. The Government official's reply was again incomplete, he told me that the issue was very complicated, that it was difficult to tackle this issue; and that no timetable was available. We do not know when the work will be done. This is painful.

Next, the fourth issue is about the maintenance allowance for senior citizens. The Policy Address has also touched on this issue. I said enthusiastically to the Secretary that we certainly welcomed the Government's benevolent measure of providing maintenance allowance for senior citizens. I then asked for the details, such as the eligibility age of the applicants. How much was the allowance? How would the allowance be granted? Where would the allowance be granted, in the Mainland or in Hong Kong? The Government replied, "We are like a piece of blank paper, you can make suggestions to us." What? The authorities should at least have some brief ideas in mind. There is only one line in the Policy Address on this issue and the public officers told us they were like a piece of blank paper. There are only two years left in this current-term government. The authorities should at least make an effort to make a rough drawing, so that we can fill in the colours. Are we making a drawing of a monkey or what? We are told to draw whatever we like. Is this the way to govern Hong Kong? I regret to say that this is again an example of the Government getting a job started but leave it half done.

Next we go to the fifth issue, which is the "quasi free-will" Mandatory Provident Fund (MPF) scheme. The Mandatory Provident Fund Schemes Authority (MPFA) has announced at a very early stage that the "quasi free-will" scheme would be rolled out in the first half of next year. All employees in Hong Kong, that is, over 200 million MPF employee contributors are very happy to learn that the much-anticipated "quasi free-will" scheme will finally be implemented. They hope that the new scheme can increase competition and thereby reduce the management fee of the MPF trustees. Employees can also be provided with an alternative choice for their investment, so that they will not be at a loss looking at the stock market. However, to our surprise, the authorities have yet to introduce a legislation to regulate intermediaries, again the reasons are the questions involved are complicated and regulation is difficult. In order to protect the interests of employees in Hong Kong, the authorities must complete the legislation process on the licensing and regulation of the intermediaries. In this case, when will the "quasi free-will" MPF scheme be implemented? President, this is again an example of the Government leaving the job half done. The Government has made a good start, but then it has left the job half done. Is there something wrong here? Many people in the resident meetings said that the Policy Address this year has made many improvements in terms of labour rights, such as the criminalization of wage defaults and legislation on minimum wage. The legislation on working hours has also been kick-started. But MPF is the topic which we have received the largest feedback. What are the reasons for the authorities to take such actions? Even if the authorities have taken such actions, the Government should explain to the public how it is going to help workers during the transitional period, how workers can reduce the management fee and administration fee of their contributions and that they can opt for institutional investors. This is the proper way to deal with this issue. The authorities have again left the job half done.

The sixth issue is about regulation of working hours. We very much welcome that the Chief Executive has accepted the proposal of the FTU. We have made 18 proposals to him and one of which is about standard working hours. As we have told the Chief Executive, minimum wage and standard working hours are twin brothers. A must go with B and B must go with A. They are inseparable. Now the Government is finally willing to implement them, and we welcome this move. However, when we asked the Secretary whether it had a timetable and roadmap, the dedicated Secretary appeared as if he had some reservation, and replied that we had been pressing him very hard and he

found it very difficult to answer. In the end, he said, "Before the end of this current-term government and my term of office, we will definitely provide a direction for this issue." Can you get a reply worse than this? By the time his term expires, he will tell me, "Mr WONG Kwok-hing, you go east; Mr WONG Kwok-kin, you go west." How come things turn out this way? How can you only tell me a direction? What we want now is legislation; we want regulation, a timetable and a roadmap. Even the Chief Executive has made it clear that legislation is necessary. How can you make such empty talk, a mere direction? Today I bring with me this mascot. I hope the Government can take a clear look of this Gibraltar monkey and do not act like it.

Seventh, I will only list seven issues, and no more. The seventh issue is about housing problem. Fortunately, the Secretary for Development, Mrs Carrie LAM is present and has listened to my analogy about this monkey. In the beginning, we could see that the Government was very determined to address the housing problems, such as the difficulties of the sandwich class to purchase a home, the rocketing property prices, the high rents, the difficulties in finding apartments for rent, the general difficulties in home purchase, and so on. The Government has even conducted a public consultation on how to help the public solve their difficulties in home purchase from May to September this year. The Government has a made major head start, just like the monkey with a big head. We thought the Government would bring us good news. Yet, the matter turned out to be a big show. We certainly hoped that there would be good results and public grievances could be addressed, but regrettably, the Government told us after the consultation that it would roll out a rent-first-purchase-later My Home Purchase (MHP) Plan. Will this MHP Plan, which allows the participants to rent the flat first and purchase it later, be able to address the housing problems of the public, can this plan provide the most complete and best answer to all the problems? No!

Chief Secretary Henry TANG, the Financial Secretary and three Directors of Bureaux, in the eight resident meetings which I had held, the local residents and the public were most dissatisfied about the way the Government had responded to their housing problems. You must understand their feelings and listen to their views. Their words were right to the point. They said, "WONG Kwok-hing, talking about the MHP Plan, do you know who are most relieved?" President, they said, "the property developers are most relieved. The property speculators are most relieved." This is because the Government can only

provide 1 000 flats in the beginning and 5 000 flats at most. The Government calls the MHP Plan a rent-first-purchase-later plan, but the plan will not accept applications until two years later. Who knows how many years it will take before the MHP Plan can actually be implemented? It is difficult to know how high the property prices will be by that time. Who can ease their minds? The MHP Plan does not have any means to curb property speculation by property developers. The property developers are the ones whose minds are most relieved. They are the happiest. People who attended the resident meeting said, "We are most frustrated when we hear the Government announce this plan." The residents of public housing estates said, "We are most agitated." They are agitated, which means that they are indignant. There is one more thing. They said, "We have given up hope on the Government's determination to address the housing problems." Chief Secretary, you really have to listen to the people. The Government thought that it has put the public's minds at ease, but the public are actually frustrated and agitated, they also lose their hopes on the Government. If this current-term Government is to get this job done, since it has already made a major head start on this matter, it should finish its business.

President, people do not object to the Government's attempt to optimize the MHP Plan. They just do not understand why the Government refuses to resume the construction of an appropriate number of Home Ownership Scheme (HOS) flats, and why the two schemes cannot be implemented simultaneously. President, I had been the Chairman of the Legislative Council Panel on Housing for the last two Sessions, and I can testify that in the meetings chaired by me and on different occasions when this issue was raised, 95.9% of the members, except a certain few, supported the Government to appropriately resume the construction of 3 000 to 5 000 HOS flats each year. Even Mr Abraham SHEK of the property sector supported the resumption of the HOS. He is the representative of the property sector, but he still renders support. Why does the Government still refuse to listen to such unanimous views? Actually, even feedbacks obtained from different modes of consultation conducted by the Government are also unanimous. Why does the Government disregard these feedbacks? Unless the Government already has a position, I cannot explain why the Government has behaved this way.

The 320 000 HOS flats have provided 1.3 million people in Hong Kong a self-owned home. This is a benevolent policy. I truly do not understand why the Government does not continue with this benevolent policy. Furthermore,

President, if the Government really supports the concept of rent-first-purchase-later, then under the same concept, logic and theory, I must challenge the Government why it adopts a double standard to discriminate the Public Rental Housing (PRH) tenants and refuses to let them purchase the PRH flats that they are living in? And why does the Government not resume the Tenants Purchase Scheme (TPS) which had been implemented for six phases and benefited 12 batches of people? When children of the PRH tenants grow up and go out to work, they make an income and wish to save money to purchase the flat they are living in. So, let them rent the flat first. The Government needs not build additional housing flats. Why do the authorities not let them purchase the flats they are living in? This is not fair. Moreover, the Government has rolled out a new measure in this Policy Address to step up checks on the household assets and income of the PRH tenants. I will have nothing to say if these PRH tenants make false declaration; but the point is, the Government is not helping them. There are 40 000 so-called under-occupation cases in PRH estates. Why is it so? This is because the younger members of PRH households have moved out so as not to increase the total household income; otherwise, the household will have to pay their rents 1.5 times or twice more or pay the market rents, and ultimately, they will be forced to move out of the PRH estates. How can the governance be like this? Why can the Government not leave wealth with the community? I truly do not understand. I cannot understand at all. There is nothing wrong with the TPS. It is a benevolent policy. Why did the Government abolish such a benevolent policy?

The Government said that the purpose of the Harmonious Families Transfer (HFT) Exercise is to take care of the elderly. It is an effort of the Government to promote the family-based concept and encourage all of us to take care of our parents. However, the younger generations who live in PRH also need to rent or purchase a home. They also have their own difficulties. Encouraging them to give money to their parents and purchase their existing flat together is a very good practice. I do not understand why the Government has to scrap such a benevolent policy.

Next, I will turn to increasing the construction of PRH flats. The Government advocates an annual production of 15 000 PRH flats. If we look at the actual figures, there is still a shortfall of 800 flats in the coming few years. Hence, even if the Government has done so, it still cannot make up the shortfall. Moreover, I hold that the total income limit of the PRH applicant must be

reviewed. At present, a person with a monthly income of \$7,000 is already ineligible to apply for PRH flats. Let me tell you a joke, if the minimum wage rate in the future is set at \$33 per hour, even if you just get the minimum wage, you are almost ineligible to apply for PRH flats. Is this the proper way of governance? Hence, despite the fact that the Government has promised to review this income limit on PRH applicants in March next year, I hope the Government can truly be people-oriented and always put people in the first place. I hope it will not disregard the public's aspiration and act arbitrarily.

President, there is only a minute or so left before I use up all the 30 minutes. I have adopted a pragmatic attitude in reviewing this Policy Address. I have said what is right and what is wrong outright. I have commended the parts that should be credited and criticized directly the parts which should be criticized. But I hope that the Government can truly listen to the minds and hearts of the people. Only by so doing can it truly take people's aspirations as its aspiration and will not be a Government without a heart.

President, for this current-term government, there are 20 months or so, that is, two years left. I really hope that our Government will not be a Gibraltar monkey that has a head but not a tail. If all the issues which this Government has undertaken to do are not accomplished by the current-term government and not endorsed by the current-term Legislative Council Members; if everything is left to the next Government, by then all Members and public officers will have been reshuffled and the Chief Executive may have changed too. Who knows what will happen then? If these issues are not raised again, they may not be acknowledged. Hence, President, I wish to reiterate that I hope the SAR Government (*The buzzer sounded*) ..... will not be a Gibraltar monkey .....

**PRESIDENT** (in Cantonese): Mr WONG Kwok-hing, your time is up.

**MR WONG KWOK-HING** (in Cantonese): Thank you.

**PRESIDENT** (in Cantonese): As I have reminded Members just now, in each debate session, Members should confine their speeches to the policy area



designated to that session. This arrangement has been agreed by this Council and the executive authorities. It seeks to make the debate in each session more focused and enable the public officers responsible for the relevant policy area to immediately respond to Members' views in that session.

If the context of a Member's speech is out of the designated policy area in that debate session, this does not breach the Rules of Procedures and I will not direct Members to discontinue, but the public officers may not necessarily make the response in that session. Thus, I urge Members to reconsider that if many Members do not speak according to this arrangement, this arrangement will exist only in name and has lost its purpose.

**MR FREDERICK FUNG** (in Cantonese): President, I speak to challenge the Chief Executive Donald TSANG on the housing policy. I demand to have an open debate with the Chief Executive Donald TSANG with a view to solving the housing problem faced by Hong Kong people. Regarding the housing policies mentioned in the Policy Address: first, the policies fail to stabilize the property market in Hong Kong; second, the policies fail to enable Hong Kong people to live and work in peace and contentment; third, the policies fail to build the confidence of Hong Kong people.

First, I have to point out that the problem of the property market is not only a housing issue, the crux of the problem indeed lies in the ineffective mindset adopted in governance. The SAR Government led by Donald TSANG often talks about "big market, small government". Competition is the focus in a market, whereas power is the key to competition. In turn, power is determined by the amount of capital owned, or the amount of capital accumulated. In other words, with more capital accumulated, the competitiveness will be enhanced; and with stronger competitiveness, one can easily manipulate the majority of transactions in the market. Hence, in the course of competition, merging and acquisition of capital will be easily triggered. Merging and acquisition will lead to monopoly, turning the originally free market into a monopolized market, and I call this the "bad market". When the market turns bad, it can no longer provide a free platform for competition. According to my reasoning and logic, the market prompts competition, competition prompts capital accumulation, capital accumulation prompts monopoly, and monopoly kills the free market.

The property market in Hong Kong is no longer a free market. In my view, the free property market has died, and now a bad market prevails. The Chief Executive emphasizes that the property sector should be market-driven, but in fact, when we rely on the market in this respect, we are indeed asking the tiger for its hide. Money making and profit are the main concerns of the market, and minimizing costs to maximize income is considered the most desirable approach. For activities that cannot bring any profit and may even incur loss, will the market still be willing to get involved? People would rather make donation or set up a fund than offer assistance in the housing and property sector.

What consequences will a bad market bring? The first consequence is that small and medium enterprises (SMEs) can hardly have room to develop its competitive power in the market, which in turn impedes the development of community economies.

What consequences will a bad market bring? Under the market-driven environment, enterprises strive for maximum profit with the lowest cost, leading to changes in the economic structure and narrowing of the basis for industries. We all see that the economy of Hong Kong is focused on two pillar industries, namely the financial industry and the real estate industry. If we have to develop other industries, tremendous effort has to be made. If the third, fourth and fifth economic items like the real estate industry or financial industry are to be created by the market, the grassroots will have less opportunities for development and the disparity between the rich and the poor will be widened.

What consequences will a bad market bring? Though there will be sustainable development in the economy and continual growth in gross domestic product (GDP), and even an increase in the accumulated surplus for the Government, the livelihood of the grassroots can in no way be improved. When the grassroots cannot share the fruits of economic growth, it will result in class conflicts in society and the problem will continue to worsen.

What consequences will a bad market bring? Under the present environment, particularly after the financial tsunami, many countries are injecting capital to the market and a lot of hot money flows in from various regions to find opportunities for making money. For societies and places with greater stability, more hot money will flow in. Hence, Hong Kong is now a popular place for the inflow of hot money. This situation now prevails in Hong Kong. The inflow

of hot money has created bubbles in the market, but in a bad market, there is no management, control or monitoring of the situation.

What consequences will a bad market bring? In a bad market, mercantilism has led to tilted policies, whereas non-intervention and lax regulation can in no way combat the short-sighted, greedy and reckless behaviours in the market. The financial tsunami has rightly demonstrated this situation. The United States and Europe have learnt a painful lesson from the incident, but Hong Kong has not felt the pain yet. Regarding the severe blow brought by the financial tsunami, may I ask the SAR Government and the Secretaries of Departments and Directors of Bureaux now present in the Chamber, do you know how much pressure the wealth gap and soaring inflation have exerted on the grassroots in Hong Kong?

In mentioning the governance of Hong Kong, from the days of the British rule up till now, the old mindset and thinking have been adopted. Last Thursday, the Chief Executive said to me, "Ah Kei" — he surely had not said "Ah Kei", I add this myself. *(Laughter)* He said, "Old things should be ousted and outdated approaches no longer work. We have to find new mindsets and new approaches. The proposed My Home Purchase (MHP) Plan is the new approach, which offers one more alternative for Hong Kong people." President, it is right that we need to have new mindsets, but new mindsets should not be restricted to the introduction of MHP Plan, it should also include the new mindset for good governance in Hong Kong. Moreover, new methods are needed for assessing the effectiveness of the governance of the Government.

The Chief Executive mentioned in the Policy Address that "Social tension in Hong Kong stems partly from the wealth gap. The most fundamental way to ease such tension is to enable the community to benefit from economic development and share the fruits of prosperity. Past experience has shown that Hong Kong's poor can have their living conditions improved once the economy embarks on a solid recovery." It is obvious that the Government is still adopting the old mindset. What is the old mindset? That is the trickle-down effect, which means that the livelihood of the poor will naturally be improved when the economy is good.

President, has the economy recovered? Yes, it has. Let me read out the GDP figures to Members. In 1996, the per capita GDP in Hong Kong was

\$164,745; it was \$173,446 in 2001; \$221,455 in 2006; and \$229,329 in 2009. Take the figure of 2009 as an example, if the amount is to be shared by the 7 million people in Hong Kong, each person will get an average monthly amount of \$19,000. President, even a new born baby will get a share of \$19,000. But regrettably, 500 000 people have to live on a monthly income of less than \$5,000. Why will this happen?

President, certain worldwide figures can explain the phenomenon clearly, that is, the Gini Coefficient. With regard to the Gini Coefficient of Hong Kong, it was 0.518 in 1996; 0.525 in 2001 and 0.533 in 2006. In other words, the problem of disparity between the rich and the poor has been worsening since 1996. According to the Gini Coefficient, the problem reaches a dangerous point when the index exceeds 0.5. However, the Government says that there are various kinds of welfare and housing benefits provided in Hong Kong, and with the increase in welfare and housing, the situation is not that bad. As such, I have to read out another set of figures to Members. It is the after-tax-and-transfer Gini Coefficient. In 1996, it was 0.466; it was 0.47 in 2001 and 0.475 in 2006. In respect of this Gini Coefficient, the problem reaches a dangerous point when the index exceeds 0.4. In other words, no matter welfare is included or not, the poverty problem in Hong Kong is above the alarming line.

Let me quote another example. The Gini Coefficient of the United Kingdom exceeds 0.5, but its after-tax-and-transfer Gini Coefficient is around 0.3. Why is it not the case in Hong Kong? Does the Government deliberately prevent this from happening in Hong Kong, or is it just incapable of changing the situation? Or should this be attributed to the fact our Government is not elected by the people, and thus it is not as concerned about the problem of wealth disparity as an elected government does? The Government has to answer this question. It is unacceptable to stick to the old mindset.

President, I would like to give my views on housing policies on these two premises. In respect of housing policies, basically, the Government follows two guidelines. First, it will provide land for 20 000 flats annually. I must stress that what is provided is the land for 20 000 flats but not 20 000 flats, and the number of flats available is completely subject to the market condition and the applications of land submitted by developers. Developers may apply for land for 15 000 flats, 17 000 flats or 20 000 flats, and they may decide not to submit any application, and it is all decided by the market. With the land for these

20 000 flats and the 15 000 public housing flats, a total of 35 000 flats will be provided annually for the public. Why it should be 20 000 flats? The Chief Executive said that the average annual take up rate for Hong Kong people was 18 000 flats, and thus the provision of 20 000 flats would be sufficient. However, we all know that with the provision of 18 000 flats, the property market and property prices are still rising. If the supply is maintained at 18 000 flats annually, it means the upward trend of property prices will continue. I will now read out to you some other figures obtained from *Ming Pao*. Those figures indicate that the supply of public housing flats, Home Ownership Scheme (HOS) flats and private flats was 46 000 flats on average in the past 10 years, and 52 000 flats for the past 20 years and 56 000 for the past 25 years. In comparison with the 35 000 flats at present, President, there is a shortfall of 20 000 flats each year. Given the shortage of 20 000 flats and the market efficiency in supplying flats, the Government dares to say that the decrease in supply can stabilize the property market; that the decrease in supply can prevent a hike in property prices; that the decrease in supply enables the public to live and work in peace and contentment. What kind of logic is this? The housing policy of providing 85 000 flats was wrong. But what about the indicator of "56 000", is it also wrong? According to the Policy Address, that figure is wrong, it should be 35 000 instead. Obviously, after the announcement of the indicator of "35 000" ..... Two days ago, I attended a television programme, and an audience called to say that the property prices in Tuen Mun had increased by 5%. It is only the case in Tuen Mun, and the increase of property prices in urban area surely exceeds that percentage. According to a study conducted by the HSBC, property prices are estimated to increase by 10% to 20% in future. The Centaline Property considers the estimate conservative and opines that the actual increase may be higher. Obviously, under the existing housing policy, the provision of 20 000 flats has given a green light to the property market, banging the drum for the further development of the property market.

President, pardon me for getting furious as I speak. As a government, it should be people-oriented, it should care for the aspirations of the people, and it should be people-based. Under the big market principle, everything is market-based and market-oriented, and this is the old mindset. Why do I say that it is the old mindset? After the reunification in 1997, the people of Hong Kong have changed. Does the Government know that? Why does the "post-80 generation" resort to radical means? I can fully understand. People of the "post-80 generation" have left university and have been working for three, five or

seven years, but their income, prospect and promotion opportunities are all beyond their control. In our times, a large number of people could not further their studies at universities, but they could see the road ahead if they worked hard. Nowadays, things have changed. When people do not have a prospect, they will naturally feel insecure, and it is natural that they will easily be affected by external factors.

In 2014, the MHP Plan will provide 1 000 flats, or 5 000 flats at most. I wonder when there will be adequate supply. I will again read out some figures to Members. In the past 10 years, the average number of flats sold under the HOS was 4 666; it was 7 655 flats for past 20 years and 7 561 flats for the past 25 years. Though only surplus HOS flats were put on sale, there were an average supply of 5 000 flats each year. President, an average of at least 5 000 flats were provided annually in the past. But now only 1 000 flats, or at most 5 000 flats, will be provided under MPH Plan in 2014, and no one knows what will happen next. No wonder the property market will boom. The Under Secretary for Transport and Housing, YAU Shing-mu, once cited the example of a couple earning \$30,000 a month. He said they would pay \$9,000 for rent, where half of the rent would be put aside as savings and be returned to them in future for down payment. But the other half of the down payment had to come from the \$7,500 monthly savings of the couple, and about six years later, the couple will have \$750,000 for down payment.

President, according to the example cited by Under Secretary YAU Shing-mu, the couple — I assume that the couple have no children — will only have \$13,500 left each month. That means each person can only spend \$6,750 a month, or \$220 a day. They are the middle-class people. They have to bear the expenses on transport, insurance, water tariff, tax and food, but they can only spend \$220 a day. How can the MHP Plan put people at ease? There is no security. It only gives a green light to the property market, allowing the sandwiched class to be put under continuous pressure. This is a hypocritical housing policy. The Government makes no commitment to the public and it simply lacks sincerity, and it continues to turn a blind eye to the problems in the property market.

President, when the last batch of surplus HOS flats were put on sale, the Housing Department told us that 100 000 households were eligible for application. Secretaries of Departments, the number of households eligible is

100 000, but not 1 000 or 5 000, and these households are earning less than \$27,000 a month. If the line is drawn at the income level \$30,000, as Under Secretary YAU Shing-mu mentioned earlier, the number of household eligible will definitely exceed 100 000. Regarding the affordability of these families in purchasing flats in the market, they will not lead a very well-off life after taking out mortgages. They cannot attain the living of the middle-income group, with only \$220 left each day to meet the daily needs. There are definitely more than 100 000 families facing this situation. Will you tell me whether there is any plan for formulating housing policies and whether the housing plan can address the problem faced by the sandwiched class?

President, as I said before, the Chief Executive pointed out in the Policy Address that the MHP Plan had five merits, and at the Chief Executive's Question and Answer Session, he said there were more, up to nine and 12 merits. I listened to the radio each day after the Policy Address. Secretary Eva CHENG attended a radio programme one Saturday. The host of the programme asked Secretary Eva CHENG to name the 12 merits mentioned by the Chief Executive. But till now, I have not heard of what the 12 merits are. No one can list all the 12 merits. I think that the HOS is one of the solutions but not the only option. If we can be open-minded, there will be 1 000 or 10 000 possibilities to address the housing problem faced by Hong Kong people.

I will simply cite the HOS as an example. First, a market dedicated for HOS flats may be developed, so that even if the speculation in private property market is intense, the HOS market will not be affected. The HOS market will continue to focus on providing flats to people so that they can live and work in peace and contentment.

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

Second, the Government said that the HOS would not affect property prices in the market. Since the HOS have its own course of development, it will not affect the private market.

Third, the public can afford the mortgage payment. First-hand HOS flats are sold at several hundred thousand dollars to one to two million dollars. Take

the example of a flat sold at \$1.5 million. The buyer has to pay 5% down payment, which is \$75,000, and later a monthly instalment of \$3,000. For one earning \$27,000 a month, he can afford the down payment and the monthly instalment. Buddy, he does not need the \$300,000 from the Government. He can meet his own housing need without difficulty and can live comfortably.

Fourth, HOS flats provide a ladder for upward mobility, that is, from public housing to HOS flats and then to private flats.

Fifth, housing flow can be facilitated. This is particular the case for public housing tenants who buy HOS flats, for they will vacate their public housing units for people on the waiting list.

Sixth, the sale of HOS flats can provide more resources to the Government for housing projects. When I was serving in the Hong Kong Housing Authority, the income from the sale of one HOS flat could support the construction of 2.3 public housing flats and one HOS flat, which means a profit of 1.3 flats. Hence, sustainable development is definitely not a problem.

Seventh, community facilities can be provided to the districts concerned. Community centres, halls and shopping malls can be shared by tenants of HOS flats and residents of public housing flats.

Eighth, the sandwiched class can be spared from the monopoly and exploitation of the market. They may buy their own flat at a reasonable cost. They can live at ease and even more, they can have some savings. But for the MHP Plan mentioned earlier, the participants cannot have any savings.

Ninth, the public can establish their home in Hong Kong. Members know that among the 300 000 HOS households, only 60 000 households have paid off the regrant premium, and 250 000 households have not done so. They do not pay off the regrant premium not because they do not have the money, but that they consider the flats their family properties and Hong Kong their home, and they will not sell their flats. Will the Government conduct a survey on this?

Tenth, the balance of various classes in the community can be maintained. Do not think that it is the best approach to group all the poor in one district or the wealthiest in another. Deputy President, I have told the Secretary many times



that in the two housing estates in Sham Shui Po, more than 50% of the residents are recipients of the Comprehensive Social Security Assistance. Even if one closes his eyes, he will know what these residents want. Even if one closes his eyes, he will know what kind of members they will vote for. Even if one closes his eyes, he will know what those members will demand. Public housing flats, HOS flats and private housing are exactly what we need to bring diversity into communities, for only by doing so can we realize cultural pluralism and political pluralism.

Eleventh, HOS flats can restore people's confidence. This point is self-explanatory from the experience of Hong Kong in facing the economic problems and riots in the 1960s. We notice that in Singapore, 80% of housing is condominiums. We do not need to achieve 80%. But obviously, by facilitating the possession of properties, the confidence of the public can be restored, no matter it is from the perspective of sharing the fruits of the economic prosperity of Hong Kong or for political purposes. Should the Government not take any actions?

Finally, it is about the sense of belonging. I would like to talk about the "post-80 generation". The "post-80 generation" is very concerned about every piece of land in Hong Kong. Had they borne no relation with this issue, they would not have bothered about it. I have been in the political field for 30 years and I understand that responses of residents are of utmost importance. It is most desirable that they agree with you, but opposition is not a problem. The most worrying situation is that they do not show any concern. No matter how long I knock on their doors, they just do not respond. I see their lights on and I know that they are watching television, but they just do not respond even though I keep knocking. I am just overwhelmed by the feeling of being excluded, rejected and ignored. Actually, the "post-80 generation" just express their deep concern, which is a response showing their sense of belonging. Some say that since they are only 30 years of age, can they work for another 10 years and then purchase their own homes?

Deputy President, let me share my own experience. I bought my first flat at the age of 38. Why did I buy a flat? Because I had to get married. I got married at 39. If it was not for the sake of getting married, I would not buy a flat, and getting married at the age of 39 was rather late. At present, young people get married at the age of 30 or 35, and there is nothing wrong for them to

consider purchasing their own flats before marriage. If the construction of HOS flats is resumed, as I mentioned earlier, the down payment will be \$75,000 and the monthly instalment will be \$3,000. For a couple earning \$20,000 a month, why will the mortgage payment be unaffordable? Why will they have to endure the plight for another five years and spend only \$220 a day when they rely on the subsidy of the Government? I hope the Government hears this. After 1997, in addition to boosting the confidence of Hong Kong people, it is most important to establish a sense of belonging to Hong Kong. With reference to the experience of other places, this sense of belonging — on housing — is a very important factor.

Deputy President, I still think that the housing problem mentioned in the Policy Address of the Chief Executive should be addressed. The first conclusion I will make is: stop adopting the old mindset — "big market, small government" — in governing Hong Kong. Second, for those markets that are not linked to profit-making, the authorities should ensure their self-sufficiency with a small sum of profit, so that these markets can sustain. Supply should be calculated according to the demand of the people, for only this can address the housing needs of Hong Kong people. If the authorities follow the existing mindset in governing Hong Kong, the SAR Government and the Chief Executive will continue be dogged by the housing problem.

Deputy President, yesterday, I attended an informal briefing. A reporter said, "You want to debate with the Chief Executive, you are silly, why will the Chief Executive pay attention to you." But one has to be silly sometimes, for the Chief Executive did invite Audrey EU for a debate. Surely, Audrey EU is the leader of a political party and her political party is larger than the Hong Kong Association for Democracy and People's Livelihood. Besides, she is a woman. There may be many other reasons which I do not know — the Chief Executive has not said so, it is only my wild guesses. The point that she is a woman may be irrelevant, and I just make it up myself. Hence, I think if the Government or the Chief Executive wants to strike a balance, he should debate with a male Member. Surely, I am just joking.

The most important point is that I appreciate certain points put forth by the Chief Executive at the Question and Answer Session, and I hope that he was not only paying lip service. What did the Chief Executive say? He said that the old approach could no longer solve the housing problem in Hong Kong, and the

withdrawal was fully justified — the Government had to renew and offer choices to Hong Kong people, and there could be discussion about the choices. These are the remarks I like, for discussions can be held on choices to be made. However, I now found that we cannot hold any discussion. The consultation and studies were proposed five months ago, and prior to the consultation, the Director of Bureau already said that HOS flats would not be constructed, and on the same day the outcome of the consultation was announced, we were told that the construction of HOS flats would not be resumed. Up till now, we have not been informed of the reasons for stopping the construction of HOS flats ..... I have listed 12 reasons for constructing HOS flats, but I do not have the opportunity to discuss these points with the Government. If discussion is possible, I really hope that the Government will open the door to have continual discussion with us.

Moreover, the Chief Executive said that the arrangement might address the need in getting the money for down payment, consensus had to be sought and solutions for the problem had to be identified. He said that the issue should be discussed together and users should be consulted. I also like these remarks, and I render my support. Regarding these options, I propose in today's debate to have an open discussion and debate with the Chief Executive. At the Question and Answer Session on Thursday, he mentioned two viewpoints in an answer to my question. He said that discussion was possible, and that Members might discuss and seek consensus on the issue and consult the users. However, he put forth a pre-condition, which I disagree. The three points he made were subject to certain restrictions. He did not want to use the old approaches but he did not want the Application List system be overthrown and thus affect property prices. In other words, discussions, the seeking of consensus and the consultation of users are after all held under the "big market" principle.

Hence, I wish to tell the Chief Executive that 13 years have lapsed. I do not care who the Chief Executive is, be it Mr TUNG in the past or Mr TSANG today, but after 13 years, the SAR Government should not still fail to establish its status and its position in people's heart and win their respect. In the past 13 years, we have failed to restore the confidence of the public on the stability of Hong Kong. In the past 13 years, we have failed to establish a sense of belonging to Hong Kong among the public. I hope that the issue on housing can be related to the mindset of governing Hong Kong, to a task which I consider essential, though not most necessary, for the SAR Government to undertake, that

is, Hong Kong people have regarded Hong Kong as their "home", but have we regarded Hong Kong people as our people? Have we placed the needs of Hong Kong people deep in our hearts? Have we left the fundamental needs of Hong Kong people to the market or in the hands of the SAR Government, or in the heart of the Chief Executive? We need a government with a heart and a Chief Executive with a heart. Among our daily needs for clothing, food, accommodation and transport, housing is the most fundamental issue. If the fundamental issue has not been settled, people will not feel at ease. If people do not feel at ease, there will be all kinds of possibilities, and these possibilities will likely be of a disadvantageous nature.

Deputy President, I so submit.

**MR LEE WING-TAT** (in Cantonese): Deputy President, I think we all agree that housing is a focal point of this year's Policy Address. Hence, I will now speak on the Democratic Party's views in relation to land and housing matters.

Deputy President, before I speak, I think we all agree that certain basic factors are beyond the Government's control. In this regard, I think the Government will give an explanation later on. Of course, one of these factors is the Linked Exchange Rate System. With Hong Kong's inflation and the United States constantly "printing money", the hands of the Financial Secretary and the Chief Executive of the Hong Kong Monetary Authority Norman CHAN are tied in applying the monetary policies to tackle the problems relating to prices and assets. Second, the world-wide pursuit of the monetary easing policies. As the United States Government will soon announce details of its second round of monetary easing, it is expected that some HK\$4,000 billion will be injected into the international markets. While I agree that these factors are completely out of the Government's control, I do not think it means that there is nothing we can do at all.

I agree that in this year's Policy Address, the Chief Executive together with his Secretaries of Departments and Directors of Bureaux have spent a lot of time and energy to tackle issues relating to the supply of land and housing, as well as the stabilization of property prices. But honestly speaking, Deputy President, the situation in these two weeks has quickly highlighted the inadequacies of these measures. We have to face the reality that since the announcement of these

policies, several indicators have revealed that the measures *per se* will not achieve the intended effect in the short term.

First, prices of most properties on the Hong Kong Island, I mean luxury properties, have surpassed their levels in 1997. This is a fact the Government cannot deny. Second, after the delivery of the Policy Address, prices of some lower priced flats in Tin Shui Wai have gone up by 7% to 8% in the past two weeks. What have these indicators illustrated? Firstly, people having the money to speculate on properties still think that prices of luxury properties can go up easily. That is why luxury properties on the Hong Kong Island are so sought after. These people venture into the market one after another, disregarding the kind words, cautions and warnings from the Secretaries of Departments and Directors of Bureaux about possible market reversal. Of course, they disregard such warnings because they do not think the Government's policies will have any real effect.

Secondly, as I have relayed to Financial Secretary John TSANG, there is another point I am most concerned about. Why does the price of properties in Tin Shui Wai costing below \$2 million go up as much as 7% or 8% in just two weeks' time? For many grass-root people, \$80,000 or \$90,000 could be their hard earnings for a whole year. These people also engage frantically in property speculation because they do not see themselves as the last ones getting the hot potato. All they have to do is raise some capital amongst friends and relatives to buy a flat as confirmor. And in a few months' time, they can be making a modest profit exceeding one hundred thousand dollars. While modest, this sum of money is more than what they make as salary for a year. Secretaries of Departments and Directors of Bureaux, this is in fact a kind of folk wisdom. When members of the lower class are pooling money to buy properties, it is already a strong signal that the situation has become quite dangerous. What can we do then?

Of course, the Government has been dealing with the long-term issues. First of all, in respect of Secretary Carrie LAM's portfolio, the Government has pledged to make available, on average, land for 20 000 residential flats annually in the next five years. Regarding land supply for this purpose, two questions remain unanswered on the Secretary's part, notwithstanding repeated questions I have put to her either publicly or privately. The first question is whether the Government's pledge to make available land for 20 000 flats annually is

equivalent to ensuring the actual supply of all these land in the market? This is a question the Secretary has yet to answer. While some of the sites may be sold through unscheduled land auctions, the others may come from the Application List. But the Secretary has yet to answer specifically whether the Government will auction off all sites on the Application List for the production of these 20 000 flats by the end of each financial year (in March) if no application is made by developers. If that is the Government's intention, I will feel more at ease. But the Secretary has never given a response to this specific question. Therefore, I am now asking the same question in public again.

However, if this is not what the Government intends, the said figure is simply bogus. For example, the Government has decided to sell the sites intended for building 10 000 flats through unscheduled land auctions and put the sites for the remaining 10 000 flats on the Application List. If the former sites are sold successfully but the latter sites are still on the Application List because no application is made by developers, the ultimate land supply will only be enough to build 10 000 but not 20 000 flats. The Secretary may say, "Tat, this is not how we make the calculations because developers can also apply for change of land use through land exchange and lease modification." It seems that this saying is misleading the Legislative Council because such applications, made by developers on their own initiative, should not count towards land supplied by the Government actively. This is the first question that the Secretary has not answered.

The second question I put to Secretary Carrie LAM is as follows. Although the land for the construction of 20 000 flats annually will be made available in the next five years, what about next year or the year after next? My worry is that this long-term solution cannot help address our short-term problem. While I have every confidence that our capable Secretary Carrie LAM will identify land required for the 20 000 flats, say, from the third, fourth or fifth year onwards, developers engaging in market speculation know very well that the Secretary is talking about such land coming on board until 2016-2017 or 2017-2018. In other words, market speculation can go on for three more years. I have asked Secretary Carrie LAM in private how much land will be made available next year. She just answered that more land will definitely be supplied in 2011-2012 than this year. This answer is meaningless because this year's supply is just too meagre. If you ask me whether I am satisfied with this answer, I am surely not.

Therefore, I think the Government should know that the market is waiting for a signal. If Secretary Carrie LAM says that land for the production of 20 000 flats will come on board in three years' time, speculation in the property market will continue for three more years. Hence, I call on the Secretary to make greater efforts to identify more suitable land from various sources such as the Urban Renewal Authority, West Rail developments and MTR Corporation Limited so that a list of available sites for sale by open auction or tender can be drawn up as early as possible. My stand is different from that of the Secretaries of Departments and Directors of Bureaux. If the Government's target is to produce 20 000 flats, it must ensure that the land required for building the said number of flats is actually sold in the market. If the sites on the Application List are not applied for, the Government should put them up for auction by the end of each year to ensure the *bona fide* supply of land for 20 000 flats. A clear message is thus sent to the market. At present, many people query whether the Secretary can actually meet the target of making available land for the production of 20 000 flats. I hope she can respond to that later on.

I will now turn to housing matters. The increase of housing supply through the present system of land supply is at best limited. The Government is now talking about 20 000 flats, which is more or less the average annual take up rate in the past 10 years. But I have said publicly that this figure is determined selectively. Why does the Government not use the average rate in the past 20 years? I met with an estate agent two days ago. Although estate agents are usually on the Government's side, he also criticized the Government and the Secretary for not using the average rate in the past 20 years because in the past 10 years, factors such as economic downturn and SARS have dramatically reduced the supply and demand of residential flats. By selecting the past 10 years as a reference point, the Secretary has intentionally adopted a lower figure. If the average rate in the past 20 years is used as a benchmark, the figure will increase from 20 000 flats to 29 000. Of course, the historical peak is even higher. Putting the historical peak aside, the higher figure of 29 000 flats should be adopted because it means greater supply.

Turning to housing supply, the supply of residential flats has been on the low side over the last few years and it will remain so in the coming two years. In fact, many members of the public want to see more certain and aggressive policies from the Government so that a clear message will be sent to the market, causing changes in the mindset and market expectation of speculators or

individuals who go into the market without due consideration of their affordability. Deputy President, as I mention earlier on, if someone is saying that property prices will continue to go up in the next three years (and assuming that it is true), wealthy people will continue to speculate on luxury flats and people living in Tin Shui Wai, North District, Tuen Mun and Kwai Tsing will continue to buy flats by pooling capital. Are there other better ways to earn money? As it stands, housing supply from the Government cannot change the expectation or projection of these people and major market players (including developers and speculators) on future market development. That is why the hike of property prices continues after the delivery of the Policy Address.

The position of the Democratic Party is clear. We support the resumption of the Home Ownership Scheme (HOS). Over the past few decades, this Scheme has provided stability in society by allowing people from middle and lower classes to buy their own homes with the greatest ease of mind. I dare say the My Home Purchase (MHP) Plan as presently proposed can never replace the HOS. Secretary Eva CHENG should listen to what the people say. But of course, she always tells me about the concern she learnt from the Internet, Facebook and focus groups that first-time home buyers should not be guided to make the wrong move. I consider this saying of Secretary Eva CHENG misleading. She always talks about first-time home buyers making the wrong move, but when did this happen? It was during the SARS pandemic and when the policy of "85 000 flats" was being implemented. However, buyers of HOS flats seldom make the wrong move. While the price of their flats may go down over a certain period of time, this should not be a great problem because these flats almost have full capital support from the Housing Authority. While they may feel unhappy over a period of time, it is only natural because the price of their properties has actually gone down. But I honestly do not think it has anything to do with making the wrong move in purchasing the first flat. What is the relationship between buying HOS flats and making the wrong move in purchasing the first flat?

Regarding the MHP Plan, I have stated my views on many occasions that the number of flats on offer is just too little, so much so that it is like a drop of water in the bucket. Most of the applicants will be disappointed and only the lucky few will have their wish come true. While the Secretary must have more data than I do, I want to point out that there are now some 100 000 non-owner occupied households with monthly incomes of \$18,000 to \$30,000. Moreover,



the number of such households with monthly incomes of \$30,000 to \$40,000 amounts to several tens of thousands. In other words, over 100 000 persons, either married or single, have yet to become home owners. The Secretary always reminds us that recent graduates should not buy properties. I share her view that fresh university graduates should not buy properties right away. They should work for some time and save up more money. However, the Secretary has never addressed the problem concerning the aspiration of those young couples (either with or without children) who have worked for almost 10 years with a monthly income of over \$10,000 to \$20,000. These people aspire to own a small flat of about 400 or 500 sq ft in size. Is that too much to ask for? For a couple who have worked for 10 years earning about \$30,000 a month to start planning for home ownership, is that too much to ask for?

As the Democratic Party sees it, the Government will be making a serious mistake if it simply defines properties as an investment tool or a commercial product. Hong Kong's housing policy has always been a means to ensure social stability; and if considered from certain perspectives, it might be a political issue as well. If the buying and selling of properties are just private market operations, the Government should have never built any HOS flats in 1977 or constructed so many public rental housing units. Instead, the problems should be left to the market for settlement. But the Government is all too aware that this is not feasible. Then why is it so reluctant to accept the views of the community? According to a survey conducted by the Democratic Party, 84% of the people still supported the resumption of HOS flats even after the Policy Address was announced. The public support for resumption of the HOS is ardent. Although we have allowed ample time for the Directors of Bureaux and Secretaries of Departments to lobby support for the MHP Plan in society, I am sorry to say that, as many as 84% of the people are still voting for the HOS.

Regarding the MHP Plan, the supply of flats is limited and it is difficult to purchase a flat under the plan. For HOS flats, prospective buyers only need to pay 5% as down payment before they can take out mortgage for the flats. But under the MHP Plan, the initial funds required could be as much as \$800,000 to \$1 million. As the Secretary has explained, in addition to the \$240,000 saved up from rental over the five-year period, she expects the tenants to have some initial savings of over \$200,000. Also, the tenants must additionally save up \$4,000 to \$5,000 each month during the five-year period, apart from the \$8,000 to \$9,000 monthly rental. Adding the three sums together, the tenants would have about

\$800,000 to \$1 million in five years' time. Simply put, it will be extremely difficult for the tenants to purchase their first flat. As such, the Democratic Party wants to put forth two suggestions to be considered by the Secretary.

Firstly, if after five years, a tenant chooses to buy a flat on full market value, he should be allowed to do so without any restrictions, so that he can buy or sell his flat in the free market. But if a tenant still cannot afford to purchase his own flat after five years, can the Government provide certain discount, for example, by selling the flat at 30% discount of full market value just like HOS flats? Of course, these discounted flats under the MHP Plan will be subject to certain terms and conditions, such as the restriction on resale (say, for five years) and the proportionate sharing of resale profits with the Government. If implemented, it will make people see that those earning \$30,000 to \$39,000 per month as well as those earning \$17,000 to \$30,000 per month can both purchase their first flat. If the Secretary says this plan is only meant to take care of those with monthly earnings of \$30,000 to \$39,000 and no others, she should say so publicly and stop claiming that the plan can also help other income groups. For a plan which provides such limited number of flats and imposing so many difficulties in the purchase of flats, I wonder how beneficial will it be?

Deputy President, as I mention in the beginning, benefits from the whole package of proposals put forth by the Government may only surface in the middle or longer term. Even so, there is no way we can tell if these benefits are real. As the Financial Secretary puts it, the hot-air balloon is rising now and after a while, it will come down. Some people, however, have different views because they say the hot-air balloon is still rising, albeit slowly. I am really baffled. What does Financial Secretary John TSANG say "it is coming down"? I presume he means property prices will be coming down. But I am sorry to tell the Financial Secretary that property prices have not come down in these two weeks. We are going to hold another debate on this matter in two weeks' time and we will see whether property prices have come down by then. If not, the Financial Secretary John TSANG should revise his hot-air balloon theory because it does not stand.

To put it briefly, the balloon is still rising although one can say it is rising relatively slowly. Prices of luxury properties are soaring and prices of flats in Tin Shui Wai are also rising. If the Government is aware of this reality, that is, the policies presently proposed are not having any short-term effect, it must find

other solutions. When I dined with the Secretaries of Departments, Directors of Bureaux and the Chief Executive last Friday, the Chief Executive mentioned that he has been keeping watch of the property market day after day. Yet, the market will not be stabilized simply because he is watching. The authorities must implement some effective measures.

Moreover, Deputy President, let me tell you, whenever any measures are proposed, I hope the Secretaries of Departments and Directors of Bureaux will stop saying that these people are trying again to crash the property market. Such argument is meaningless. To a certain extent, the Democratic Party's request for the production of 5 000 HOS units is very conservative indeed. In 1997, 1998 to 2001, our proposal was to build 20 000 units, our request now is only a quarter of the said amount. We are asking for the supply of land to build 20 000 to 30 000 units, which is 50 000 less than the amount for implementing the policy of building "85 000 flats". Therefore, if the Secretaries of Departments and Directors of Bureaux consider the Democratic Party's suggestion reasonable, they should no longer use this tone to argue with us. This is indeed very depressing because no matter how well I present my views, it is meaningless. Whenever we suggest certain measures, they would say we intend to crash the property market. This is really not our intention.

However, we cannot stand back and do nothing. If the Government allows property prices to go soaring so much so that ordinary citizens in Tin Shui Wai are eagerly pooling money to buy flats, it must adopt heavy measures to tackle the problem later on. If the Government wants to suppress unreasonable price hikes in the property market, it must act now. While efforts have been made by the Secretary of Department and the Director of Bureaux to tackle the problem, the effects of such measures are admittedly short-lived. What other measures are available then? It would naturally involve administrative or taxation arrangements targeting at short-term speculators or non-first-time buyers. Suggestions in this regard have also been made by the Democratic Party, some of which fall under the policy portfolio of Secretary Prof K C CHAN. An example is the measure on stamp duty proposed by us last year, which were rejected by the Government without giving any reasons.

During the previous Legislative Session when amendments to the Stamp Duty Ordinance were proposed by the authorities in last May or June, both Mr James TO and I had pointed out that additional stamp duty should be levied on

buyers who resell their properties within a short period of time. While this arrangement was feasible, the Government had rejected our proposal as usual. By targeting at buyers who resell their properties within a short period of time so that they have to shoulder additional risks and burden, it can at least give them a clear signal. I am aware that the authorities have already disallowed confirmor transactions of first-hand properties. But this is not the case for secondary property market where confirmor transactions still exist. If someone buys a completed flat today and makes a 30% profit three months later after reselling the unit, he does not need to pay any tax as long as the Inland Revenue Department has not opened a file to track the transaction. The cost he has to pay is almost minimal. In that case, what is the problem of combating such type of speculators? While the Democratic Party does not consider it necessary to adopt such stringent measures as in the Mainland (which we all know are quite stringent indeed), we see no reason why stamp duty cannot be levied on buyers who resell their properties (albeit completed ones) within a short period of time. This tool already exists. We are not proposing any new form of tax, say capital gains tax, because the authorities dislike levying new taxes. But stamp duty already exists in our taxation system. The levy of additional stamp duty is feasible. If the levy rate is high enough, these buyers may think otherwise in consideration of the high cost of speculation.

Second, when the Secretary of Department and the Director of Bureaux announced the last round of measures, it was mentioned that the authorities would closely monitor the loan-to-value ratio as well as affordability of property buyers. While this is a correct measure, it can sometimes "kill the innocent" because our current policies and financial instruments make no differentiation between first-time buyers and buyers who own more than one property. For first-time home buyers, the Government will provide them with assistance when they have the financial capacity to buy flats. However, when existing home owners (such as second or even third home buyers) purchase additional properties, they are clearly buying for investment or even for speculation purpose. In that case, why should they still enjoy such a high loan-to-value ratio for these properties? Can the ratio be reduced or further reduced for these buyers? I suggest that these two types of buyers should be differentiated so that first-time buyers and non-first-time buyers are not subject to the same treatment.

The Secretary of Department, the Director of Bureaux and the Chief Executive all said that they have other measures. I do not know what these

measures are. But I want to remind them that if the Government does not act with resolution and propose more measures, the ongoing property speculation frenzy will spread until the budget next year. By then, Financial Secretary John TSANG will simply repeat once again the measures taken by the authorities to moderate property prices and warn the public about the risks. Honestly, the problem was first mentioned by the Government in last year's policy address. At that time, the Chief Executive had expressed concern about property prices while maintaining that a lot of flats were selling for \$4,000 per sq ft; however, he dares not make similar remarks this year. Subsequently, stringent guidelines in relation to the sale of residential flats have been rolled out by the Secretary. Moreover, two rounds of measures to curb speculative activities have been announced by the Financial Secretary successively in the past six months. We have heard not once, twice, thrice or quadrice about the concerns expressed publicly by senior government officials (from the Secretary to the Chief Executive) about the property market and the great efforts they made about stabilizing flat prices. We have heard the same thing five times in total. Even the boy in Aesop's story cried wolf for three times only, but we have heard the same thing five times over now. In next February or March, it will be the sixth time.

Where does the Government's credibility lie? A government is credible when the people and the market take its policies and measures seriously. Even though they may have different reactions initially, it should never look as if the effects of these policies have worn off in a short while. Therefore, I hope the Financial Secretary can reconsider our proposal. If he still says to the people, "Don't worry, I have other measures up my sleeve; just wait until the budget", I can only tell him that the people will simply stop listening. It just shows the lack of credibility on the Government's part. On the other hand, the speculators and developers will be laughing happily in their offices thinking that the current policies are basically condoning their speculative activities in a twisted and indirect (or to some, even direct) manner.

Deputy President, I am not going to read out the newspaper headlines in the past two weeks. I believe the Secretary of Department and the Directors of Bureaux have read those articles in the Chinese press, which are mostly highly critical of the Government. The developers have no particular views on these policies because they consider them harmless. Editorials, headline news and story captions in the press all point to the fact that these policies are covertly,

indirectly or even directly encouraging the public to go on buying properties, the speculators are encouraged to keep on speculating and the developers are encouraged to marketing their new developments for exorbitant prices without having to fear the present policy.

Deputy President, I know my speaking time is limited and I have to leave a few minutes to speak on the constitutional affairs later on. Nonetheless, I have to say these last words to the Government. If the Government does not hold true its words and if its policies are not well-received in society because the public fail to get its messages, the Government must reconsider the matter thoroughly to see if additional measures are required to achieve the intended or desired effect. Otherwise, the Government will lose its credibility among its people. Thank you, Deputy President.

**MR TAM YIU-CHUNG** (in Cantonese): Deputy President, improving people's livelihood is currently the greatest expectation of the people for the SAR Government. As early as August this year, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) has submitted 145 suggestions to the Chief Executive under a proposal entitled "Taking Care of the Hong Kong Public and Improving People's Livelihoods". We hope that the Chief Executive can reflect our expectations in his Policy Address. In fact, our call for taking care of the people is echoed in the theme chosen by the Chief Executive for his Policy Address — "Sharing Prosperity for a Caring Society". Later on, I will talk about whether this Policy Address has fulfilled the people's expectations in more details. In our view, many issues concerning people's livelihood should be addressed as a matter of urgency, in particular, the difficulties in home ownership due to price surges in the property market, wealth gap, rising inflation, speedy improvements to the living standards of the grassroots, including new arrivals and ethnic minorities, as well as greater support for public medical services and home care services for the elderly. The SAR Government must focus on these livelihood issues so that targeted solutions can be provided to meet the demands of the people.

In this year's Policy Address, the Chief Executive no longer used "economic development" as the main axle as in previous policy addresses, instead, he focused on "giving priority to livelihood issues". The Policy Address has set out many undertakings made by the Government on various livelihood

issues. Objectively speaking, the Chief Executive has highlighted many livelihood issues concerned by the public. He has also put forth corresponding policy initiatives and work direction for matters relating to housing, poverty alleviation, elderly care, and so on. Examples include studying the regulation of the sale of first-hand flats by legislation, introducing a "flat for flat" option for property owners affected by urban renewal projects, increasing textbook assistance, extending the coverage of the Transport Support Scheme to all 18 districts and studying the establishment of a living allowance for retired elderly persons who wish to settle in their hometowns in Mainland China. These are also some of the 145 suggestions made by the DAB in our proposal. Moreover, the Chief Executive has agreed to conduct a study on the legislation of standard working hours. Therefore, we consider this Policy Address one of more caring policy statements made by the Chief Executive in recent years.

Of course, the DAB does not totally concur with all policy stances put forth in the Policy Address. We still stand differently from the Government on certain specific measures, particularly its decision not to resume the Home Ownership Scheme (HOS) but introduce the My Home Purchase (MHP) Plan. DAB Members and I will further elaborate on those matters later on. However, overall speaking, we have a positive regard for this Policy Address as it focuses on improving people's livelihood and seeks actively to introduce practical measures to respond to the demands in society.

Without a doubt, housing is currently the greatest concern of the people. The Policy Address proposes to regulate the sale of first-hand flats by legislation and impose an overall cap of 10% on gross floor area concessions (commonly known as "inflated area") of new flats. The latter proposal in particular has won the applause and endorsement from many members of the public. It has always been the general impression of the people that the Government has let loose the developers so that they are free to earn as much as they can. That is why there is so much talk in society about collusion between the Government and the business sector. Therefore, the Government must effectively implement new measures to enhance its credibility. We consider that while the new cap on "inflated area" will only come into operation next April, the cap should apply to urban renewal projects undertaken by the Urban Renewal Authority and above-station property development projects of the MTR Corporation Limited (MTRCL) with immediate effect as long as tenders for these projects have not been invited. Examples include above-station property development projects along the West

Rail at the TW5 and TW6 sites in Tsuen Wan as well as the Nam Cheong Station. The Government should request the MTRCL to revise the approved planning schemes and designs of these projects so as to contain the size of "inflated area", which can also help reduce the wall effect, as well as improve air ventilation and heat dispersion in the old districts of Tsuen Wan and Sham Shui Po.

In the past two years, the property market in Hong Kong has remained robust. Luxury properties are trading at record selling prices successively, with a knock-on effect of pushing up the prices of middle and lower priced properties. As a result, rentals have also increased. While it is difficult for people to buy their own homes, they have to pay high rental as well. But the Government, probably still under the shadow of the "85 000" housing policy, has been stalling a decision on measures such as resuming the HOS and subsidizing home ownership. In this Policy Address, the Government has formally rejected the demand for resuming the HOS and proposed the MHP Plan instead. This part of the Policy Address has come under the most severe criticisms.

When making its proposal, the Government has obviously ignored the imbalance between supply and demand in the property market, especially the short supply of small and medium flats selling for prices in the lower to middle range. Statistics show that in 2009, there were only 1 484 transactions involving properties under \$2 million in the primary residential market, which represented 9% of the trading volume. But on the other hand, 40% of the transactions were for high priced properties exceeding \$5 million. On comparison, there were 14 343 transactions involving properties under \$2 million in 2003, which represented 54% of the trading volume. On further comparison, there are, on average, 26% of the transactions involving properties under \$2 million in the past six years. It is clear that current market supply is slanted towards high priced properties and the supply of new flats under \$2 million is diminishing. Even if we turn to secondary market, the volume of transactions involving properties under \$2 million has decreased from 80% in 2003 to 53% in 2009. Therefore, it is difficult for ordinary citizens to own their properties and even more difficult to own new properties.

Given that the market fails to provide small and medium flats at prices in the lower to middle range, intervention and assistance from the Government are urgently required. While we welcome the Government's reiteration in the Policy Address of its intention to promote the supply of small and medium flats in the market through administrative means, we consider that providing a suitable



number of resumed HOS flats annually will help promote upward mobility in society and hence, create a positive impact on our social development. Over the past 25 years, 300 000 HOS units have been constructed to enable home ownership for 300 000 households under limited financial conditions so that these people can enjoy the satisfaction of owning their homes and the stability of future livelihood. Moreover, the HOS has always functioned as a "revolving door" to enable tenants of public rental housing (PRH) to realize their goal of improving living conditions by moving from PRH units to HOS flats. While we are not rejecting the new MHP Plan, we would like to repeat our call on the Chief Executive (or his successor) to reconsider providing a suitable number of resumed HOS flats (say, 5 000 units) annually to address the need of home ownership for some members of the public.

Another focus of this year's Policy Address is the proposed measures to address the wealth gap including the establishment of the \$10-billion Community Care Fund (the Fund). The DAB welcomes this idea. In fact, a charitable fund has also been set up under the DAB's Commercial and Industrial Affairs Committee with the objective of encouraging DAB members from the commercial and industrial sectors to donate funds to help the needy. Although having limited resources, the charitable fund has managed to provide assistance for some emergency cases each year. Turning back to the Fund, we hope that it can complement the existing system by providing targeted support to the needy so that every citizen can enjoy the protection of society while sharing the fruits of prosperity. In terms of actual implementation, there is no need for the Government to impose an upper limit of \$10 billion for the Fund. Instead, it should actively encourage donations from the business community so that more money can be raised to ensure the sustainable operation of the Fund. However, we must also stress that when taking forward the Fund, the Government should ensure that it will not divest donations made to other charitable organizations, hence affecting their services. Regarding the operation of the Fund, the DAB considers that the Government should listen extensively to the views from various parties and make full use of existing social networks, including community organizations, mutual aid committees as well as District Councils. These networks can help identify those who are in need and refer their cases to the Fund for assistance. By providing cash allowances or implementing new service projects, the Fund can fully support the needy persons who fall outside the existing social security safety net and hence, not being cared for. As such, the Fund will be able to fill the gaps in the existing policy on social services. We suggest that the Fund should consider granting a "living allowance for carers" to

subsidize the living expenses of people taking care of elderly persons, patients with chronic diseases or persons with disabilities. Separately, the Government can consider introducing a "living allowance for new entrants" so that assistance will be provided to new arrivals not yet covered by the social security safety net due to the residence requirement. Other uses of the Fund may include subsidizing mutual aid committees or owners' corporations to improve neighbourhood relationships or providing financial assistance to students from low-income families so that they can buy computers for learning purpose, take part in extra-curricular activities, join tutorial classes or even go overseas for study visits. In respect of helping the elderly, for example, many elders have eating problems due to the loss of teeth. If the Fund can pay the cost of dentures for the poor elderly, I think it will be a tremendous help. Given all these possible options, how can the Fund provide targeted and effective support to the people in need? I think the Government must conduct some serious study before formulating the targeted measures.

Regarding the issue of narrowing the wealth gap, apart from implementing financial assistance measures such as the establishment of the Fund, other sustainable policies and measures are required to tackle the problem. We hope the Government will continue to fully implement the series of recommendations made by the Commission on Poverty and increase the allocation of resources for implementing various long-term measures. Once again, the DAB calls on the Government to consider introducing a wealth disparity indicator in formulating various public policies, so that the wealth gap will not be further widened as a result of the new policies. If there are any adverse impacts, corresponding mitigation measures must be formulated as a mandatory requirement. It is the SAR Government's main objective to build a caring society and take care of the interests of people belonging to the middle and lower classes. Hence, the Government should make greater efforts to improve the people's livelihoods. More importantly, the Government should not just rely on one-off measures, that is, the so-called "handing out candies" mode of governance. The Government should formulate performance pledges for various aspects of social and welfare services including residential care homes for the elderly, residential care homes for people with disabilities, community care services and medical services, so that people in need can get the required services within the specified time. Furthermore, the Government should draw up a five-year plan on welfare services so as to achieve better effects in terms of social stability at the policy level. The DAB Members will speak further on those areas later on.

To sum up, we consider that in this year's Policy Address, the Government has placed equal emphasis on both livelihood and economic issues. The Government has also made greater efforts to respond to the demands of the people and promote their livelihoods. The DAB acknowledges the efforts made by the Chief Executive and hopes the SAR Government will continue to effectively feel the pulse of society and community sentiments, improve its governance and upgrade the quality of life of the people. The DAB will support the Motion of Thanks. Although some of the proposed measures in the Policy Address still fall short of our expectation, we do not think we should express "regret" or "condemnation" of the Address.

With these remarks, I so submit. Thank you, Deputy President.

**DR LAM TAI-FAI** (in Cantonese): Deputy President, if we look back over the past three years, the themes of the policy addresses in 2007-2008, 2008-2009 and 2009-2010 were respectively "A New Direction for Hong Kong", "Embracing New Challenges" and "Breaking New Ground Together" — all, incidentally, have the word "new". However, the word "new" is missing from the theme of this year's Policy Address because I think the Chief Executive understands by now that new initiatives can do nothing to help Hong Kong if old problems and present difficulties are left unresolved.

In fact, if the Government is still unable to come up with effective measures to tackle these outstanding problems and difficulties, Hong Kong has no way to breakthrough.

The title of this year's Policy Address is "Sharing Prosperity for a Caring Society" — a grand theme intending to tell us that the Chief Executive has both the heart and the means to make things happen. Deputy President, having read the whole address several times, I really feel that the Chief Executive has good and genuine intentions to tackle livelihood issues. But honestly, I think many methods, measures or policies set forth in the Policy Address are ineffectual and unfocused, particularly in areas such as housing, education and the future of the youth. If the Government does not revise or improve its proposals expeditiously, I am afraid this Policy Address may end up like a grand plan that has been poorly executed.

Deputy President, I have in fact reminded the Government many times in this Council that economic matters and livelihood issues matters are interrelated. The Government should never single out livelihood issues at the expense of economic development. If the economy is declining, people's livelihood will also be seriously affected and there will hardly be harmony or stability in society. In this year's Policy Address, very little has been said about economic development. Strictly speaking, the Government has made no forward-looking statement and seemingly, it has adopted a defensive approach.

(THE PRESIDENT resumed the Chair)

Deputy President — she has just left the seat — President, last year, the Government has made much fanfare about the development of six industries with competitive edge in Hong Kong. But this year, all have died down with only one paragraph in the Policy Address on the six industries. Moreover, there is nothing about any plan for further development. Is it because the Government is so satisfied with the development of these industries in the past twelve months that nothing needs mentioning? Or is it because the Government knows there is no future development for these six industries in Hong Kong? I am really not sure.

President, as usual, there is nothing in this year's Policy Address about industrial development. What is its theme anyway? It is about "sharing prosperity". As the saying goes, people have to share weal and woe. I think we would agree that all through the years, a significant contribution has been made by the industrial sector in spearheading our economic development, maintaining prosperity and stability as well as promoting employment. Moreover, the industrial sector has always supported the Government's administration and governance. But today, the Government only values the development of financial services and the property sector, seemingly discarding Hong Kong's industries like a piece of old clothing. I think the Government is being heartless and irresponsible. Therefore, how can the Government ask the industrial sector to share its weal and woe? How can the industrial sector have any trust in the Government?

President, I believe you also know that in the past few years, the industrial sector and I have been reflecting and complaining persistently to the Government that the Inland Revenue Department has misinterpreted the legislative intent of section 39E of the Inland Revenue Ordinance. As a result, the provision has been wrongly applied to treat law-abiding enterprises in the industrial sector as tax evaders, depriving them of the depreciation allowances for machinery and plants outside Hong Kong under section 39E. Moreover, the Department has resorted to extreme measures to recover tax relief granted previously. Does Secretary Prof K C CHAN know what misery and fear this has created for the industries? Although the Chief Executive and the Financial Secretary have said time and again that I should expeditiously approach the Secretary for a solution to the problem, he is just like a rock. His heart is as hard as a rock, unmoved by the plight and misery of the industrial sector. I can try moving a rock, but he is unmovable, like an elephant. The fact remains that the matter is still unresolved and we do not know how much longer we have to wait for a solution. How ironic and heartbreaking for the industrial sector that the theme of this Policy Address should be "Sharing Prosperity for a Caring Society" when the Secretary really shares and cares nothing at all!

President, I want to share some of my feelings and understanding with you. I have known Secretary Prof K C CHAN before he won the Chief Executive's approval and got appointed as a Director of Bureau. As he was knowledgeable with a passion for education, I had much expectation for him on his new job, hoping that he would be a good official in the Government helping the development of Hong Kong's economy and industries. Therefore, I felt quite unhappy and upset when he was dubbed "Silly Keung" as a result of his non-performance after assuming office. But in the past two years, the industries and I are left with a great sense of disappointment and resentment over his attitude and mentality in handling section 39E of the Inland Revenue Ordinance. He has neither the heart nor the ability to find a quick solution to this dire problem faced by the industrial sector. He is indifferent to the misery felt by the enterprises every day. Words on sharing and caring are meaningless with no actions taken. Whenever I implore him to take quick actions to review and amend section 39E, he would just say the issue is complicated because there are practical difficulties in relaxing the relevant requirement. Secretary Prof K C CHAN, if there are practical difficulties, you should solve them quickly, you should not ask the industries to bear this burden. For the industrial sector, enterprises may close down and jobs will be lost. It is a matter of life and death

for us because if we cannot upgrade and restructure, our business will suffer losses and our cash flow will be affected.

President, what kind of Secretary do we need? We do not need a Secretary who just talks endlessly about the difficulties; we need a Secretary with determination, perseverance, courage and capabilities in resolving this dire problem. Honestly speaking, if a senior manager in the business and industrial sector only reports problems to his boss but makes no suggestions, he would have been fired a long time ago.

President, as you are aware, I have time and again raised questions and move motion debates in the Council on this matter. After much follow-up, the Secretary finally indicated in February this year that a review on the implementation of section 39E would be conducted by the Joint Liaison Committee on Taxation (JLCT). However, when I asked him on a number of occasions when the review would be completed, when the review report would be made public or when a timetable could be provided to the industry, he would invariably answer, "We would complete the study as soon as practicable." President, is this answer as good as nothing? Do you understand now why the industry is so angry? However, President, I learnt that the JLCT has already submitted its report to Secretary Prof K C CHAN several months ago. But he just mentioned nothing about receiving the report. Instead, he said he was not in a position to give any response on behalf of the JLCT. By giving this muddled response, he led us into thinking that the JLCT might be taking the matter lightly and stalling the progress of review, or it had yet to commence the study, or it had made no recommendations at all. The Secretary has clearly misled the industry, Members of the Legislative Council and the Chief Executive. He has cheated everyone and this is wrong and unethical.

I would like to ask the Secretary: Have you received this report from the JLCT? If you have received the report months ago, when are you going to make it public? I reckon you have not thrown it away as rubbish, have you? But if you have, we must ask Secretary Edward YAU to dig it out from the landfill for you. Can you tell us when you are going to introduce amendments to the Inland Revenue Ordinance? I have been asking this question for a long time, almost two years. What is in your mind anyway? Because of your procrastination, the industrial sector has been suffering seriously without any peace of mind. Can the Government work like this? It is just unprofessional. At present, the

industries have to brace great operational difficulties in order to stay in business. How can the Government work "in slow motion"? Who is going to take responsibility for the losses? Secretary Prof K C CHAN, I really have no idea how much longer you plan to procrastinate on this matter. Do you want to wait under the rock has turned into a fossil? I really do not know what to say.

President, I sincerely hope that the Chief Executive and the Financial Secretary will look squarely at Secretary Prof K C CHAN's efficiency and approach in handling this matter. He should no longer be allowed to procrastinate on the issue. It must be resolved so that the industries will no longer have to live in constant fear and worry. That is what is truly meant by "Sharing Prosperity for a Caring Society".

President, I would also like to talk about the housing problem. Housing policy is a focal point in this year's Policy Address. Faced with soaring property prices, the Government has temporarily removed real estate from the investment asset classes under the Capital Investment Entrant Scheme. Moreover, three measures, as far as I can gather, have been proposed in terms of housing supply. First, land supply will be increased; second, the My Home Purchase (MHP) Plan will be introduced; and third, preparatory work will be conducted for regulating the sale of first-hand flats by legislation. While the intention of increasing land supply is excellent, the whole process from land auction to production of flats for sale in the market would take at least three to four years. Secondly, the number of flats provided under the MHP Plan, which is the Government's main proposal, is only limited to 5 000 with the first batch of 1 000 flats coming on board only by 2014. Thirdly, while the regulation of first-hand flats by legislation has genuinely responded to the demand from Members and the public, I think the whole process including studying the relevant issues and conducting public consultation to the drafting, scrutiny and enactment of the relevant legislation would at best take two to three years. Therefore, while I am not saying that these three measures are useless, it is just like trying to put out a cartload of faggots with a cup of water.

President, judging from the current property price trend, this problem will probably grow bigger and bigger like an avalanche. With time, it will become increasingly difficult to resolve. Of course, I very much agree that it is not the Government's responsibility to help members of the public in home ownership — it should never be — but it is definitely the Government's political obligation to

stabilize the market and avoid extreme fluctuations of prices. In this connection, I think if the three measures proposed by the Government prove ineffective, it should implement other powerful and decisive short-term measures to moderate property prices.

Furthermore, I agree with the view generally held that resuming the provision of an appropriate number of Home Ownership Scheme (HOS) flats will help stabilize the property market by increasing supply. As I see it, there is no contradiction between resumption of HOS and the MHP Plan. They can be implemented in parallel without any competition. Therefore, I very much hope that the Government can take heed to some good advice and re-consider the provision of an appropriate number of HOS flats to meet public demand. This is what is truly meant by "caring" for the people.

President, I so submit.

**MR JEFFREY LAM** (in Cantonese): President, after two years of hard work, the economy of Hong Kong has finally recuperated from the financial tsunami. However, the external economic environment is still extremely unstable. Many challenges still lie ahead of us. In fact, many small and medium enterprises (SMEs) and wage earners are still in a financial and employment quandary. Grievances about the wealth gap and difficulties in home purchase are mounting in the community and whether minimum wage will make a positive or negative impact on Hong Kong is still an unknown factor.

The Chief Executive has proposed in the Policy Address a series of relief measures on home purchase, poverty alleviation, education and healthcare, and he laid out before us a positive vision. This is a good direction and we welcome it. However, we hold that the Policy Address has touched too little on how to take forward economic development and transformation. At present, the persistent influx of hot money into Hong Kong caused by the ever depreciating currency value of many other countries may spark off a crisis of asset bubble in Hong Kong at any time. Moreover, the implementation of minimum wage will definitely increase the operational cost of enterprises, thereby inevitably dealing a blow to the local economy and employment market. Thus, we must stay alert to the challenges that lie ahead. We, the Economic Synergy have advocated the establishment of the \$100 billion Special Loan Guarantee Scheme. This



Scheme, which will come to an end by this year end, has approved a total loan amount of about HK\$70 billion. During the trying period of the financial tsunami, the Special Loan Guarantee Scheme, together with the SME Loan Guarantee Scheme, have offered assistance to more than 20 000 SMEs and more than 330 000 job positions have been successfully secured. SMEs are in desperate need of such timely help in face of these unexpected situations. Thus, we, the Economic Synergy welcomes that Chief Executive has accepted our proposal and entrusted the Hong Kong Mortgage Corporation Limited to explore the establishment of a market-oriented loan guarantee scheme, so as to provide sustainable credit financing for SMEs. I hope that this scheme can be finalized as soon as possible, so as to dovetail with the Special Loan Guarantee Scheme which will come expire at the end of this year. As such, enterprises can obtain ongoing credit support under an uncertain economic outlook and do not need to worry about being taken away their umbrellas in times of a rainy day.

Moreover, President, I hope that the Government can optimize the existing SME Loan Guarantee Scheme and extend its loan coverage to evolving credit line, working capital loan, trade financing loan, and so on, in addition to business installations and equipment, so that SMEs can enjoy more flexible support. Moreover, in a bid to supporting SMEs, the Chief Executive will inject an additional HK\$1 billion into the SME Development Fund and the SME Export Marketing Fund next year. I hope the Government can revise the existing mode of funding of the SME Export Marketing Fund and include other common promotional activities other than those which are export-oriented, such as media conference, the Internet production and quality certification programmes. The Bureau pointed out earlier that the SME Export Marketing Fund has been extended to provide grants for enterprises to put advertisements on printed trade publications targeting export markets and on trade websites. The extension has met with overwhelming response. I believe that further expanding the scope of funding of these schemes can provide assistance to more SMEs and boost the entrepreneurship in Hong Kong, and in turn expand our economic activities and facilitate economic transformation.

President, in order to cope with the upgrading and restructuring of business on the Mainland, many mainland-based Hong Kong entrepreneurs have changed their mode of business from "contract processing" to "import processing". However, pursuant to section 39E of the Inland Revenue Ordinance, the Hong Kong Inland Revenue Department no longer allows "import processing"

enterprises to receive depreciation allowance for their machinery (Dr LAM Tai-fai also mentioned this point just now). These enterprises are even asked to recover millions of dollars in tax arrears in one go. This has further increased the burden of Hong Kong enterprises which are having difficulties in upgrading and restructuring. We have repeatedly reflected this problem to the Government. Secretary Prof K C CHAN, you are not the first person whom we have reflected this problem. We have also reflected the problem to the then Secretary Frederick MA and those Secretaries before him. We have also reflected the problem to Secretaries of Departments. You are not the first person to handle this problem. This problem has been passed to you. I thus very much hope that you can resolve this problem for us because I have also discussed this problem with you in the past few weeks. I hope that new hope is around the corner and that the authorities can lift the restriction. Of course, we are still waiting for the report to be issued by the Joint Liaison Committee on Taxation. I do not know if you have already received the report and I understand that you need time to study it, but I hope that you can respond to us as soon as possible. We also hope that the Government can correctly appraise the situation and review section 39E to allow "import processing" enterprises to enjoy the same tax allowance which "contract processing" enterprises are now entitled to.

President, the legislation of the competition law is now in progress. The Competition Bill (the Bill) has indeed aroused much concern in society, the commercial and industrial sector and the public because the definition laid down in the Bill is rather ambiguous. Unlike large consortiums and corporations which can seek legal counsel at any time, SMEs only have limited resources to do so. As legal counsel can be very expensive, often costing several thousand to ten thousand dollars per hour, SMEs can hardly afford such a large sum of expenses. Thus, many SMEs are concerned that they may break the law without knowing it. For instance, regarding the term "market share", how should a market be defined and how should the share be calculated? The Bill simply does not have a comprehensive and clear definition. If a company has secured the franchise for a certain product, can this be regarded as monopoly? Moreover, members of chambers of commerce often convene meetings to discuss the prevailing market situation or the development of their sector and then make adjustment correspondingly; and SMEs often join force to compete with large consortiums. Do these scenarios constitute an act of conspiracy or collusion? Private actions as provided under the Bill have also aroused much controversy. Many SMEs are concerned that large consortiums will use this mechanism

against them. If so, SMEs simply do not have the power to fight back and their operational costs will inevitably be increased. If the Bill brings about too many unnecessary proceedings, it will be a waste of manpower and resources and may discourage overseas companies from developing their business in Hong Kong. In the end, it will be more a loss than gain. In fact, the Hong Kong market is very small. Our market is really very small as compared with those of other regions or countries. If our market has so many restrictions, some overseas companies may consider not coming to Hong Kong. This will ultimately affect our business environment. I hope the Government can listen to the views of the sector and forge ahead in doing what is right. It should lay down clear definitions and make appropriate amendments on the ambiguous and imperfect part of the Bill, and provide a transitional period for the sector to adapt to the new law, so that the Bill, when enacted, will not turn into a sugar-coated poison that stifles the survival of SMEs.

President, the monetary easing policy launched by European and American countries has flooded the Hong Kong market with hot money, and the current low interest rates as well as the appreciation of Renminbi have attracted many Mainland and overseas property speculators to set foot in our property market, pushing up property prices and making the general public almost impossible to purchase a home. The Policy Address has devoted a large portion to describe the measures taken against the overheated property market. The My Home Purchase (MHP) Plan, which advocates a rent-first-purchase-later concept, has become the centre of attention and talk of the town. The main reasons for the controversy are that under the MHP Plan, only 5 000 flats will be supplied which is unable to meet the demand, and the first 1 000 flats to be provided will only be available in 2014. Compared with the annual construction of 10 000 flats under the Home Ownership Scheme in the past, some say that the flats to be constructed under the MHP Plan are utterly inadequate while others say that the MHP Plan cannot provide an immediate solution to the imminent problem. In my view, there are many credits about the MHP Plan but the Government must optimize it to benefit more sandwiched-class people. First of all, the tenant will sign a five-year lease with the Hong Kong Housing Society, during which the rent will be fixed and the tenant does not need to worry about rent increase. The tenant can have five years' time to save money for the down payment and do not need to make a hasty decision. As the tenant has already secured the subsidy from the Government, by the time the five-year tenancy expires, I believe the residential land supply will have increased and the property prices will not be too high.

Moreover, the MHP Plan is flexible in that tenants are allowed to purchase a flat in another district and there is no re-sale restriction. However, as I have said just now, the MHP Plan must be refined in terms of quantity and effectiveness, so as to help more sandwiched-class people to buy their first home. I hope the Government can expeditiously expand the MHP Plan so as not to keep the public waiting for too long.

We, the Economic Synergy are very concerned about the difficulties encountered by the sandwich class and the younger generation in purchasing their first home. In fact, there are some medium-priced, "no-frills" small and medium flats located in the urban area which are on-sale. We, the Economic Synergy specially held an exhibition for first-time home buyers last week where professionals offered advice to people wishing to purchase a home. We hope that the public can make home purchase plans according to their own affordability and needs, so that they will not act on impulse and make a wrong decision.

President, I so submit.

**DR RAYMOND HO:** President, it has been two years since the financial tsunami hit the world's economy. Hong Kong has weathered the crisis with a pretty good shape in our economy. Our economy showed a strong performance in the first half of this year with a growth rate of 7.2% while a growth rate of 5% to 6% is expected for the whole year. But there is no room for complacency. A double dip recession in the world economy cannot be ruled out. The sustainable economic recovery in the United States economy is elusive while the sovereign debt crisis in Europe is far from over.

The Government must be credited for its introduction of 10 mega infrastructure projects in 2007. With the implementation of some of these projects commenced in the last two years, more job opportunities have been created for our economy. The stimulation has cushioned the adverse impact of the global financial tsunami and the ensuing global recession.

The economic performance of Hong Kong has always been closely related to the ups and downs of the construction industry. There are over 300 000 people including professionals, technicians and workers in the construction

industry. If their family members are also taken into account, for example, 3.5 persons per family, there are over 1 million people out of our 7 million population at stake. With the implementation of more public works projects in the past few years, the unemployment rate of the industry has reduced from the 20% plus all-time high in 2003 to the current level of about 7%, which is still double that of the general unemployment rate of Hong Kong. Therefore, the Government must ensure the smooth implementation of the 10 major infrastructure projects in order to keep up this momentum in the construction industry.

### *Developing the Infrastructure for Economic Growth*

If the implementation of the infrastructure projects is on schedule, the public works projects dished out by the Government will reach their peak in the coming few years. It is therefore crucial for the Government to implement public works projects in an orderly and well-planned manner so as to ensure a steady volume of work for the construction and engineering sectors. Arrangements should also be made to maximize the involvement of consultancies and construction firms of different sizes in related works and building projects. It is also advisable that the Government should consult the industry from time to time and liaise closely on issues pertaining to the work progress of these projects.

Talking about progress, it is very disappointing that detailed planning of Kai Tak Development Area and West Kowloon Cultural District has not been finalized. Both of these sites, covering more than 320 hectares and 40 hectares respectively, have been vacant for more than a decade. It is a total waste of public resources. I believe that the Government needs to set quicker pace for both developments.

I would also like to call on the Government to expedite the implementation of cross-boundary infrastructure facilities including the Liantang/Heung Yuen Wai boundary point (the Eastern Crossing which I first proposed several years ago), and Hong Kong section of the Hong Kong-Shenzhen Airport Rail Link. In view of the closer economic relationship between Hong Kong and the Mainland, the Government must give priority to cross-boundary infrastructure development. We should plan ahead to strengthen our co-operation with the Mainland in this regard.

Indeed, the development of cross-boundary infrastructure facilities is crucial to the healthy development of the logistics sector, too. There is a brief

mention of the development of this sector in this year's Policy Address. A site in Tsing Yi was made available for open tender in September for developing a logistics cluster. But there is no mention of the development of the Lantau Logistics Park which was first initiated in the 2003 Policy Address. If my recollection is correct, the Government then had given much priority to it. A working group was even set up to fast-track the development. But it seems that the subject has dropped off the Government's radar screen in the past few years. This may give the public the impression that the Government has decided to put the plan on the back burner or has already changed its plan altogether. I believe that the Government should tell the public its latest thought on the subject. Otherwise, it will be just another point that is related to the Gibraltar monkey mentioned by our Honourable friend, WONG Kwok-hing.

Apart from cross-boundary infrastructure development, the Government should plan for future infrastructure development following the 10 major infrastructure projects, which I have been calling as "post 10 mega projects". As I have reiterated in the past, the Government must plan ahead and carry out sufficient feasibility studies wherever and whenever possible, followed with all the necessary public engagement and public consultation. The Hong Kong 2030 Planning Vision and Strategy only provides us with a broad planning framework to guide the future development of Hong Kong. We still need the appropriate land policies and proper infrastructure development to turn the planning vision into a reality.

Thinking ahead to 2030 is a luxury for many people in Hong Kong. For them, there are a load of immediate problems for them to deal with right now. Housing is amongst one of them. The soaring price of residential flat is a growing concern. The middle class and professionals are finding it more and more difficult to afford housing in today's ever-rising property market. The introduction of the My Home Purchase Plan will surely offer a viable alternative to the sandwich class. However, it is doubtful the planned 5 000 flats will be able to meet the demand. Besides, they will not come into the market until 2014. In order to do so, the Government should seriously consider resuming the Home Ownership Scheme (HOS) to meet the demand of the middle class. But the number of HOS flats to be built must be in line with the market situation. In the long run, the Government must resume its regular land sale so as to increase the land supply. And also, different plots of land in different sizes for different types of development could be put on the market for auction.

On top of housing problem, travelling expenses add burden to the low-income earners. Many of them have to turn down employment in distant areas given their hard-earned income being eaten up by transport costs. Introduced to help all eligible employees in Hong Kong, the Work Incentive Transport Subsidy Scheme will surely help more people to return to work without restricting job search in areas incurring little transport expenses.

Not long ago, this Council has passed a motion on "facing up to the transport needs of people with disabilities". The same motion has been passed for nine years in a row. Apart from the inadequate transportation facilities to cater for the needs of the disabled persons, the prohibitive travelling expenses have discouraged them to travel and lead a normal life. In this connection, the Government should introduce concessionary transport fares to people with disabilities.

Last but not least, I would like to take this opportunity to urge the Government to continue to invest in infrastructure development. History tells us that infrastructure development promotes Hong Kong's economy and enhances its competitiveness. Implementation of infrastructure projects provides the stimulus for our economic growth. These projects create a large number of jobs for the construction industry and related professionals. As mentioned before, there are over 1 million people at stake in the construction industry. The growth in the industry will surely also increase business for retailing and eateries and promote the growth of many other sectors. The whole economy will eventually benefit as a whole.

Thank you, President.

**MR CHEUNG HOK-MING** (in Cantonese): President, the Chief Executive's Policy Address of this year has addressed, to a large extent, the concerns of members of the public in respect of housing and future housing supply. However, in striking a balance between conservation and development, the Policy Address is inadequate. Nature conservation and development are matters of grave concern to the general public, and there have been time and again heated discussions and even conflicts on conservation and development in the community.

The Tai Long Sai Wan incident which happened three months ago has aroused social concern and discussions on the regulation of land use and planning. Today, I wish to take this opportunity to remind the Government again that special attention should be paid to address the problems of environmental protection and social development; the Government should also examine the inadequacies of the existing policy with a view to striking a balance between the needs for conservation and development. This issue will become increasingly controversial in the days to come, and the conflicts involved should be properly handled, so as to avoid increasing conflicts and confrontations which may hinder further social development.

In connection with the Tai Long Sai Wan incident, the Policy Address has responded to the community's request by preparing draft Development Permission Area plans for Sai Wan, Hoi Ha, Pak Lap and So Lo Pun. The remaining 50 sites which have yet to be covered by statutory plans would be included into country parks, and their proper uses would be determined through statutory planning. However, President, can competing with property developers to include private land into planning control in the first place be considered as a good measure for nature conservation?

President, if Members are not too forgetful, the Government had actually proposed a new nature conservation policy as early as 2004. At that time, the Government had designated 12 priority sites for enhanced conservation and pilot schemes such as management agreements and public-private partnership were introduced. The Government aimed to explore the public-private partnership option through enhanced conservation of those 12 sites in conjunction with the landlords.

However, six years has passed, only Long Valley and Fung Yuen are conserved under management agreements; and among the five applications for public-private partnership, only Sha Lo Tung has achieved little progress. As regards other sites identified for enhanced conservation, fly-tipping and tree-felling activities are commonly found, and this is far from satisfactory. The authorities concerned should review on the mode of public-private partnership, to find out whether it is because the policy is not attractive enough or there are difficulties in enforcement that have resulted in such confusion. The authorities should think more deeply and see what can be done to improve the policy so as to attract the private sector to participate in the project, with a view to genuinely



implementing the public-private partnership option and proactively promoting conservation, rather than just playing lip-service.

I hope that the authorities would expeditiously announce more information about the 50 sites adjacent to country parks, particularly the entitlement of the sites concerned. Among those 50 sites, which of them are owned by the Government? Which of them are privately owned? Is there any indigenous village? The problem will be even more complicated if it involves privately-owned sites. After all, land has a price. Is it fair to ask landowners to take up all the responsibilities of nature conservation and suffer economic losses for the whole society?

The Tai Long Sai Wan incident has precisely highlighted the serious contradictions between conservation and private property rights. Very unfortunately, under the existing policy, these serious contradictions have not been properly tackled. In my view, if the use and development of a piece of land have to be frozen under the conservation policy, the Government should make compensation to the landowners concerned. Just like in the past, the Government had encouraged owners of some chicken farms and pig farms to voluntarily surrender their licences as a result of the avian flu, Japanese Encephalitis and environmental pollution. This is indeed an act to restrict property development. When the owners of those chicken farms can no longer develop as a result of the government policy, the authorities would compensate them in accordance with the size of their farms. I believe sites which may no longer develop under the conservation policy should be handled in the same way. I eagerly hope that the authorities would seriously consider making compensation to those affected landowners by, say, setting up a conservation fund to buy or lease land from these landowners, or even compensating their loss by way of land exchange.

The Chief Executive has stated in his Policy Address that the authorities would earmark 500 million this year for injection into the Environment and Conservation Fund as necessary in the light of operational need. I think the Government has done a better job in this respect. Can this sum of money be used to compensate landowners for nature conservation? The Government should think thrice and conduct a detailed analysis.

President, apart from rural land, the development of urban land should not be neglected either. Given the scarcity of rural land, buildings are very densely

packed by developers in order to get more space for development, as a result, there are more and more screen-like buildings and "cake-like" buildings in the urban area, causing ventilation problem and the heat island effect. In order to foster a sustainable built environment, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) has all along called on the Government to tighten the control of inflated buildings and review the gross floor area (GFA) concessions. We are indeed very happy to see that the Government has responded to our aspirations by imposing an overall cap of 10% for the GFA concessions, and at the same time, reducing the maximum permissible area of bay windows. We believe this measure would help to reduce the environmental problems caused by the newly-built high-rise buildings to the neighboring area, thereby bringing more quality living environment for Hong Kong residents.

However, after all these many years, urban development has almost completed. In looking forward, we see the need to expeditiously put in place the development of land from the Frontier Closed Area (FCA) and new development areas. This will promote economic development on the one hand, and tie in with the authorities' target to increase the supply of small and medium housing units on the other.

As we all know, the issue about releasing the development potential of land from the FCA has been discussed for years, and the DAB and Heung Yee Kuk are perhaps the forerunners and most active advocators. They have published a report titled "Options for and discussion on all-direction development of the Hong Kong-Shenzhen border area" as early as 2004. This was followed by a number of reports on the development areas in the New Territories, in which the concept of development of the FCA was explored. However, after all these years, the relevant planning is still an armchair strategy and has yet to be implemented. On the contrary, Shenzhen, which is just a river away, is developing in a speed of light and its changes over the past decade or so are obvious to all. The DAB urges that the Government should expedite the development of such areas as Kwu Tung North, Ping Che/Ta Kwu Ling, Liantang/Heung Yuen Wai Control Point and the Lok Ma Chau Loop, so as not to waste the precious resources at the closed area any longer.

It should be noted that the new development area is located in close proximity to the closed area, attention should therefore be paid to their connection and co-operation. When planning the use of land for industrial, research and

commercial purposes, as well as the provision of higher education in the future Loop, interfacing should be enhanced to form an industrial chain.

The DAB also hopes that the authorities would expeditiously formulate development plans for Hung Shui Kiu, so that it can be developed into a self-sufficient new town. In consideration of the proximity of Hung Shui Kiu to Shenzhen, as well as its easy access to the railway network, the Shenzhen Western Corridor and Deep Bay Link, the authorities can develop a large-scale exhibition area in that locality with a view to addressing the problem of the lack of exhibition venues in Hong Kong. Another direction of development is to set up a red wine exhibition centre there, together with the provision of storage and auction services. It is believed this will attract both Mainland and overseas buyers.

President, I would like to take this opportunity to relay to the Government, on behalf of Heung Yee Kuk, the views of a group of villagers. In 1999, the Rural Planning and Improvement Strategy for promoting rural minor works projects came to a halt due to a lack of funds. Since such projects have to depend heavily on the allocation of fund from various district councils, and given the intense competition for funding amongst district councils and the relative small population in the rural area, not much funds have been injected for improving the rural environment.

Over the past 11 years, the difference between the new towns and rural areas in the New Territories can be described as heaven and hell. There is no proper planning in the rural area. Moreover, as rural minor works projects do not cover land resumption, written consent must be obtained from landowners when the public works projects involve private land, and in case there is no written consent from the landowner concerned, the relevant project will be shelved. Take Tsuen Wan and Yuen Long as an example, a lot of outstanding projects related to bridges, roads and even drainages cannot take forward because lands cannot be resumed and the consent of private landowners cannot be obtained. The development of the rural area is thus impeded.

Recently, the authorities have accepted my proposal and selected some pilot projects which are pressing and can only proceed by the resumption of land. I hope that the authorities would expeditiously proceed with the necessary procedures and deal with the problem of shelved projects as early as possible. I

also hope that the relevant measures can be extended to other areas in the New Territories to address the problems of local residents.

President, Heung Yee Kuk and I have suggested to the Government on different occasions that the Rural Planning and Improvement Strategy should be launched again as the deteriorating rural environment can only be dealt with effectively by dedicating funds for intended purpose. Given the handsome surplus of the Treasury, it is hoped that the Government would actively consider this proposal and set aside a reasonable amount of resources for relaunching the Rural Planning and Improvement Strategy.

President, I will now express the DAB's views on the transportation issues of the Policy Address.

President, in view of the pressure from different fronts, the Government has finally made compromised about the Transport Support Scheme. The coverage of the scheme will expand from the existing four regions to 18 regions territory-wide, and all eligible recipients will be entitled to a monthly allowance of \$600. As this initiative can encourage low-income earners to look for jobs and stay in employment more proactively, it is a genuine measure which helps members of the public and brings positive impact on Hong Kong's economic development.

However, can the provision of travel allowance alone resolve the deep-rooted problem of high transport fares in Hong Kong? The underlying reason for this problem is that all major local transport operators are privately operated. Even though the Government has bought the shares of the MTR Corporation Limited (MTRCL) and became the major shareholder, it still claims that MTR is beyond its control, not to mention buses and tunnels.

These public transport operators have all along conducted business entirely on the basis of commercial principles at the expense of corporate social responsibility. Last week, it was the ninth time that the Legislative Council passed a motion on the provision of transport concessions for people with disabilities. It is therefore evident that most transport operators only aim for profits and are reluctant to do anything for the disadvantaged groups.

As far as we can see, while the Government claims that there is a properly monitored fare mechanism, the transport operators have successively applied for fare increase when the economy recovers or when there are signs of inflation. Since early this year, the Star Ferry and the Peak Tram have increased their fares, followed by the MTRCL, the Western Harbour Crossing and the Tate's Cairn Tunnel. Other operators now waiting for approval of fare increase application include taxis, the Eastern Harbour Crossing, trams and a number of green minibuses. It seems that all transport operators have applied for fare increase.

I believe Members also suffer from the vicious cycle created by this spate of fare increases, but the grassroots will certainly be the hardest hit. Their wage level has failed to catch up with inflation, they do not earn enough to pay for the various levels of fare increase of transport operators. This has indeed added extra burden on people's livelihood.

Can the Government just let transport operators operate on the basis of commercial principles and dominate the fares without taking any actions? President, the answer is definitely in the negative. We think the Government should at least reject the applications for fare increase, so as to maintain the fare at a stable level. It should then formulate medium to long-term measures with a view to thoroughly reviewing the existing unreasonable fare increase mechanism. The DAB, for instance, has all along requested the Government to rationalize the bus fare structure, so as to remove outdated charges such as air-conditioning and circular route charges; rationalize the MTRCL's fare structure; buy back the tunnels that operate under the BOT mode and re-determine the reasonable tunnel fares, and so on. There is a need for the Government to rectify the situation and bring transport fares back to a reasonable level that is affordable to the general public, with a view to relieving the increasingly heavy burden of transport cost on the grassroots.

President, the abovementioned modes of transport are popular with members of the public. They are thus making money and are seen by transport operators as "golden eggs" which generates profits. Nonetheless, there are less popular transportation modes which are not profitable. What I am saying is the ferry. A few months ago, the Star Ferry announced that it would give up its operation of two routes from Hung Hom to Wan Chi and Central. When the tender for these routes ended early this month, no operator was willing to take up the operation of these routes.

The SAR Government has all along failed to formulate a comprehensive ferry policy. As a result of development by reclamation, piers were forced to move further away, causing inconveniences to passengers. So, whenever a pier was moved, the number of passengers dropped drastically. And yet, the Government has not provided any compensation nor formulated support measures for the operators. It did nothing seeing that ferry operators either close down one after another due to operating difficulties, or significantly increase their fares, or even give up their operating licences. A number of ferry operators have closed down in succession within this decade or so.

At one time, ferry used to be a major mode of transport in Hong Kong. Following the development of society, ferry only plays a secondary role nowadays. But should the Government just let the trade die out like that? As the Government has advocated diversified transportation, it should work hard to retain these sunset industries.

Outlying island ferry is the only mode of transport connecting residents in outlying island with the urban area. However, as patronage is low, ferry operators can hardly survive merely with revenue from the fare. The only way out is to develop non-fare business. While the Government proclaimed last year that it would strive to obtain the Town Planning Board's approval for the construction of an additional one and a half floor at Central Piers No. 4, 5 and 6 so as to allow ferry operators to run other businesses, nothing concrete has been devised. The licence period of the ferry operator will soon expire, yet the measure is still all thunder but no rain.

We eagerly hope that the Government will look squarely at this issue, and expeditiously approve the construction of property development above ferry piers. On the other hand, it should also respond positively to the request of ferry operators by setting up a Fuel Price Stability Fund, so that they can continue to provide services for outlying island residents under a stable cost. Furthermore, the authorities should also seriously think about the ferry policy of Hong Kong. Should it let the operators run their own course and allow ferry services to gradually disappear, or provide support so that they can continue to operate? I believe Hong Kong people will no doubt choose the latter.

President, just as I said earlier on, Hong Kong needs to have a diversified transportation system. I remember that at the Question and Answer Session in

May 2008, the Chief Executive had undertaken to seriously consider the construction of a railway line between Tuen Mun and Tsuen Wan. It has been more than two years now, but there is no sign of it.

We also understand that we already have the West Rail running between Tuen Mun and Tsuen Wan West, therefore making it redundant to construct the railway line between Tuen Mun and Tsuen Wan. However, we can see that the utilization rate of the Tsuen Wan West Station is pretty low, because Tuen Mun residents going to Tsuen Wan have two choices. They may take a bus, but passengers going to Kowloon will have to transit at Mei Fu Station. Unless they want to have a joy ride, otherwise they would seldom travel all the way from Tuen Mun Station to Tsuen Wan West Station by making a detour to Yuen Long.

Local residents therefore eagerly hope that the Government would build a railway line which runs between Tuen Mun and Tsuen Wan. It is learnt that they have set up a Tuen Mun — Tsuen Wan Railway Liaison Group and the District Council concerned has also provided a funding of \$600,000 for the commissioning of a consultancy study. It can therefore be seen that residents do hope to see this railway be built as early as possible, and have their dreams realized.

President, apart from the building of a railway extension between Tuen Mun and Tsuen Wan, residents of New Territories West also hope that the Northern Link can be expeditiously built to link up the West Rail and the East Rail. This will greatly facilitate the local residents of the two places. In fact, the Northern Link does not only serve to link up the West Rail and the East Rail, the authorities may explore such wild ideas as linking the Northern Link with the planned rail link between the Hong Kong and Shenzhen airports. This would further expand the external railway network of New Territories West, making it a new transport node and giving full play to the major function of the Northern Link.

President, given the scarcity of land and dense population in Hong Kong, the Government has been exercising tight control over vehicle growth over the years. And yet, population growth has brought about vehicle growth. In 2004, there were 340 000 licenced private cars in Hong Kong, and there has been an increase of 14%, that is, 50 000 cars. I believe Members will also agree that traffic congestion is common in major trunk roads in different parts of Hong

Kong, showing that many road networks have nearly reached saturation. Can the problem of traffic congestion be completely resolved simply by widening the roads and traffic control? As a responsible government, it should make detailed long-term planning for the road networks of Hong Kong.

President, the development of environmental protection is now a global trend. In the past, some people had suggested to include bicycles into Hong Kong's transport policy and promote them as a feeder to the mass transportation system. I am not talking about the bicycles leaning by the railings of the MTR stations, but the need for a managed and systematic bicycle policy. Nowadays, be it France, the Netherlands, Taipei or even Mainland cities like Hanzhou, bicycles have been promoted as a feeder to the mass transportation system.

The use and management of bicycles can be rationalized through an auto-leasing mechanism, under which the public can use bicycles as a feeder or a mode of transport for outing. Cycling does not only help promote environmental protection, it is also an exercise that helps to foster a quality urban life. I think that pilot implementation can be carried out in either New Territories West or North, to be followed by an extensive implementation territory wide. Thereafter, detailed research and serious consideration can be made by the Government.

President, I so submit.

**MS EMILY LAU** (in Cantonese): President, this debate session is about prosperous infrastructure ..... No, it should be "Developing the Infrastructure for Economic Growth". President, I will listen to your instruction and try to speak merely on this debate topic. And yet, this topic indeed covers a wide scope.

President, for an economy to prosper, the housing problem must be properly dealt with. We notice that while Hong Kong people will go overseas to learn the experiences of other countries, many people will come here to learn our experiences. Although we have been fighting for democracy for so long, the democracy we have is still far from enough. Nonetheless, I do agree with what some local and foreign people said, and that is, we have done some good jobs in certain aspects. Nevertheless, there is always room for improvement. Our healthcare system, for instance, has earned commendation, but further



enhancements can be made. Furthermore, our transportation system is very efficient. President, housing is the only area that has attracted loads of complaints.

President, there are millions of people living in public housing estates in Hong Kong. Just as I said a few weeks ago, I heard on the radio that a member of the public said he had travelled to Singapore lately and visited some local government-owned buildings. He was astonished when he stepped inside to see that the toilet is even bigger than his flat. Why can we not provide Hong Kong people with more space? I therefore strongly recommend the authorities to increase the size of the public housing units. And yet, President, merely increasing the size of the units is meaningless if people cannot afford to pay the rent. Nowadays, many people ..... Recently, I had an interview with a young person on a TV program. Although the two of them earn more than \$30,000 a month, they cannot find a place to live, meaning that they cannot afford to buy a flat. I then asked him to listen to the Secretary's advice that they do not necessarily have to buy a flat. President, they have taken great pains to solve their housing needs. The reality is not what the Chief Executive has told the audience of a radio programme, that a couple of professionals may find a home in Tin Shui Wai. This is not the case.

The grievances of members of the public and the viewpoints of the Democratic Party ..... Earlier on, Mr LEE Wing-tat has said very clearly and I believe he has not only expressed the views of the Democratic Party, but also the grievances of tens of thousands of people. Why were the authorities not determined to control property price to stop it from spiralling? President, this is only a matter of demand and supply. If the supply increases, the rise in price will not be so crazy. Therefore, the Democratic Party eagerly hopes that the Government will resume the building of Home Ownership Scheme (HOS) flats.

LEE Wing-tat has also mentioned just now that according to our survey, 84% of the public also supported this proposal. An Executive Council member told me the reason for not resuming the HOS was that one person found the idea unacceptable. Well, this made me think that Emperor Qin Shi Huang has come back to life. President, we cannot behave like this. I hope that the authorities should look at the matter more sensibly. In fact, the HOS is no panacea, but after all it had once solved the housing problem, and the public considered the scheme acceptable. Now that the Government introduces the so-called My

Home Purchase (MHP) Plan, but the response of the public is they cannot rest assured. They are not sure if they can afford to buy the flat which they are living a few years later. If they cannot afford to buy it, the Government will drive them out. Will they be left on the street?

President, there are a number of questions which the Government provides no answer. Thus, we earnestly hope that the authorities will well handle the housing issues, so that when people come to visit Hong Kong in the future, they can see that Hong Kong's housing policy does take care of the public. Property prices, on the other hand, will not go up to tens of thousands of dollars per square foot due to speculation. Or else, people who have a genuine housing need will have a very difficult life even if they earn \$30,000 to \$40,000 a month. President, I do not believe this is fabricated by members of the public, and they really feel very bad. Why? Frankly speaking, it is indeed not bad at all for a young couple to earn \$30,000 to \$40,000 a month, but how come they have to live in such a deplorable state? Should the authorities do something about it? President, this is very important indeed.

On the other hand, President, I am grateful to the authorities for appointing me as the Deputy Chairman of the Business Facilitation Advisory Committee. I absolutely support to build a corruption-free and friendly business environment in Hong Kong. Recently, the Democratic Party met with some people from the business sector and we have explained to them very clearly that we were not hostile to the business sector. However, just as Dr LAM Tai-fai has said earlier on, we were told that many people from the business sector, especially the industrial and commercial sector, were angry with the Government for not taking good care of them. I had told the Directors of Bureaux and the Secretaries of Departments that we should listen very carefully to their views. If many people from the business sector consider that the Government has not helped them and thus withdrew their investments in the territory, then where will our job opportunities come from? President, I therefore hope that the authorities will do something.

Some people say that the business sector seems to be looking for advantages and subsidies. It is certainly no good if the Government provides subsidies on a selective basis for this would result in collusion between the Government and business. And yet, rules and policies can be drawn up for our discussion and approval. If it is found that the provision of support is common

in many overseas countries, people can then submit applications according to the rules. This is subject to consideration. I think that the authorities ..... I also believe Secretary Rita LAU is willing to open her ears. She has, for instance, provided loans for the business sector. Therefore, I hope that the authorities would listen more to the views of the business sector and do not enrage them.

President, why is the business sector so mad at the Government? They are not asking the Government to help a particular factory or company. At the panel meeting held a few days ago to discuss section 39E, I said that the Democratic Party had also indicated its support. And, actually many ..... President, perhaps except for the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) which you belong to, many people also agree to request the Government to amend the Inland Revenue Ordinance as some members of the business sector think that it has a great impact on them. If the Government takes heed of people's advice ..... Since there are many consultative committees, then listen to their views and do something. Let the business sector feels that there is a genuine friendly business environment in which people may invest, so that there will be ample opportunities for creative jobs. Nevertheless, the Government has failed to do so. What is the result of this? People are hostile to businessmen. In fact, people do not hate businessmen, they just do not like to see some people gaining advantages, or receiving Government assistance.

President, what have I heard recently? Mr CHENG Kar-shun of the New World Development said that he knew the public has a hostile feeling of businessmen, and the problem of disparity between the rich and the poor is actually aggravating. Who should be responsible? He said that the responsibility mainly lies with the Government, as well as the businessmen. He said that one has to be dishonest in doing business. If not, how can he survive? President, he said that businessmen can be dishonest, but they must be ethical. I wonder what is meant by dishonest but ethical, but it is a pity to hear an important person like him giving such a remark.

President, what did Vincent LO say? He is also a member of the real estate sector. He said that the property market of Hong Kong was monopolized by a few major consortia, so it would be very difficult for creative people to compete. Therefore, the Shui On Group has chosen to compete in the Mainland for more opportunities. How about James TIEN? President, he is another property developer. He said that the Government is stingy and refuses to

"distribute money" to the public, hence aggravating the wealth gap. As a result, members of the public all pointed their fingers at the business sector. The hostility to businessmen has spread throughout the community and the business sector is made a scapegoat. According to him, the problem is that people find the rules unfair. President, these unfair rules have made certain people, or perhaps a small group of people, become so fat that they cannot even bend down to put on the socks. Why are they so fat? President, I have already read out the following data, which is published by the Forbes in March this year, for more than 10 times. Information of Hong Kong's wealthiest company is as follows: The Cheung Kong (Holdings) Limited has a net asset value of \$163.8 billion and last year's net profit was \$19.8 billion. Second on the list is the Henderson Land Development Company Limited, with a net asset value of \$144.3 billion and a net profit was \$14.3 billion. The third place goes to the Sun Hung Kai Properties Limited, its net asset value is \$132.6 billion and the net profit last year was \$28 billion. The fourth is New World Development, its net asset value is \$53 billion and the net profit is \$2 billion. What a huge sum of money! President, while some people encounter numerous difficulties while trying to set up a factory, some people make a big fortune.

What did the Chief Executive say about this? In paragraph 57 of the Policy Address, he said we should set up a Community Care Fund, to which the Government and the business sector will each contribute \$5 billion. President, they have earned so much money. I have also done some calculations for the few companies which I have just mentioned. From 2005 to 2009, the annual average profit of the Cheung Kong (Holdings) Limited was \$18.2 billion; the Henderson Land Development Company Limited was \$12.8 billion; the Sun Hung Kai Properties Limited was \$21.4 billion and the New World Development was \$3.6 billion. Although the Government and the business sector are required to each contribute \$5 billion, it is actually no big deal to the latter. Is this amount a drop in the ocean? What is the use of the money? The Government said that the money be used to help people who are not eligible to receive Comprehensive Social Security Assistance (CSSA).

President, many people, including the Chairperson of the Equal Opportunities Commission Mr LAM Woon-kwong, said that we are no longer in the era of alms-giving. First of all, people wish to equip themselves, receive good education and be able to get a good job. Secondly, they wish to have universal retirement protection and other sort of protection. They consider that

they are entitled to such rights, after working for so many years, they have the right to get back the money someday. They do not want to be at the mercy of the Government for the alms; we should not say that people who do not take any alms have the moral integrity. President, it should not be like this. Therefore, the whole system needs to be changed.

Again, the Community Care Fund aims to give alms to people who are not eligible for CSSA. Yet, President, these people do not want any alms. So, how can we lift ourselves out of poverty? President, I might have deviated from the subject matter, but I must finish it. In order to lift out of poverty, the most important thing is education. Although the Government said that \$1 out of \$4 spent will be on education, this is not enough. Kindergartens should be fully subvented, whereas small class teaching should be implemented in both primary and secondary schools. As for university places, the proposed increase of 500 subvented places is not enough. As you are very concerned about education, you should be aware that if more resources are put in, Hong Kong people ..... It also includes the provision of adult education. This is because after receiving education, some people, mostly women, who do not have such a chance in the past, will be able to earn a living.

Furthermore, we should also have a universal retirement protection system. This enables the public to receive benefits when they grow old, instead of taking alms from the Community Care Fund or begging the Social Welfare Department for welfare benefits or alms. As people have dignity, the Government should establish a mechanism for people to receive money in a dignified way, such that they would not be accused of not having the moral integrity or that they do not look for jobs, just like what some people have said. I am therefore pretty resentful about this Fund, not knowing what purpose it serves. On the other hand, some people from the business sector are reluctant to donate because they think this is nothing but another way to impose a tax.

Furthermore, the Government actually has no need to ask the business sector for few billions of dollars? President, Norman CHAN gave me some information yesterday for discussion at next Monday's Finance Committee meeting. He said that by the end of last year, the fiscal reserves of the Foreign Exchange stood at \$504.1 billion and the accumulated surplus was \$553.5 billion. What is more, there is more than \$1,000 billion which is debt-free. President, is

it necessary for the Government to ask the business sector for \$5 billion? I have almost laughed my head off. The point is that despite having a huge reserve, the Government has failed to introduce any measures, it only proposes the so-called Community Care Fund. Would the Government act charitably, please?

In the paragraph about the Community Care Fund, President, it is mentioned that we have a sound social security system which is beneficial to the grassroots. But just take a look at Legislative Council Question No.9 raised by Mr WONG Sing-chi today on residential care homes for people with disabilities. President, I will only read out three items: What is the waiting time for residential care places for moderately mentally handicapped persons? It is six and a half years. It is about six years for severely mentally handicapped persons and five years for severely physically handicapped persons. Is that what we called caring? Many of their parents are extremely busy at home. They always call to radio programs to complain and some even cry. While the Government is amassing tens of billions of dollars of surplus, the business sector is complaining, the community is facing housing problems and their requests for provision of care services for people with disabilities have also been denied. President, what is more, it is the elderly issue which has been discussed in this Council time and again. Many elderly people wish to stay in residential care homes for the elderly, but thousands of them died every year before they were admitted. Why is that so? Because the authorities are reluctant to build more residential care homes for the elderly or put in some extra effort. Therefore, I believe in the eyes of tens of thousands or more people, the title "Sharing Prosperity for a Caring Society" is pretty sarcastic because they fail to enjoy the basic provisions which we have just mentioned.

President, I hope that the authorities will genuinely improve the business environment. We express strong support in this area but we do not support collusion between the Government and the business sector. If any government policies incline towards certain people who then became so fat that they cannot even put on their socks, whereas other people are complaining ..... If certain policies, after discussion, are found to be in place in a number of neighboring countries, we can get involved provided that the rules of the game are clear. I hope that the authorities will listen to the views of the trade and the community, as well as the disadvantaged groups and people waiting to buy their first flat. President, they do not have much expectation on the Policy Address indeed. But why did the Government not put in extra effort when it is amassing more than

\$1,000 billion reserve? I hope that the authorities would hear the voice of the general public. Thank you, President.

**MR CHAN KIN-POR** (in Cantonese): President, a considerable length of this year's Policy Address is devoted to discussing problems relating to the property market, poverty and other social issues. I am so glad to see that the Government has put its focus back on the issues of people's livelihood, and I believe the general direction proposed by the Chief Executive in respect of housing policy and measures to alleviate poverty is right. And yet, it has been two weeks since the delivery of the Policy Address, and as reflected by the response of the media and the market, the policies are inadequate and many pressing issues have yet to be addressed. I am going to elaborate my views on this year's Policy Address from a number of policy levels.

First of all, I will talk about the housing policy. Since the Chief Executive has placed housing policy as the key issue of its governing agenda, the Policy Address has therefore made a detailed analysis of the current problems and proposed a series of measures. The announcement of such policy has, however, turned into an impetus for further increases in property prices. According to the market's interpretation, the policy is inadequate, and all factors of uncertainties have been eliminated. As a result, investors swarm into the market again. The fact that people swarmed to purchase second-hand properties in these few days reflects that the problem does warrant our concern. I hope that the Government would carefully assess the current situation, and review the effectiveness of the housing policy to see if there is a need to introduce other measures to combat the overheated speculation.

As pointed out in the Policy Address, the average annual take up rate of first-hand private residential flats was 18 500 units in the past 10 years, it is therefore deduced that an annual supply of 20 000 flats in the next 10 years should be enough to satisfy the market need. However, there are loopholes in this deduction because in the past 10 years, we have experienced the financial turmoil, the financial tsunami and SARS, which would certainly dampen the market demand for housing units. According to the information, although there was an average annual supply of 27 000 residential flats before the reunification, there was still an excess demand. With the influx of many Mainland investors into the market, the demand has been further boosted. As such, is an annual

supply of 20 000 flats enough to satisfy market need? It is considered by the market that the actual need has been underestimated.

I suggest that the Government should set out, on a regular basis, the supply of land for the next five years in the light of the changes in population and economic factors. This will ensure that the supply of residential flats can meet the actual need, thereby eliminating the risk of sending wrong messages to the market.

On the other hand, I think that the introduction of the My Home Purchase (MHP) Plan is in the right direction. However, as the first batch of flats will only be made available in 2014, distant water cannot put out a nearby fire. In addition, the supply of 5 000 flats is really too few in number. Here, I wish to reiterate that I support resuming the construction of Home Ownership Scheme (HOS) flats for it will provide the grassroots (including public housing residents) who are eligible but cannot afford to buy private residential flats a chance to improve their living environment.

Insofar as the insurance industry is concerned, the Policy Address states that the Government will take into account public views and draft legislation on the establishment of an independent Insurance Authority. At the same time, it is preparing a proposal to establish an insurance policyholders' protection fund (protection fund).

In July last year, the Government announced the proposal to establish the protection fund. The study is now underway and it will strive to consult the public by the end of this year. The insurance industry strongly welcomes the intention of the Chief Executive to strive to consult the public by the end of this year, meaning that the work will commence in the coming two months. However, just as I have stressed time and again, the insurance industry hopes that the authorities will expedite the establishment of the protection fund. This is because as the former Chief Executive of the Hong Kong Monetary Authority (HKMA) Mr Joseph YAM has said, the entire world financial system was in a once-in-a-century chaos. The earlier the protection fund is established, the sooner the insured people will be protected, which is beneficial to members of the public, the industry and the financial system. In case another financial turmoil will occur again in the next one or two years before the protection fund is



established, any problem emerges in an insurance company or its parent company will exert undue pressure on the Government.

Under the protection fund, a reserve will also be maintained from levies for making compensations. However, in view of the insufficient reserve at the initial operating stage, it is hoped that the Government will consider making advance payments when drawing up concrete proposals, so that the protection fund can operate as early as possible.

As for the establishment of an independent Insurance Authority, a public consultation exercise is being carried out. Nevertheless, the consultation paper has not set out the concrete details of its regulatory framework. The insurance industry is divergent in views on this proposal, yet both the supporting and opposing party have expressed concerns about the proposal. It is hoped that once the Government completes the consultation exercise, it will undertake to carry out a second consultation exercise for the industry to thoroughly discuss the feasibility of the regulatory framework. On the whole, it is the wish of the industry that the independent Insurance Authority would not exercise too much regulation. This will ensure that our status as an international financial centre will not be undermined, and that the insurance industry of Hong Kong will have sustainable development.

On the other hand, the industry opposes the proposal to require the sale of insurance products by banks be regulated by the HKMA for fear of inconsistent regulation. It is hoped that all sales channels of insurance products, including both banking and non-banking channels, will be placed under the control of the independent Insurance Authority. By placing all channels under one regulatory body, we can avoid any public misunderstanding of the regulatory standards.

While the focus of this year's Policy Address has been placed on people's livelihood, I hope that the Government will not relax its work on developing the financial industry. I am so glad to see that, as stated in this year's Policy Address, the Government will seek the expansion of channels for enterprises to invest in the Mainland the Renminbi (RMB) capital raised in Hong Kong. In fact, given the continuous development of the RMB financial products, the RMB balance in Hong Kong will increase significantly in the future. In order to ensure that the RMB capital in Hong Kong will yield reasonable return, there is a need to establish a mechanism for the flowing back of RMB, so that the financial

institutions may invest in the Mainland the RMB raised for a return which is higher than that of offshore investments, thereby making RMB products such as RMB insurance policies more attractive. This is an important incentive for holding RMB offshore.

The Policy Address also mentions that the Government will encourage more Mainland, Hong Kong and foreign enterprises to issue RMB bonds in Hong Kong. I support this government proposal because in view of the continuous demand for RMB bonds in Hong Kong, a large-scale issuance of such bonds in a sustainable way will be helpful to develop Hong Kong into an offshore RMB centre.

I will continue to express my views on other policies later.

I so submit.

**MR ANDREW CHENG** (in Cantonese): President, first of all, I hope you would allow me to speak generally on the Policy Address because there is some private business that I must attend to later on.

My attention is particularly drawn to paragraph 155 of the Policy Address, the part about constitutional development and political talent, where the Chief Executive talked about expanding the pool of political talent and creating new positions of Under Secretary and Political Assistant. However, President, given the importance of today's debate on the Policy Address as well as the topics under this session, we should see many Directors of Bureaux present in this Chamber. However, the fact is, the Secretary for Financial Services and the Treasury, who was present a while ago, has left already; the Secretary for Transport and Housing is not present as well. This is precisely what made me feel ..... At first, I intend to speak about the particular areas under specific debate sessions, but as the Directors of Bureaux are going to listen to our speeches via remote access, the only thing that we as Members of the Legislative Council can do is to make full use of our speaking time to say whatever are in our mind, hoping that they can hear our views. I am quite concerned that the cold response shown by government officials on this occasion may be a sign of how well the relationship between the executive authorities and the legislature is.

Therefore, President, I would like to talk about constitutional development first. The relevant section is found in paragraphs 152 to 163 of the Policy Address. When I was having lunch just now, I heard Dr LAM Tai-fai speak — I just gesture him to stay and listen to my speech — and he gave me this impression, when I was small ..... I knew nothing about horse betting but when I was small, many people used to say they enjoyed listening to the trackside commentary from Bill TUNG even though they knew nothing about horse betting. As I was listening to LAM Tai-fai, I had the same feeling. While Dr LAM and I have very different political views, I must say his speeches are very interesting. On one hand, he speaks interestingly; and on the other hand, from my experience as a Member of the Council for 10-odd years, Dr LAM must be the most vocal critic of the Government amongst all other Members returned by functional constituencies (FCs). I noticed that he had prepared a speaking note, after speaking for a few minutes, he raised criticisms, and then he again raised criticisms after speaking for some time. One of the targets of his criticisms is Secretary Prof K C CHAN, the government officials whom he dislikes most. This might be the reason why Secretary Prof CHAN has left the Chamber just now. He might have been scolded off. From what I gathered, Dr LAM's criticisms were invariably about tax, tax and tax — President, as I am unfamiliar with the relevant policies, I will skip the specifics — it would be best for the Government should provide tax concessions, and so on.

I have this strong feeling because if we look around and consider the composition of this Council, there is this conflict within the FCs. Hostility against the rich and the businessmen has created conflict within this Council. In the context of society as a whole, it has also become another type and widespread conflict. This conflict is about poverty gap, social classes and bureaucracy. Conflict exists among different social classes and even more so within individual classes. As Ms Emily LAU just said, some not too well-off property developers are jealous of those who are extremely well-off; and some FCs not favoured by the Government are extremely jealous of those who are. In this matter, we think that fairness is of utmost importance in a progressive and democratic society. Without fairness, a society will not achieve much in terms of democracy and rule of law.

Nonetheless, we are human after all. As the Chinese saying goes, "People always hate the rich and despise the poor." There are always unpleasant sights, sounds or feelings around us. And people can easily hate those who are rich and

despise those who are inferior. If this attitude is increasingly prevalent in society or even perpetuated by government policies, nothing good will come out for the society as a whole. Therefore, insofar as constitutional development is concerned, President, let me take the appointment of District Council (DC) members as an example. To date, the Government has yet to abolish the appointment system of DC members in one go. They can still enjoy free lunch politically. This is unfair from the economic, political and institutional points of view; and likewise, it is unfair to create the so-called super DC members in the FCs.

As far as I know, the Government will announce the "one-go legislative proposal" on Saturday and present it to the Legislative Council for discussion. It was also mentioned in the Policy Address that the Government would like to see the relevant bills enacted in the coming few months. However, President, regarding the enactment of local legislation on this super District Council FC, I have said time and again that if the Government ..... From the information I gather, the Government is inclined to adopt 15 current DC members as the nomination threshold. I think some Members who have supported the Government will find this proposal highly unsatisfactory and may even seek to introduce amendments. What is the reason for adopting such a high threshold? Why a lower threshold of three or five DC members is not adopted? Why the threshold is as high as 15? Why only current DC members are eligible to be nominated?

In this respect, many commentators who are partial to the Government and who are in support of the Government said that if people who have previously taken part in DC elections or if ex-DC members can get nominated, the FC will be moving backward. President, regarding the question of whether the FC is moving backward or forward, it really depends on from which side one is looking. If considered from the angle of achieving real progress towards democracy and "one-person-one-vote" election, the proposal should ensure that all aspects of this FC, including the eligibility of candidates or the right to stand for election, should be widened but not tightened. Of course, the commentators I mention must be looking from the other side. If it is a FC, eligibility must be restricted, such as only lawyers are eligible in the Legal FC. When I stood for election years ago, the FC that I belong to is, the Financing, Insurance, Real Estate and Business FC — whenever I mention this FC, I have to go slowly because the name is really quite long — where all people engaged in the relevant

industries, regardless of their positions, could become electors. For this FC, there were as many as 170 000 electors at that time.

Therefore, while I am against the FCs, I hope the Government can handle this matter with great caution and avoid introducing an excessively high threshold. Insofar as the electoral method is concerned, I do not opt for the proportional representation system, instead, the "single seat, single vote" system over five major constituencies should be adopted, so that local electors can elect their representative. That system is more in line with the principles of universality and equality and represents a step forward.

President, I will now turn to the Community Care Fund which is related to the business sector and our political system. The Community Care Fund has in fact highlighted the conflict of classes in society. Some businessmen have already stated their views as follows: "What is it about really? Why do I have to fork out money? Why doesn't the Government simply increase tax? Is it another form of tax increase in disguise? If the Government is trying to increase tax, I can still raise my objections, but now there is nothing I can do." Hence, as I see it, the Government is pleasing no one with this proposal. The business sector even thinks that the Government is unfair to them; however, if we ask the common folks in the community, I wonder how many of them will side with the business sector.

Just now, Dr LAM Tai-fai made some angry remarks — I would say he is close to hurling abuse at the Government because he honestly thought the Government had disregarded the industrial sector and its great contribution to society. If even leaders of the industrial and business sectors have such grievances against the Government, it has in fact reached a dangerous level. If no matter what the Government does, there will be criticisms, not just general criticisms or even severe criticisms, and such criticisms are based on a feeling of dissatisfaction, this can possibly result in a governance crisis for the authorities.

Of course, the Government will say that criticisms are unavoidable in the implementation of policies. From what I see, the Chief Executive, Donald TSANG, seems to have entered a sublime state. He always says he does not care about the result of the opinion polls because whatever he does, there will be criticisms; so "it does not matter", just keep working. For this year's Policy Address, he has given it the title "Sharing Prosperity for a Caring Society" to

convey his wish to stay close to the people, so that the public's aspiration will be his aspiration and that everyone in society, that is the Chief Executive and the general public, the toiling mass will be in the same boat, helping each other and sharing happiness together.

Dr LAM also talked about sharing happiness together just now. But he is quite frank in saying that one must share weal and woe. But is it really a case of sharing weal and woe? We have in fact discussed this for numerous times in this Chamber although under different contexts. Has the ruling coalition shared weal and woe with the Government? President, this is not the case in this Chamber. The ruling coalition has often complained that they were put in a position of "shame but no glory" by the Government on many issues as they were left to brace criticisms from the public. Hence, as far as these issues are concerned, the Government has clearly failed to balance the interests of relevant parties including all those with vested interests as well as different classes, groupings, sectors and individuals.

We have said time and again that politics is but the art of compromise. Politics is about implementing comprehensive policies that satisfy the needs of various parties in society including members of the general public (be they in the lower, middle or upper classes), the business sectors or even consortia of various sizes and forms. Politics is not just meeting the demands of certain groupings or individuals while leaving others to toil.

Regarding the Community Care Fund to be established with \$5 billion from the Government, other Honourable colleagues have just mentioned the amount of profits made by some big consortia annually. For them, \$5 billion is not a big sum. It is neither a big sum for the Government which has fiscal reserves exceeding \$1,000 billion. As I see it, the Community Care Fund is but a beautiful vase adding a ceremonial final touch to the Policy Address. Through this Fund, it is hoped that people can support each other in times of difficulties, without expressing any hatred for the rich, because the rich cares for others. But as the common Chinese saying goes, "Nobody with a head of hair will want to look bald". A person who is capable and with time on his hands will always seek to make his own living rather than living on alms. But in the past few years, I always feel it is alms-giving more than anything. While we need a caring spirit in society and to which I have no objection, it just feels awkward if this kind of care verges on alms-giving.

In fact, there are a small handful of big consortia in the industrial and business sector which have been described as "so obese that they cannot even tie their own shoe laces". Maybe it is not something good for them either. If considered from their point of view, there is no reason why they should not earn as much as they can if the Government is handing them favours. Even a servant who is "pocketing" money from his employer would say to himself, "Thunder will strike on me if I do not 'pocket' as much money as I can." There is no reason why these consortia should not make the most out of it if the Government is handing them favours.

When the Government formulates its policies, only the responsible officers, that is, the Directors of Bureaux, Secretaries of Departments or even the Chief Executive, know whether there is any hint of favouritism in their hearts. Nobody but themselves know about it. But if the things they do have given rise to the impression of favouritism, it is already a problem in itself. Although this impression has become stronger throughout our discussion all these years, the Government has taken no action to deal with it squarely. The problem can become very dangerous.

President, for the next 10 minutes or so, I am going to talk about the livelihood issues relating to clothing, food, housing and transport. As far as I am concerned, there is no major problem in respect of food and clothing as well as food safety. However, I think there are more to talk about in respect of housing and transport. In terms of housing, I want to talk about the environment first, that is, our living environment and environmental protection (such as the provision of landfills). During the policy briefing held a few days ago, I have already cautioned the Secretary and the Government not to take the issue of environmental conservation lightly, particularly in relation to the use of nuclear energy. They must not think that as public consultation is already underway, the Government will automatically have the final say and Hong Kong's reliance on nuclear power can be increased to more than 50% within the next 10 to 20 years. They must not take the people's silence as support for the proposal. As we can see, the extension of a small landfill is enough to cause so much embarrassment for the Government and so much tension between the executive authorities and the legislature. I have always cautioned the Secretary not to take the issue of nuclear power lightly — I do not know whether the Secretary had joined the civil service when more than 80 000 citizens signed a petition against the construction

of the Daya Bay Nuclear Power Station — nuclear power is a matter of serious concern and worry for many people.

Secondly, there is the trial scheme of six hybrid buses. For me, this is another kind of favouritism by the Government. As proposed in the Policy Address, the Government will fund the full cost of procuring six hybrid buses for trial by franchised bus companies and encourage their adoption after trial. Is that not a great favour to the franchised bus companies? Because even though the Government has paid for the cost of trial, it has made no request on the bus companies as to what actions are to be taken after the trial or whether this type of buses should be adopted mandatorily. What will other public transport companies or organizations think about the Government's proposal?

Ferry operators must be most envy, because the Government used to provide them with indirect subsidies only, such as the maintenance of piers. I had once suggested to the Government of operating its own fleet, but it has not accepted my proposal. But in the long run, the Government has no other alternative but to take such action. As the Star Ferry has decided not to extend its operating franchise of several routes, and no operators have expressed any interest for these cross-harbour routes, how should the Government handle this situation? Again, in this matter which concerns both transport and environmental protection policies, the Government has acted with unfairness. Why does the Government only provide full subsidy to franchised bus companies? While I concur with the importance of environmental protection, the need to conduct trial on these vehicles or even the provision of full subsidy to the bus companies, I cannot fathom why the Government has not played its trump card of franchise renewal to require the bus companies to adopt these vehicles mandatorily if a certain standard is met. This is what the Government should have done.

Regarding the proposed My Home Purchase (MHP) Plan, President, I must say the Chinese name<sup>1</sup> of the Plan is excellent. When I first heard the name, I of course did not think like Mr CHEUNG Man-kwong, who told the press that the name reminded him of some medication taken by women. I forgot the term he used — sorry, Ms LAU, I would not use gender specific terms but in this case, I

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<sup>1</sup> The Chinese name of My Home Purchase Plan is "置安心" which literally means to purchase a flat with the greatest ease of mind



think the medication is for women only, some sort of medication to ease menstrual symptoms, I have no thought of discriminating against the sexes — yes, it is menopause, thanks to my colleagues from the medical profession for reminding me. That is the term mentioned by Mr CHEUNG Man-kwong. As I thought about it, they really sounded similar but ..... Sorry, Ms LAU, for mixing up menopause and menstruation but I just remember something along those lines. Please stop interrupting me as I have a lot to say in the remaining 10 minutes or so. When I heard about "置安心", my first impression was that it was meant to be "the best" because "置" (which means to purchase) and "至" (which means "most") sound the same in Cantonese, and "至" is often used in expressions like: "至叻係你" (meaning you are the smartest), "至好係你" (meaning you are the best) and "至安心" (meaning feeling most at ease having the greatest ease of mind). I presume this is how the Chief Executive came up with the idea, as he said to himself, "I am the best". I still remember the debate he had with Frederick FUNG, it was like the comedy "Private Eyes" long ago. "Who is more stunning than I?" When Frederick FUNG said that there were five or six merits, the Chief Executive said there were 12 merits. "Dare you challenge me?". Things are just like that. All right, it is you who are the best, I have nothing further to say.

But when it comes to whether the MHP Plan is the best, this is not a question for the Chief Executive or the Secretary to decide. Instead, it hinges on the feelings and demands of the people. Under the Plan, only 5 000 units will be provided. It is but a drop of water in the bucket and these units will only be available in a few years' time. President, what will the property market be like few years later? At present, property prices are approaching the peak level of 1997 and I am afraid it will reach another peak in a few years' time. Now, the Government is inviting eligible persons to join the MHP Plan. But these people might have to earn some \$50,000 or \$60,000 a month before they can afford the mortgage payment. Has the Government considered these questions? Has the Government noticed the further bloom in property market or rampant speculation in both first-hand and second-hand property markets after the announcement of the MHP Plan?

Therefore, I hope the Government can pull back before it is too late, listen to our views and gauge the response of the public and the users. The target of the MHP Plan is clearly the middle-class or those who have worked for a few years after graduation from universities. This group of "shell-less snails" have to work 50 or 60 hours a week but they do not have a cosy place to stay in.

These people have worked very hard for society in their jobs, but all the Government can offer them is this so-called MHP Plan and it even dares to take credit for it. I think this mentality is deplorable.

I agree very much with the views put forward by many Honourable colleagues that the MHP Plan is not mutually exclusive from the Home Ownership Scheme (HOS). Why the two schemes cannot co-exist? The HOS is a very good scheme in itself, but judging from the replies of the Chief Executive in the Question and Answer Session, I think he wants to think of something better, something that has more merits than the HOS. But is it really the case with the MHP Plan? Obviously, the HOS has its own historical and existence value. I hope the Government can stop acting like a competitive child, trying to outdo others, because there is really no need to outdo anybody in this matter. If the Government really wants to touch the hearts of the people with this livelihood policy and allow them to share the fruits of prosperity, it should simply remember that the aspiration of this group of "shell-less snails" is home ownership. They are waiting to be owners of their own cosy homes. There is really nothing more important than that.

At this point, I must talk about the standard working hours which is an issue of labour concern. While there are more than 3 million workers in Hong Kong, the Government is still saying that a feasibility study on the implementation of standard working hours in Hong Kong is underway. This stalling stance of the Government has really broken our hearts. All over the world, more than 100 economic systems or countries have already adopted standard working hours. Men are not machines, actually this fact need not be repeated time and again; if we say it again, we will all the more feel that the Government does not attach importance to the quality of life for its people, including their need to rest, undertake leisure and sports activities, and stay healthy.

In an advanced and progressive society, people need to maintain a balanced and healthy life. The society as a whole will then be healthy. Therefore, President, I really need to say no more. But I sincerely hope that after we had finished the discussion on the minimum wage rate, Secretary Matthew CHEUNG and his Policy Bureau can work on the legislation of standard working hours so that the relevant bill will be enacted before the present term of the Legislative Council ends in 2012.

President, I will talk about transport matters now. I must first put on record and remind the Government that the dominance of the MTR Corporation Limited (MTRCL) is not an issue that I appeal to your attention today. Since the merger of the two railway corporations, the Government has allowed the MTRCL to rise to dominance, giving rise to very serious consequences. On 8 December last year, a power failure at the Kwun Tong Line had disrupted train service for several hours. A few weeks ago, train service was similarly brought down due to problems with power supply and power cable. According to the staff and spokespersons of the MTRCL, the life-span of power cables, if properly maintained, can be up to some 30 to 40 years. Given this information, we are certain that problems have occurred with the repair and maintenance of the defective power cable. We all feel extremely shocked because the MTRCL, as a company raking in more than \$70 billion of gross earnings over the past 10 years, should never make such a mistake. Moreover, its arrangements for providing feeder bus services were appalling so much so that the passengers were like refugees than commuters. This is unacceptable to us, but not to the Government. I have previously suggested to the Government that under the current legislation, the Chief Executive in Council have all the necessary power to impose sanctions on the MTRCL for its serious failures and mistakes. However, not even a single warning letter has been issued by the Government to date. Notwithstanding the occurrence of repeated service disruptions, either minor or serious in nature, the Government has always accepted the incident reports submitted by the MTRCL. But service disruptions still happen afterwards. What sort of company is it anyway? Is that another form of unfairness, is that connivance?

I have made repeated suggestions to the Government that a point deduction system, similar to that imposed on drivers, should apply to the management of the MTRCL with the duration of train service disruption as an objective benchmark. Under my proposal, certain points would be deducted for service disruptions lasting more than eight minutes at specific intervals, that is, from eight minutes to 15 minutes, from 16 minutes to 30 minutes, from 31 minutes to 45 minutes, and more than 46 minutes. Based on the total number of points deducted in a quarter of a year, the corresponding sanctions should be applied. If no point is deducted in a particular quarter, the Government can consider offering some bonus to the MTRCL because both carrots and sticks are important. However, the present situation is nothing like this. The Government simply allow MTRCL to go free after each incident without any sanction. The Government is basically

conniving at MTRCL's actions. I must put on record again that if the situation is allowed to go on and a serious and major incident unfortunately happens, the Government must surely share the blame.

President, the issue on cross-harbour tunnels is likewise nothing new. The Transport Panel of the Legislative Council will hold a meeting early November (that is, next week) to discuss whether the Government should consider the buy-back option. However, according to information sources, it is unlikely to proceed. When I met with the Chief Executive to discuss the policy address, on discussing the subject of tunnels, he said I was too loud and rude, and asked me to calm down. He also gave me a card with quotes from Mother TERESA as a gift. Of course, I had no hard feelings at all when I saw the card because we are both Catholics and it is no big deal. If he thought I spoke too loud, I would lower my voice. But I told the Chief Executive that I was not the only one who was mad about the issue concerning the cross-harbour tunnels. Many Members from different political parties and groupings in this Chamber, the leftists, centrists and rightists, also consider that the Government should buy back the operating franchise of the tunnels. According to the calculations done by me and many academics, the price of buying back the franchise of the Eastern Harbour Crossing (EHC) will be in the range of \$7 to \$10 billion, and the Western Harbour Crossing (WHC) \$20 to \$30 billion. Assuming that the total cost of buying back the EHC and the WHC is \$40 billion, it will mean that nothing has ever been paid by the Government for constructing these two tunnels until today. In other words, the cost of \$40 billion to construct these two tunnels has been deferred until this year (2010) for the purpose of equalizing the traffic flow of the three tunnels. I think it is a simple calculation and the advantages far outweigh the disadvantages.

However, I do not know why the Government has missed the best timing for the buy-back during the economic downturn in 2003. Now, the consortium will only sell for a good price. I think if the Government wants to achieve toll increase for the Cross Harbour Tunnel and toll reduction for the EHC, it must put some attractive options to the franchisee either on or off the table, such as the offering of substantial concessions or subsidies or franchise extension in exchange for toll reduction. All these options are not easy. Given the difficulty, why does the Government not consider the buy-back option which has the support of this Council? The Secretary has just returned to the chamber. I hope the Secretary can act with determination and commitment. Serious traffic

congestion at the cross-harbour tunnels has incurred an enormous cost on society, which is the time cost wasted by each and every citizen. I hope the Government can consider the buy-back option so that the commuting public will no longer have to put up with congestion every day and the social cost of congestion will be reduced.

President, I so submit.

**MR RONNY TONG** (in Cantonese): President, anyone who is not very familiar with Council business may find the debate these days a bit misleading, and that is, why should we thank the Chief Executive? It is the mission of the Government to exercise good governance; it is the mission of the Government to formulate genuinely practicable policies beneficial to people's livelihood, it is also the mission of the Government to take heed of the views of Members and the general public. Why then should we be thankful? Soon after the Policy Address was delivered, many colleagues (especially my party peers, including myself) did say that the Chief Executive has adopted many of the views expressed by the Civic Party and me, but is this why we are giving this vote of thanks?

Over the past few weeks, I have cleared my mind and concluded that this is not the yardstick for giving vote of thanks. Rather, vote of thanks should only be given when the policies set out in the Policy Address are considered by this Council to be genuinely practicable and beneficial to people's livelihood, policies that are considered acceptable and can secure the votes for support. Vote of thanks should not be given to the Chief Executive because we have successfully strived for something which helps increase our popularity or is favourable to our future elections. Vote of thanks should not be given for the sake of backing up the Government blindly, rendering it support regardless whether the Policy Address is good or bad. This is what Members are obliged to do.

President, what I wish to say is that, we should actually find out the inadequacies in the Policy Address in these few days. If the inadequacies that can be identified are so numerous or unacceptable, it would be difficult for us to vote for this motion. President, in my opinion, two important issues must be dealt with: first, it is the issue of people's livelihood, and second, it is the political issue. The issue of people's livelihood includes housing and welfare, whereas the political issue certainly includes universal suffrage. Therefore, President, I

will divide my 30 minutes' speaking time into three sessions, during which my views on these three issues will be presented. In response to your request, I will focus my speech on housing policy in this session.

President, for Hong Kong people, housing policy is very important and pressing. Frankly speaking, if I do not have a roof over my head, how can you expect me to contribute to the community? And yet, today's housing policy can be said to be totally detached from the prevailing social and economic conditions. Let us take a review of the past. We have all along been suffering from the evil consequences brought about by the so-called high land-price policy. President, the high land-price policy is definitely not created by the SAR Government, but has existed since the colonial era. I think Members present in this Chamber may recall the reasons for adopting the high land-price policy. However, there is a difference between now and then. At that time, Hong Kong was a colony with its economy starting to blossom, our low tax regime had to rest on the sale of land and even a high land-price policy. Attempts had been made by the colonial government to address the pressure and unfairness faced by members of the public due to the high land-price policy through the implementation of long-term housing policies, such as the provision of resettlement estates and the introduction of the Home Ownership Scheme (HOS). As the economy of the HKSAR has gradually matured nowadays, why is the high land-price policy still in place? Is it necessary for our low tax regime to depend on high land-price policy for its success? President, I believe the Chief Executive should deal with these problems.

In this Policy Address, the Chief Executive has acceded to the request made by me in public, that is, to provide a timetable of land supply in the long run and enhance the transparency. The Chief Executive did adopt this advice. However, the provision of a timetable of land supply only forms part of the long-term land policy, if, without the complement of other initiatives, this timetable alone cannot resolve the predicament faced by us due to the high land-price policy. President, why do I say so? Ever since the colonial era, our Government has all along relied on the sale of land to increase revenue. A system under which land is sold through auction would definitely push up the land price, because we all know that the highest bidder always wins. Moreover, the participation of property developers is essential for auctions to take place, and in turn, make available the supply of land. The lot in Shau Kei Wan which was put up for auction a fortnight ago, for instance, was withdrawn by the Government as developers showed no interest. Can the problem of supply and

demand be resolved simply by making available sufficient land for building 20 000 flats every year? President, the answer is no because developers may not participate in the auction, and even if they do, the price of the flats to be sold will be governed by the price of the lot. So, what else can be done if there is a need to exert influences on the market, but the supply and demand problems have yet to be resolved? President, the only way is to get itself into the competition. That is why we have made such strong request to the Government to build more residential units, be it the HOS units, the public rental flats, government-owned flats or whatever kind of units. The primary purpose is to get itself into the competition for land supply, thereby mitigating the surge in property prices.

We are not asking the authorities to make reference to the "85 000" housing policy. Frankly speaking, I still remember very clearly that I had a dinner gathering with some senior government officials and rich local heavyweight entrepreneurs when the policy was introduced. Among them, I was the only one who supported the "85 000" housing policy, and all the others opposed to it. I supported the policy because I did not have much knowledge about Hong Kong's economic environment at that time, but I considered its underlying principle worth supporting.

What I wish to say is that, in order to tackle the problem of property prices and maintain an equilibrium pricing, there must be appropriate government participation. And yet, the Government only indicated that it would make available sufficient land for building 20 000 flats every year, which will definitely fail to achieve our target. The reasons are, just as I have said, first of all, it has to depend on the developers; and secondly, how to define those 20 000 flats? What should be the area of these flats, 300 sq ft, 500 sq ft or 600 sq ft? After these 300 sq ft, 500 sq ft or 600 sq ft flats are built, will a grand clubhouse be built as well? What is more, it is possible that those 500-sq-ft flats may be turned into studio flats (which means no partitioning of the living room and the bedroom). To ensure that the grassroots and people who wish to buy a home are given an opportunity to have a place to stay, the Government must be determined to undertake appropriate market participation. What the Civic Party has been asking is that the Government should resume the construction of an appropriate amount of HOS units, instead of producing 20 000, 40 000 or 50 000 flats without "caring a fig". As to what is meant by appropriate, it rests with the management skill of the Government. If you have never thought about this before, you have already let Hong Kong people down.

President, at this point, we should of course mention the My Home Purchase (MHP) Plan. I do not want to tease the Government about the name of the plan, just like other colleagues did, as that name will continue to be ridiculed in the days to come. Rather, it is the feasibility of the MHP Plan that matters, and whether or not it can help the needy people. These two points are very important. President, how will the provision of a few thousands flats in a couple of years and the pegging of the rental to market price help to resolve the problem? The present problem is that many people cannot afford to buy flats or even to pay the rent, if the rent of these flats are regulated at market price, how will this measure be beneficial to these people? Unless the flats built will affect the market price, that will mean something. However, in view of the detailed arrangement and number of flats involved under the current plan, I fail to see how the market rate, in terms of rental or selling price, will be affected. Furthermore, we must also understand that resuming the construction of HOS flats has nothing to do with the issue of losing face. I hope that the SAR Government will understand this. When the Chief Executive met us, it seemed that he found it very difficult to resume the HOS. The reason is that he has previously turned down the proposal, so he will lose face if he accepts it now. In fact, it is TUNG Chee-hwa who had turned down the proposal, but not him. Therefore, it has nothing to do with his losing face at all. Even if it is a matter of losing face, which is more important: the face of the Chief Executive or the well-being of Hong Kong people?

President, the markets of HOS flats and private residential flats are not exactly the same, there is a difference between them. We certainly cannot say that the market of HOS flats has detached from the property market, and such a difference should be respected. Why would there be such a difference? The reason is that HOS flats are meant for those who cannot afford to buy private residential flats, and even if HOS flats are not constructed, people still cannot afford to buy private residential flats. So, how would the market of private residential flats be affected? President, I can never understand this logic. Neither am I convinced of the rationale behind the Government's argument that HOS flats would definitely undermine the market of private residential flats. If they consider the eligibility criteria of the HOS inappropriate, modifications can be made. Of course, I also find the existing eligibility criteria too low, which has made many grass-root people, people from the middle strata and the middle class unable to apply. However, the impact on private residential flats will still be minimal even if the eligibility criteria are raised. What is more, just as I have



said, we only request that HOS flats should be built at an appropriate level, but not blindly. I believe that the Chief Executive, given his wisdom, knowledge and experiences, should understand what I mean. Why, then, did he insist on his opinion? Despite the fact that this Council has reached a general consensus, and the same request has been put forward by different political parties and groupings, as well as members of the public, he was so hardhearted and with a mere apology, he refused the reconstruction of HOS flats. Instead, the MHP Plan is introduced to put members of the public at ease. President, I am not saying that the MHP Plan should not be introduced, I only say that this is far from enough. The Government can introduce the MHP Plan and at the same time construct an appropriate number of HOS flats. If the Chief Executive is able to do this, I will be the first one to thank him in public.

**PROF PATRICK LAU** (in Cantonese): President, I think that the title of this year's Policy Address "Developing the Infrastructure for Economic Growth" has highlighted our social problems. But are the proposed policies adequate? The most important thing is, do members of the public think that these policies can help them? This is something of my particular concern.

The Chief Executive has spent great lengths on the policy of housing and planning, which is definitely good. The only inadequacy is that it only focuses on the housing problem for the living, whereas the housing problem for the dead is swept under the carpet.

As we all know, the Government does not have any plan to develop new burial grounds in Hong Kong, and the lack of columbarium niches, the numerous cases of unauthorized operation and building of illegal columbarium facilities have given rise to many social problems. In particular, the problem concerning the grey area in law has yet to be resolved. Apart from the 12 sites announced earlier for building additional public columbarium facilities, no further long-term plans have been made so far. Of course, we are very concerned about how the ageing problem can be tackled. Apart from the need to provide homes for the living elderly, the need to provide burial grounds is also very important, and this is actually the greatest concern in a Chinese society. While a living person should have a place to live, the deceased should also have a place to rest in peace. In order to genuinely foster "a caring society", the shortfall of homes for the deceased must be addressed as early as possible.

Apart from columbarium facilities, the planning of incinerators is equally important. Since no one wishes to see further increase in landfills, alternative options must be explored. Recently, some academics proposed to develop incineration facilities in five areas. This matches with my thinking as presented in the motion "Increasing the powers and responsibilities of District Councils in district planning" moved by me earlier. It is not necessary for Hong Kong to have as many as 18 districts, the number can be reduced to five, with each having independent rights and responsibilities to draw up plans for the necessary facilities within their districts. The present situation where individual districts always move unpopular facilities to other districts should no longer exist. This is a big problem.

The Policy Address suggests that more land should be made available for the construction of small and medium flats. I certainly support this. In fact, the Professional Forum has, through various channels, urged the Government time and again to combat problems such as soaring property prices and imbalance supply and demand of housing units. The Government must take the initiative to provide more land of different types, to be implemented alongside with the Application List System.

When I consulted the trade about the Policy Address, they also share my concern that the 20 000 private residential flats may not necessarily help resolve the problem of the middle class who cannot afford to buy flats. This is because land price is still market-oriented, and is going up continuously. Even if small and medium flats are built, they may turn into luxury flats to be sold at \$15,000 per square foot, which is beyond the affordability of the general public.

I do understand why My Home Purchase (MHP) Plan fail to put many people or Members who have spoken today at ease. Since the Policy Address has stated clearly that those flats must be rented at prevailing market price, some people may ask: "What exactly is the market rent that you are referring to?" Fortunately, market rent may rise or fall. I am very happy that in response to my question raised at the Question and Answer session, the Chief Executive undertook to provide land for the Housing Society at a "concessionary price". With relatively lower land price, the rental of the housing units provided by the Housing Society will certainly be lower. In that case, members of the public will have more choices and can therefore buy their own flats at a reasonable price in the future. And yet, if the Government refuses to resume the Home

Ownership Scheme (HOS) and the price of private residential flats remains high, it is impossible for these tenants to save enough for the 10% down payment even if they have a rebate of half of the net rental five years later. After all, the most important thing is that the Government should ensure the market has abundant supply of flats which are within the affordability of the public; in other words, it is affordable housing.

In fact, there are still plenty of second-hand flats priced below \$2 million in the market. And yet, the Government needs to release the relevant figures to the public and study the demand for different types of buildings. By enhancing the transparency, people can make an informed assessment of the risk and value involved in buying a flat.

According to the MHP Plan, 1 000 flats will only be made available in 2014, which is downright impracticable and cannot address the predicament faced by the public. How can it say "Sharing Prosperity for a Caring Society" then? I therefore eagerly hope that the Government will provide more land and expeditiously build more housing units priced below \$2 million, so that the community can truly share the economic prosperity.

I actually do not understand why the Government is so reluctant to resume the building of HOS flats. Neither do I agree with its proposal to allow HOS owners to sell their flats like private housing by paying a premium. In fact, there should be requirements for HOS flats to be sold only to eligible green or white form applicants. Also, there should not be any mechanism for premium payment. The reason is to reserve HOS flats for low-income buyers or people in need, and prevent anyone from using these flats to make a fortune by speculation.

While the Housing Authority (HA) maintains a continuous supply of 15 000 new housing units a year, many people and Members always forget that some housing units will be returned to the HA. The number of which is approximately 15 000 units a year, similar to that of new flats. As such, the average waiting time for housing units can be achieved. However, there is very often a misunderstanding that supply is insufficient. Therefore, I hope that clearer information can be provided. And yet, the housing problem encountered by the young people still cannot be resolved. This problem is attributed the existing point system. Under the discriminatory point system, people who are too young may not get the necessary points and are therefore not eligible for

public rental housing (PRH) units. So, they are forced to pay high rental and cannot save enough money to buy a flat. By the time they attain enough points, their income will exceed the limit. In that case, some young people would rather give up their jobs than miss the chance to be allocated a PRH unit which they have waited for years when they have finally get enough points. Is it due to the unfair system of society that has given rise to the special social phenomenon in which university graduates would rather work as cashiers in convenience stores? Being a member of the HA, I hope that the point system can be reviewed so that young people will be given a chance to live in PRH units when their income is still low. Certainly, I am not encouraging them to live in PRH units. But are we able to provide alternative PRH units for them?

I support the control on inflated buildings, but the Government should discuss the detailed technical arrangements with the trade. It is of paramount importance to spell out clearly that any plans submitted before 11 March will continue to be examined according to the existing statutory criteria after 1 April. It is important not to mix up the two sets of criteria to avoid causing serious chaos. I am very grateful to the Secretary for stating clearly at yesterday's meeting of the Panel on Development that approval of plans would be made in accordance with the existing legislation unless there were major changes. As the approval of plans involves many technical issues, the line must be clearly drawn.

While certain concessions relating to the measures to control inflated buildings are considered justified, I do have some opinions on the concessions relating to car parks. The most important thing is that, just as the Secretary has said, given that the demand for car parks varies among districts, the Government must conduct a reasonable study before deciding on the number of car parks required for these buildings. The demand for car parks is now subject to the criteria laid down by the Government. Yet, very often, there is only one set of criteria for all districts, thereby resulting in a large number of what we called "screen-like buildings". I agree that the Urban Renewal Authority (URA) should take the initiative to voluntarily lower the "inflated" rate to serve an exemplary purpose, especially for the redevelopment projects in the urban area. This is because given the mix of old and new buildings, overtly "inflated" buildings would definitely affect the community in areas such as the scenery and micro-climate, and the contrast is pretty obvious.

I strongly support the setting up of a trust fund with the URA's \$500 million provision to fund studies conducted by the forums. I am very happy — I had once put forward a "Sport Shoes Street Rehabilitation Proposal", and I proposed to set up district-based forums. My proposal has now been implemented. The Kowloon City district is selected as the pilot point, but many Members suggest that the proposal can be extended to other districts. The most importance point is that, the URA will act as a promoter to assist owners of old districts to redevelop, instead of resuming the buildings for developers to gain profits. Furthermore, some sites in the Kai Tak Development Area have been reserved for implementing a "flat for flat" arrangement for owners affected by the renewal projects.

Nevertheless, there is a fly in the ointment. The authorities have yet to introduce any "shop for shop" arrangement, or arrangement to provide reasonable compensation for street-level shop owners. Since street-level shops are the most precious component in the overall land premium and potential development value, the success of a takeover for renewal usually lies in the street-level shops. I thus stress that the Government should set up District Urban Renewal Forums to take heed of public views in a more open manner, and make reasonable arrangements for shops.

Insofar as building safety is concerned, I certainly agree that in order to step up the work of legislation, enforcement and education, the Government must exercise stringent control on sub-divided units. Legislation must also be put in place to prevent the recurrence of the Ma Tau Wai Road tragedy. In view of this, the Subcommittee on Building Safety and Related Issues chaired by me hopes that the Government will enforce strict control over building safety standard. To enhance building management and maintenance, the Government should further liaise with the trade to implement a regulatory scheme for the industry and remove all technical hindrances.

President, the theme of this debate session is "Developing the Infrastructure for Economic Growth". As the 10 basic infrastructure projects should be supported by a large number of complementary facilities, I therefore hope that for those projects that have not been mentioned in the Policy Address, detailed information should be provided in the Budget. This is because on completion of the 10 infrastructure projects, a number of community facilities can actually take forward simultaneously. It is hoped that the Government would pay more

attention on how our community can be developed in a diversified manner with a social mix. The trade is concerned that both the Kai Tak and West Kowloon projects are for low density development, and the two areas may become a zone with super luxury flats, to be occupied by a particular social group. As a result, the areas will lose the edge to develop into a diversified community. I am very worried that another extreme may emerge, in contrast to the sad city of Tin Shui Wai, the gap among different communities may be further widened.

Regarding the supporting facilities to be built on completion of the 10 infrastructure projects, the trade again calls on the Government not to adopt the "Design and Build" mode in inviting tenders. In my view, more building design competitions should be organized and creativity should be encouraged, such that young architects will have more opportunities to participate in the construction processes. This is different from the present building competition, under which someone's design concept will be taken up by another person. Giving a creative idea to another person is tantamount to suffocating the development of young architects in the architectural creative industry. The Government must think thrice, and provide more opportunities for young people to give play to their creativity and develop their career, with a view to achieving the target of "sharing prosperity". Thank you, President.

**MR FRED LI** (in Cantonese): President, as the two Secretaries in charge of financial and housing affairs are now present, I will only talk about these two areas.

Let me first talk about the tourism sector under Secretary Mrs Rita LAU's portfolio. I have spoken on this topic very often but I will not dwell on "slimming" this time. In his Policy Address, the Chief Executive has particularly mentioned a review of the operation and regulatory framework of the entire tourism sector. The Democratic Party welcomes this act because we have already discussed this issue for many years.

First, four different units are responsible for the promotion, development and monitoring of the tourism sector in Hong Kong and for issuing business licence to the sector. The Hong Kong Tourism Board is responsible for promoting Hong Kong's tourism market in overseas places and marketing Hong Kong; the Travel Industry Council of Hong Kong is responsible for monitoring

travel agents and practitioners, such as tour guides and tour leaders. Actually, it is a business association for travel agents, but it is not an ordinary business association; the Travel Agents Registry is a government department responsible for the licensing of travel agents; and the Tourism Commission, which is certainly a government department as well, is responsible for establishing tourist spots and relevant supporting facilities. Thus, four units are responsible for our tourism industry.

Let us take a look at our major competitors in the area of tourism in Asia, such as Singapore, which is one of the Four Dragons, and find out how they monitor the tourism sector. An independent organization — the Singapore Tourism Board is responsible for monitoring and developing the tourism industry. It concurrently performs duties such as marketing, supervising travel agents and handling travel agent licensing matters. These are basically the duties of a single organization. Our second competitor is Taiwan, and the Tourism Bureau under the Ministry of Transportation and Communications is responsible for all matters related to the tourism industry. Its duties include protecting the safety and interests of tourists, preventing vicious closure of travel agencies, marketing, improving tourist spots, co-ordinating transport services to support the tourism industry, upgrading the quality of accommodation at recreation areas and so on. All these are the responsibilities of the Tourism Bureau. What about the neighbouring Macao? Macao adopts a similar mode, and the Macao Government Tourism Office assists in the formulation and execution of tourism policies, marketing, and issuing licences to tourism-related businesses. The tourism industries in Macao, Taiwan and Singapore have had rather prosperous development, and these places put in efforts to promoting tourism, thereby competing against us. For this reason, in respect of the present review, we hope that the Government can really conduct the review from the perspective of the long-term development strategies of our tourism industry, without having regard to the previous stances or other reasons.

The Secretary is now well aware, and I have frequently said so, that the tourism sector is now being monitored through self-discipline. Among the 29 members of the Board of Directors of the Travel Industry Council, 17 are industry players, that is, owners of travel agents, and only 12 members are not industry players. As I have frequently said, under this system of having insiders monitoring one another, if the public lodge complaints with the Travel Industry Council against travel agents, I would have doubts about its credibility and

whether it will actually get the support of the public. If the public often need to initiate civil proceedings, they will be inviting troubles because the amount they have spent on joining the tours may be far less than what they have to pay for "slimming". Here, I would like to hand over the question to the Secretary, hoping that she would conduct a review on the tourism sector.

The second session is about housing. Secretary, many Members have spoken on the My Home Purchase (MHP) Plan today and they have made a lot of comments; I also have a lot of views on the MHP Plan, but I have to see if there is sufficient time for me to mention them. However, as a member of the Housing Authority, when I consider the Government's pledge that "an applicant will be allocated a public housing flat within three years", I find that there is a very serious problem, that is, the Government has often failed to honour this pledge. According to the Government, 15 000 new flats will be provided each year, and 15 000 old flats will be resumed, hence there are around 30 000 flats for allocation each year. As such, the pledge that an applicant can be allocated a public housing flat within three years on average can be met.

Let us take a closer look, the pledge that "an applicant will be allocated a public housing flat within three years" is somewhat "inflated". First, according to my understanding, the three-year period as pledged is counted from the date an applicant receives a blue card with a number beginning with the letter "G", followed by a number bigger than 1.2 million. But, I wonder if President knows when an applicant will receive such a blue card. When he submits an application to the Housing Department, he receives no undertaking about when he will be allocated a number. There lies the problem. As far as I understand, some applicants will only be allocated the number three to four months later. In that case, he has already waited for three to four months after he has submitted an application. As it turns out, for these few months, he is not yet on the Waiting List and he will only be on the Waiting List once he has been allocated a number. I think that there is a "ripping off", and the period is longer than three years according to the above calculation. This is the first point.

The second point is about the policy of first-time flat allocation to an applicant within three years. More often than not, I believe — I do not know if the Government has the figures — many applicants will naturally refuse the flats offered for the first time for reasons that they do not like the flats or others. If they refuse the housing offer, they will have to wait for a very long time; they



may have to wait at least for three, four or five months for the second allocation. So, some time will pass. Therefore, the pledge that "an applicant will be allocated a public housing flat within three years" actually means that an applicant will be allocated a flat for the first time after he has received the "G" number, and he is entitled to three housing offers. I have, together with some students on attachment, conducted a field interview in Kowloon East. We asked some residents who have recently moved into the newly completed housing estates how long they had waited before being allocated a flat. We have interviewed 250 households and they had generally waited for four years instead of three years.

This is because some time have passed from their submission of applications to the time they received a number, and they have to wait some time for getting the first housing offer, and for getting the second offer if they decline the first offer; and if they decline the second offer, they have to wait for a longer period of time before getting the third offer. Thus, the whole process takes more than four years as they have said. In some cases, such as requesting for a flat in Wong Tai Sin, it takes five years and three months before the applicant is allocated a unit. Another phenomenon is that, if a household does not have any elderly person aged 60 or above, the waiting time will certainly be the longest. A household with elderly persons will be allocated a flat in slightly more than two years because the household needs to occupy the flat earlier. So, for simple core families of a couple and a child or two children but without any elderly members, generally they will be in a more unfavourable situation, and the pledge that "an applicant will be allocated a public housing flat within three years" has not been honoured.

For this reason, on behalf of the Democratic Party, I ask the Secretary to accomplish the following tasks: firstly, to make a pledge about how long an applicant will be allocated a number after he has submitted an application because there is no such pledge in this connection, and the relevant period can be three weeks, three months or four months. If an applicant has filled in some information incorrectly, he may have to wait a few more months, and there are really such cases. Secondly, I ask the Secretary to make a pledge about how long an applicant has to wait for the second housing offer after he has refused the first offer, and how long he has to wait for the third housing offer. Excuses such as the matters are very complicated, the situation is different among districts, and the search takes time, and so on are unacceptable. I hope that the Secretary can

make a pledge in order to impose certain restrictions on staff of the Housing Department responsible for the work lest they should work according to their own pattern.

Hence, through this survey and on the basis of my understanding of the housing policies throughout the years, I hope that ..... there are some 130 000 households on the Waiting List for public housing, among them, there are 50 000 single-person applicants. As Prof Patrick LAU has just said, many of these single-person applicants are university graduates. Public housing application by single person is another issue. I will discuss this point again in the future when an opportunity arises because public housing application by single persons .....

I will not help university graduates apply for public housing and I do not agree that they should do so. Even if a university graduate has been allocated a public housing flat, he will soon have a lot of complaints. Why? At present, a single-person public housing flat in a new housing estate has an area of 16 to 17 sq ft, half of which is used as the kitchen and the bathroom, and the actual living space is just 8 sq ft. A university student may be very happy when he lives in such a flat when he is attending university, but if he finds a job after graduation, he is basically not eligible for public housing because the Waiting List income limit is slightly more than \$7,000. It will be highly miserable if a university graduate only earns slightly more than \$7,000, and I think that is very unlikely because he will at least earn \$7,500. If he earns \$7,500, he will not meet the requirement for the application for a single-person public housing flat. I believe that will not be the case. So, he can be put on the Waiting List when he is still a student but he will not meet the requirement when he has a job after graduation. Even if he meets the requirement, it will be very miserable because his income will be less than \$7,000. If he lives in a public housing flat, there will be another major problem when he gets married. It is basically impossible for a young couple to live in such a flat for a very long time. Therefore, I will discourage them when they want to be put on the Waiting List. Single persons who really need help are the low-income earners who are now living in caged apartment, cubicles and so on, who are aged between 40 and 50. I think these people are most in need of our concern.

Lastly, I would like to talk about the MHP Plan. Irrespective of the Government's domineering remark that this is an enhanced version of the Home Ownership Scheme (HOS) policy, and that the MHP Plan is better than the HOS,

I cannot tell whether it is so. Flats under the MHP Plan will be "no-frills" flats without chandelier or club house ..... The existing HOS flats do not have these ancillary facilities as well, and they are all "no-frills" flats. The Secretary has said that in future, these flats would also be "no-frills" flats. What are the differences between these two types of flats? Both types of flats are slightly more than 500 sq ft and are similar in quality. It is specified that the tenancy period will be two years; and in the next three years, tenants may purchase the flats they rent at prevailing market price; the Government will not subsidize the property price, there will be no discount on land premium, and 1 000 such flats will be available. I am not going to repeat what many Members have said, and I just want to say that, over the years, more than 300 000 HOS flats have been provided, and it has been proven that these flats have helped in stabilizing the society in many ways, and have also contributed to social stability. Many people who once lived in HOS flats have moved to private flats when they have accumulated wealth, causing mobility in HOS flats.

The Secretary has said long ago that there should be different kinds of mobility. When public housing tenants have the financial means, they will move into HOS flats, and when residents and owners of HOS flat have the financial means, they will move into private housing. That is really desirable. The mobility will be interrupted without HOS flats and — no wonder the Secretary has to ask the Housing Department to conduct an additional 5 000 or 50 000 checks on public housing tenants — how many? It seems that an additional 50 000 more flats will be checked. Why? I now understand, without HOS flats, the mobility will be interrupted, that is why more secret police are needed to "arrest people" and recover possession of flats from the abusers, so as to make up for the number of Green Form public housing flats that have not been vacated because of the move into HOS flats. I guess that I have got the knack of doing so. In my view, without HOS flats, there is a missing level, making mobility impossible and hence it is like a pool of stagnant water without any development. Are these the aspirations of Hong Kong people?

Hence, Mr LEE Wing-tat's amendment expresses the views of the Democratic Party as a whole and shows that we understand the mood of Hong Kong people. We have recently conducted a survey and directly asked the public whether they have heard about the MHP Plan. Most people have said that they have heard about the Plan because the Government has strongly marketed it. When we asked them which plan is better: the MHP Plan or the

HOS, Secretary, please take note, 70% of them prefer the HOS. In other words, the public still prefer HOS flats after the Government has strongly marketed the MHP Plan, and the Chief Executive and the Secretary have all along been marketing the MHP Plan. Thus, I do not think the Secretary's response can evade this issue: why is the mainstream view not being heard, and why is there no response? Or, does the Government want to implement the MHP Plan which is an enhanced HOS, just like the hospital care protection plans of insurance companies?

I so submit.

**MR ANDREW LEUNG** (in Cantonese): President, the Chief Executive has stated in advance that the Policy Address this year will be focus on people's livelihood. We, the Economic Synergy, have expressed a lot of views during the consultation process.

The Chief Executive has touched upon the policies concerning housing, people's livelihood, welfare and environmental protection, and regarding the direction of long-term economic development, he emphasized on the importance of our integration with the Mainland in the future. We agree on this direction. In this session, I will focus on the parts about small and medium enterprises (SMEs), and express my views on the part of the Policy Address about subsidizing home ownership.

First of all, the SME Loan Guarantee Scheme. As the Secretary for Commerce and Economic Development said at the meeting of the Panel on Commerce and Industry on 19 October, the SAR Government accepted the suggestion made by the Economic Synergy after the financial tsunami and enhanced the original SME Loan Guarantee Scheme. It also launched a \$100 billion Special Loan Guarantee Scheme for SMEs. These measures enabled SMEs to withstand the blows of the financial tsunami and keep the "rice bowls" of SME employees. Up to the end of last month, 38 500 applications have been approved, involving a total loan amount of up to \$97 billion; 20 000 enterprises have benefitted and the "rice bowls" of 330 000 wage earners have been kept. Hence, the success of the Scheme is remarkable.

President, SMEs are greatly worried whether enterprises will have to face the problem of inadequate cash flow upon the expiry of the application period of

the Special Loan Guarantee Scheme by the end of this year. SMEs account for more than 98% of all Hong Kong enterprises, employing more than 1.2 million people; therefore, SMEs must be saved. The Economic Synergy held the "Post-Financial Tsunami SMEs Forum" in May this year; while we all agreed that the Special Loan Guarantee Scheme could not be implemented on a long-term basis, we opined that a credit insurance system, tailor-made for SMEs to meet our needs, should be established to assist in SME financing.

Last month, the Economic Synergy, in co-operation with the Bauhinia Foundation Research Centre, conducted a study on how to provide SMEs with a market-led, long-term and stable credit insurance mechanism. A number of SMEs, bank representatives and academics were invited to attend the workshop. We proposed that there should be a third organization to provide credit insurance for SMEs which borrowed money from banks. It would be more flexible because of its market-led nature; for example, it would have a wider guarantee scope, and the guarantee amount might be timely adjusted according to market needs. Besides, revolving credit lines could help SMEs meet their needs for working capital and actual financing for business expansion. The credit insurance mode we proposed should be flexible and provide different guarantee percentages and premiums so that SMEs would have more choices. We believed that the establishment of such a mechanism could complement the Government's SME Loan Guarantee Scheme. We proposed that quasi-government corporations such as the Hong Kong Mortgage Corporation Limited (HKMC) should be the guarantor so that SMEs did not need to worry that during different economic cycles, banks would take the umbrellas back in rainy days because of the failure to fully assess risks. This would help maintain our economic and financial stability. I am very pleased that the Government has accepted our idea and proposed that the idea should be referred to the HKMC for study.

President, I declare that I am a member of the Board of Directors of the Hong Kong Mortgage Corporation Limited. In light of the expiration of the Special Loan Guarantee Scheme at the end of this year, SMEs really need the Government's support in obtaining financing from banks. I hope that the above study can be completed as soon as possible to enable the new scheme to dovetail with the Special Loan Guarantee Scheme lest there should be unclear factors. Moreover, SMEs hope that the Government would consider the market-led approach when designing the scheme, and try to comply with the principles of

"low premium and interests" in order to meet our needs and boost the confidence of banks in offering loans to enterprises.

Concerning the Government's plan to inject an additional \$1 billion into the SME Export Marketing Fund under the Trade and Industry Department and the SME Development Fund, the Federation of Hong Kong Industries and I support this plan, but we hope that the SME Export Marketing Fund will improve its way of providing subsidy, so that SMEs can build up their brand, promote market products and develop new markets in a strategic and systematic manner.

President, under the National 12th Five-Year Plan, the focus of the economic development of China in the next five years will shift from exports to domestic demand, and from building a powerful nation to making the people rich. As the objectives to stimulate consumption and enhance the consumption level are set, Hong Kong businessmen who mainly targeted at developing overseas markets in the past should have the Mainland and domestic markets in view. They should build up their own brands and marketing networks, and focusing on this big market of 1.3 billion people who are increasingly keen to consume, they should develop the retail industries to ensure a stable source of income. At present, major Mainland cities such as Beijing, Shanghai, Guangzhou, Tianjin and Chongqing are the major markets for internationally renowned brands, and these markets are basically saturated, so it is very difficult for new brands to enter these markets. For this reason, quite a few new brands, and even brands that have entered the Mainland for a shorter time will choose to enter the markets in second- and third-tier cities under the strategy of expanding domestic demand. As there are substantial differences among first-, second- and third-tier Mainland markets in areas of demographic structures, economic conditions, and the standards and patterns of consumption, the second- and third-tier markets are at present mainly for Mainland brands. Therefore, new brands in Hong Kong can make greater efforts to target these second- and third-tier Mainland cities. Brand building normally takes several years; hence, while the Government injects an additional \$1 billion into these two funds, it should adjust the current scope of subsidy. For instance, it should relax the requirement that projects carried out with the SME Development Fund must be completed within two years.

Under the National 12th Five-Year Plan, we must adopt novel and strategic methods and focus on the development of the huge Mainland markets for the enterprises, brands, products, service sector and professional services in Hong

Kong, such as financial and information technology services. I suggest that the Government should set up a five-year fund with a total provision of \$2 billion, to help enterprises enter into the Mainland market through the networks of the Hong Kong Trade Development Council and other organizations on the Mainland; establish an exclusive platform for marketing the Hong Kong lifestyle to Mainland enterprises and consumers; building brands, establishing contacts and networks for Hong Kong businessmen; finding business opportunities for SMEs; as well as assisting Hong Kong products and service sector in entering such cities as Guangdong, Shanghai, Beijing and Chengdu, and thereby entering the whole Mainland market. Furthermore, new methods should be adopted so that Mainland retail enterprises such as supermarkets and department stores can get to know these new brands. Besides participating in products fairs held in the Mainland, we should also designate an exhibition area for Hong Kong products or set up the Hong Kong exhibition hall in these fairs, so as to attract more retail enterprises by promoting "Hong Kong Top Brand". In addition, similar products can be centralized for retailing, for example, some floors in shopping malls can be designated as Hong Kong floors, or consignment counters in middle- or high-class department stores can be rented to help products which are "Made in Hong Kong" or "Made by Hong Kong" enter into the Mainland market.

President, after the delivery of the Policy Address, quite a number of friends from the information technology sector have complained to me that the Government has not attached importance to the information technology sector. I have also asked Secretary Mrs Rita LAU this question at a meeting of the Panel. I am very glad that the Secretary has told me herself that information technology is very important and the Government attaches great importance to the development of this sector in Hong Kong. I am particularly concerned about the development of data centres in Hong Kong in the future. I have all along advocated that we should strive for our development into a regional data centre hub. With the rapid advancement of technology, new business patterns and the trend of industrial development, the Government told the Legislative Council last year that the next generation data centres would be of a large scale, and we should strive to become a regional hub for large enterprises, financial institutions and online service providers. Currently, in planning the next-generation data centres, we have tried our best to meet the Tier 4 requirements. To meet the Tier 4 requirements, our power supply system should attain certain security and safety levels, there should be a stable supply of a large amount of electricity, and there are also crucial requirements for factory areas and ceiling heights. At

present, Hong Kong has most of the conditions for meeting the Tier 4 requirements, but we lack a complementary land allocation policy. Provided that the Government will take another step, Hong Kong will be able to establish new-generation data centres and more multi-national enterprises will establish regional headquarters in Hong Kong, consolidating our position as an international financial centre.

Backed up by the Mainland, Hong Kong is situated at the centre of Asia and it has favourable factors such as a desirable business environment, political stability, and a transparent and independent Judiciary, which has attracted a lot of enterprises to establish data centres in Hong Kong. Early this month, NTT announced that it would invest \$3 billion in the next 10 years to establish a large-scale data centre in the Tseung Kwan O Industrial Estate. On 21 October, HSBC successfully bid a business site in Shek Mun in Sha Tin, and the site would be developed into a data centre. The emergence of these large-scale data centres shows that enterprises readily support the development of Hong Kong into a regional data centre hub. I think that the Government should consider providing more suitable business sites and proactively developing Hong Kong into a large-scale international data centre hub.

The Chief Executive has attached great importance to housing issues this year, and the housing policies have been mentioned in 39 paragraphs in the Policy Address. I concur with the direction of providing public housing to the grassroots so that they can live in peace and happiness; providing subsidized housing schemes to help the sandwich class buy their homes; and providing assistance to first-time home buyers who can afford the mortgage repayments but do not have enough money for the down payment. I am very pleased to note that Secretary Eva CHENG said last week that the Government would consider allowing mortgagees to borrow up to 90% of the flats' value under My Home Purchase (MHP) Plan, similar to the arrangement for owners of Home Ownership Scheme (HOS) flats, and the mortgage corporation will provide preferential mortgage insurance premium. Yet, as the MHP Plan will only be available in 2014, can the Government consider introducing measures as quickly as possible to help people who want to purchase their first flat now?

Last week, the Economic Synergy and three estate agents held an exhibition on first flat purchasing and we introduced a large number of flats which cater for first-time home buyers priced below \$2.5 million. We are not



encouraging people to buy flats, we just want to tell them that there are a large number of flats which cater for first-time home buyers in the market. Land information also shows that, so far this year, around 58% of property sale and purchase case involve flats priced at \$2.5 million or below, and these flats are precisely the ones preferred by many first-time home buyers such as young people and small households.

The HKMC currently provides second mortgage insurance services so that aspiring home-buyers who have passed the pressure tests can make down payments at 10% of the property prices, hence substantially relieving the down payment burdens of home-buyers. We suggest that the Government should enhance the existing second mortgage arrangements, and provide through the HKMC preferential insurance premium — similar to those for HOS flats — for flats priced below \$2.5 million which cater for first-time home buyers, and even consider subsidizing 50% of the insurance premium of these aspiring home-buyers who have passed the pressure tests. So long as they do not sell the owner-occupied flats within 10 years, they need not make up for the premium differences. I hope that the Government would carefully consider these suggestions and provide immediate assistance to people who would like to purchase their first flat.

President, I so submit.

**MR ALBERT HO** (in Cantonese): President, first of all, I will comment briefly on the Policy Address in my capacity as Chairman of the Democratic Party. To some extent, these comments may also apply to previous policy addresses, but I still want to reiterate that the deficiencies that I am going to point out may even be more serious than those in the previous policy addresses. First, the Government lacks foresight and commitment, giving people an impression that it is only passively patching up. Second, concerning some institutional and systemic issues and some long-term policies, the Government and the Chief Executive do not have the resolution to conduct a comprehensive review and introduce some improvements or changes. I am not just saying that there are problems with the constitutional system, in other areas such as healthcare, education and social security, the Government also lacks the enthusiasm and motivation to make changes. Third, when the Chief Executive stood for election for the first time, he expressed great worries about the "bipolar development of

the social structure", that is, a "M-shaped" development with intensified disparity between the rich and the poor, and that social mobility was stagnant and inadequate. However, this Policy Address still fails to set out the Government's objectives of narrowing the wealth gap and eradicating poverty, which makes me feel very disappointed.

It is really astonishing that the Chief Executive often says that there are a lot of controversies in the community, and whatever he does, he cannot get any applause. At present, we have a housing issue, this opportunity is hard to come by and as the saying goes, "the whole community has given him a good chance" to do something for Hong Kong on the basis of a consensus. Nevertheless, it is hard to explain, none of us really understand what is in the mind of the Chief Executive or the Secretary. Yet, I think the reason may not due to the Secretary's violent hindrance of the resumption of the Home Ownership Scheme (HOS). Why is it so? This is really something hard to understand, and I am going to discuss this point in greater detail later.

President, the imbalanced development of our social structure and our economy is due to a very crucial reason that all of us know quite well, that is, the "three highs policies" that have all along been adopted — high land prices, high property prices and high rental. These policies obviously have caused disastrous effects, and the hard-earned fruits of many people have been snatched by large property developers. The real estate sector has all along been the biggest winner as a result of our overall economic development; even when there was an economic downturn where various sectors encountered difficulties, the real estate sector frequently remained outstanding in performance. If we say that the banking sector is doing quite well; frankly speaking, banks are fairly reliant upon the real estate sector, and we frequently joke that the banks are pawn shops for properties. How many banks offer loans to subsidize scientific researches and industrial enterprises? This is a major issue. Small and medium enterprises are under immense pressure because of high rents, and people in the middle and lower classes can only sigh in the face of the constant surge in property prices.

Secretary Eva CHENG has recently discussed with some students about whether a couple would only get married after they have bought a flat. I remember the Secretary's "pure and innocent" idea that a loving couple do not necessarily need to buy a flat. Of course, we appreciate very much this "pure and innocent" idea. However, after toiling for dozens of years ..... For a

couple who get married because of love, their love is so strong that they do not need to have their own flat. However, if a couple who has toiled for 30 years still fail to buy their first flat, and they still cannot afford to pay the down payment and pay the mortgage loans, they will be in a miserable state, and the "pure and innocent" thinking cannot solve the problem. As the saying goes, "a poor and lowly couple grieves over hundreds of things", they are indeed in a miserable state. Moreover, Hong Kong people often hear this saying: "people who work hard for their whole life and save all money they have are inferior to speculators who speculate once in property". A speculator earns much more in one property transaction than a worker who saves up money all his life.

Our society is highly deformed. There is a property bubble and the Government absolutely cannot use the free economy as an excuse to shirk its responsibilities. Regarding this big bubble lately, some of the causes are actually very explicit and well-known. Land supply has been persistently inadequate. We have requested for years for the resumption of regular land sale. Sometimes, the question is not just the supply of land, but also the message conveyed. The Government has all along failed to take actions, and it only agreed to resume regular land sale lately. In the past, the Government said that it should not take actions and it would wait until some property developers had acquired land under the Application List. However, as property developers do not acquire land under the Application List, there ought to be problems with the Land Sale by Application System. Finally, when the land is put up for sale in the market, there is a buyer.

The second point is about the Government's acts of market-boosting. In 2002, the Government completely scrapped the HOS without adequate consultation and even without any consultation as far as I remember. It then completely suspended the development of the above-station property development projects at all stations along the MTR lines, creating another shortage of supply of housing units.

Third, we have repeatedly said that the Government should put in efforts to combat property speculation. Hoarding and profiteering cannot be solved by taxation means, but taxation policies can suppress property speculation. However, the Government has not done so.

President, that is how the bubble is formed. We surely know that the free market inevitably has its economic cycle. But, all responsible governments know that, when an upward or downward cycle is excessively tilted towards a certain direction, they should adopt anti-cycle measures for market adjustment. All governments should adopt such measures to bring about the soft landing of the blazing property market (I have taken the real estate sector as an example) lest we should hold the balloon until it bursts and have a rough time. The Government should take up the responsibility. This is what "Sharing Prosperity for a Caring Society" is all about. The Government should understand that people want a relatively stable market in which they can buy their flats and live and work in peace and happiness. Can this be done?

President, all of us in Hong Kong know very well that more than 80% of people would like the Government to resume the construction of HOS flats. Actually, Secretary Eva CHENG should know better than me the merits of resuming the HOS. There is an element of subsidy, and I will not dwell on this point. People can purchase their first flat if they can afford to pay 5% of the flat prices, and they will also be given discounts. Am I right? Although those living in HOS flats cannot buy or sell their flats, or rent them to others, another merit is that speculation can be prevented. In other words, HOS flats allow buyers to settle down for a certain period of time after they have bought their flat, and there will not be a lot of speculation in the market because of the existence of HOS flats. The provision of cheap units for first-time home purchaser will not create opportunities for speculation. The most important point is, apart from increasing supply, this will give the market a message that the Government has the tools for adjustment. That is indeed a very good measure.

I remember more than 10 years ago, I was already a Member of this Council, some government representatives from overseas countries came to Hong Kong to learn about this scheme. Many of them found the scheme highly commendable and worthy of consideration. Today, when there is a clear consensus in society, I really do not understand why this idea is not accepted. I am not going to talk about My Home Purchase (MHP) Plan any more. Some people have said to me, "Alas, who knows what prices will be set by the time people is going to buy the flat, they have been living in that flat and they keep paying rent, the plan will be "My Home Worry Plan" instead of "My Home Purchase Plan". As people do not know whether they can catch up with the increase in flat prices, hence they do not feel at ease. I will say no more on this

issue. Perhaps the result may turn out to be rather good after the trial run. Yet, I must say that the HOS policy is "well-tested", this is the saying of the Government.

Therefore, we really cannot understand, a well-tested policy had been suddenly terminated and today, the public generally request for the resumption of this effective policy of subsidized housing as a tool for market adjustment, and yet, the Government turned down this request. In my view, the reasons given by the Government are anti-intellectual and against common sense. The Government claimed that the new scheme is better and is an enhanced version of the HOS, but flats under the new plan are actually not HOS flats. It is because HOS flats offer discounted price with no premium requirement. The scheme in question is different and I wonder why it is called an enhanced version of the HOS. I believe that many Honourable colleagues think that they do not have to give further consideration. The Government has asked us to support this Policy Address but it has basically not taken people's aspirations into consideration, how can I support this motion of thanks? I cannot possibly do so.

Next, I would like to discuss again the revitalization of HOS flats. After lengthy discussions, it turns out that the policy is simple enough and it involves payment of premium by instalments. I really do not quite understand how come there is such a statement. Actually, there is presently such a requirement. After a person has paid up his mortgage, his children can re-mortgage the flat and pay regrant premium. It is not too complicated. What are the biggest problems with HOS flats at present? There are only two problems. First, some people want to change their flat. They have lived in their old flat all their lives and they may suddenly want to buy other flat, probably because their places of employment have changed, and they may want to move from Tuen Mun to the North District or the Southern District. They just want to buy a HOS flat on mortgage; can they change for another HOS flat? In view of their requests, is there any mechanism to facilitate a "flat for flat" exchange, or can they sell their HOS flat in the secondary market and buy other HOS flat in the secondary market? This is our first request. If the Government listens to people's views, it will find that many people have similar requests. After living in the present flat for almost 20 years, they would like to change a new flat. Second, can the eligibility for purchasing a flat in the HOS secondary market be relaxed? This include people who can purchase a flat in the HOS secondary market without

paying regrant premium, can we ..... relax the eligibility of these people? If so, the Government does not need to construct a large number of HOS flats, and many people can immediately purchase flats in the HOS secondary market. This is a highly desirable approach supported by the Democratic Party. I understand that some Honourable colleagues and the Civic Party support this approach. Is there anything bad about that? It will not easily lead to speculation, as people who purchase flats in the HOS secondary market do not need to pay regrant premium, so there must be ..... the Government can specify an income limit, for example, between \$20,000 and \$29,000, or between \$19,000 and \$29,000. Such an approach can help this group of people and quicken the mobility of HOS flats. We all know that there are many merits of HOS flats, and the Government has helped many people purchase their first flat so far. The HOS is highly appreciated and commended by many people. The Government has invested \$100 billion in the whole HOS, if it does not pursue this rather successful policy, I really think that it ..... if there is going to be an election, I am not sure if it can hold its ground.

I am going to briefly discuss an essential task that must be done, that is, combating property speculation. As Mr LEE Wing-tat has said, it is not difficult to undertake this task. If a property is resold within two years because of appreciation in price or other reasons, the seller will be deemed as having made profits, except in certain cases where exemption may be granted. For example, flats that are really for self-occupation may be regarded as exceptional cases. In the case of a resale within a short period where there is a capital gain, the seller will be deemed as having made profits, and the profits tax to be collected from him may double. If the Government combats speculation this way, it will be able to vigorously suppress speculation. I believe the community will not oppose this because many people just rely on speculation without having to work. Unless you like to have the market boosted, there is no reason why speculative activities should be tolerated.

I would like to about the control on first-hand flats, I think the Government has responded to Members' requests; however, I hope the Government would speed up its actions. If it has to conduct consultation and introduce a white bill, I am not sure if the work can be completed by the current-term government. We should not forget that a white bill was introduced in 2002 but it was withdrawn after consultation. Now, we have to start afresh. After so many years,

consultations will still be conducted and what will be the outcome? Nobody knows. Do we have to pull through for two more years? I hope not. I know that Secretary Eva CHENG has the heart and the resolution to get the job done, so I hope that we will delay no more.

There is another issue. Since Secretary Mrs Carrie LAM is present today, I am going to talk about the land resumption policy. I can tell the Secretary that one of our future social controversies will be related to land resumption, especially when the Government wants to develop new areas under an established policy. The previous government policies have been implemented for many years, and quite a few of them are unfair and outdated. According to the Government's policy, only those living in squatters registered in 1982 and 1984 can be allocated public housing. It is really pitiable, people do not ask for much, they just want to be allocated public housing units after they have lived there for 23 years; yet their requests have not been granted. In 1998, asset tests were conducted on applicants, and many of them whose incomes were slightly over the limit became ineligible. Can they purchase HOS flats in the secondary market? This is also not permitted. With the exception of Choi Yuen Village residents who were given special permission by the Government under special circumstances, other applicants cannot do so. Why are these policies so ossified?

Furthermore, in cases of land resumption, many factories that have been in operation for many years have not been given compensation, and the factory owners were asked to move out without getting any compensation. President, we are now talking about land resumption for redevelopment for public interests. This remark really sounds raucous to the ear: "these people should move out for the benefit of society". Why should we ask a small group of people to give up their homes and serve the public interests without getting reasonable rehousing arrangement and compensation? Can I recover the possession of the properties of senior officials? The Secretary will not agree and I also do not think that the possession of the Secretary's properties should be recovered. Is that right? In a civilized society, we should not have such an idea that the minority should sacrifice their interests for the benefit of the majority. We should also remember that these residents just want to protect their homes, and if they cannot do so and they really need to hand over the sites for development, they just want to have reasonable rehousing arrangement and compensation; these are their humble requests. In my opinion, it is necessary to comprehensively review and substantially improve our policies to be in line with the spirits of impartiality,

civilization and humanitarianism. I do not think that we should achieve the fruits of social development by snatching the homes of the disadvantaged, the rural areas or areas to be developed.

Lastly, I would like to talk about the issue of hostility against the business sector that Ms Emily LAU has briefly discussed. Some businessmen once asked me if Hong Kong people were hostile to the business sector. I asked them how they defined the business sector. Actually, many people of the business sector are victims; for if our policies are somewhat unfair or allow collusion between business and the Government, not all businessmen can be benefited. In fact, a lot of businessmen have been trampled on. I remember in the case of Cyberport back then, a company or a consortium got some advantages, and all other property developers, with the exception of that company with preferential treatment, approached the Democratic Party and asked us to speak up for them because they had a strong feeling of unfairness. Of course, if you invite them to a meeting of the Legislative Council, they would turn down the invitation because they did not want to offend the Government. Thus, they would like political parties to speak up for them. The same situation arose again in the case of the development of West Kowloon. Nevertheless, there was one less property developer; two property developers had not showed up. Hence, all other property developers said that they relied on Honourable colleagues to speak up for them, and they did not think that the Government's approach was going to work in the long run.

This policy is evidently unfair because the property developer who got preferential treatment will be elated as huge profits can be reaped. However, other property developers who have been excluded (even consortia) would consider the policy very unfair. I am not sure if Honourable colleagues remember the remark made by Sir Gordon WU, a property developer, outside this Council. He said that there was collusion between business and the Government. We had invited him to a meeting of the Legislative Council but he was not willing to do so. He should be extremely indignant when he made such a remark. Hence, a fair system and fair competition are of paramount importance.

I believe the business sector should support a fair system as well as fair competition for their own benefits and for enabling their children to stay in business in Hong Kong. We should start with having a fair political system and we should not have free political lunches any more; we should also abolish



functional constituencies. For there to be free competition, we oppose monopolization and unfair collusion between business and the Government. Every one should be fairly treated according to the system and the rules. From a certain perspective, we welcome investors and we are willing to consider giving land and taxation concessions. Yet, these concessions should be given according to certain rules, and the crucial point is that applications must be open to all. The business sector must understand that they should support fair systems, as well as an equitable social security and welfare system. The Government should not be a miser, and it should invest its considerable surplus reserve in the community and in promoting equal opportunities. I must reiterate that greater efforts should be made in the areas of education, healthcare and housing; we should promote social mobility, eradicate poverty, and narrow the wealth gap. Only in this way can there be long-term social harmony and political stability, and people will not be hostile towards certain classes or certain people in a particular class.

I so submit.

**MR CHAN KAM-LAM** (in Cantonese): President, first of all, I am very pleased to find that this Policy Address contains rather lengthy discussions about housing policy, we can see that the SAR Government has finally looked squarely at our housing issues. There are still criticisms in the community about whether the measures proposed by the Chief Executive are effective or not, whether there is any room for improvement, and whether they can really help the middle and lower classes. However, the Government has at least looked squarely at the issues or changed its persistent stance over the years of refusing to intervene in the property market. Housing policy is not simply an economic issue or a general issue concerning people's livelihood; it is, after all, a political issue. No government in the world can completely entrust the housing problems of its people to the market. So, the Government must play a proactive role in connection with housing policies. Nevertheless, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) has to criticize the SAR Government for being not sensitive enough to the changes in the property market. In the face of the upsurge in property prices year after year, the Government has only taken some measures this year to increase housing supply. If these measures could be taken two years ago, I believe the problems would not be as serious as they are today.

Concerning My Home Purchase (MHP) Plan, I guess the original intention of the Chief Executive is that people can save the down payment under the plan, and later they can purchase their first flat, and be able to live and work in peace and happiness. He also wants people to feel relieved about the property market and pacific them; take your time and you will, for sure, buy a flat. However, can this so-called enhanced version of the Home Ownership Scheme (HOS) make people feel relieved? In my opinion, even if people have joined MHP Plan, they may not feel relieved. Very soon, the MHP Plan will be nicknamed by people as "My Home Worry" Plan, "My Home Depressed" Plan, or even "My Home Dead" Plan. Today, Mr WONG Kwok-hing even named the plan as "My Home Rage" Plan. From this, we all doubt whether the Plan can really help people purchase their first flat.

I have done some calculations after the MHP Plan was announced. If we take the rental of \$17 per square foot in Tsing Yi as a basis, the monthly rent of a 600-sq-ft flat is around \$10,000, the net rental within a five-year tenancy period will amount to \$600,000, and the tenant will get a subsidy of \$300,000. On the basis of the current property price in Tsing Yi of around \$4,000 per square foot, the market price of a 600-sq-ft flat is around \$2.4 million, the subsidy can cover more than 10% of the property price. If the mortgage loan amount is at 70% of the property price, a tenant will most probably have to save an additional \$6,000 a month in order to meet the 30% down payment five years later. If the loan period is 20 years and the current low interest rate still applies, the monthly mortgage repayment amount may exceed \$10,000. This can be a heavy burden for low to middle-income families. However, this figure only applies when we assume that the property prices will remain at the present level. If property prices increases, there is no more hope for these people to buy their own homes.

When the Government conceptualized this plan, it seemed to assume that people would certainly buy a flat. Upon the expiry of the five-year period, if a tenant chooses not to buy a flat because of financial capacity or other reasons, he will not be given the \$300,000 subsidy. To be frank, in order to get the \$300,000 subsidy, a tenant will be forced to buy a flat even if the property prices have increased, unless he is really unemployed or he loses his working capacity, or he cannot afford to pay the mortgage repayment. This Plan actual compels tenants to purchase a flat. President, we hope the Government would consider again if there is a more satisfactory arrangement such that tenants who have chosen not to buy the flat will at least get something at the end. Therefore, the DAB suggests that the Government should further enhance the MHP Plan so that

eligible households can buy the flat they have moved into in the first year by paying a 10% down payment. This can alleviate the burden of the middle and lower classes in first-time home purchase, and eliminate the unclear factors that may arise within the five-year tenancy period because of financial problems or a hike in property prices.

Moreover, according to the Government's plan, under the MHP Plan, the first batch of flats in Tsing Yi will only be completed in 2014, and there will only be 1 000 flats. Not long ago, 39 000 applications were received for the last batch of HOS flats, and the flats were oversubscribed 11 times. As compared to this number, the 1 000 flats to be introduced four years later will be utterly inadequate. I believe that most people consider such timing and number as unsatisfactory, and I hope that the Government can speed up the implementation of the plan and increase the supply of flats, as well as provide more flats in different places to give people more choices.

The Development Bureau has recently announced that a 1.1 hectares of land in the Kai Tak Development Area will be allocated for the construction of so-called "no-frills" flats for the relocation of residents as a result of urban renewal. The DAB thinks that the Government can consider allocating a piece of land in the new Kai Tak area for the construction of "no-frills" flats so that eligible persons can apply for home purchase.

The Government has also mentioned that a threshold will be set for the MHP Plan. We understand that the Secretary is well-intended, she really wants people with financial capacity and can afford mortgage repayment to join the MHP Plan. As such, we have noticed that there is a group of people who have exceeded the income limit for public housing, and yet, they cannot join the MHP Plan. They cannot apply for public housing and they do not have the financial capacity to purchase a flat, and they also cannot afford to pay the rental at market rate. The Government does not have any plans to help this group of people, and quite a number of them cannot achieve the major plans in their lives such as getting married and having children because they cannot purchase flats. On the one hand, the Government publicizes the value of harmonious families; on the other hand, it offers no help to these desperate families. We still remember that the Chief Executive once encouraged each family to have three children a few years ago. Yet, people can hardly afford to have three children when they even have problems in getting married and purchasing their home.

Obviously, there are still big differences between the MHP Plan and the HOS. If the Government can resume the construction of HOS flats, these group of people earning \$10,000 to \$20,000 a month will have a way out. The DAB thinks that resuming the construction of HOS flats is the best way to alleviate the housing problems of the lower class. A few weeks ago, the DAB conducted a public opinion survey, and the result showed that over 70% of the respondents wanted the Government to resume the construction of HOS flats. I do not understand why the Government has always insisted that the HOS should not be resumed, and I hope that the Chief Executive and the Secretary can seriously deal with this issue and I hope that they will no longer obstinately remain indifferent to people's appeals.

The HOS is a benevolent policy that has been well-tested, and it has, since the 1980s, helped over 300 000 low to middle-income families to own their homes, these families can gradually achieve upward social mobility and in turn, enhance their sense of belonging to society. As the construction of HOS flat had been suspended, the ladder for public housing tenants to buy their own flat is removed. Are there any incentives that can encourage public housing tenants to move out of public housing estates, to vacate public housing flats for the most needy applicants on the Waiting List?

Besides resuming the construction of HOS flats, the Government can also take actions in various areas so that these people would have something to fall back on. There has been serious inflation in recent years, commodity prices have been surging, and people's expenses on food, accommodation, clothing, and transportation in their daily lives have remained at high levels. A person who earns slightly more than \$10,000 a month and rents a decent place do not have much money left, and he will be financially tight in buying food and clothing. The Government can review the income limit for public housing to see if there is any room for relaxation so that more low-income workers can be placed on the waiting list for public housing allocation; in this way, people who cannot afford to purchase a flat can live in peace and happiness.

Furthermore, the Government can consider allowing HOS flat owners to sell their flats to White Form applicants without paying regrant premium. At present, there are more than 300 000 HOS flats throughout the territory and the regrant premium for 250 000 flats have not been paid. Information shows that approximately 75% of HOS flats are located in the urban areas and the extended

urban areas, and are priced below \$2 million. In other words, people can consider buying flats among those 220 000 flats catering for first-time home buyers. Only a very small number of such flats are offered for sale in the market. In any case, we think that quite a few first-home buyers want to start with buying HOS flats in the secondary market. If this limit can be relaxed, I believe the Government can give people an additional choice. Similarly, we suggest that the Government should immediately re-introduce the Tenants Purchase Scheme. We hope that the Government would consider how the extremely limited resources at the moment can be revitalized and utilized flexibly to benefit more people.

Apart from the construction of subsidized housing, we think that the Government should play a more prominent leading role insofar as land supply is concerned. The DAB earnestly welcomes the measures in the Policy Address for increasing land supply, but we also hope that the Government would not wait until no sites have been triggered under the Application List before putting up sites for auction. We hope that it can take the initiative to arrange for land auction in light of the current objective of the annual provision of 20 000 private flats.

The newly announced urban renewal strategy includes setting up District Urban Renewal Forums and introducing a "flat for flat" compensation scheme. Also, the "bottom-up" reverse redevelopment strategy that I have suggested for many years has finally been accepted. The Urban Renewal Authority (URA) will propose redevelopment projects, and upon the requests of owners of old buildings, take charge of or assist owners in carrying out the redevelopment or rehabilitation of old buildings; thus people will have a higher degree of participation. The URA can also make use of the existing human and financial resources to launch more projects that are of value to the communities and will benefit the residents in old areas. In addition, Building Management Resource Centres should be established to provide one-stop support services to owners who need to carry out building maintenance works. This suggestion has repeatedly been made by the DAB and we hope that the Government can implement these measures as soon as possible upon the conclusion of consultations.

At present, the Government has proposed the establishment of an Insurance Authority, the objective is to change the current practice of regulation through self-discipline in the insurance sector. The proposed regulatory method is

modelled upon the way in which the Hong Kong Monetary Authority (HKMA) regulates the securities business of banks; the HKMA is granted the authority to regulate and carry out investigations into the insurance business of banks. We have heard the views of quite a few industry players in the course of the recent consultations on an independent Insurance Authority. Some people support the establishment of the Authority while some others oppose the idea. We certainly want to upgrade the professional quality and regulatory regime of the insurance sector, but most people who hold opposing views have doubts about the operation of the new independent Insurance Authority. Nonetheless, a consensus has been reached, that is, the insurance business of banks should be regulated by an independent Insurance Authority rather than the HKMA.

President, when we scrutinized the regulation of structured financial products under the Securities and Futures Ordinance rather than the Companies Ordinance yesterday, we explicitly stated that the Securities and Futures Commission (SFC) should have the right to regulate currency and interest structured financial products issued by banks. If we do not do so, there will be chaotic market operations in the future. For example, when a bank sells the structured products it issued, it can at the same time sell some interest or currency structured products that are not issued by the bank or by other local banks. Even though the two products are sold by the same bank, they are subject to different modes of supervision. Therefore, if the proposed practice is adopted in the market in the future, we believe that the situation will become fairly chaotic.

In fact, Secretary Prof K C CHAN was asked not long ago whether changes should be made to the existing financial regulating regime, and he said on many occasions that the effectiveness of the current super regulator and "Twin-Peak Model" regimes was questionable. In other words, the Government would not consider making material institutional changes. Nevertheless, we think that the above method adopted by the HKMA for the regulation of all other businesses of banks should be changed, and it should differ from the present regulatory regime of the market as a whole. So, there will be no more ambiguity. As we have mentioned, travel agents may also sell insurance besides selling tour packages. There will certainly be problems if these matters are also regulated by the Travel Industry Council.

President, after the Lehman Brothers minibond incident has taken place, the HKMA and the SFC have respectively submitted review reports to the

Government. While the SFC suggested that the Government should adopt the "Twin-Peak Model" of Australia for regulation, that is, the SFC should be responsible for the regulation of all financial intermediary organizations including all banks, insurance companies and securities companies, as well as their staff members and the sale of investment products by them. We consider that the Government should look squarely at the suggestion of the SFC and consider putting it into practice. Nevertheless, in view of the attitude of the Government at present, it seems that it has still failed to understand that the regulatory regime of "subjecting one industry to two regulatory authorities" is not perfect. We hope that the Government would proactively conduct the relevant consultations with a view to vesting the regulation of the financial sector in appropriate regulators.

President, in light of our current development in the international financial market, we can anticipate that, in respect of the future regulatory regime of the international financial market, the traditional mode of classification by institutions or functions will gradually be eliminated. Instead, various "target-oriented" regulatory modes will be adopted. For this reason, the DAB would like the Government to be even more enterprising, and it should not stop taking action just because of its dominant market position. It may be too late for us to catch up in a great rush when our competitors have taken certain measures.

The consultation conducted by the SFC on the proposed regulation of credit rating agencies has ended not long ago. As proposed, credit rating agencies in Hong Kong and their analysts have to be licensed starting from the first quarter of next year. At present, the three major global credit rating agencies, namely Fitch, Moody's and Standard & Poor's are in operation in Hong Kong. Three smaller multinational credit rating agencies are also in operation in Hong Kong, including Coface which is a French company. Yet, at present, no credit rating agencies are based in Hong Kong solely because Hong Kong does not have its own credit rating agency.

President, according to my understanding, one of the national research institutes within the Singapore Government is now conducting professional credit rating researches by a large number of professionals with the latest technologies. We can see from this financial tsunami that the reliability of world renowned credit rating agencies in the world is just average. Obviously, only relying on overseas professionals is not objective enough. At present, we do not have an

independent credit rating agency of international standard in Hong Kong that can provide credit ratings of the enterprises in the Asian region. If Singapore manages to establish a prestigious and world recognized credit risk rating company ahead of us, we believe that even the Mainland may then engage Singapore companies to provide the relevant credit ratings, and Hong Kong is going to miss this development opportunity. We know that the Mainland is now conducting studies on credit risk ratings in the market, and it may establish certain companies to provide credit risk ratings of companies on the Mainland, as well as foreign companies. We trust that the establishment of a regional credit rating system is essential for the Mainland and also for Hong Kong as a financial centre.

President, the most eye-catching development in the international market these days is the international financial conflicts triggered by the United States dollar (US dollar) exchange rate. Everybody knows that the United States has implemented a quantitative easing currency policy following the financial tsunami in the country. Its unilateral action has caused the depreciation of the US dollar, and attempts were made to force the appreciation of Renminbi with a view to adjusting the United States economy. For the sake of protecting their own interests, various countries have adopted administrative measures to alleviate the effects of the depreciation of the US dollar on them. The depreciation of the US dollar brings about knock-on inflationary effects that impose burdens on the export-oriented economy of the Mainland. As an international financial centre, it is common for Hong Kong to experience fluctuations, however, being small and having an open and free market, our present economic cycle is running in opposite direction as that of the United States. Thus, Hong Kong people will have to pay certain economic prices under the Linked Exchange Rate System.

In spite of the fact that our economy has gradually come out of the haze of the financial tsunami, there are still quite a number of variable factors in the external economy. According to an economic analyst, the current currency and financial policies of the United States fail to achieve the objectives of economic recovery and reduce the unemployment rate. The depreciation of the US dollar causes a continuous rise in inflation within the region and in the international arena, including Hong Kong. It has intensified the asset-bubble risk, and also increase the rate of imported inflation, putting greater pressure on the lower class. According to a survey, after this Policy Address has announced the introduction of a series of welfare measures for alleviating poverty and assisting people in



home purchase, there have been changes in people's confidence in our future and consumption. Nonetheless, since the risk of a double-dip recession in the United States economy has not been relieved, and inflation will continue to aggravate in the future, the Administration still needs to take this issue seriously. It cannot overlook the changes in situation and it is duty-bound to alleviate the heavy financial burdens of the grassroots. Hence, the Government should proactively formulate suitable measure for alleviating people's difficulties.

President, we can say that the Policy Address this year contains nothing about promoting the six industries where Hong Kong enjoys clear advantages, which is quite disappointing. Many industry players have also complained that the Government has not proposed any measures that can really benefit them, and it has failed to promote the development of industries, especially the six industries. As regards promoting the six industries, we think that the Government should consider how to expand the range of permissible assets under the Capital Investment Entrant Scheme so as to benefit the six industries under the Scheme. Moreover, it should establish an investment fund for the six industries, capital investors will be required to invest a certain proportion of their assets in the fund so that it can substantially support the development of the six industries. Besides, the Government should provide more incentives, enhance training and provide better support so that more young people will join the development of the six industries. To attract the talents required by the six industries to live and work in Hong Kong, we suggest that the applicants in the relevant industries should be given extra points in the Points-based Tests under the Quality Migrant Admission Scheme of the Government to facilitate the prosperous development of the six industries in Hong Kong.

President, I so submit.

**MR CHIM PUI-CHUNG** (in Cantonese): President, in expressing our thanks, we are being polite and it does not mean that we absolutely agree with the Chief Executive's governance vision. In any event, Members do not think that there is any problem in thanking him for what he has done for the public in the past year or the past five years, even though he is paid for the work.

President, we understand that there is a separation of three powers in Hong Kong. Certainly, the Central Government would really like to see an

executive-led government. We admit that an executive-led government does not mean administrative leadership or hegemony. As we have seen, Hong Kong people from various sectors including the media will comment and even criticize strongly when any Secretary of Department, Director of Bureau or other government officials have made mistakes. We, Members of the Legislative Council, understand that we are returned by election. Some media and certain people have bluntly criticized functional constituency Members. But, President, we must bear in mind that they are returned by election, and there are electors from these functional constituencies. If the electors from these functional constituencies think that these Members have failed to meet their requirements, they may not vote for them in the next election, and other people can also stand for election. This method is fair enough. I think that the Legislative Council and other sectors should pay attention to the judicial area instead.

I have recently learnt that Mr Justice Geoffrey MA would become the highest leader of the Judiciary from 1 September onwards. Before that, he tried a case at the Court of Appeal of the High Court but was severely and strictly criticized by five judges of the Court of Final Appeal. Of course, it is not true that we absolutely cannot criticize the contradictions in the judicial system; we should note that, we hope that the judicial sector, in exercising self-discipline, should create favourable conditions and gain the recognition and support of the public and various sectors in Hong Kong. In that case, the executive authorities, the legislature and the judiciary would be able to monitor each other for the well-being of all Hong Kong people.

President, when the Chief Executive ran in his second-term election, he said that he would like to "do the job well". I have severely reproached and criticized him many times on different occasions, why? Being the Chief Executive, or even being a Secretary of Department or a Director of Bureau is not that simple, it is not merely a job. The Chief Executive had thus made the most fundamental mistake in the first place. Although Hong Kong is only a place with a population of 7 million, it is a special administrative region of China, and in any sense, the duties that he has to undertake — the same applies to a Secretary of Department or a Director of Bureau — should be subject to the monitoring and criticism by various sectors of the community. Thus, they must have a sense of mission, a sense of responsibility, as well as a sense of honour. Remunerations are absolutely necessary, but if they do not have the abovementioned senses, feelings and ideals, it will be difficult for them to take a step forward. In

particular, they have to be censured and criticized, with good or ill intention, by many Members of the Legislative Council; the ordinary people can hardly bear such criticism. Hence, I hope that people who are interested in taking up any public offices in the next term of the SAR Government would courageously be committed rather than haggling over remuneration. If they only have their eye on remuneration, they really have to, according to the Mainland saying, "resign from their government posts and join the business sector"; they should start making real money outside the Government.

President, the passage of the constitutional reform package, that is, the 2012 electoral proposal is attributed to the efforts of various parties. Though the Chief Executive has been criticized by some people, their criticisms are irresponsible. Indeed, the Chief Executive has fulfilled his responsibilities and strived to do what he ought to do. I would like to quote the remark of an official of the Chief Executive's Office: "This seems to be the will of Heaven". So, the passage of this constitutional reform package is attributed to the efforts of various parties, and this is the greatest blessing for Hong Kong people. Why? The passage of this constitutional reform package indicates that various sectors of the community have identified with the requirement of a constitutional reform under the Basic Law, and this will reduce all direct and indirect conflicts and frictions among various sectors of the community. This is not a simple matter, and we cannot regard it as trivial. We must understand that Singapore, being our strongest competitor, has an economic growth of nearly 20%. Macao is a small place, but I can tell Honourable colleagues that, when its financial condition is to be announced next February or March, its betting revenues alone will exceed 60 billion Macao dollars. We can certainly say that there are substantial differences between Macao dollars and Hong Kong dollars, yet we shall not forget that its population is less than one tenth of our population; and on this basis, our revenue should almost reach \$1,000 billion. How can our revenue reach that figure? If Hong Kong people do not stay alert, and if there are still endless internal discord, the result will really be unimaginable. Honourable colleagues should really stay alert.

President, I am now going to express my views on the housing issue. I will certainly discuss financial issues later. Housing is a very sensitive issue in Hong Kong because it more or less involves the wealth and motivation of the whole community. As we all know, after the announcement of the "85 000" housing policy, someone had a pain in his leg. For many years in the past, there

have been social conflicts. Many people would like to see a rise in property prices, but if the rate of increase is too drastic, the grassroots and people from various sectors will not be able to buy flats or the property prices are unaffordable, they will then hold the Government responsible and ask it to bear all or probably most responsibilities. However, in the event that property prices fall due to other impacts, banks will immediately impose pressure, and property owners who have borrowed loans or the public will have endless complains. It will be quite a headache for the Government to balance the force, but anyhow, this is its crucial responsibility.

In my opinion, the Government definitely has the obligation and responsibility to remain committed insofar as the most basic living conditions of all Hong Kong people are concerned. Nevertheless, the Government must make the public understand by various means that home purchase is an arduous task in the course of life, and they have to work hard for the greater part of their life before they can buy a flat. At present, people from various walks of life are saying that the post-80s or post-90s are complaining about inability to buy their first flat. It is the responsibility of the Government to ease their worries. So long as they can have a certain percentage of their income for allocation, they will be able to live and work in peace and happiness.

A responsible government should listen to the views of various parties. Since so many people in society and within this Council have requested for the resumption of the Home Ownership Scheme (HOS), the issue should be carefully considered by the Government and the authorities concerned. Even though there are commentaries that capable people create the law and assume a leadership role in law while those who are not capable would naturally follow the mass, and they have to be controlled and led by the law. In any case, the Government including Secretaries of Department, Directors of Bureaux and the Chief Executive must be servants of the public at critical moments. So long as people's opinions are right, there is nothing wrong for public servants or servants to listen to their employers or the public. Though I am not very familiar with the HOS or housing issues and I do not represent the architectural sector, the Government should really listen more and take actions to do what it considers right.

President, about financial issues, as we all know, in respect of the Lehman Brothers incident in the past, we frequently remind people not to make radical remarks ..... or talk about the conspiracy theory as no evidence can be found.

One conspiracy theory is that there is a significant fluctuation once every 10 years. Looking back at history, there was a so-called global financial crisis in 1987 and the Asian financial turmoil in 1997. So, the next turmoil should take place 10 years later in 2007. But, as we have witnessed, the turmoil could not take shape in 2007 because of the force from the Mainland. In 2008, a bank in the United States of considerable scale and had more than 100 years of history "committed suicide"; in other words, it announced that it could no longer stay in business. According to the conspiracy theory, the cause was that most creditors were foreigners, mostly Hong Kong people. Certainly, the United States suffered the most and the damages inflicted on the country might be more serious than those inflicted on any other places.

At any rate, the Hong Kong Monetary Authority should learn a lesson from that. Luckily, the problem has almost, though not completely, been solved because some foreign-funded banks intentionally or unintentionally refused to accept the option of attempting a settlement through conciliation. I think the SAR Government must have an in-depth understanding of the situation; do these banks have the intention of upsetting our financial sector? I opine that we must understand the relevant situation but I am not specifying or confirming that there is such a situation because we do not have the relevant data. However, President, in any case, the SAR Government should really learn a lesson from this incident. As we have seen, as a result of the State's reform in various areas and the growing wealth of the Chinese people, Hong Kong will have substantial gains in future. We can see the uniqueness of Hong Kong from the trading volume of the Hong Kong Stock Exchange, and the number of companies from various parts of the world that are listed in Hong Kong. Nonetheless, we shall not forget that what we own will not last forever. We can see that although the Singapore Stock Exchange is smaller than ours and its conditions may not be adequate, it is doing its utmost to overtake, and it also has plans to link up with the Australian Stock Exchange. Of course, this attempt may not turn out successful, but whether it succeeds or not, since it has such an idea of challenging Hong Kong in various aspects, Hong Kong should stay alert and get prepared so as to face up to the challenge.

Within one fourth of a century from 1986 till now, the Stock Exchange has gradually developed into a monopolized company before we knew it. However, it should not take pride of its monopolization. After all, as part of a service system, it has to permit companies already listed in the global market to list in

Hong Kong, and attract companies that have not yet been listed to list here. In that case, it cannot be excessively arrogant or picky as it is not the only stock exchange in the world, and if those companies seek listing in other places, it would be too late to regret.

Second, as an institution, the Stock Exchange must have very explicit systems, and it cannot make unpredictable policy changes. It cannot be envious when some people are gaining money or making profits so long as it is lawful for them to do so, and such a situation is rather normal. The Stock Exchange is itself a listed company and it needs to make profits and generate profits for shareholders. Thus, the Stock Exchange must take the lead to ensure that the systems are explicit and clear.

Another point is that stockbrokers in Hong Kong are now regarded as market participants in the Stock Exchange. The market situation has nothing to do with them because the shares in the market belong to the shareholders. However, we should understand that, the achievement of the Stock Exchange today is attributed to stockbrokers, they have toiled but without getting credit, they have, not with blood and sweat, but with tears and sweat, made substantial contributions. Given that, we certainly cannot ignore their contributions to the achievements attained today, and we should unite various forces in a better way. Hence, I suggest that Secretary Prof K C CHAN should consider setting up a financial development authority in Hong Kong. I had once represented four sectors including stockbrokers, futures brokers, the Chinese Gold & Silver Exchange Society and the insurance sector. I promised that I would fight for a seat for the insurance sector and I already did so, yet there are three other sectors. Nonetheless, owing to the importance of our financial sector in the world, especially its great importance to Hong Kong people, I do not think we can evade this issue. It is just a matter of how soon and at what pace will the issue be handled. So, there is a need for the SAR Government to expeditiously set up a financial development authority. Now that the Government has taken forward in establishing an insurance authority, why does it not think about and proceed to establishing a financial development authority?

Under such circumstances, all matters especially those in the financial area ..... as Hong Kong does not have any resources, financial activities bring talents together and promote the development of Hong Kong. We cannot slacken our pace, we have to be stay at the forefront of the times and in our way of thinking,

only in this way we can excel in this area and yield positive results. If we do not have any foresight, we can only be left behind in the future.

President, as we all know, regarding Renminbi (RMB) products which include bond trading, at present there is an influx of "hot money" into Hong Kong, why can we not expeditiously ask the Bank of China without any delay ..... it is certainly in the private sector. Nevertheless, the SAR Government can ask various parties to co-ordinate and do more work, it can even ask the Stock Exchange to speed up the introduction of RMB bond trading lest ..... do you think Singapore does not want to overtake Hong Kong? It is only because the Mainland authorities may not make a promise so quickly and easily that Hong Kong now enjoys such an advantage. If this is not done, the financial officials of the Chinese Government may be under certain pressure.

President, concerning the elderly issue, we all understand that our population is ageing rapidly, and the life expectancy of Hong Kong people ranks first in the world at present, which is certainly a good thing. Even though this is a good thing, I personally think that a responsible government should give the issue overall consideration instead of handling the issue slowly. It is because people tend to enjoy an even longer life expectancy in the future. As we have seen, the Macao Government had the Central Government's undertaking that it would be given the right to develop a large piece of land on Hengqin Island, so the Hong Kong Government should boldly strive for obtaining such rights from the Central Government. It should strive for the development of two mountain areas, that is, Heyuan and Qingyuan. It should strive for obtaining from the Central Government a large piece of land in these two areas for the construction of towns for the elderly. Tens of thousands of elderly people, rather than thousands of elderly people, can live in each town. Of course, these towns for the elderly ..... We now see that Sha Tin is a satellite town with tens of thousands of residents. However, when Sha Tin was attacked by Typhoon Wanda in 1973, the land price there was just \$1 per square foot. When we were students, we frequently walked from Kowloon Tong through the mountains to Hung Mui Kuk. At present, the Mainland ..... the two areas I just mentioned are mountain areas and Guangdong would also like to develop these two towns. In that case, if the SAR Government can strive for the allocation of land by the Central Government for the development of towns for the elderly, and vacate some places currently in use by the elderly in Hong Kong, so as to look after the younger generation or the needy and give them greater hope, I think these would

be worthy endeavours. Certainly, as regards such issues as construction expenses and all the ancillary facilities for the towns for the elderly, as there are sufficient talents in Hong Kong, we can start planning right away, and we will have multiple gains in the future. Of course, as there is a year or so left for the term of office of Mr Donald TSANG, the Chief Executive, he may hand over this issue to the new Chief Executive for consideration. That is another matter.

President, as we all understand, the Financial Secretary has returned to the Chamber, the SAR Government has a reserve of more than \$200 million. That was a good phenomenon in the past, as we believed that "money equalled power", but the situation is different now. Hong Kong is now a special administrative region of China. If Hong Kong is affected by any problems, the Central Government would definitely support our development in other areas, and it will even protect and defend our values. Therefore, the SAR Government does not need to have so much reserve now, and the most important point is that ..... of course, it should not give away money from its reserve; how much money can it give away? If the Government gives away all its reserve, each of us may receive a few thousand dollars. What is essential is that the Government should invest in infrastructure projects; not only in the 10 major infrastructure projects and the six industries that the Chief Executive has taken pride in, but also in more projects relating to social infrastructure and construction. Infrastructure projects will promote overall social and economic development.

As I have said, betting is not sheer betting. We learn that two casinos have been built in Singapore recently; betting can promote the development of other ancillary facilities and industries. Hong Kong people should awaken as Singapore has already passed ..... If we still debate on whether casinos should be built in Hong Kong, President, I can tell you that there are still such arguments. We do not encourage any deeds that are against public interests, but, as responsible Hong Kong people, we should not shirk our responsibilities and we should be ready to face up to challenges at any time. We have all witnessed the achievements that Hong Kong has attained today. In the past, most people were refugees from China who were politically or economically oppressed. From the 1950s to 1970s, most people in Hong Kong were refugees from China; today, Hong Kong has attained great success. This is a fact, and people of the post-80s, post-90s and other members of the public should appreciate, support and learn from these facts. For this reason, we must engage in self-review and we should not say that others are audacious ..... We have been discussing about Container



Terminal 10 for more than 10 years, we are really "muddle-headed" for nothing has been achieved. In this connection, the SAR Government should take the lead and teach Hong Kong people to accept the facts and be ready to face up to challenges. As I have just said, a responsible government which is ready for meeting challenges can absolutely assume all legal obligations and be held responsible for changes. Of course, it will mostly fail, and it will eventually fail even though there are numerous views. In the future, Hong Kong must concentrate and meet the social needs.

President, in my opinion, the Government has not done enough in dealing with the issues left behind in connection with the Western Harbour Crossing and the Eastern Harbour Crossing. Investors and businessmen alike merely take financial interests into consideration, but we should be sincere in our work. We should understand that, communication among members of the community is not just about ..... economics is not merely a calculating of figures, it also involves a sense of social responsibility as I have just mentioned. If there is traffic congestion over a long period of time at the Cross-Harbour Tunnel, and the traffic flows at the Western Harbour Crossing and the Eastern Harbour Crossing are not well regulated, the damages suffered by the public would be beyond measure. I am not saying that this will surely happen, and I do not really believe that the fourth or the fifth harbour crossing cannot be constructed. Also, I believe there is no reason why the Government should be defending the Western Harbour Crossing and the Eastern Harbour Crossing by saying that no harbour crossing will be constructed in future. What about constructing a harbour crossing in a place that is farther away? Hence, I hope that ..... for society as a whole ..... because we must have communication first. So, for the good and benefit of society, the Government is duty-bound to do so. If negotiation turns out to be futile, the fourth or the fifth harbour crossing should be constructed.

President, the Government has recently stipulated that properties purchased in Hong Kong will not be considered as investment items of migrants. Yet, we must not forget that, given the economic take-off of the Mainland, Hong Kong was not the first to bear the brunt, and we have been benefited instead. When people with money want to make investment in Hong Kong, why should we turn them away? The Government only needs to implement corresponding policies. According to the Government, the flats bought by migrants each year ..... In the past, there were adequate flats for local residents, but, since our compatriots on the Mainland have come to Hong Kong, the Government should consider the

provision of 40 000 to 50 000 flats. In any case, I hope that the stakeholders would make constructive criticisms.*(The buzzer sounded)* .....

**MRS REGINA IP** (in Cantonese): This year the Chief Executive's Policy Address is undoubtedly the one which he produced with the greatest effort since he assumed office. From the length and content of the Policy Address, as well as the speaking time, we can see that the Chief Executive Donald TSANG has made an effort. The content of the Policy Address is exhaustive. All the issues which have aroused Hong Kong people's concern in the past year, ranging from the bigger issues like housing to the smaller ones like stray cats and dogs, have been covered by the Chief Executive. So we cannot say that he has made no effort. Despite this, according to an opinion poll conducted by the University of Hong Kong, the people's rating of this Policy Address of the Chief Executive has continuously dropped for a week since the day it was delivered. A week after its delivery, the satisfaction rate was 31%, having dropped 10% when compared with the day it was delivered.

A former senior official Patrick LAU, our former colleague and former Director of Lands, wrote an article titled "Policy Address Looks Beautiful at a Glance". That is to say, at first glance, it seems that many issues have been addressed, and there are many highlights as well. As mentioned by the Chief Executive in the propaganda, "Every aspect has been taken care of." However, if you look more closely, as many Honourable colleagues have pointed out, the Chief Executive did not put forward any long-term policies in response to a number of major concerns of the public, such as housing and wealth gap. That is disappointing.

In my opinion, the reason for the drop in the people's satisfaction rate is that one of the highlights, that is, the My Home Purchase (MHP) Plan, has aroused the discontent of all sectors. We have just heard a lot about it, so I do not want to lash out at it any further. Besides, there is the Community Care Fund. Many intellectuals and people in various sectors, such as the social worker sector — in fact, anyone who has a sensible mind will find this Community Care Fund nonsensical as they think more about it. This unprecedented Fund whereby the Government and the business sector co-operate to distribute money entails a lot of problems. However, as this session today is mainly about economy, President, I absolutely intend to speak in accordance with

such an arrangement. Thus I am not going to talk about the Community Care Fund at the moment.

What I am going to say is about the economic development strategy. Although the innovation and technology industry is one of the six key industries promoted by the Chief Executive, unfortunately the elaboration on innovation and technology in this Policy Address is rather shallow, and not many words are spoken on this subject. That is quite disappointing because anyone who has some knowledge of technology will know, firstly, as I have said many times before, the innovation and technology industry is not a self-standing industry. Every economy has to use innovative technologies as a means to enhance its economic value; it is a means to add value. All industries, whether it is the financial services industry, the logistics industry, the tourism industry or high-end production, have to use innovative technologies. Hence, by regarding the innovation and technology industry as a self-standing industry, the SAR Government has actually made a very basic conceptual mistake.

Secondly, as pointed out by many Mainland officials who often exchange views with us, the State's present economic development strategy is to establish itself as an innovative country. The State understands that if Chinese people only manufacture low value-added products such as T-shirts and shoes, they will only work as foremen for the developed countries forever, and improvement to the local people's livelihood will be very limited. A frequently quoted example is, a DVD player sells for US\$67, but Chinese people can only earn some US\$10, not to mention that the amount which really goes to the manufacturer's pocket is just a few US dollars. As a result, the first and foremost strategy of the National 12th Five-Year Plan or the upcoming 13th Five-Year Plan should be how to raise the level of our economy in order to go out from the bottleneck of development or avoid falling into certain traps of development, during which innovation and technology must be adopted. Yet, to our great disappointment, although we can see that the State has such a grand aspiration for development, our Government does not strive for more co-operation with the State in the technological aspect in the 12th Five-Year Plan. Therefore I hope the Government will pay attention to this point. While the 13th Five-Year Plan is coming soon, with regard to the implementation of the 12th Five-Year Plan, Hong Kong can actually put in more efforts in the technological aspect through co-operation with Guangdong. I hope the Secretary will take note of that.

On the other hand, many Mainland officials, when talking with us in their personal capacity, have pointed out that if an economy, no matter whether it is at the state or city level, really attaches importance to technology, it is impossible not to have a department at the bureau level to exclusively focus on technological development. China, for example, has set up the Ministry of Science and Technology as well as the Ministry of Industry and Information Technology. Many other developed countries or our competitors also attach great importance to the development of information technology and science so as to keep up with the global development trend. For instance, in the United Kingdom, there is the Department of Business, Innovation and Skills, which exclusively deals with innovation and technology. Although the United States does not have such a department, technology is highly regarded in a number of departments, such as the Department of Energy, the Department of Defense, the Office of Science and the National Institutes of Health. There are quite a number of them because national defence in the United States requires the application of technology, and certainly, the amount of resources which the federal government has spent on research and development is considerable too. In Canada, there is the Ministry of Industry and the Ministry of State, which is responsible for science and technology, while in Australia, there is the Department of Broadband Communication and Digital Economy as well as the Department of Innovation, Industry, Science and Research. There is also Finland, which calls itself "The Country that Innovates" on its website. This country, whose population is even smaller than that of this small city of ours, had only been engaged in the business of forestry products before. Its biggest trading partner was the Soviet Union. After the Soviet Union was dissolved, Finland's economy ran into difficulties. However, by laying stress on innovation and technology, it found its way out. Today, Finland is a highly advanced country in technology, and it is a good model for Hong Kong. In Finland, there is the Ministry of Transport and Communication as well as the Research and Innovation Council. In Singapore, there is the Ministry of Information, Communications and the Arts, and in Taiwan, of course, there is the National Science Council.

As far as the Hong Kong Government is concerned, both before and after the handover of sovereignty, Hong Kong has always only attached importance to trade and neglected technology. Hong Kong officials are mostly generalists. There are very few engineers. This situation is different from that of the Central Government, Taiwan and Singapore. Hence, we never know on what position technology should be placed. In the past there was the Information Technology

and Broadcasting Bureau in Hong Kong, which was later merged with the Commerce, Industry and Technology Bureau. In 2007, for some unknown reasons, the Chief Executive inexplicably deleted the word "Industry" and did not keep "Technology" either. Consequently, it became the Commerce and Economic Development Bureau. I have mentioned a number of times that Secretary Rita LAU's policy purview is indeed too wide. She has to deal with both the fair competition law and promotion of the film industry, not to mention the creative industries and Disneyland. If she attends the Cannes Film Festival or goes to Northern Europe to sign a contract, such a round trip will already take four days. How will she have any spare time for a focused study on technological development? What a pity that is!

Savantas Policy Institute has completed a research on Hong Kong's innovation policy. I have to thank the Government for its funding, and I am grateful to the Financial Secretary too. He has arranged with me that later, when I have got a few more copies of the report, I will submit them to him. In the report there is a rather interesting study. That is, in the 1990s, which is 17 or 18 years ago, integrated circuit design (IC design) was actually more advanced in Hong Kong than in Taiwan. Moreover, at that time it played an important role in the world market. Today, it has declined drastically. Owing to the decline of the technology industry, university students who study engineering in Hong Kong do not have a bright prospect. More regrettably, the University of Science and Technology, which is best known for its business school and whose EMBA program is acclaimed as number one in the world, has surprisingly cancelled an MPhil program which teaches IC design. It has cut this MPhil degree program in IC design, a rather high level program immensely popular in the sector, thus making it more difficult for us to nurture talents.

In this research report we have set out the opportunities which Hong Kong has missed in the past. In the 1990s, the time when I was the Director-General of Industry, we were very happy that Motorola had set up three factories in Hong Kong. It employed a large number of graduates in engineering. The Dragon Ball IC series designed by the Hong Kong design team had even won a prize. However, now it has withered away. Motorola has also moved out since the Hong Kong Government is unwilling to offer it more subsidies. As such, the prospects of engineering graduates turn out to be increasingly poor. The present industrial structure in Hong Kong has become rather narrow. Just now a number of our Honourable colleagues mentioned hegemony of the property sector. That

means everyone is just working for property developers, and as the most profitable sector is the property sector, few people are interested in the other industries. Hence the Government should seriously reflect on the negligence of its policy over these 10-odd years.

Here I would like to call on the Government to take a look at this research report in which we have spent a lot of efforts and money. Apart from setting out the inadequacies of the past policy on technology, it also conveys our wish that the Government will not miss the opportunity again. Now that our country attaches such great importance to technology, the Government should try its best to grasp this chance in the coming days to discuss with our country how to work together to facilitate further development of our technology. Of course, our aim is not to attain the most advanced technology. We simply wish to make use of Hong Kong's edges to widen our economic structure, thus providing the young people with better prospects in their career path.

Next, I would like to bring up a financial topic which I must talk about. It is about the Hong Kong Mortgage Corporation (HKMC). Surprisingly, it is mentioned in the Policy Address that the HKMC has another new move. However — I believe "Uncle CHIM" will also remember — when the Government requested our approval for the establishment of the HKMC in 1997, it told us that its objective was to help Hong Kong people purchase homes. Yet the new initiative which it now introduces is to provide support to small and medium enterprises (SMEs), assist them in financing and conduct a study on the setting up of a market-driven Loan Guarantee Scheme. I find this rather questionable. Why did its practice change from providing funds for Hong Kong people to purchase homes to providing funds for SMEs? How come this corporation has changed its nature of work? Is it that the support it offers cannot be provided in the market and must be provided by the Government?

Secretary Prof K C CHAN is a relatively honest official. When I asked questions about this corporation at the last meeting of the Panel on Financial Affairs, he admitted in murmurs that this corporation had received subsidies because its set-up capital was provided by the Government. The Hong Kong Monetary Authority (HKMA) had provided it with revolving credit. So its cost of capital was much lower than that of other companies in the private market. The question is, why does this corporation, which is supposed to provide people with home mortgages, turn out to secure financing for SMEs instead? Another point is, are other private banks unable to secure financing for SMEs? How

come so many Members have requested the HKMC to look into reverse mortgage but still it has failed to do so? Is it because it is not profitable?

Paragraph 110 of the Policy Address mentions the Competition Bill. The Chief Executive told us that the Government would strive to maintain a level playing field. As such, how can we allow a company subsidized by the Government to continue to compete unfairly? I think Secretary Gregory SO also knows, being a non-statutory body — maybe when HKMA's officers set up this corporation, they were too clever by half. In order to evade being regulated by the Legislative Council, they set up a corporation rather than a statutory body. Yet, if it is just a corporation, it will not be protected by the "shield" which offers exemption to statutory bodies under the Competition Bill. In other words, after the Competition Commission and Competition Tribunal are set up in the future, so long as a complaint has been lodged, they will have the right to investigate its anti-competitive behaviour.

I raise this point, President, because I think the Government should really think clearly what it is doing. On the one hand, it says it has to maintain a level playing field, but on the other hand, a subsidized corporation is doing something which the sector itself may be able to do. I hope that the Government will really think about this situation, and that the Secretaries of Departments and Directors of Bureaux concerned will respond to these questions. Thank you, President.

**MR LEE CHEUK-YAN** (in Cantonese): President, the Chief Executive is obviously adopting the "all-inclusive" strategy this time, that is, including bits and pieces of every issue. However, the greatest problem is that we expect the three major conflicts in Hong Kong will be addressed in the Policy Address. The first conflict is the disparity between the rich and the poor. The second conflict relates to the housing issue. The third conflict is about constitutional reform. Though these three major conflicts have been mentioned in the Policy Address, the proposals and measures put forth eventually fail to resolve the problems. As a result, the poor will continue to live in poverty, the middle-class will continue to be the slave of housing, and the constitutional system will continue to be unfair. The three major conflicts have not been resolved. In this session, I would like to specifically talk about housing and the economy.

President, the Policy Address mentions "sharing prosperity". Definitely, it is the aspiration of every one that all members of the public can share the fruits of prosperity. But what is the reality? The reality is that prosperity is enjoyed exclusively by a certain group of people. Who are they? The answer is obvious and needless to ask. Prosperity is shared by estate developers exclusively in Hong Kong. Members may just look at the chart of the top 10 richest persons in Hong Kong, they are all estate developers. We are not being hostile to rich people. Do not put labels on me saying that I am hostile to rich people. I have to ask a question: How come the top 10 richest persons and the wealthiest people in Hong Kong are all estate developers, and why are others not on the list? The answer is simple, for real estate is the only business in Hong Kong in which one can make a great fortune. The most lamentable fact is that the entire economy is monopolized by estate developers, who have all made a great fortune, leaving no room for other industries to engage in developing other economic projects.

Hence, Members may look at the six key industries proposed by the Government. The six new industries mentioned at the moment are indeed very fragile and flimsy, and they simply lack substance. Let us look at the six key industries. What is the greatest problem with them? The reason other industries fail to establish in Hong Kong is that they cannot afford the high property prices and high rental. High land premium, high property prices and high rental, the entire economy of Hong Kong has reached a state where every thing is monopolized by one sector and all capital is locked in that sector, and it is the only sector offering opportunities for making a fortune. Against this background, how can other industries flourish? As for the development of other industries, they simply cannot afford the exorbitant rent. If they cannot afford the exorbitant rent, how can they compete with others? No, they lack competitiveness.

Workers are even more miserable. Since employers cannot afford the exorbitant rent, they will target at and exploit workers in various aspects. Eventually, workers will be the one who suffer most. This is the economic structure as a whole, which is in the shape of a pyramid. President, the saddest thing in such circumstances is that there is no way out. To me, it is most heart-rending that all issues discussed now will have no results. What is the point of talking about the six key industries and the four pillar industries if these are all falsehood. Since the economy is monopolized by a single industry, the



hegemony of estate developers, the development of other industries is made impossible.

In respect of the six key industries, Members may have noticed that the only assistance that the Government can offer these industries is to provide them with land. Therefore, the Government has to allocate land to hospitals and schools, for if lands are not allocated, it is impossible for these industries to develop. For industries that do not have the provision of land, such as the innovation and technology industries, it will be impossible for them to develop, as is the case of other industries in Hong Kong. In other words, under the existing economic system of Hong Kong, prosperity is exclusively shared by a sector. This is utterly a structural problem. If this problem remains unsolved, Hong Kong can in no way move forward.

Worse of all, this is not a problem unique to Hong Kong. Apart from the exclusive wealth enjoyed by the real estate sector, the world is now overwhelmed by capitalism. It has already reached an abnormal state where the world is flooded with "hot money". All money is put in speculation, but no money is invested on the real economy. From a capitalistic point of view, if I invest in speculation, the rate of return is very high, but investment in real economy will bring no or very low return and it takes a long time to have any return. As such, every one goes after speculation. This phenomenon now prevails around the world. At present, there can hardly be any development in real economy, for speculation has overwhelmed. Since Hong Kong is a financial centre, Hong Kong is no exception.

Worse still, Hong Kong is dogged by problems of property prices and real estate. Hence, regarding the economy of Hong Kong, if the aforesaid problem is not tackled at root, it will be futile to waste energy in discussion. If the problem of monopolization by real estate sector and the predicament of high land prices, high property prices and high rental cannot be solved, it will be difficult for other sectors to develop in Hong Kong.

I will now come to another session, which is the session on housing. This problem is also originated from the monopolization by estate developers. What is the present situation? The greatest problem in housing is related to public rental housing (PRH), for a group of young people living in poverty cannot be allocated a PRH unit. At present, for this group of young people, the promise on

the three-year-wait for PRH unit is just a false promise. There are some 50 000 non-elderly singletons on the waiting list, and many of them are young people or singletons in poverty. Among these people, some are living in partitioned flats and some are living in PRH units. I do not worry much about them. But many non PRH residents are now waiting for allocation of PRH unit. For this group of people, if they are young, they may have to wait for some 10 years. Surely, the Government will say that they do not have to wait as long as 10 years, for the average waiting time is 2.4 years at present. Why? Why should it be 2.4 years on average? They still have to wait for a long time, only not as long as 10 years. But according to the point system, we can easily arrive at the answer that they will have to wait for 10 years or more to get a PRH unit. This group of people has been putting up with exorbitant rent for many years, has the Government not let them down? We have urged the Government to review the situation, but the Government is unwilling to conduct a review, dashing the hope of this group of people in getting a PRH unit. Moreover, many people are still on the waiting list now. Surely, there are some other families and new arrivals waiting for PRH units. Though it is said that the average waiting time is three years, more often than not, applicants will not accept the flats in the first round. They will only accept the flats in the second or the third round. It will be another four to five years. Hence, we opine that the supply of PRH units should be maintained and measures should be introduced to solve the housing problem faced by the poor.

The second issue is the home ownership problem now faced by the sandwiched class and the middle-class, particularly the younger generation of the middle-class. The Government has promoted a certain trend. Actually, the Government's performance has been far from satisfactory in the sense that it has all along been promoting the rising trend in the property market and in property prices. The Government has been promoting the rising trend of property prices since the outbreak of SARS. On the one hand, there is a decrease in supply, which is surely a problem, and the Application List system has resulted in a decrease in land supply. On the other hand, the Government has done one thing that puts people without their own flats in a predicament. Actually, I do not think that every one must purchase their own home, but the Government has left the young sandwiched class, who do not purchase their own flat, in deep waters because it does not impose rent control. In the absence of rent control, rent can be increased every year. In addition to the problem of annual increase in rent, they are required to move out upon one month's notice. As a result, this group of people who cannot afford the high property prices will become a "nomadic

tribe". They have to move their residence every year and they feel helpless about the rising rent. Either they pay higher rent or move to a smaller flat. This group of people has existed since the Government abolished rent control, and this has brought about the problem of a "nomadic tribe".

Another action taken by the Government is to urge PRH tenants to purchase HOS flats by requiring well-off PRH tenants to pay market rent. I am not saying that the measure is inappropriate, but the Government is asking or promoting this group of people to purchase flats. Recently, there was a news report that a Hong Kong male complained that his girlfriend refused to marry him because he did not have a flat. We may criticize that the woman is greedy and that she hankers after flat ownership. President, this is indeed a social problem. We should not blame the woman in the first place. An atmosphere has indeed been created in Hong Kong that people cannot go without a flat. This is the reality. If one does not have a flat, he has to put up with the exorbitant rent, which is again undesirable. What can this group of people do? They have only one solution: try to purchase a flat by all means. Besides, the Government is "propping up" the market clandestinely, or even openly. Donald TSANG has recently mentioned that that it was the policy of the Government to prevent a slump in the property market, why did he say so? He said that a group of people had already purchased their own flat and they would not want to see a slump in the property market. For this reason, the overall economy, or the policies of the Government, will aim at propping the property market up, so that property prices will be maintained at this level and no less. However, Members should bear in mind that the price of luxury flats has already exceeded the 1997 level by more than 10%, and the price for small and medium flats is only 10% below the 1997 level. Given the exorbitant property prices and the Government's indication that it must prop up the market, the public will find it all the more necessary to purchase their own flat.

In such an atmosphere, people feel that they must purchase their own flats. But they are poor and do not have enough savings for down payment. What measures has the Government introduced? Under this circumstance, we request the Government to provide Home Ownership Scheme (HOS) flats, so that people can become first-time home buyers. I have to make a declaration of interest here, for I am the beneficiary of the HOS. Despite working for 10 years after I graduated from university, I could not afford to buy a flat, and I had to rely on the

HOS eventually. Luckily, my salary was on the low side and I was thus eligible for applying HOS flats, and I was able to buy a flat for the first-time. However, today, university graduates like me will not be able to purchase their home 10 years later. Even if they want to purchase the flat in private market, it will be impossible. They cannot but rely on HOS flats.

However, My Home Purchase (MHP) Plan, which carries the meaning of putting people at ease in Chinese, can be likened to the fake medicine Po Chai Pills. How can something bogus put us at ease. The greatest problem of the MHP Plan is that it is pegged to market prices. Since the Plan is pegged to market prices, the savings for down payment from half of the rent paid over the five-year period may not be enough to purchase the property by then. This is a serious problem. Among the sandwiched class, those earning \$40,000-odd may afford purchasing their homes, but for those earning some \$20,000 to \$30,000, they just cannot afford it. If so, who will cater for the needs of the group earning \$20,000 to \$30,000? Since the MHP Plan is pegged to property prices, the structure itself has made it impossible for certain group of people to purchase their own flats. The property prices in future are still unknown, for they are pegged to market prices.

If the Government resumes the construction of HOS flats, it will be much simpler. Since HOS flats are subsidized housing, funding from HOS flats may be used for the construction of public housing, which is to the advantage of the Housing Authority. In respect of the system as a whole, HOS flats are subsidized housing and speculation is made impossible. When HOS flats are put up for sale in future, the owner must pay the regrant premium. The price of HOS flats is thus subject to the regulation of the market, and it will not be propped up continuously by market prices. This is the best solution and this will enable that group of people to become first-time home buyers. But we do not understand why the Government, despite the arduous and repeated efforts we made in putting forth the proposal, is still unwilling to adopt this solution, and it eventually comes up with the MHP Plan. Since the housing problem cannot be solved, young people, who want to get public housing flats but fail to do so, will not hold out any hope for their future. It sounds hopeless for them to get married too, for their girlfriends will only marry them if they have their own flats. If the situation persists, the values of all the families in Hong Kong and society as a whole will be twisted completely in future.

President, Hong Kong is "killed" by property prices. We hope that the Government will at least do something now to remedy the situation in some measure: Resume the construction of HOS flats. Thank you, President.

**MS MIRIAM LAU** (in Cantonese): President, the Policy Address delivered by the Chief Executive Donald TSANG this year is the second last policy address within his term of office. Perhaps, in order to avoid being criticized for adopting a "caretaker government" attitude in governance, he has delivered a rather long Policy Address, covering extensive areas and aspects.

However, as Members would know during our schooldays that the length of an answer in an examination paper is not directly related to the marks given. What is most crucial is to give the right answer. However, regarding the three major problems, namely, housing, wealth gap and caring for the elderly, we feel that the measures proposed are not forceful enough and are a little deviated.

Take the housing problem, which is of grave concern to Members, as an example. We notice that the Chief Executive has adopted many opinions from the Liberal Party in the Policy Address. However, on certain crucial issues, the Chief Executive has only adopted part of our views, which has significantly undermined the effectiveness of those initiatives.

The "Rent Saving from Interim Public Housing Scheme" proposed by us is a case in point. The Government re-packaged the above scheme as My Home Purchase (MHP) Plan, which should have been a good proposal worthy of support. But, regrettably, there are two major inherent deficiencies with the MHP Plan, that is, it fails to bring about "immediate effect" and promote "mobility".

The first batch of 1 000 flats under the MPH Plan will be provided four years later the earliest. That means those flats will only be completed and ready for occupation in 2014. The Government is in actuality addressing an imminent problem with remote measures. As tenants are allowed to purchase the flats they rent, the mobility of this type of flats is further reduced, and the possibility of continual usage of these flats will be significantly reduced. Moreover, since only 5 000 flats will be built under MPH Plan in the interim, there will surely be

excessive demand. Obviously, the effort put in this respect is insufficient and the Government should beef up its effort.

Hence, the Liberal Party considers it necessary for the Government to speed up the progress of this Plan. Since the flats are only ready for occupation in 2014, will it be too late? How much rent will be charged approximately under the Plan? Who will be benefited? What limitations does the Plan have? I visited various districts three times in the past two weeks to consult the views of the public. The residents are quite concerned about the Plan and raised the following questions. The most important one is: Should they be eligible only if they have not owned any property at least in the past 10 years? How much rent will be charged? Will the rent be affordable? The public are deeply concerned about these questions. At the Question and Answer Session of the Chief Executive, I did ask whether white form applicants were eligible to apply for the MHP Plan. Secretary Eva CHENG once said that an income floor had to be set, but the Chief Executive told me in his reply that white form applicants were also eligible for application. What is the actual case? I hope the authorities will give a clear account of the Plan as soon as possible, so that the public can accept the Plan with a peace of mind. For MHP Plan after all carries the meaning of finding "peace of mind" in Chinese.

President, providing subsidies for the public in home purchase can only address part of the housing problem. The Liberal Party considers that by all accounts, the supply of public housing should not be reduced for the interests of the grassroots, and a certain number of public housing flats should be provided in urban areas by all means. The Government may mention the difficulty of identify sites in the urban area. Earlier, a site for private residential development was put up for auction, but no developer was interested in it. The Government may consider using the site for constructing public housing or allocating the site to the Hong Kong Housing Society for developing flats under the MHP Plan. These sites should not be withdrawn because no private developer is interested in them. If these sites are shelved for this reason, it will be a great pity.

With regard to the stabilization of the property market, it should be dealt with from the aspect of land supply. The Liberal Party appreciates that the Chief Executive has accepted many of our views in the Policy Address. These include increasing the supply of sites for small and medium flats, controlling

"inflated buildings" and putting up more government sites, which have been vacated for years, for sale in the market as soon as possible. One of these examples is the site of the former North Point Estate.

Though the authorities plans that in the next 10 years, land for 20 000 resident flats will be provided on average annually. But not all the sites concerned will come from the Application List. The sites provided by developers upon paying regrant premium, the exchange of land, and the tendering projects under the MTR and the Urban Renewal Authority (URA) are counted together. The supply of sites can only meet the proposed level if sites from various sources are included, in which a lot of "inflated elements" are included. We worry that if there are any problems with the sources of supply, the Government fails to provide adequate supply of land. By then, the situation will be similar to that in the advertisement of the Government: "Sorry, pardon me. I cannot do that."

Actually, property prices have increased to a very high level. According to a paper submitted by the Hong Kong Monetary Authority to the Legislative Council yesterday, the price of luxury flats in Hong Kong has exceeded the highest level in 1997 by nearly 14%, whereas the price of general residential flats is only 10% lower than the highest level. The mortgage-to-income ratios for owners of luxury flats and general resident flats reach nearly 70% and 50% respectively. The banking sector points out that the general mortgage-to-income ratio has shown signs of increase, reflecting that the repayment ability of mortgage clients is weakening. These are the danger signals of a property bubble, and the authorities must face the problem squarely.

Last year, the Chief Executive promised that he would monitor the property market every day. When the Chief Executive saw the property prices keep rising last year, I wonder how he felt about this. I think we all expect the Government will double its effort in this respect. It should not just pay lip service and keep an eye on the issue without taking any action.

Hence, we hope that the Steering Committee on Housing Land Supply chaired by the Financial Secretary will work really hard. It should examine the problem of "exorbitant flour price" and identify ways to cool the property market. If the sites are auctioned at a price of \$10,000 per square foot, sometimes even as high as \$12,000 to \$20,000 per square foot, how will the price of "bread" be

cheap? Hence, we consider that sites on the Application List alone should be adequate for the construction of nearly 20 000 flats. This is the most secure approach. If the proposed supply of flats can be provided on the sites on the Application List, the market will know clearly that the supply of flats is ample, and it is hoped that property prices will decrease. Only when the public see that the Government is determined in stabilizing the property market and increasing flats supply will their confidence be fostered. As such, they will not enter the property market hastily and blindly, and thus pushing up property prices.

President, I will then talk about economic development. Members all know that the economy of Hong Kong basically still relies heavily on the financial industry and the property sector to take forward. Though it is mentioned in the Policy Address that support will be given to the six industries where Hong Kong enjoys clear advantages, the progress made is really petty and many projects are advancing at snail pace. Members may find the information in the two leaflets attached to the Policy Address. Take the four sites for private hospital development as an example. The proposal has been discussed for more than a year, but the sites will only be allocated in phases by the end of next year or the year after next the earliest. Flats under the MHP Plan may indeed be completed earlier than those hospitals.

With regard to credit financing, an issue of grave concern to small and medium enterprises (SMEs), the Chief Executive has not accepted our proposal on extending the application period of the most popular Special Loan Guarantee Scheme (SpGS). On the contrary, he throws the ball to the Hong Kong Mortgage Corporation Limited (HKMC), requiring the HKMC to explore a new market-oriented loan guarantee scheme. The Liberal Party has to express our disappointment about this. Since SMEs are facing many uncertainties in the external economy, we worry that they may encounter difficulty in financing as a result of the arrangement. Before the introduction of the new scheme, we again plead with the Government to extend the SpGS to the middle of next year at least.

Moreover, the Policy Address has made particular mention to the Competition Bill. It is stated that the Government understands the concern of SMEs that the Bill may undermine their flexibility in doing business, and it is implied that the concern has been addressed in the provisions. I have to point out that the Liberal Party always support fair competition, but since the Bill is not an anti-monopoly law, it is no remedy to certain industries prevailed by



monopoly. On the contrary, SMEs fear that they may inadvertently contravene the law, and they thus have to take actions for self-protection. As such, the Liberal Party will participate actively in the scrutiny of the Bill, trying to minimize the impact of the Bill on SMEs.

Concerning the support of the traditional pillar industries, such as the logistics industry, not much has been mentioned in the Policy Address. There are only two small paragraphs describing in brief the work progress. There is no new initiative and no long-term planning. Not a word about the logistics park is mentioned. The sector is quite disappointed about this.

Indeed, in the policy address last year, the Government said that it would identify several permanent sites around the Kwai Tsing area, which was close to the container terminals and the airport, for the development of a logistics cluster. So, when the Chief Executive brought up this point again this year, he was just repeating some old information, which was the policy objective of last year. On the other hand, the site in Tsing Yi was only identified last month. The open tender was launched last month, and the tender procedures will not be completed till early next year. As for other sites, they will only be launched one after another upon the completion of the relevant market and transport assessments. The progress is terribly slow. It simply fails to cope with the rapid development of the logistics industry.

The logistics industry in Hong Kong has shifted to the development of high-value-added services and transshipment services, but land is still a pressing need to the industry. Over the years, the development of the logistics industry has been impeded by the lack of sites for logistics purpose. By the same token, the container freight industry has failed to make further development due to the lack of sites for container back-up area, which is particularly the case on the development of transshipment services. At present, the manner of providing sites is like squeezing toothpaste from a tube. I worry that rarity will boost prices. There is now a site available in Tsing Yi, and people will surely compete for it, thereby pushing up the price in the auction. The high land price will directly increase the operation cost of the logistics industry, which is unfavourable to the development of the industry. Moreover, in response to the repeated lobbying from the trade, the Government pointed out that some 30 sites around the container terminals would be provided shortly. These sites will be rented out in short-term leases to provide land for the development of transshipment cargo

services. However, every one knows that these short-term leases have to be renewed every two or three years, and the industry may have to relocate constantly. Owing to the nature of these sites, it is impossible for the trade to make long-term planning, nor can they consider any long-term development, for they simply do not know where they will be relocated two or three years later. If the Government is sincere in supporting the logistics industry and the container freight industry, it must expeditiously provide more long-term sites with larger area for the trade, so as to cater for their needs and facilitate their long-term development.

As for the third airport runway which has been under discussion for a long time, the lead time from planning to commencement of operation will need at least 10 years. Airports in the neighbouring cities of Hong Kong are expanding rapidly. For instance, the third runway has been built in Guangzhou Baiyun Airport, the fourth runway of Haneda Airport in Japan has just come into operation, and the third runway is planned to be built in Beijing Capital International Airport. In the face of this circumstance, the authorities should waste no time but expeditiously carry out the construction work of the third airport runway. At the same time, the SAR Government should do its best to discuss with the Mainland authorities the co-ordination of area control of the Pearl River Delta, so as to ease the congestion of the airspace.

In promoting the development of transshipment services of the logistics industry, I still hope that the authorities will consider revising the outdated Import and Export Ordinance. It should also consider introducing other specific measures to effectively simplify the complicated declaration procedures now adopted, so as to attract more goods to be transhipped via Hong Kong.

President, finally, I would like to discuss a problem which is of grave concern to the public, the SMEs and small merchants, that is, the problem of the raging inflation.

Recently, a 2.6% overall inflation rate was recorded for September. Though the inflation rate was reduced slightly by 0.4% on the surface when compared with that in August, one will notice after careful analysis, that the reduction was due to the one-off relief measures introduced by the Government. In this way, the inflation rate seemed to have been curtailed. If we exclude the impact of these measures and focus on the general inflation rate, it has been rising

steadily without signs of decrease in the past seven months. In March, it was 0.8%, and it increased to 2.2% in September, which was also 0.3% higher than the rate in August.

We should bear in mind that the annual inflation rate last year was only 0.5%. Hence, by the end of this year, the inflation rate will have reached an alarming level. The problem of inflation is indeed worsening. In particular, the increase in food prices, which are closely related to people's livelihood, is significant. For instance, vegetable prices have increased by 20% to 30% in the past two months. Moreover, the price of fruits from the Mainland has also increased by nearly 20% in comparison with the same period last year. The cost of eggs from the Mainland has also increased by 50%, whereas the wholesale prices for canned meat have increased by at least 10%.

Before the delivery of the Policy Address, the Liberal Party had conducted a survey by random interviews over the phone. It is found that apart from the property market and the disparity between the rich and the poor, raging inflation is the third issue which the public are most concerned about. The Government should pay attention to this problem.

But regrettably, in the Policy Address, the problem of inflation is only glossed over with a line, "Inflationary pressure, although rising with the economic rebound, is still mild". The Government does not bother to make any undertaking to take follow-up actions, not even on the surface. It is really disappointing.

In my view, the inflation problem will significantly affect the daily lives of the public in the near future. Hence, the Chief Executive should not and cannot overlook the issue. He should instruct the Financial Secretary to respond to the problem in formulating the Budget for the next financial year. To the very least, government charges related to the daily lives of the public should be frozen for at least one year, relieving the pressure of price hike suffered by the public and shop operators.

President, I so submit.

**MISS TANYA CHAN** (in Cantonese): President, the policy address last year is more or less the policy address of Secretary Mrs Carrie LAM, but the Policy Address this year seems to contain two points that have aroused particular concern. We and some colleagues have created two expressions; though they may not be chic enough, they have precisely grasped these two main points. These expressions are: "My Home Purchase (MHP) Plan meets people's aspirations; the Community Care Fund takes care of businessmen". I am afraid that the MHP Plan and the Community Care Fund are the most widely discussed policies after the announcement of this year's Policy Address.

Originally, I should let Mr Alan LEONG present the views about the housing policies, but it so happens that there is a living example in my office. A colleague of mine who is 29 years old this year with a monthly income of less than \$20,000, plans to get married and I am very happy for him. When he first heard of the MHP Plan, he thought that he could be relieved, but he was not quite so relieved after doing some calculations. This suddenly reminded me of the stage play "Will You Still Buy a Flat Tomorrow" in which I took part in 2005; the play will be staged again this year but I will not take part in it. There is one line in the play: "getting married and buying a flat are two different things". In Hong Kong, I believe all those who intend to get married would like to "get married and buy their own homes".

Those who want to buy a flat should do some calculations. Actually, this method of calculation is related to an example cited earlier by Secretary Eva CHENG. She suggested that two persons should save up money for 10 years, and they would save \$2,000 each month together. As such, they would have a total saving of \$240,000 by that time. Let us not take the age of my assistant as the basis, let us do our calculation on the basis of a younger person. Assuming that he is a fresh graduate of 22 years old and has just started working, he will have saved \$240,000 after 10 years, and by then, he will be 32 years old. He plans to buy a flat under the MHP Plan and rent it for five years. He has to pay rental at \$9,000 a month; half of the rental paid will be returned to him in future while the other half will be taken as the rental. In other words, \$270,000 will be returned to him. Assuming that he will save money for five years, he will be 37 years old by then. If the amount saved is insufficient, he still has to extend his saving plan by two years, and he will be 39 years old, which is exactly my present age. Let us consider this: if he still wants to save up more money for the 10% down payment, he may have to save \$200,000 or \$300,000 more. President,

please think about this: if a man and a woman want to buy a flat, they cannot have any enjoyment, they cannot get sick, they cannot get married nor have children from 22 years old to 40 years old. All they can do is to live together so as to reach the goal. If they do not do so, they have to spend part of the money saved on wedding banquets. President, as you know, hosting a wedding banquet costs a lot of money because you had also hosted a wedding banquet. Nowadays, some people say that it will cost \$4 million to raise a child, and I have not taken inflation in the coming years into account. In fact, both of them cannot do anything; they just live together and work hard until they have paid up their mortgage loan for their flat. Is there anything wrong? A 39-year-old person can only make repayments within 20 years. We all know that people aged 60 or above would not be granted any loans by banks, and banks will not accept the repayment of loans within 30 years. After he has made repayments for 20 years, he will only own the flat when he is 60 years old. He may then need to consider applying to the Hong Kong Mortgage Corporation Limited for reverse mortgage in order to get some more money to spend. Do we think the MHP Plan can make young people feel relieved? Can the Plan let them see any prospect? That is why I have just shared with Honourable colleagues a living example.

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

I would like to go back to Secretary Mrs Carrie LAM's policy area. Regarding "inflated building", in fact, the Civic Party had expressed our views at the very beginning on the possibility that some developers might be set free. Secretary Mrs Carrie LAM speedily gave her response. In connection with the two-year lifespan of a submitted plan, she very explicitly said in a clear-cut manner that flats ought to be constructed within two years, or else, the plans would be invalid. As regards ownership, Secretary Mrs Carrie LAM tried to give a detailed explanation at a meeting of the Panel on Development yesterday, but we were still a bit worried because owners having a small share of ownership could also submit their plans. However, I would like to ask Secretary Mrs Carrie LAM, if these two measures are both effective, will the supply of residential flats be likely to increase after certain years. We would like to ask Secretary Mrs Carrie LAM to answer our question in this connection.

Furthermore, regarding first-hand properties, I believe all of us remember the Sales Descriptions of Uncompleted Residential Properties White Bill in 2001, and I hope that the Government would enact the legislation as soon as possible. We also created two expressions back then — at first I intend to put these words on a banner — "the sale of the homes of the living shall be regulated; the planning of the homes of the dead shall be transparent", we hope that both issues can be properly handled. Living people live in the homes of the living while those who are dead are buried at the homes of the dead. The homes of the dead are very often chosen by the living people for their deceased family members, thus, I hope that better planning can be made.

Another point is ..... though it is not mentioned in the Policy Address, I hope Secretary Mrs Carrie LAM will follow up. According to the Secretary, she had lofty aspirations and high ideals when she initially assumed office, and she wanted a review of the policy on small house concessionary rights. This photo was taken in Sai Kung, New Territories. We went to Tai Long Sai Wan on that day, and we saw a huge advertising panel on our way back, on which these words were written: "sincerely seeking small house sites, commercial and residential sites, as well as redevelopment projects", the enquiry telephone number and the name of the group were also given. Actually, we are very disappointed to find that even a rather competent Secretary did not want to have a hand in a review of small house concessionary rights. Since there are close ties between small house concessionary rights and rural sites, I hope that the Secretary would consider reviewing afresh the policy on small house concessionary rights before the next-term Government starts to work in 2012.

Lastly, I would like to talk about inflation. Actually, I may not have any solutions, but obviously, as the appreciation of Renminbi (RMB) continues, and with various countries exerting pressure on China in connection with RMB appreciation, the livelihood of many people are affected as our lives are closely related to a lot of Mainland products; Deputy President has also raised this point a while ago. Under worldwide pressure, I believe that Hong Kong is under huge imported inflation pressure. I think this issue must be addressed in next year's policy address or even earlier. Today, I suddenly feel like going back to the old times again. Last year, when we discussed the policy address, we talked about the property market. Even though we did not have a crystal ball, we predicted that property prices would be soaring because the upsurge in luxury property prices had continued. We also predicted that the rise in luxury property prices

would push up the prices of adjacent sites, eventually even small and medium sized flats or some flats which were previously affordable by people might increase even more rapidly. Today, we find that this prediction has come true. So, about inflation, I believe the relevant government departments should have anticipated this situation. I hope that the Government would expeditiously introduce some policies to target at inflation, so that the public can feel relieved. Thank you, Deputy President.

**DR JOSEPH LEE** (in Cantonese): Deputy President, as this session covers the policy area of housing, I am going to talk about the housing problems.

A considerable length of the Policy Address is devoted to the recent housing problems, and colleagues have expressed their views on them. Insofar as the housing policy is concerned, the most important task for the Government is to help the disadvantaged and provide them with a place to stay. In addition, there should be an appropriate supply of land, so as to stabilize property prices at an affordable level, and enable the property market to develop healthily. On this premise, different views have been heard. Can this year's Policy Address respond to the different preset topics, such as soaring property prices and the need for young people to buy a home? I find that in this Policy Address, measures proposed by the Government are "distant water", they cannot help extinguish the "nearby fire".

What do I mean by "nearby fire", I think at this moment, the major problem is not whether the Home Ownership Scheme (HOS) should be resumed. Rather, it is how planning, regulation, or measures for controlling or stabilizing property prices should be put in place. This is an important issue. And yet, not much has been mentioned in this year's Policy Address. The Government did mention an increase in land supply, hoping that there will be adequate supply of land to produce about some 20 000 flats each year in the next 10 years. This is nonetheless "distant water", but how about the "nearby fire"? The "nearby fire" refers to the current soaring property market after the Policy Address was delivered. The medium-priced properties are booming with more buyers. I am worried about the situation of Hong Kong people. According to the press, Hong Kong people are infected with a contagious disease called the "nervous buyers' disease", whereby people swarm to buy properties for fear that they will be sold out. This is indeed a very sick market.

What is the cause of this? First of all, it is certainly attributable to the developers, who have added fuels to the fire by persuading the public to expeditiously buy flats before they are sold out. Worse still, the Government has turned a blind eye to the situation and failed to implement concrete measures, that is, short-term measures to stabilize property prices. Most Hong Kong people have contacted this contagious disease, they have the mentality to buy flats as soon as possible before it is too late. However, we must not forget an important factor, and that is the prevailing external environment, such as a relaxed economy and a low tax environment. It seems that they have forgotten our experiences in 1997, 1998 and during the SARS outbreak when no one was willing buy flats despite the abundant supply. Perhaps we have forgotten all these past events which happened some 10 years ago. That is why people keep on buying flats.

The problem now faced by the Government is whether the measure of increasing land supply really works. In fact, distant water cannot put out a nearby fire. Regarding the proposed control to restrain capital investors from buying properties, I have no idea how effective the measure is, but I am aware that when foreigners or Mainland people buy properties in Hong Kong, they often register under a company name instead of their own names. If this is the case, how can the measure control them? They can continue to speculate all the same.

On the regulation of inflated flats, a new measure has been put in place to regulate first-hand units. The Government even went further to say that it will explore the feasibility of introducing legislation to require the sale of flats using saleable area. A vivid example is that soon after the Government stated its intention to legislate for the sale of flats with saleable area as the basis, the developers immediately responded by saying, "There is no problem to take the saleable area as the basis for calculation, but the price per square foot will definitely be very high." Does the Government actually dare not touch the tiger's back for fearing of being scolded? I have no idea. It is however obvious that the existing property market is overheated, which is the crux of the problem. Nonetheless, the Policy Address failed to tackle the problem seriously, it has merely introduced some long-term measures. No one can tell what will happen in the long run. Perhaps the external environment will change sooner or later such that the United States need not print money again. Then, people become hesitant in buying flats in the face of a climbing interest rate. Is this possible? I do not know. But for the time being, I think that the most important thing a



responsible government should do now is to stabilize the property market and let it develop healthily.

As seen from today's newspaper, the editorials of both *Ming Pao* and *Hong Kong Economic Journal* point out that the prevailing property market is very horrible and a bubble is forming. While the Chief Executive claims that he has kept an eye on the property market every day, it is indeed useless as nothing can be done when the bubble bursts. Will he just sit there and watch it burst? It does not make any sense. I think that a responsible government should expeditiously make use of this Policy Address to introduce concrete measures to stabilize the property market, which is important. There has been saying that the Government can do something to curb speculation. In this connection, the Government can make reference to the practice in Korea. If a person owns three properties, and when he resells the property, he has to pay a high stamp duty rate or an additional tax. The objective of this measure is to prevent speculation by local people. This is one kind of approach. Perhaps the Government may open a new market dedicated for the transaction of owner-occupied flats, while speculation or investment activities are not to be conducted in that market. Yet, the Government has not done so. Is it because the Government is afraid of the reaction of the developers: do not intervene in my market, just let me speculate and make profits. I have no idea. Nonetheless, as the Government should be accountable to Hong Kong people, and as a responsible Government, it should put in more efforts to regulate the property market.

Apart from *Hong Kong Economic Journal* and *Ming Pao*, today's editorial also touched on another issue. I am going to read out the concluding paragraph of the editorial, which says that, "Donald TSANG's administration should not surrender itself to chance, thinking that he can get away if the bubble of the property market bursts during his successor's term of office. We must point out that, there is no way Donald TSANG and his incumbent housing officials can escape from their historical responsibilities even if the bubble bursts in the term of the next government." This is pretty important and I hope that the Government will understand that this is the crux of the current problem. Even if the Government has responded this time and flats are built under the My Home Purchase (MHP) Plan and the Home Ownership Scheme (HOS), these measures may not help to stabilize the property market and property prices will continue to soar. Our major concern is, once the bubble of the property market bursts, the whole community would be affected. Let us look back on the property prices in

1997 and during the SARS outbreak in 2003. We had a very painful lesson. I know that the Government will probably say, "Take it easy. If the balloon is punctured, the result will be disastrous as there will be numerous negative assets." I certainly understand the situation, but what a responsible government needs to do is to strike a balance. I hope that this Policy Address is not merely "using distant water to put out a nearby fire". For "nearby fire", I mean a property market which is burning hot and it warrants the Government's attention.

So, what can be done to put out the "nearby fire" at this moment? While property prices are high and is soaring, we should not forget that rocketing property prices usually go hand-in-hand with high rental. There is a group of people who can neither afford to purchase flats nor are eligible for public housing. They can only rent a flat. Yet, they have to face a very serious problem, and that is, they are often forced to leave by their landlords. Why is that so? Although the monthly rent is \$10,000 when the lease was signed, the landlords may wish to look for new tenants or even sell their property for profits in view of a sudden increase in property prices. While the pre-2003 legislation on rent control aimed to protect tenants, the amended legislation, on the contrary, protects the landlords. As a result, the landlords may force the tenants to leave the flat and recover the property, or increase the rent at will on any grounds. The tenants are in deplorable conditions. If the Government is conscientious or responsible, it should protect those who cannot afford to purchase flats or are not eligible for public housing. These people, with a monthly income of \$10,000 to \$20,000, have to rent to place to live. The Government is obliged to review the relevant legislation to see if there is a need to strike a balance, so that both tenants and landlords can be protected. Of course, we should learn from past experiences. Despite the fact that there were rogue tenants in the past, I do believe Hong Kong people are very responsible and not everyone is a rogue tenant. The Government may adopt administrative measures or amend the relevant legislation to protect tenants so that they will not be forced to leave by their landlords within a short span of time. Everyone is having a hard time in the face of the rising rent. As these measures can be used to put out "nearby fire", consideration should be made by the Government.

Speaking of the MHP Plan, Members may have divergent views. Many people said that the resumption of the HOS and the implementation of the MHP Plan can be carried out at the same time. However, either the resumption of the HOS or the introduction of the MHP Plan, the "My Home Ease" Plan, or the "My

Home Uneasy" Plan, we are talking of things that will only happen four years later. I understand the Government's idea, instead of building the so-called "middle-class public housing units", it would be better to introduce the MHP Plan. However, in my opinion, the Government must be very cautious in attracting the public to join the MHP Plan. As far as I understand, the Government is merely offering a choice, the tenant can consider about flat purchase, and half of the net rental would be returned to him five years later. Whether or not to participate is purely a personal choice. And yet, no one should adopt a "lose-hit, win-take" attitude by saying that, "Even if half of the net rental is returned, the amount is not enough to pay the down payment. The Plan is therefore no good." Such a remark is definitely not reasonable.

The Government is merely putting forward a plan, some detailed arrangements may be as follows. If a tenant decides to purchase his flat five years later, the property price will be calculated on the basis of the prevailing market price when the property is purchased then, but the current market price will also be considered, whichever is less will be adopted. For instance, if the property price is \$1 million when a tenant joins the Plan, but the price goes up to \$2 million five years later as a result of the surging property market, the tenant can still purchase his flat at \$1 million. He can thus rest assured. He needs not worry that if property price goes up to \$2 million five years later, he cannot afford to pay the down payment. Should we adopt the approach of "whichever is less", the tenant can then rest assured because he can purchase the flat at a lower price. Nonetheless, I must stress that the objective of the Plan is to assist the middle-class to purchase their flats, it only provides an alternative. The Government should not use it as an incentive to attract members of the public to purchase flats. If people swarm to buy flats, people who adopt a "lose-hit, win-take" attitude may say, "It is your fault. You ask me to buy a flat, now the flat has become a negative asset and I am very miserable. It is all the Government's fault and it should therefore step down." There may be people who hold such a view, but the Government should not encourage them. The Government is obliged to provide an alternative for Hong Kong people, but whether or not to join the Plan is their personal decision. This is a very important point.

The MHP Plan may take care of a group of middle-class people by slightly relaxing the income limit so that more people can benefit. This is one viewpoint. However, there is another group of people who are neither eligible

for the Comprehensive Social Security Assistance nor can they afford to buy a flat. While we are examining the actual number of these people, can we consider relaxing the existing income limit for public rental housing (PRH) units as suggested by my friends, such that more people can purchase their own flats? I understand that the Government would probably have its justifications. I also agree that the existing policy does not intend to encourage the public to purchase flats, it only ensures that everyone has a place to live. However, if we act like the Singaporean Government, and explicitly encourage people to purchase their own flats, the case will be different. Unless the Government changes its policy, otherwise it is obliged to take care of those who earn a monthly income of \$10,000 to \$20,000 by enabling them to apply for PRH units. The Government may adopt a policy which sets a higher rent for PRH tenants whose income have reached a certain level, or requires them to move out five years later. This is one way to put out the "nearby fire", thereby enabling everyone to live and work in contentment. I stress that the so-called "work in contentment" does not necessarily mean owning a home, which are totally different concepts. No doubt, it is the traditional concept of Chinese to purchase a "brick". And yet, I think that one must also take into consideration his financial capacity, or else the "brick" could kill him. If he fails to pay the mortgage or if he has no money, the situation will be disastrous. The Government should not play the role of encouraging people to purchase flats, it must be very cautious. It is after all a good deed to extend the coverage of public housing units, so that this group of people can live and work in peace and contentment.

In respect of HOS flats, many people requests for the resumption of the HOS. In my view, PRH aims to take care of a group of people who do not have a chance to rent private residential flats or purchase flats by providing them with a place to live. Furthermore, it is hoped that this group of people can move out of the PRH units and purchase flats in the private property market as their lives improved. This gives rise to HOS flats. As far as I understand, the provision of HOS flats is not a form of subsidy, the Government does not use public funds to subsidize those who cannot afford to purchase private residential flats to buy a home. This is not the intention. Regarding the proposed resumption of the HOS, HOS flats will only be subsidized housing if there is a change in the proportion of white and green form applicants, whereby the former becomes 70% and the latter becomes 30%. Increasing the proportion of white form applicants will involve the provision of government subsidy using public money. If this is the case, I will ask, "Why does the Government have to use public money to help

this group of people but not the other groups?" I believe the Government knows very well if this is fair, and I do not need to say anymore.

So long as the public money is properly spent, I do not object the resumption of the HOS at this stage. Yet, I doubt the reason for the resumption. Can the MHP Plan genuinely help the middle class by merely relaxing the income limit? This is a question which the Government must answer. I have reservation about the resumption of the HOS for it fails to serve as a revolving door for the time being. Similarly, the Government should take this opportunity to increase the supply of land to the Hong Kong Housing Authority (HA). Here, I have to declare interest. I am a member of the HA. The Government should increase the supply of land to ensure that the HA has sufficient land for building PRH units, so that more people in need can be allocated PRH units as soon as possible. At present, the waiting time is three years. Will it be better if we can shorten it to one-and-a-half year? It would certainly be better if everyone has his own flat. These are my views on housing.

There is still another group of people we have not well taken care of. They are the elderly people. How can the elderly be taken care of? Members may say that since they belong to the disadvantaged group, the Government should arrange them to move into public housing units. In fact, the Hong Kong Housing Society (HS) has introduced a scheme called "Jolly Place" in the past. It is dedicated for a group of sandwich-class elderly who wish to purchase their own flat and thus live there for the rest of their life. However, it seems that the Government does not have the intention to implement such a policy again to encourage the elderly to purchase flats. Then, will it consider assisting the HS or other relevant bodies to re-introduce similar schemes such that those elderly with the financial means can purchase their own flats? In the long run, this can also relieve the burden of the Government. If elderly people do not have a place to stay, they will lodge complaints and have a lot of grievances. I therefore consider this option worth exploring.

Last of all, I think that the Government must not shirk its responsibility on the overall housing policy. It should examine the viable options to deal with problems relating to the property market. In conclusion, apart from those long-term housing policy initiatives, the Government should also adopt more concrete short-term measures to stabilize the property market, so that Hong Kong people will feel more relieved. I must however stress that the Government

should not mislead Hong Kong people to think that they are encouraged to purchase flats. If they all swarm to purchase flats, they will blame the Government once the bubble bursts, which is certainly undesirable. Thank you, Deputy President.

**DR PRISCILLA LEUNG** (in Cantonese): Deputy President, the title of this year's Policy Address is "Sharing Prosperity for a Caring Society". I think this Policy Address is one of those previous addresses which brings no pleasant surprises, as the Chief Executive has indicated well in advance that emphasis would be placed on people's livelihood and housing. There will inevitably be disappointment as there is no mention of the Home Ownership Scheme (HOS), but details of the Policy Address have basically been disclosed by the media before it was delivered.

I think this Policy Address — take a look at this piece of work made for me by some kids — is just like this dragonfly, skimming the water surface, a slapdash approach has been adopted, which is broad but not specific. So, are there only demerits? Not really. Objectively speaking, the Policy Address does address the concerns of different political parties, groupings and individuals. For example, it has made one step forward in relation to our request for Cross-district Transport Allowance, and responses have also been made to such requests as enhancing legal aid service for the middle class, increasing the textbook assistance for students in need to \$1,000, and minimizing the restrictions on absence from Hong Kong for the elderly "fruit grant" applicants. Yet, these measures are not thorough enough. There is no doubt that much time has been spent on this part, which is indeed a step forward, but does this illustrate that the SAR Government is determined to shake off the image of a caretaker government? I do not think so. The reason is that this Policy Address, on the whole, gives me an impression that it fails to shake away — the President of the former Legislative Council used to say this very often ..... It should be the President before the former Legislative Council, Mr Andrew WONG. He often highlighted a theory when he gave lectures, and that is, in making decisions, the Government tended "to cross a river by groping the stones along the way". It is this rationale — This Policy Address has completely failed to shake away the mode of decision-making by "crossing a river by groping the stones along the way". I very much agree with the remark that the Policy Address has just scratched the surface. While a number of issues have been touched on, and we

have to welcome these piecemeal measures, we fail to see any ray of hope in any respects from the long-term perspective.

Today, we are going to discuss the housing issue. During the meetings with the Chief Executive and at meetings of different committee, I have stated time and again that the housing issue must be addressed. Basically, it involves three steps: First, the Government must increase land supply. Second, new towns must be developed by making reference to Tsuen Wan and Sha Tin. Third, problems relating to the Business Migration Programme (the Programme) must be resolved. At that time, I had proposed a slightly improved Programme to impose more barriers. This time, however, the Government has rigorously removed real estate from the Programme, which is considered by me as a step forward. Many people say that the Programme only accounts for 1% of the overall speculation, but I find that people from Hong Kong and the rest of the world do share one thing in common, and that is, people who can afford to buy flats may not do so, whereas those who cannot afford will buy a flat even by borrowing. This is indeed a kind of mentality, and there may not be any absolute figure to prove if the effect is a mere 1%. Regarding the outright removal of real estate from the Programme, as the news has yet to be fully digested, I think more time will be needed to see its overall impact on Hong Kong's property market.

For the development of new towns, the Government has made some responses. In the previous articles that I have released, I suggested that Kwu Tong North and Fan Ling could be considered, as the development of new towns must tie in with — the Policy Address has just mentioned this question in a few words without giving any details. However, when questions about property prices and whether the Program has heated up the property market were discussed one and a half year ago, I have all along mentioned the issue of demographic structure. Demographic structure is the pillar of all policy decisions, including what is meant by an appropriate number of HOS units. At present, many people are politically safe, so I would also say an appropriate number of HOS units and let Hong Kong people decide what the appropriate number is. Is it 8 000, 10 000 or 85 000? The safest way to say is the construction of an appropriate number of HOS units. Even political parties adopt such an approach for there is no chance of losing.

Nonetheless, we should not look at problems in this way. The authorities must take into account demographic structure, and there should be a free economy or a market economy where different people may choose different investment models. They must, however, ensure that people who have not invested in real estate can live contentedly. This is the spirit of the My Home Purchase (MHP) Plan. But what do we mean by living contentedly? I also share this concern. Given the crazy rise in property prices in recent years, many young people consider owning a home as a goal in life, which is indeed an important one. I nonetheless find it necessary to bring in a new direction to set our values, and that is, property is built for residential purpose. I do agree that we should solve the problem of accommodation rather than the issue on home ownership. And if home ownership is not the most important goal in life, does that mean that we need not deal with it? No, that is not the case. This is because among the basic necessities of clothing, food, accommodation and transportation — today, another basic necessity is medical care — accommodation is essential. It is inevitable that young people will feel anxious. In fact, not only young people, even parents of this generation, like us, feel anxious about our children. We worry that we will have the same fate as people in Taiwan and Japan, where it might take three generations to pay off a house loan. Some parents even divide their flats into two parts, giving one part to their children for marriage. This problem must therefore be resolved. Nonetheless, I still think that we have to bring out a clear message, that is, home ownership is not the biggest objective in life. Sometimes, the problem of home ownership has intensified an atmosphere of cynicism. Hence, we have to be clear-minded in our discussion and address the problem from a healthy angle.

First of all, I have to declare that I am also a property owner. Although my property is small, I do receive rental, and hence a rise in property prices also benefits me. However, being a middle-class with a property, I learnt that many of my middle-class friends are very worried about not owning a home and they keep looking at the timetable every day. Earlier on, Dr Joseph LEE has also asked why members of the public are so anxious. It is interesting that some of my friends have not owned a home for more than two decades, but they felt anxious in the face of soaring property prices. They just keep on asking whether they should buy one. People engaging in certain trades, however, have never thought of buying a flat as they do not want to be tied down by it.

Sometimes, psychological effect does play an important role as people will naturally feel anxious in the face of soaring property prices, pondering whether or



not they can retire, or whether they can afford to pay the rent after retirement, as higher property prices will push up the rental. Even if home ownership is not the goal in life, the problem is indeed very pressing. So, I think that we should reach a consensus on this issue and tackle it with concerted efforts.

Regarding the MHP Plan, in my view, it should not be criticized as so worthless. It does have some advantages. Why? Because when property prices go up, many people will vie with each other in purchasing flats; it is therefore desirable to give these people an opportunity to pause and think. I learnt that some middle-class people suffered great loss due to property speculation and had to go bankrupt at once. What is more, their family members, who were asked to become guarantors, had also gone bankrupt. So far, I have provided assistance for more than 10 bankrupt cases of this kind. Some people even died of cancer afterwards. Rash actions should not be taken, one has to assess his capability in home purchase. Therefore, I support the approach of pause and think. Then, which areas of the plan do I not support? First, I think that the number of flats is far from enough; second, the plan cannot be readily implemented as distant water cannot quench present thirst; and third, more land must be identified. If we modify the name of the "MHP Plan" to "Quality HOS Flats Purchase Plan", I think for the general public, the words "HOS Flats" — which the authorities may consider in future — is probably more appropriate in a political sense. Regarding the MHP Plan, it is essential to consider at this moment how the plan can be best implemented. I think Prof Patrick LAU has highlighted a very important point: Will a concessionary price be genuinely offered? If so, the flats produced will not again be turned into luxury flats and become unaffordable for those people who have waited for five years. The MHP Plan should genuinely offer a concessionary price, and the number of flats offered should be increased.

Here, I am not going to use the term "appropriate" because if I say so, I will simply pass the ball to the Government. I call on the Government to undertake demographic planning to tie in with the housing policy, and we will continue to discuss what should be done in respect of education and welfare in the following two days. At present, there is a lack of a comprehensive plan. I am not saying that there should be a comprehensive plan in every respect, but calculation is necessary. Without such data and information, I sometimes find the situation rather ambiguous. If we let the plan pass easily, we should get a beating. We should not do so, as we definitely have to bear responsibility in the future.

Why would I say that? I look up *HK Commercial Daily* of 27 February 1999 and *Ming Pao* of 11 March 2005, both having the same heading as "'85 000': Doing something bad out of good intention". A Long Term Housing Strategy Advisory Committee was set up at that time, which was tasked to formulate long-term public and private housing strategies. After 2003, many people accused the "85 000" housing policy in unison. It was later reported in *Ming Pao* on 28 February 2003 that the Committee had quietly disbanded. The Government explained that there was a need to reposition the "SUEN's nine strokes", and the Committee could be dissolved on completion of its missions.

I wish to ask the Government, given that the newly created Steering Committee on Housing Land Supply is tasked to monitor the units, that is, 20 000 plus 15 000 which equals to 35 000 units, have the authorities compared this number with the number at that time? Additional external factors, for instance, have emerged, such as an increasing number of wealthy mainlanders engaging in such transactions. We must have the data and justifications, and set out the relevant figures. We really do not want to be accused in the future, just like what happened before. While the number is claimed to be 35 000, I dare not shout it out. Is it 55 000 or what? These will be recorded in history, and all the editorials will point their fingers at the Government. Therefore, on this issue, I eagerly hope that the Government — I remember that when I shared my views with the Chief Executive and came across the population issue, he had expressed his support to my argument and agreed it was right in saying that there was a need to formulate five-year, 10-year and 15-year plans. And yet, I have been pursuing for two years — I hope that they can actually be put in place as the issues are inter-linked.

Turning to another housing problem, I notice that the Chief Executive has announced a study on the proposal for reclamation on an appropriate scale outside Victoria Harbour, and to quicken the pace of bringing railway-related property developments to the market. I think there is nothing wrong with expediting property developments, but it must be very cautious, especially when reclamation project is involved. Why? I must reiterate that increasing land supply is indeed our common request, but the Government should not drink poison to quench thirst. In case the need to extend into a country park or undertake reclamation arises again, it is extremely important that environmental factors should be taken into consideration. I am not saying that the Government must not do that, but certain factors do need to be taken into account.

I therefore suggest that decision should be made in conjunction with the Environment Bureau across policy bureaux. According to the Environment Bureau, there are now eight major consensus. Hence, the decision made would not bounce among bureaux. As we all know, there is a shortage of land in Hong Kong and we have also missed the opportunity to extend the coastline. In order to identify new sites, we must therefore take into consideration environmental protection. I only wish to say that a number of areas are the hardest hit, for instance, Site 6 is the hardest hit in Sham Shui Po. I keep nagging the Deputy Secretary at the meeting for I support the construction of HOS estates. And yet, these are projects planned a decade ago, like the plans of 2003, 2002 and 1999 in hand, which had abruptly come to a halt upon completion. Very often, I cannot tell if this is a trick of the Government or the developers to build several blocks along the waterfront first, then a couple more near the waterfront a few years later, just like layers of screens. Take the "Four Little Dragons" at 873 site as an example, I really find it very pitiable. I think it is indeed very inhumane for developers to construct buildings in this way, whereby residents can see clearly when their neighbours are brushing teeth. I do not see the need to utilize land in this way for they have already reaped a bountiful harvest.

I consider it necessary for approval and site inspection to be made across policy bureaux. The current situation is pretty messy, and some of areas involved are for luxury flats. I hope that the authorities would listen to the grievances of the residents. If Members put themselves in the residents' shoes, they can imagine the picture of seeing someone brushing teeth in front of you when you open the window. The flat was facing the harbour when they moved in, but then there came a building. Such planning is really too bad. While the residents cannot sue the developers for fraud, this is after all a misrepresentation as the residents are made to believe that the flats they bought are at the harbourfront.

In this connection, I eagerly hope that the Secretary, especially Secretary Edward YAU, would personally go to the district, then he would understand why the residents has reacted so strongly. Yet, your policy bureau alone cannot make the decision as this involves planning, which must also be taken into account. For instance, the question of how a harbourfront promenade should be constructed in future has been discussed by the Panel on Administration of Justice and Legal Services, and it was considered that the Law Courts Building should stand by the harbour as the environment would be better. Taller buildings (say more than 40 storeys) should be erected behind it. However, it seems that there

is a loss of communication among Policy Bureaux and no one dares to interfere into others' purview. As a result, they work separately on their own.

Housing problems are also inter-linked, it is therefore necessary for your Bureau, the Environment Bureau and the Development Bureau to sit together, stop for a while and think. Everyone wants to have the problem resolved. The foremost consideration is not to make more people suffer, and the next move will be to address the problem by providing more people with a stable living environment.

On the redevelopment of old buildings, I wish to commend the Secretary for Development as she has really worked very hard in certain respects. For instance, regarding the collapse of the building at 45J Ma Tau Wai Road, I think a lot of work has been done very swiftly. This is what I witnessed as I am also a member of the Kowloon City District Council. Kowloon City was chosen as the pilot point for the redevelopment of old district. Given that a building has collapsed, Kowloon City was thus chosen to serve as a pilot District Urban Renewal Forum. I consider this acceptable.

As for the setting up of a Trust Fund with a provision of \$500 million, I opine that the most important factor is how public money is used. We all agree that it must be fair, just and highly transparent, and that the views expressed by district councils, local people and professionals must be respected. In that case, everyone will be convinced. If commendation is to be given, it should be given without reservation and not in a slapdash manner. If commendation is slightly given without any follow-up, people will feel very sad. Sometimes, if the Government really does a good job, we should not be so mean as not to give any commendation.

Regarding the housing issue, I think that the Government is determined as reflected in its decision to completely remove real estate from the Capital Investment Entrant Scheme. For the deficiencies of the MHP Plan, I have already elaborated earlier on. In my letter to the Chief Executive — to play safe, I have also added a request, in view of the strong demand in my district, I have to add in this request — I have also called on the Government to resume the construction of an appropriate number of HOS flats. Everyone is making this request, and I hope that the objective data adopted by you can tie in with my proposal.

On the other hand, I also hope that the Government will throw away the mentality of "crossing a river by groping the stones along the way", and do its best to take into full account the demographic structure and such external factors as the economic takeoff of China. The purchasing power of Mainland people has been extended to Hong Kong, which can be reflected in both the retail industry and in substantial asset ownership. The housing need of local people is, however, not confined to owning a home, but also the need for accommodation. In this connection, I really hope that the Government will formulate more long-term plans. That is all I want to say about housing problems. I so submit.

**MS LI FUNG-YING** (in Cantonese): Deputy President, the Policy Address announced by the Chief Executive this year is entitled "Sharing Prosperity for a Caring Society". This title is not very different from those of the previous policy addresses. For instance, the first policy address by the Chief Executive, that is, the 2005-2006 Policy Address was entitled "Strong Governance For the People" while the 2006-2007 Policy Address was entitled "Proactive, Pragmatic, Always People First". The words "people's aspirations" are always found in the Government's policy documents. However, social conflicts have intensified while the antagonism between government officials and the public has become increasingly serious year after year. Facts speak louder than words as regards the actual proportion of people's aspirations in governance.

After the release of the Policy Address, an opinion poll conducted by the University of Hong Kong showed that around 40% of the public regarded it as satisfactory. The degree of satisfaction became lower afterwards, and the response of the public was more or less the same as those in connection to the previous policy addresses. Is this Policy Address playing the same old tune? I will consider this point from two levels. From the macroscopic perspective, I think the Policy Address is not playing the same old tune. I no longer find in the Policy Address words such as "big market, small government" or "market leads, government facilitates". I no longer find that, in the name of the market, the Government became the bystander and did nothing, it even participated in the market, allowing the property tycoons to get up to tricks and grab what they want by trickery or force, causing intensified social conflicts in society today. This is how the Chief Executive portrayed the changes in the Government's roles. The Chief Executive sums up in paragraph 6 of the Policy Address that "the Government's role has been to create a favourable business environment through various policies to enable enterprises to flexibly cope with external economic

challenges"; in paragraph 7, he especially points out that Hong Kong is "a mature economy", and the Government "cannot avoid these change" because "the new generation pursues social justice, civil rights and environmental conservation" ..... the Government "should actively promote them to build a better society for future generations".

I do not agree with the Chief Executive's linking up the maturity of an economy with people's pursuing of social justice, civil rights and environmental conservation in the Policy Address, and I even think that the Chief Executive's statement in paragraph 5 of the Policy Address that "when running for Chief Executive in 2007, I stressed the need to properly handle various relationships in the Special Administrative Region (SAR)" has toned down the responsibilities to be borne by the SAR Government for the consistently intensifying social conflicts. Now, the Government is ready to make changes and proactively promote social justice, civil rights and environmental conservation. I think this is an important message in the Policy Address and the Government is having a major breakthrough.

Nevertheless, even though the new Policy Address has re-adjusted the role of the Government in governance and is willing to make a greater commitment to social justice, why is it that the public's response is still more or less the same as that to the previous policy addresses. And, even more people have expressed dissatisfaction. What are the reasons? I think this is because the specific policies in the Policy Address have failed to achieve the objectives emphasized by the Chief Executive that the Government must proactively promote social justice and build a better society for future generations.

The Policy Address has touched upon three major problems in our society at present: housing, the wealth gap and an ageing population; it has undoubtedly done the right thing. The housing problem is manifested by the upsurge in property prices these two years, and the prices have gone beyond people's affordability. However, the reason at a deeper level is that the Government's *laissez-faire* policy in the past had given rise to some tycoons who become wealthy because of property development. They had not only controlled our property market, but also became involved in the pillar industries, such as transportation, food and telecommunications, by using the money they had earned from the property market. They monopolized our economy, triggered the widening of the wealth gap and intensified social conflicts.

Recently, officials of the SAR Government have emphasized on different occasions that Hong Kong people are not hostile to the rich. As the Chief Executive has said in the latest Question and Answer Session, Hong Kong people are not targeting against the rich, they are only against acts of injustice and unfairness. The problem is that there is not any abstract act of injustice and unfairness in this world, and acts of injustice and unfairness must be directed at certain things. In a Chinese society, property development projects have never been purely market-oriented, and businessmen engaging in property business must shoulder some social responsibilities. The famous lines "Where can I get a big broad shelter a thousand, ten thousand spans wide, huge roof that all the world's poor people can share with smiling faces?"<sup>2</sup> by poet DU Fu which have been widely acclaimed by people for over a thousand year must have profound social connotations.

Recently I learnt that when the Secretary for Transport and Housing attended a youth activity and answered a question raised by a student, she said that people could still enjoy happiness even if they had not bought their flats. I do not oppose the Secretary's idea but that is not the way of thinking in the traditional cultural and psychological conditions of the Chinese. Living and working in peace and contentment is a target of happiness for many Chinese people. But regrettably, property tycoons in Hong Kong are narrow-minded, and they see nothing other than their own interests. Besides, the Government allows property tycoons to practice fraud in the name of the market, as a result, property tycoons are not concerned about the overall development of Hong Kong and Hong Kong people have no trust in them today.

In recent years, an increasing number of people have been dissatisfied with what the property tycoons have done, and there has been popular support for radical expressions and actions. From dissatisfaction to hatred, it is a matter of the degree of antagonism. If the SAR Government can solve the problem when dissatisfactory sentiment started to emerge in society, the antagonistic sentiment will hardly be formed. However, the Government had acted on the contrary. The governance of the SAR Government in the past was barely satisfactory, and this Policy Address is equally disappointing.

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<sup>2</sup> "How My Thatch Roof Was Blown Away by Autumn Winds" translated by Burton WATSON.  
<[http://www.chinahistoryforum.com/index.php?/topic/17789-jake-holmans-selection-of-favourite-chinese-poems/page\\_\\_st\\_\\_210](http://www.chinahistoryforum.com/index.php?/topic/17789-jake-holmans-selection-of-favourite-chinese-poems/page__st__210)>

The Chief Executive has mentioned in the Policy Address that the housing policy is premised on three major principles, but this point is open to question. Regarding the third principle of the housing policy, I fail to see how the Government can "maintain a fair and stable environment for the healthy and sustainable development of the property market" by ensuring sufficient land supply and providing quality infrastructure. Luxury flats in the property market have recently become a trend, and even small and medium flats of 400 to 500 sq ft in new and old areas alike have been packaged as luxury flats, and sold at an extremely high price per square foot. Does the Government consider such a property market as healthy or unhealthy? What are the relations between such an unhealthy condition and land supply and infrastructure? If this unhealthy condition has nothing to do with land supply and infrastructure, the second basic principle as emphasized by the Government, that is, minimizing intervention in the property market, will eventually take the side of the evil-doer, and give property tycoons a pat on the back.

The Secretary for Transport and Housing has publicly stressed after the Policy Address has been delivered that the measures proposed in the Policy Address are not intended to suppress property prices, and the Government wants the property market to have steady development. If the Secretary's remark has the people's aspirations in mind, I will be baffled. If the development of our property market has been healthy, the Secretary's remark will give little cause for criticism. The property prices in the past two to three years have not remained steady; instead they have surged to such an extent that they have gone beyond people's affordability. The Secretary has told the public that the Government does not intend to suppress property prices, and it wants the property market to have steady development. Obviously, the Government's measures are intended to achieve a steady but not drastic increase in property prices at a level that is not affordable by the public. I believe that only property tycoons will be pleased at the Secretary's remark, no wonder after the delivery of the Policy Address, property prices continue to increase instead of decrease. I am not sure if the current property market has achieved the Secretary's policy objective of a steady increase.

The Government emphasizes that the housing problem should be solved through supply and demand. However, supply and demand should not just be connected with land supply. If we provide more land to the market for developers to construct more flats, the supply will increase and the price will



naturally be adjusted downwards. This is the basic economic concept. Yet, our property market is seriously distorted, as property development is highly concentrated in the hands of a few tycoons, the theory of decreasing property prices with increasing supply will immediately become questionable. Even if this is effective, as there is a lead time between the supply of land and the completion of flats, the current blazing property market can hardly be cooled down.

Apart from increasing land supply, there are other measures for increasing the supply of residential flats. In my opinion, the most effective method is to impose capital gains tax, in this way, the cost for purchasing properties by non-users will be increased and this will dampen their desire to purchase properties, thereby increasing the supply for users. As I pointed out when this Council debated the 2010 Budget in April this year, if the Secretary was worried that imposing capital gains tax would deal an excessively heavy blow at the property market, she might first consider imposing capital gains tax for the re-sale of flats within three months or half a year. This measure will not affect people with genuine housing needs and it can suppress speculative activities in the property market. On the one hand, the Government has given no response to this proposal; on the other hand, it has boosted on increasing the supply of flats. I trust that people can determine on their own whether this is a sincere or unctuous act of the Government, and whether it cares about people's aspirations or it is just doing so for the sake of some ulterior motives.

Deputy President, I must discuss two points about housing policies in the Policy Address. The first point is ensuring transparency in property transactions involving first-hand private residential flats and controlling "inflated buildings". These measures are the basic requirements of a civilized society and the basic rule for those doing business, just like the requirements that traders should not "cheat on the scale" and all of us should not lie. Now that the property tycoons have already made substantial profits and have stepped in various major industries, is it too late for the Government to introduce measures at this stage and ask them to shoulder due responsibilities?

Deputy President, I have criticized at the very beginning of my speech that the Government and property developers grab by trickery or force. That is a rather serious criticism, yet, that is what really happened. If the Government does not approve "inflated buildings", it should not promote the construction of

these "inflated buildings". If it does not approve "no frills" packaging as a property sales strategy, it should at least specify in residential development projects under its control how flats should be built, so as to rectify the construction practice in Hong Kong. Yet, the Government has not done so. On the contrary, it has joined hands with property developers in developing properties on top of railway stations originally intended to be residential areas for the middle class into super luxury flats, "inflated buildings", and "screen-like buildings" and so on, to be sold in the market. These examples can be seen everywhere, and we are still arguing whether the properties on top of West Rail Line stations should be the last batch of "inflated buildings".

There are a lot of criticisms in the community about My Home Purchase (MHP) Plan that the Government has spared no effort in promoting. I am not going to dwell on this issue but I must say for the record that I have much reservation about this Plan. Even if the Government insists on the implementation of the MHP Plan, it is not contradictory to people's request for resuming the construction of Home Ownership Scheme flats.

Deputy President, I would like to talk about economic issues. In regard to economic development, I must talk about the six industries where Hong Kong enjoys clear advantages, as highlighted by the Government. In June last year, I mentioned at a relevant debate of this Council that most of the six industries were closely related to people's livelihood, for example, healthcare and education services. These services have good reputation, but the resources for these services fall far short of people's needs. When the Government considers how these services can attract clients in the vicinity, has it first considered how these services can be improved in order to meet people's needs? I have noticed some improvements in the Policy Address this year, for instance, the Chief Executive has promised to ensure adequate manpower for the provision of various services through various measures, such as encouraging tertiary institutions to increase places, and enhancing the training courses of the Hospital Authority. Another example is that the publicly-funded university places will increase from 14 500 to 15 000. Despite such increases, it still fall short of the demand of the community, and this can still not dispel the worry that the development of these industries may snatch resources from the public.

Deputy President, about transport issues, we have become increasingly reliant on the railway mass transit transport system. In the next year or so, the construction of the South Island Line and the Shatin to Central Link will be

carried out, and railway development will become a general trend. However, railway development also suppresses the room for survival of other means of transport. Also, when the community has a stronger sense of environmental protection, the operating pressure of business vehicles will become heavier. I ask the Government to put forward specific policies for the co-ordination of the railway and ancillary means of transport, so as to provide ample room for the survival of people in the transport sector.

The operation and management of the railway transport system that the community is reliant on is far from satisfactory. Last week, a train accident that happened during working hours resulted in the partial suspension of the MTR services. The chaotic contingency arrangement is an obvious case in point. Another issue of concern to me is noise in the compartments. At present, the MTR and non-MTR systems have different policies. The MTR does not have television broadcasting and audible advertising while non-MTR systems including the East Rail, West Rail and the Ma On Shan Rail have television broadcasting and audible advertising. The railway company stresses that each train has one or two Quiet Cars for passengers. Yet, many people have the habit of talking over the phone in compartments, so Quiet Cars are also frequently exposed to noise. I am worried that, in respect of future railway development, passengers will continue to be exposed to noise in compartments, especially with broadcasting in compartments and passengers talking loudly over the phone. Actually, the current technologies can absolutely enable passengers to choose whether they will listen to broadcasting in compartments, and the bluetooth technology generally used by the public is one example. I hope that the Secretary for Transport and Housing would comprehensively review the current compartment broadcasting policy of public transport services to facilitate further improvement of our public transport services.

Deputy President, concerning the whole Policy Address, the points I made at the very beginning of my speech have given me the deepest impression, that is, "we cannot avoid these changes" and we "should actively promote them to build a better society for future generations". I have criticized the Government's policies but my criticism is consistent with the objective of the Chief Executive. We cannot avoid these changes and we should uphold social justice and civil rights, and make efforts together so as to build a better society for future generations. Thank you, Deputy President.

**DR PAN PEY-CHYOU** (in Cantonese): Deputy President, as Mr WONG Kwok-hing has mentioned, we honestly think this Policy Address has put forth some sound policies, such as the provision of transport subsidies and the relaxation of the permissible limit of absence from Hong Kong for the Old Age Allowance, which have truly provided benefits to ordinary citizens. But sadly, the Hong Kong Federation of Trade Unions feels very disappointed about what it said on housing — the one single issue that is most concerned by almost every citizen of Hong Kong.

In May this year, the Government conducted a public consultation exercise on the issue of subsidizing home ownership. Public opinion then has clearly indicated an overwhelming support for the resumption of the Home Ownership Scheme (HOS) because it was a proven measure that had assisted many members of the public in the past, and its implementation did not have any clear disadvantages. Even the Secretary herself said that there were different markets for HOS flats and private residential units. Many comments received during the consultation pointed to the need for the Government to resume the HOS, and this view is still echoed in recent public opinion survey where as many as 80% of the respondents support the resumption of the HOS. However, the Government finally decided against the resumption of the HOS and instead, introduced the My Home Purchase (MHP) Plan which will only provide 5 000 flats from 2014 onwards. With the announcement of this measure in the Policy Address, the developers and speculators can finally breathe a sign of relief and property prices start to spiral again. Coupled with the fact that all surplus HOS flats have been sold, there is not much ammunition in the Government's hand. Under the circumstances, how can new property developments not demanding even higher prices? It was just yesterday that some banks have predicted that property prices would increase further by 15%.

It is an undeniable fact that the increase of property prices is much faster than those of commodity prices and salaries. I have some data on hand. According to statistics compiled by the Rating and Valuation Department for 2010, the price index of private domestic properties has risen from 138.3 in January to 153.7 in August, representing an increase of 11%. On comparison, the average index for the previous year (that is, 2009) was 121.3. In other words, prices of private domestic properties have already increased by 26.7% in the first eight months of 2010 as compared with the previous year as a whole. Such a steep increase within a period of 10-odd months is alarming indeed. But what about salary increases? According to the proposal made by the Employers'

Federation of Hong Kong last week, overall salary increases in the coming year will average between 2.5% to 3.5%. This in fact represents the largest pay rise proposed by the Federation in recent years. However, if we put these two figures side by side, we can readily see who the tortoise is and who the hare is. As pay rise can never catch up with property price increase, many people are still "shell-less snails". Is it only affecting the lower income groups? Is it only affecting the sandwich class? The answer is no because it will impact on income earners from all walks of life.

Last year, some members of the public have poured their hearts out to the Chief Executive on a radio phone-in programme. A couple who worked as a lawyer and a doctor said they could not afford home ownership because property prices were just too high. The Chief Executive advised them that they should lower their expectation. Instead of contemplating flats on the Hong Kong Island or with a sea view, they might consider moving to Sha Tau Kok or some other remote districts. If this couple had listened to the Chief Executive's advice and refrained from buying a flat in hurry, I think they would be more exasperated by this year's market condition as prices have become even more inaccessible. Why do property prices remain so high? Earlier on, Ms LI Fung-ying has made some strong criticisms against the developers. I think her feelings are shared and echoed by many ordinary citizens.

Objectively speaking and according to market principles, the increase in property prices is mainly caused by reduced supply. I also have some data on hand. According to the Hong Kong Property Review 2010 published by the Rating and Valuation Department, the annual completions of small and medium flats (that is, units with saleable area less than 100 sq m) have been decreasing since 2005 to 2009. The number has decreased from 16 250 units in 2005 to 4 740 in 2009, representing a drastic reduction of more than 70%. In the meantime, the vacancy rate of small and medium flats has also been decreasing. Over the years, vacancy rate which already stood at a low level of 5.7% in 2005 dropped to 3.8% in 2009. From these data, we can see that most of these small and medium flats were owner-occupied and not left vacant. Moreover, housing supply has become increasingly insufficient and this is one of the major reasons why property prices have surged. Of course, there are other reasons as well. For example, developers eyeing more profits would try to boost up the market so as to entice more people into buying properties. I think it is one of the factors for the upsurge in property prices but scarce supply is of course the most crucial one.

In fact, it has been mentioned in paragraph 18 of the Policy Address that on average, land for the production of 20 000 private residential flats has to be made available annually in order to increase housing supply. In other words, housing supply in the coming three to four years should increase by about 60 000 units. While we cannot say the Government's direction is incorrect, is it really achievable? We are concerned about actual market situation, particularly whether the developers will do as the Government suggested by building small and medium flats with land they acquire. Will the land be used to build luxury properties or for other purposes? How many flats will actually be those that are affordable to first-time home buyers? There is really no way we can tell.

Regarding the MHP Plan proposed by the Government, it has already attracted many criticisms. I just read today that according to an opinion poll conducted by the Institute of Asia-Pacific Studies of the Chinese University of Hong Kong, 81% of the respondents do not believe that the housing shortage in Hong Kong will be resolved by the MHP Plan. Neither do they believe that the Plan can help the sandwich class attain home ownership. Therefore, the people's eyes are most discerning and no government official should cheat the general public wilfully. The people know only too well that the flats under the Plan will not roll out until 2014 and the total supply is just too limited with only 5 000 units. Even the Government itself has said that 20 000 flats should be produced annually. What kind of assistance can this Plan provide to those who need home ownership from now until 2014? There is nothing at all. If they want to buy a flat, they must risk venturing into the market at this treacherous moment.

On further analysis, we can see that there are more than 100 000 eligible persons under the Plan but it will only provide several thousand units. How can it help all these people? Moreover, many eligibility criteria have been imposed. For example, as explained by the authorities, the Plan is only intended for those persons with monthly incomes from \$23,000 to \$39,000. There are also other requirements in respect of assets, for example, the applicants and other family members on the application forms should not have owned any properties, albeit private housing, HOS flats or Sandwich Class Housing Scheme flats, in the past 10 years. Many people have effectively been barred by these criteria. As for the successful applicants, they can no longer apply for public rental housing (PRH) after the five-year tenancy has expired. All these restrictions will only create confusion for the people. Let's say, if an applicant is successful, he will no longer be eligible for PRH; but if property prices should rise so high in five

years' time that he cannot afford to buy the flat, what can he do? Would he become a street sleeper?

More importantly and as mentioned in many commentaries, some tenants under the MHP Plan may still fail to save up enough money for down payment, even with the 50% purchase subsidy from the Government of net rental paid. In order to fulfil their dreams of home ownership, these tenants must live frugally. According to a case study published in *Hong Kong Economic Journal* on 15 October, for a household with monthly income of \$23,000 and a start-up asset of \$300,000, it must save up \$7,500 per month after paying various expenses such as rental and medical insurance if a total saving of \$450,000 is to be achieved in five years' time. This is indeed a heavy burden for households with monthly incomes in the range of \$20,000. In fact, the calculation shows that these households may have little savings left each month and their expenses can even exceed their incomes. In that case, they would need assistance from their parents. On account of these considerations, we suggest that the Government should re-consider this housing policy carefully.

Seemingly, the MHP Plan can only benefit the upper stratum of the sandwich class and no actual assistance is provided to the lower stratum because these persons do not even have any start-up assets. Therefore, we suggest that the Government should address the housing need of the people from three angles. Firstly, we consider that while the MHP Plan is plausible, the HOS must be resumed. I believe this is the mainstream demand of society and the Government must listen to the voice of the people carefully. Secondly, the Government should increase the supply of PRH. At present, only 15 000 units of PRH is produced annually but there are 134 000 applicants on the Waiting List. Roughly speaking, these applicants have to wait about 10 years before successful allocation. Hence, there is a genuine need for the Government to increase the production of PRH so as to meet the demand of the people. Thirdly, we are aware that recently, there has been an upsurge in PRH applications from single persons. Some say that these young people are hoping that, upon gaining PRH eligibility, they can purchase HOS flats in the secondary market. They are applying for PRH for the purpose of home ownership. Therefore, the Government must also consider the need of this group of people.

The Government always says that there is difficulty in identifying land for the production of PRH. I believe it all depends on how hard the Government is

trying. If the Government can put up sites originally planned for PRH on sale for the construction of luxury properties, it can no doubt identify sites from other sources and channels. For example, the planning and land use of some industrial sites can be changed to enable the production of PRH. In fact, when planning for the provision of PRH, the Government must take care of the need of the people on a district basis. For example, people living on the Hong Kong Island also have a demand for PRH. Some people want to be allocated a PRH unit on the Hong Kong Island, such as if they want to take care of elderly family members or enhance family support. If the Government totally disregards such demand and puts up original PRH sites for sale after their demolition while claiming that no land for PRH is available, it would only sharpen the conflict in society.

We all know that the housing problem is very complicated. But it is the most concerned issue for every citizen of Hong Kong. Earlier on, Ms LI Fung-ying has cited two famous lines from a poem by poet DU Fu, which I also feel deeply about because when I was preparing my speech today, these lines also came to my mind. Hong Kong's property market is small and susceptible to external influences. Impacted by the policy of quantitative easing and the influx of liquidity, the market can fluctuate easily and becomes highly volatile. People will become very afraid when a big wave approaches; and likewise when the wave recedes. Any move made by the Government in the market involves a great risk, just as those contemplated by ordinary citizens. As a Member, I can also sympathize with the Government's difficulties. However, I consider that the Government is duty-bound to resolve the problem because it is in control of the information, the policies and the resources. Under these circumstances, the people need a shelter, regardless of whether they are the grassroots or the sandwich class. All ordinary folks need a place they call home so that they can, as depicted in the famous lines of DU Fu, "all the world's poor people can share with smiling faces". I would say the Government has done a marvelous job if this is what truly happens.

I so submit.

**DR PHILIP WONG** (in Cantonese): Deputy President, with the gradual recovery of Hong Kong from the impact of the financial tsunami and the passage of the constitutional reform package in the past year, it is now the opportune time



for people from all walks of life to concentrate on dealing with economic and livelihood issues. I speak on behalf of the Chinese General Chamber of Commerce (CGCC) to express support for the Policy Address for its contents are comprehensive, practical and close to public opinion. It has also responded actively to the demands from various sectors of the community. I am glad to see that the SAR Government has taken on board some suggestions made by CGCC, such as suitably increasing residential land supply and making early planning for the return of those Hong Kong permanent residents who have been living in the Mainland. I would like to talk about some of my views and opinions here.

The first one is about tallying with the National 12th Five-Year Plan (12th FYP). As we all know, the just-concluded Fifth Plenary Session of the 17th Central Committee of the Communist Party of China has approved proposals on formulating the 12th FYP with major targets in achieving comprehensive restructuring, laying more stress on the "people first" principle and putting more emphasis on improving people's livelihood. The Framework Agreement on Hong Kong/Guangdong Co-operation (the Framework Agreement) signed in April this year has also underlined the trend of co-operation between Hong Kong and Guangdong in areas such as financial services, tourism, logistics and cross-border living.

I suggest that the SAR Government should join hands with the Guangdong Provincial Government to lobby for the inclusion of their co-operation functions and roles as set out in the Framework Agreement in the 12th FYP and the provision of concrete policy support from the Central Authorities. The SAR Government should also provide further steer to help Hong Kong businesses seek new opportunities in the Mainland's industrial transformation so as to bring the advantages and functions of Hong Kong industries into full play.

In order to sharpen Hong Kong's long-term competitiveness, the CGCC has, in early July, made a suggestion to the SAR Government for the early formulation of "Hong Kong's Five-year Strategic Development Framework". To this end, the Government is advised to draw reference from the experience of market economies in developed countries such as Japan, Germany and France, in formulating medium-term economic plans. I hope the Government would, on the basis of the principle of "one country, two systems" and in the process of formulating Hong Kong's development blueprint, give due regard to the planning and development of neighbouring regions so as to ensure proper division of work

and co-ordination with various provinces in the Mainland. In this way, Hong Kong can learn the merits of others to offset its weaknesses and board the express train of national development. In order to avoid marginalization, Hong Kong should develop a breakthrough mentality to achieve integration with the Mainland.

The second point is about stepping up regional economic co-operation. Hong Kong should undoubtedly occupy the centre or dragon head position in the Pearl River Delta Region. In the last century, Hong Kong has contributed to the economic take-off of the Pearl River Delta Region and other areas with its capital, technical know-how and management expertise. Nowadays, Hong Kong still has a lot to offer in terms of enhancing regional economic co-operation.

First of all, Hong Kong should enlarge the scope of co-operation with Shenzhen. According to the Outline of the Plan for the Reform and Development of the Pearl River Delta and the General Proposal of Shenzhen Comprehensive Reforms released last year, the Qianhai development will become an exemplary zone showcasing the co-operation initiative of developing modern service industries between Hong Kong and Shenzhen. Moreover, under this year's Framework Agreement, both sides have agreed to set up the Joint Task Force on Qianhai Co-operation and to conduct studies together on the joint development of the Lok Ma Chau Loop in Hong Kong. I think the SAR Government can suggest to the relevant authorities that the scope of Hong Kong/Shenzhen co-operation be extended to cover the entire Frontier Closed Area where Hong Kong systems would be implemented and Mainland residents be granted access by convenient immigration clearance. Under this concept, new mode of co-operation between Hong Kong and Shenzhen can be tested to create new synergies for our economic development.

Secondly, the Government should seek to enhance the agreement and co-ordination of airspace management over the Pearl River Delta Region. The airspace over the Pearl River Delta Region (PRD airspace) is one of the most complex in the world. In the next five to 10 years, both the number of runways and scale of airports in the Region will continue to increase. It is expected that by 2020, the total number of runways in the five biggest airports in the Pearl River Delta Region will register a sharp increase from the current standing of seven to 13, handling on average 5 000 aircraft movements daily which is about double the existing capacity. In order to avoid air traffic congestion, I suggest

that the authorities can consider, as a short-term solution, further opening up the PRD airspace by establishing new civil aviation air routes to the east of the Shenzhen International Airport to resolve the current problem where 40% of the flights departing from the east side of the airport. In the medium to long-term, all the concerned parties should co-operate in the management of flight information regions and airspace control systems.

Furthermore, the Government should expedite the implementation of infrastructure projects. Regarding the 10 major infrastructure projects mentioned in this year's Policy Address, I note that most of them are now being implemented and some have even commenced construction. Apart from creating employment opportunities, the implementation of these projects can enhance the flow of people and goods between Hong Kong and our neighbouring regions and have far-reaching impact on the future economic development of Hong Kong. I suggest that the SAR Government should expedite the provision of these projects, particularly those relating to cross-boundary infrastructure including the Hong Kong-Zhuhai-Macao Bridge, the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Cruise Terminal at Kai Tak. By speeding up the delivery of infrastructure projects, it can help reduce the risk of increasing construction costs. Early completion also means enhanced economic efficiency and social benefits. By the same token, the people are concerned about the planning, design and public consultation for the West Kowloon Cultural District project. I hope the Government and the relevant authorities can step up their efforts in the decision and execution of the project.

The third issue I want to talk about is stabilizing the property market. In 2003, as a result of weakened housing demand, the SAR Government has decided to halt the production of the Home Ownership Scheme flats and the sale of land by auction. Instead, land supply was made available only through the Application List system. Following the recovery of Hong Kong's economy and the influx of foreign capital, successive record prices of property transactions have been made, indicating the difficulty faced by members of the public in home ownership.

The CGCC affirms the proposals put forth in the Policy Address to increase land supply because such measures can tackle the housing problem faced by members of the public at root. The CGCC also welcomes the Government's

proposals to control "inflated buildings" and remove real estate from the investment asset classes under the Capital Investment Entrant Scheme. My view is that apart from subsidizing home ownership, it would be most important to increase the supply of land for various purposes. For non-residential sites, the Government can change their land use in tandem with the development need of the six industries where Hong Kong enjoys clear advantages. More land should also be made available to construct student accommodation units and teaching buildings in universities. Last but not least, the supply of residential land must be increased. Recently, the Government has on its own initiative put up for auction land suitable for building small and medium units. Moreover, in the next 10 years, it has planned to make available, on average, land for some 20 000 private residential flats annually. I consider the Government has taken a step in the right direction and hope it will consider further measures to fine-tune the Application List system such as disclosing the Government's internal criteria for the assessment of land premium and the deposit arrangement for land application so as to enhance its transparency. All these would contribute towards stabilizing property prices.

The fourth point I would like to raise is optimizing industrial and population policies. The CGCC welcomes the Policy Address' proposals to continue providing credit facilities to small and medium enterprises (SMEs) through the SME Export Marketing Fund and the SME Development Fund. We also have high hopes for the Government in creating a good business environment and supporting SMEs. We expect the Government to roll out more specific measures to spur the development of major industries in Hong Kong.

I suggest that the SAR Government should regularly assess the manpower demand for major industries. The Government should consider increasing the quotas of the Quality Migrant Admission Scheme which is a quota-based entrant scheme. Additional resources should be made available to assist industries facing manpower shortage in attracting talents from overseas and to provide support for these talents to assimilate into the local community, such as in respect of language, culture, employment and housing. For example, the Government can learn from the experience of overseas countries such as Singapore and consider launching a web portal under the government department responsible for manpower resources to solicit talents worldwide to come to Hong Kong for work, investment and living. While providing information on Hong Kong's environment and industries, as well as the methods and modes of visa

applications for interested persons, the portal can also facilitate enterprises in identifying suitable talents from overseas countries.

In recent years, an increasing number of pregnant Mainland women have come to give birth in Hong Kong. Statistics show that there were close to 140 000 such cases between 2002 and 2008. Judging from the prevailing trend, the number will continue to rise in future. While helping to push up Hong Kong's birth rate, it has also created a heavy burden on the provision of medical services, education and housing. The Government should therefore conduct regular tracking surveys so that proper preparations can be made early.

The fifth point is about building a harmonious society. The CGCC supports the Government's call for setting up the Community Care Fund in the Policy Address with the objective of encouraging the business sector and the community to care about the need of the grassroots. The CGCC has always been actively participating in community affairs. For example, in June 2009, the CGCC founded the "We Share. We Care" campaign to promote the caring spirit of the business sector for the community. Since its inception, the Campaign has organized a whole host of community activities such as raising over \$10 million of donations for the Community Chest, giving out food coupons to the needy families and persons in festivals and providing immediate financial support for family members of victims of major incidents through the Emergency Relief Fund of the Social Welfare Department.

In recent years, many members of the business sectors and the community have actively participated in charity events organized to support the underprivileged. I suggest that the SAR Government can consider further raising the ceiling of tax-deductible charitable donations for both corporations and individuals so as to nurture a philanthropic culture and promote social harmony.

The sixth point is about strengthening youth development. The CGCC identifies with the Policy Address' proposals to increase publicly-funded-first-year-first-degree places to 15 000, to establish a fund for the development of self-financing post-secondary education and to progressively increase senior year intake places to 4 000 each year to provide more articulation opportunities for sub-degree graduates. The CGCC also welcomes the Policy Address' proposal to increase the opportunities for local students to participate in

Mainland learning and exchange activities. In fact, since 1990, the CGCC has awarded scholarships amounting to several tens of millions of dollars to thousands of university students to conduct exchange activities in the Mainland.

I suggest that the SAR Government can consider expanding the coverage of the Financial Assistance Scheme for Post-secondary Students to students admitted to Mainland universities. Apart from providing assistance to students from low-income families to pursue undergraduate studies in the Mainland, the suggestion will be conducive to the nurturing of local talents. Moreover, the Government can consider working with the business sector and non-government organizations to organize youth voluntary work programmes which can also help non-engaged youth by instilling in them the spirit of positive engagement and caring for society.

Deputy President, I so submit.

**MR ALBERT CHAN** (in Cantonese): Deputy President, both the Government and many members of the business community have constantly painted a rosy picture about the current situation of Hong Kong as enjoying stability and prosperity after the financial tsunami. That is because the upper class and people in power have been benefiting from the tilted government policies and the manipulation of powers. But what about the general public? According to a survey conducted by the Hong Kong Council of Social Services, the poor population or the number of people living in low-income families has risen from 1.23 million in 2008 to 1.26 million in 2009. In the district level, we have received numerous complaints from members of the public about their plight in areas of housing, CSSA and the livelihood of family members. Their discontents are boiling. However, these problems all seem to vanish in this Chamber, in the Government's Policy Address or in the presentations made by government officials. These problems seem no longer exist. That may be the reason why the Government's governance has always failed to win the people's heart, and has always attracted criticisms such as tilting towards big consortia, colluding with the business sector and transferring of benefits.

Deputy President, the increasing number of the poor and the worsening of people's livelihood in Hong Kong are caused by the administrative blunders of the Government. In the 1970s and 1980s when Hong Kong was still developing, the

average income of the people was less than the current level and the society as a whole was not enjoying as much economic stability and wealth as it is nowadays, however, the prevalent government policies aimed at taking care of the general public, particularly the special needs of low-income families. Over the past years, the provision of subsidized housing has always been regarded as a benevolent policy. The first public rental housing (PRH) estate was built in the 1950s, that is, the Tai Hang Tung Estate in Shek Kip Mei. Thereafter, with the establishment of the Housing Authority, several tens of thousands of PRH units including Home Ownership Scheme (HOS) flats were built progressively every year. At the peak of production, 55 000 units were built annually. However, following the announcement of the nine measures by Michael SUEN, the overall housing demand has dropped significantly in the past seven years. Given the reduced demand over the years, since the Government is now capable of taking actions to rectify the problems identified, should the Government act quickly to catch up? But seemingly, the Government has no such intention. Its recent undertaking is to annually construct 15 000 PRH units and make land available for 20 000 private residential units. The total number only add up to 35 000 units which is much lower than the average number for many years in the past.

(THE PRESIDENT resumed the Chair)

When formulating policies on population and housing (including the overall demand and supply of both public and private housing), should the Government work towards meeting the demand of population growth and people's livelihood? Why then only 15 000 PRH units and 20 000 private residential units are provided? Are those numbers arrived through black-box operation and closed-door discussions with big tycoons and property developers? Currently, more than 100 000 applicants are on the PRH Waiting List, with some 20 000 applicants waiting for allocation of two-person flats and some 30 000 applicants for three-person flats. As such, how many flats must the Government produce before such demand from low-income families can be met?

Nowadays, two serious problems have emerged in respect of housing supply in Hong Kong. First, there is the imbalance in overall housing supply. Second, there is the production gap. Although the Government still pledges a three-year waiting time for Waiting List applicants, it has adopted many

underhanded and petty moves before this target can be met. Let us look at some figures. With more than 100 000 Waiting List applicants and only 15 000 PRH units produced annually, the applicants must at least wait eight to 10 years before successful allocation. Therefore, the figures given by the Government are all twisted and misleading. If the target waiting time cannot be achieved, the Government will simply refuse to increase the asset limit of Waiting List applicants so as to arbitrarily suppress the effective number of applicants. If such administrative measures are adopted, the Government can always achieve the three-year target but the ordinary citizens will suffer.

I have no idea how the figure of 20 000 private residential flats is arrived at. For many years, about 20 000 to 30 000 private residential units (including those from projects undertaken by the Urban Renewal Authority and railway properties) have been constructed on average. The annual production of 35 000 units is an established indicator for many years. As such, President, I am certain that the housing problem will become a major social issue in Hong Kong for the next 10 years. I have time and again warn the Government in this Chamber that many uprisings, riots, social unrest and disturbances in cities around the world have taken place in poor areas as a result of housing problems. Therefore, by giving up the past benevolent policy, the Government will only upset the foundation of Hong Kong's social stability. Maybe the Government is just too confident that with the stationing of the People's Liberation Army in Hong Kong, who would dare stir up any riots? However, there is no riot not because the Government's administration is authoritative or effective, but because the rule of the Communist Party has terrified the people.

President, another problem lies with our overall economy. For many years, the Government has been advocating for the reform of financial services industry and the development of tourism industry to create employment. But as we know, the development of these two industries has brought more benefits to property developers than members of the public, in particular those non-skilled and semi-skilled workers who will never benefit from the Government's efforts to promote financial services and tourism. Tourists coming to Hong Kong will only go shopping in busy districts for gold jewellery, cosmetics and famous-brand products, ultimately benefiting real estate developers.

Earlier on, LAM Tai-fai has arranged a meeting between me and some organizations under the Hong Kong Federation of Industries. I pointed out that



for many years, we have advocated in the Legislative Council that the Government should steer the development of high value-added industries such as medicine, fashion, watch and food. The industrial sector was surprised to learn that such views would come from a member of the League of Social Democrats (LSD). They said that the industry had also put forth the same views to the Government for many years, but to no avail. The Government only cares about financial services and tourism. It is still tilting towards big developers and transferring them with benefits. Although the general public and the industrial sector value and crave for the Government's assistance, the Government simply responds by saying "big market, small government" and refuses to intervene. This obviously proves that the Government is holding double standards and only cares for the interests of big consortia. Hence, President, the LSD will steadfastly oppose this Policy Address.

President, the third problem concerns the broadcasting policy. Hong Kong's broadcasting policy is by far the most backward, feudal, conservative and reactionary amongst those of advanced societies in the world. President, you no doubt understand clearly the meaning of "reactionary". Any forces which prevent the progress of a government are reactionary. The SAR Government is the most reactionary establishment and organization. By controlling radio frequencies, it controls the freedom of speech and the transmission of political messages. The Government perceives that by controlling radio frequencies, it can control the people's thoughts. This is but an indestructible perception held by the remaining evil elements from feudal monarchies.

It is a world-wide trend to open up radio frequencies starting from the 1960s and 1970s. But in Hong Kong, radio frequencies are still manipulated by big consortia and the same goes for both television and radio stations. Luckily, we now have Internet radio stations. And luckily, unlike the United States in the 1990s, the Government has not bundled up the control of telecommunications and broadcasting industries. Otherwise, the people in Hong Kong will undoubtedly be subject to the same control in terms of information transmission as a totalitarian society or autocratic country. Therefore, the LSD will not falter from its fight and we will continue to challenge the law. Due to broadcasts made on radio frequencies, the LSD has been charged with a total of some 40 to 50 offences. However, we have no fear and we shall persevere until radio frequencies are opened up. Radio frequencies are public assets which are neither owned by the Government nor the consortia. These are public assets

jointly owned by all the 7 million citizens of Hong Kong. No money can buy them and no flunkey shall control them. Even more so, radio frequencies should never be controlled by those powerful persons with ulterior motives who want to stifle the freedom of speech in Hong Kong and strangle the freedom of thoughts of the people. Therefore, I call on more friends to join this fight. Let's see how many people can the Government prosecute or arrest. Both the fight initiated by GANDHI and the black power movement pioneered by Martin Luther KING were won through struggle. The award of the Nobel Peace Prize to LIU Xiaobo is also the culmination of a rights movement by itself. As a related motion will be moved by Mr WONG Yuk-man on 3 November, we will discuss further issues related to LIU Xiaobo and the Nobel Peace Prize on that occasion.

President, the fourth area I want to talk about is transport, that is, public transport. In the past 30 years, the Government has been conducting territory-wide comprehensive transport studies once every decade. The First Comprehensive Transport Study was completed in 1976, the second study in 1986 and the third study in 1997. A study was conducted once every 10 years. It follows that the fourth study should have been conducted in 2008-2009. But to date, we have heard nothing about the Government planning to do so. I consider it high time for such a study to be conducted because there should be a review once every decade so that we can take stock of the changes which happened in the past 10 years including those in the overall transport strategy, the society, the economy as well as the Pearl River Delta Region, and consider introducing suitable adjustments. A final decision on any changes can only be made after a comprehensive study is conducted to summarize, analyse and theorize possible options and after the public has been thoroughly consulted. In this regard, I hope the Transport and Housing Bureau would, notwithstanding the delay, make a commitment to conduct this comprehensive study. It should not hide from the pretext that Hong Kong must follow the decisions made in the finalized 12th National Five Year Plan (12th FYP). As the 12th FYP has laid the foundation for the overall development of Mainland China, certain corresponding actions may have to be taken by Hong Kong. This is also another aspect where study is required.

In the past 30 years, a comprehensive transport study has always been conducted once every decade. The Government should not dispense with such a study thinking that it is the smartest and hence, it can make all decisions wilfully because it knows best. We can see from past experiences that some policy decisions made by the Government were biased, erroneous or wasteful,

particularly the implementation of the Hong Kong-Shenzhen Western Corridor. Although this infrastructure has been commissioned for a long time, many complementing measures are still missing. For example, although this bridge facility has been constructed, access of private cars and coaches is prohibited. Hong Kong is really a ridiculous place. Has anyone heard about prohibiting the use of bridge facilities by other modes of transport simply for the purpose of safeguarding the interests of certain transport mode or certain bus service? On this account alone, the Government's transport policies must be reviewed.

Furthermore, there are problems with the overall public transport or mass transit system. On the Hong Kong Island, an additional MTR station has been provided to serve a population of 50 000 to 80 000. The same standard is also adopted for the Southern and Western Districts. Moreover, the railway network on the Hong Kong Island will be extended to cover the Hong Kong University and the Cyberport. But the same standard has not been applied to the railway network in the New Territories. In Tin Shui Wai, only one MTR station is provided for a population of 300 000. In Tuen Mun, there are only two MTR stations serving 600 000 people. In Tsing Yi, one MTR station is serving 200 000 people. How come an additional MTR station will be provided for a population of 50 000 to 80 000 on the Hong Kong Island? Not to mention the fact that the railway line is constructed by the MTR Corporation Limited (MTRCL) from government funding. Why has the Government discriminated against the people living in the New Territories in particular? Can the Government formulate a comprehensive transportation plan and review the reasons for such an imbalance? How come the MTRCL can decide everything on its own after the Government has given its undertaking? Is there any policy? Is it because the residents of western New Territories are more gullible that the incineration plant and sludge treatment facilities are all going to be relocated there? Then why has the Government not provided these residents with the same treatment as that enjoyed by people living on the Hong Kong Island in terms of the provision of new railway lines? Hence, in respect of the public transport policy, I implore the Transport and Housing Bureau not to just focus on the construction of the Express Rail Link which is essentially a waste of \$60-odd billion. It should not just focus on doing something that Grandpa likes. It should not just focus on showcasing the special position of Hong Kong and ignore the interests of the general public, especially the transport demand of those living in more remote districts.

President, the LSD will definitely vote against the Policy Address. Having discussed the several amendments to the motion, Members of the LSD consider that while we support in principle the intention and wording of these amendments, particularly the one proposed by Ms Cyd HO in relation to constitutional development, all of them have retained the word "thanks" ..... As we think there is nothing to be thankful for in this Policy Address — which is essentially an extremely reactionary, biased and retrogressive policy statement — we will vote in abstention for the amendments.

Last but not least, I want to mention briefly the numerous comments made by WONG Kwok-hing and PAN Pey-chyou on the Policy Address. WONG Kwok-hing said that "the people have lost all hope", while PAN Pey-chyou expressed disappointment for the Policy Address. If they really feel disappointed and consider that the people have lost hope, Members of the Hong Kong Federation of Trade Unions should vote against the Policy Address. They should not give a big helping hand to the Government under the pretext of mild condemnation. They should not play heroes when making passionate speeches, but act like a coward when casting their votes to support the Government's Policy Address. In this regard, I call on the people of Hong Kong to see for themselves who really are the flunkeys and whether those who play heroes when making passionate speeches will become flunkeys when casting their votes.

**MS STARRY LEE** (in Cantonese): President, the theme of the Policy Address this year is "Sharing Prosperity for a Caring Society". Before the release of the Policy Address, it is clear that the public request the Government to stabilize land supply. The public request the Government to help the sandwich class in home purchase. The public request the Government to narrow the disparity between the rich and the poor. In what way are the aspirations and opinions of the public being addressed in the Policy Address? The Government chooses to introduce My Home Purchase (MHP) Plan, and undertakes that 1 000 flats will be built in 2014. So far, all that is mentioned is that a total of 5 000 flats will be provided under MHP Plan, there is no mentioning about resuming the construction of the Home Ownership Scheme (HOS) flats.

Moreover, the Government chooses to establish the Community Care Fund, but it fails to make a commitment on increasing long-term public expenses. It is true that people's livelihood is the main theme of the Policy Address this year, but

from the two examples I quoted earlier, which are also the focal concerns of society, we can see the Policy Address has failed to demonstrate the resolution and commitment of the Government in solving the problems. Actually, the provision of 5 000 flats under the MHP Plan alone is a good case in point. The Government can hardly blame the public for thinking this way. Members may remember that in the policy address last year, the Chief Executive said that the luxury flat market would not affect the market of flats in the middle to lower price range. Over the last year, the entire society had been focusing on the discussions of inadequate land supply, increase in property prices, as well as the existing property prices have already exceeds the affordability of the public. When the Policy Address was finally released after consultation, it only mentioned the provision of 5 000 flats under the MHP Plan. The arrangement gave the public, and I myself as well, an impression that the Government was merely introducing some deceptive measures to address the aspirations of the public perfunctorily, hoping the public would not consider the Government so hard-hearted that it turned a blind eye to the most imminent problem faced by the public. Really, the public should not be blamed for thinking this way. The content of the Policy Address does leave the public with this feeling.

If the Government wants to achieve the target of sharing prosperity, which is the title of this Policy Address, it should focus on resolving the deep-rooted conflicts in Hong Kong with perseverance. One of the greatest deep-rooted conflicts faced by Hong Kong is that despite the constant and continuous economic growth of Hong Kong, a large number of people still fail to feel the economic success. Why? The abnormal economic structure of Hong Kong is the answer. We rely too much on the financial industry and the real estate industry. The present situation in Hong Kong society should be attributed to this over-dependence, and we have to bear the adverse consequence together. In the past, if people do not engage in the financial and real estate industries as professionals, or if they do not engage in industries of high technology, they do not have the opportunities to move up the social ladder. In the past few years, the wage increase for the grassroots in general is very limited. This phenomenon has directly widened the disparity between the rich and the poor, creating the deep-rooted conflicts we mentioned.

This problem of abnormal or unbalanced industrial structures, I believe, is not unique to Hong Kong, the State is also facing the same challenge. In the

past, the State relied too much on exports and investment for development. The authorities are then aware of the need to stimulate internal consumption in order to establish a relatively harmonious society. They understand that in addition to maintaining economic growth, structural adjustments have to be made. There is also the need to narrow the income disparity between people in cities and those in villages, as well as the need to alleviate the unbalanced development between coastal regions and remote regions. We all see that the State has introduced focused and target-oriented policies. Though many problems still need to be addressed and many have remained unsolved, we see that it is the right direction.

The unbalanced development of industries in Hong Kong is obvious to all. How has the SAR Government dealt with this problem? Last year, it took measures to deal with the problem in the right direction. Apart from the four pillar industries, it identified six industries where Hong Kong enjoyed clear advantages. Since the most difficult problem encountered by industries in their development in Hong Kong is to find sites, this problem was brought up last year and sites were provided for the six industries. As for the Policy Address this year, we can check the part mentioning the six industries ..... I just find out that part, and I know that the Government has submitted a report subsequently. This issue is mentioned in the paragraph 97, but in only one sentence, that is, "We are gradually implementing the relevant measures." President, upon reading that sentence, I am a bit worried. According to my understanding, the Government considers that after providing sites for these industries as proposed in the policy address last year, the six industries will be left to develop in the free market and build up their strength freely. If this is the actual case, President, I worry that the six industries can hardly bring any changes to the industrial structure of Hong Kong, nor can they create new highlights for industries in Hong Kong.

However, I believe that in order to address the problem with the industrial structure and make adjustments, or if the Government is to perform the role of the advocator, it has to overcome the devil in its heart and adopt a new mindset. If the Government still insists that it should not deviated from the notion of "big market, small government" and take this notion as a shield, paying only lips service without taking any actions, we can envisage that in the near future, probably for the next 10 years or five years, we will still be discussing the problem that Hong Kong's economy is being dominated by the real estate industry and the financial industry in the debate in this Council. However, 10 years later,

I dare not say whether Hong Kong will still be a financial centre. For we are facing not only the challenge from Shanghai, the Government of Singapore is also promoting the development of these sectors vigorously. Hence, if the Government does not break away from this mindset, and if the Government does not show us its vigour in bringing Hong Kong's advantages to full play, I believe there will not be any change in the industrial structure in Hong Kong in future.

Actually, the Government does not have to be over-worried. For a past period of time, we see that countries in our vicinity are adopting government-led approaches. Certainly, we are not asking the Government to follow blindly the example of overseas countries. We too understand that the approach adopted by other countries may not be applied to Hong Kong without adjustment. However, when we look at South Korea, one of the four dragons in Asia as referred in the past, we can see the recent development of the country in the science and technology industry and the creative cultural industry, that is, the achievements in film making and animation. We have to admit that Hong Kong's performance is not comparable to that of South Korea. The Hsinchu Science Park in Taiwan has also attracted many cities to follow suit. Just now, I have mentioned the boldness of the Singapore Government in taking pioneering actions. Recently, it has announced in high-profile the plan of the Singapore Exchange in buying an exchange operator in Australia. This proposal has been the talk of the town and has run the headlines of all the newspapers. What is the purpose of doing so? We all understand, it surely wants to challenge Hong Kong's position and becomes the regional financial centre.

It is evident from the above points that it is most important for the SAR Government to rethink the issue and reflect on the mindset it adopts in industrial development. Apart from the measures proposed in the policy address last year, which involved providing land for the six key industries, should the Government also consider development in other areas. If the Government firmly believes that the six key industries are where the advantages of Hong Kong lie, it should provide support on the policy aspect, that is the provision of land, to promote the development of the these industries. One-off provision of land is not enough, continuous effort is needed. There is pressing need to identify highlights for economic growth in Hong Kong. In our view, if the Government fails to do so, even with the establishment of the Community Care Fund and the continual and vigorous effort made by the Government in implementing poverty alleviation measures, the situation will not be improved. If relatively significant

improvements are not made in the economic structure, the deep-rooted conflicts in Hong Kong will not be resolved gradually just because we have made the pie bigger. Hence, President, I hope the SAR Government will reflect on the mindset it adopts in promoting the development of the industrial structure.

President, I so submit.

**MR WONG TING-KWONG** (in Cantonese): President, the Policy Address delivered by Chief Executive Donald TSANG this year is entitled "Sharing Prosperity for a Caring Society". The content is focused on people's livelihood, and much importance is attached to property issues, the wealth disparity and the problem of ageing population; long-term strategies have also been proposed. In respect of livelihood issues, I think the proposals are substantial, but little has been said about economic policies. In the 171-paragraph Policy Address, issues relating to industrial and commercial policies and economic policies are only mentioned briefly in 18 paragraphs.

Due to the blow of the financial tsunami, small and medium enterprises (SMEs) had experienced the hardest time in Hong Kong in the past two years. I recalled that when Hong Kong was hit by the financial tsunami, the SAR Government launched the Special Loan Guarantee Scheme (SpGS) for SMEs, providing prompt assistance to SMEs facing financing difficulties. At present, though the hardest time was over, withdrawals of governments from the markets in Europe and the United States and the quantitative easing policies were nowhere in sight, and the prospect of the external economy is still unclear. Actually, the Chief Executive admits in the Policy Address that there are still many uncertainties in the external economy, including the fragile recovery of the economy of the United States and the lingering sovereign debt crisis in Europe, which has increase the downside risks in the global economy. More so, there are unfavourable factors like the recent rise in production costs and the pressure for appreciation of the RMB. All these have posed great challenges to the operation of SMEs.

The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) welcomes the Government's proposal of injecting an additional \$1 billion into the SME Export Marketing Fund and the SME Development Fund. However, since the application period for the SpGS will expire by the end of this year, I am extremely worried that upon the termination of the SpGS, banks will



"close the umbrella" by tightening their loan policies on SMEs which loan periods expire earlier and to recover the loan. For this action may cause certain SMEs to get into operational difficulties again, and they may even be forced to lay-off their staff and close their businesses. I believe Members know clearly that the SME Export Marketing Fund and the SME Development Fund are two different things in comparison with the SpGS. When the SAR Government withdraws from the market, it must implement soft-landing measures. As a common saying goes, "A happy ending is better than a good start".

It is pointed out in the Policy Address that the Hong Kong Mortgage Corporation Limited is exploring the establishment of a market-based loan guarantee scheme to provide a sustainable platform for obtaining credit. However, the mode of operation and the timetable for introducing this proposal have not yet been confirmed, and the scheme fails to address the pressing need of the business and industrial sector. Hence, we hope that in conjunction with the exploration of the new scheme, measures must be introduced expeditiously to ensure a soft-landing for SMEs in financing. The authorities may terminate the SpGS and lower the percentages of loans grant in phrases. It should also enhance the standing credit guarantee schemes for SMEs by increasing the loans grant provided by the Government to the range of 50% to 70%, to provide continual support to SMEs in need. In the intermediate term, the authorities may provide low-cost loans for market promotion, brand building and product research and development, and so on. In the long-term, the SAR Government should formulate a comprehensive policy in assisting SMEs. An office for SMEs should be set up to enhance the co-ordination of supporting services and facilitate the development of SMEs.

As for the six industries where Hong Kong enjoys clear advantages, in the policy address last year, the Chief Executive proposed promoting the development of these six industries and introduced certain supporting measures for this purpose. For instance, several sites were provided for the industries and the R&D Cash Rebate Scheme amounting to \$200 million was launched. Regrettably, the measures and schemes do not seem to be progressing satisfactorily, and no remarkable effect has so far been achieved. The promotion of the development of these six industries has just been kicked off, business and industrial enterprises hold high hope on the development. Nonetheless, in the Policy Address this year, it is only said that the Government will continue to monitor the development of these six industries. I would say that it is disappointing.

At present, the SAR Government needs to continue with the full implementation of the relevant measures. More so, it should proactively follow up the situation and introduce more effective support measures. Particularly at a time when incorporating the economic changes and growth model of the Mainland have become a prevailing trend, the authorities should take full advantage of the early and pilot implementation policy for Guangdong Province, which is comparable to the "imperial sword". It should negotiate with the Mainland authorities, solicit support from the Central Authorities, propose innovative measures, remove hurdles and promote joint development, so that Hong Kong will become a platform for new industries in the Mainland to solicit external co-operation and make external development. This will not only enable the development of new industries in Hong Kong and promote the real economy of Hong Kong, but will also assist the State in realizing its objectives to go global and enhance its international status. This is a win-win situation offering mutual benefits. If new industries are allowed to thrive, they can go side by side the original pillar industries to serve as the double engine propelling the economic development in Hong Kong. This will in turn change the unitary industrial structure and employment environment now prevail in Hong Kong, creating more employment opportunities in diversity for Hong Kong people. If so, the target of people-based governance is implemented in actuality.

Concerning the testing and certification services, the Supplementary Agreement VII to CEPA was signed between Hong Kong and the Mainland this year. Requirements on the testing of products for the China Compulsory Certification (CCC) system have been relaxed to allow testing organizations in Hong Kong to co-operate with designated Mainland organizations to undertake testing of products processing in Hong Kong for CCC system. But these testing organizations in Hong Kong must be accredited the SAR and capable of performing testing for the relevant products under the CCC system.

The SAR Government should continue to negotiate with the Mainland authorities in lowering the threshold for the establishment of testing and accreditation organizations in the Mainland, allowing Hong Kong testing centres to provide corresponding testing service for products for sale on the Mainland and recognizing the testing and accreditation reports issued by Hong Kong testing centres, with a view to providing more business opportunities for Hong Kong. In fact, the Mainland will also benefit from the above measures. With closer participation of Hong Kong testing centres in the testing and accreditation

services of the Mainland, it will not only further enhance the protection for Mainland consumers, but will also promote the synchronized development of the testing and accreditation services on the Mainland. The SAR Government may strive to establish Guangdong Province as a pilot base, and for the approval for Hong Kong testing centres providing testing and accreditation services for Mainland products.

On the revitalization of industrial buildings, one of the focuses of the policy address last year was the introduction of the policy on revitalizing industrial buildings. However, in the Policy Address this year, just like the six key industries, no follow-up measures have been introduced. Not a word is said about revitalizing industrial buildings. In fact, the policy on revitalizing industrial buildings will remove hurdles and provide incentives for the expeditious renovation and redevelopment of old industrial buildings. This will, on the one hand, speed up the redevelopment of urban area and releasing more precious land resource on the other, creating a new world for industries in Hong Kong and for the economy. These have been the aspirations of the trade and the DAB for years.

Though the policy on revitalizing industrial buildings has been implemented for six months, the number of applications and approved case is small. The Lands Department so far has only received 26 applications. Only four cases have been approved, of which three cases are for adaptation, and the remaining one is for redevelopment. These industrial buildings are mainly revitalized for offices, retail services and hotels. Many owners of industrial buildings have reflected their views to me. They ask whether the Government will consider taking the scheme further, such as requiring industrial buildings over 30 years of age to be under compulsory sale and lowering the threshold from 90% in the past to 80%. However, the adaptation of industrial buildings now required the consent of all owners. It is a big problem for collecting the ownership of industrial buildings, for it has been difficult to get in contact with many owners of vacant units in industrial buildings for years, and some have even left Hong Kong. In view of this problem, will the Government consider lowering the threshold for the adaptation of industrial buildings to the possession of 80% ownership?

Moreover, if industrial buildings are to be adapted for industrial-cum-office use, the number of parking spaces has to be increased to meet the requirement of

the Transport Department (TD). However, parking spaces in old industrial buildings are insufficient in general. Since the height and total floor area of the buildings should not be increased after adaptation, it is really difficult to increase parking spaces within the original floor area. This has become a major obstacle for the adaptation of industrial buildings. But since the vacant rate of some of the parking spaces of public housing estates is rather high, will the Government consider allowing adapted industrial buildings to rent parking spaces in public housing carparks nearby in the long run. Under the arrangement, the requirement of the TD on the provision of parking spaces for commercial buildings can be met and the parking spaces in public housing estates can be fully utilized. Moreover, will the Government take into account the limitations of the building structures of old industrial buildings and consider relaxing the requirement on minimum parking spaces at discretion, so as to enhance the flexibility for the adaptation of industrial buildings. The authorities should also examine in depth how industrial development in Hong Kong can be promoted in the process of revitalizing industrial buildings to alleviate the pressure faced by SMEs in operation resulted from high land prices.

With regard to the promotion of internal sales and giving assistance to brand building, it is mentioned in the National 12th Five-Year Plan recently announced by the State that one of the objectives of economic development is to keep on increasing internal consumption. Hong Kong should capitalize the occasion to create more business opportunities. Earlier on, the DAB worked with experts from the Mainland to examine the channels to enter the Mainland market. Apart from the effort made by the trades, the SAR Government may also play an active role by building the bridges and platforms required to facilitate enterprises to enter the Mainland market at a quicker pace.

Hong Kong enterprises encounter many difficulties in entering the Mainland market. For instance, though Hong Kong products are exempted from import tariffs of the Mainland, a 17% value-added tax is still levied on those products, but Mainland enterprises are exempted from the value-added tax. Hence, Hong Kong enterprises are put in an unfavourable condition right from the beginning. Will the SAR Government negotiate with the Mainland authorities on the exemption of the value-added tax, so as to create a fair and reasonable business environment for Hong Kong enterprises. The authorities may also consider delaying the payment of value-added tax till the products are sold, for this will lower the pressure of cash flow on Hong Kong enterprises. At

the same time, it is not easy for Hong Kong enterprises to establish their own distribution networks in the Mainland. If the Government can negotiate with the Mainland authorities to lower the threshold for establishing retail and wholesale networks in the Mainland market, relaxing the restrictions for market entry and simplified the approval procedures, it will be conducive to the establishment of marketing channels on the Mainland by Hong Kong enterprises.

Many enterprises consider that brand building can definitely help products to enter the Mainland market, and Mainland consumers now take better views on the quality of products manufactured by Hong Kong. However, we should not be complacent, for Hong Kong products are not only facing competition from overseas products, but also from that of Mainland products which quality is improving. Hong Kong should make vigorous and continuous effort in brand building.

In addition to the support and promotion assistance provided by the SAR Government on existing brand accreditation programmes, quality brand election activities supported by the Government should be held. These activities can on the one hand encourage enterprises to enhance their product quality, and on the other hand help Hong Kong enterprises to promote their brands.

In the middle and long term, the SAR Government should follow the practices of certain overseas governments by playing a more proactive role in providing assistance in brand creation. It should directly lead the nurturing, selection, promotion and protection work of brand building. I suggest that the Government should consider establishing a project fund for brand creation, providing the required capital and low-interest loan, as well as the required technology and information to guide SMEs in brand development and product development.

The governments of the two places should negotiate proactively to enhance the promotion and co-operation of Hong Kong and Mainland brands. The Government should strive for official accreditation from Mainland authorities on Hong Kong model brands. The authorities may draw reference from the overseas practice of implementing "one registration for two places" for trade mark registration, establishing a mutual recognition mechanism for registered trade marks of Hong Kong and the Mainland for the protection of famous trade marks and brands of the two places.

"Made in Hong Kong" has become a very popular brand around the world and on the Mainland. The SAR Government is now running a programme called "Brand Hong Kong", which is designed to promote Hong Kong as a cosmopolitan city in Asia. But since the programme focuses mainly on the tourism industry and business services, I hope that "Brand Hong Kong" can also become a target of the manufacturing industry in Hong Kong.

Trade fairs are very effective channels for market expansion and business promotion. The Trade Development Council has organized various types of trade fairs on the Mainland and the responses are very satisfactory, paving the road for Hong Kong enterprises to enter the Mainland market. Apart from short-term trade fairs, will the SAR Government and the trade work together to identify more permanent and temporary venues in Hong Kong and the Mainland and even overseas for these fairs? Will the adaptation of certain old industrial buildings in Hong Kong be one of the options? Will it be possible to establish permanent trade fair centres for Hong Kong products in the frontier closed area in New Territories North and in Mainland cities with strong radiating function?

In respect of the co-operation with the Mainland, since the economy of State is growing at a high speed, we should consider how we can get onto this high-speed train. Whether prosperous development will be sustained in Hong Kong or whether Hong Kong will be marginalized in future hinges on this factor.

Given the change of the mode of development of the Mainland economy, the future role played by Hong Kong in the development of the overall economy of the State and society will also change. In view of the new development trend, like the rapid expansion of the mode of investment and co-operation overseas and the internationalization of RMB, Hong Kong should strive to be the external investment and financing platform of the State, a RMB offshore centre and an external co-operation platform for industries.

In recent years, the economic aggregates of several major cities, such as Beijing, Shanghai, Guangzhou and Shenzhen, have increased rapidly, and the economic aggregates of certain cities are close to, if not exceeding, that of Hong Kong. Hong Kong and these major cities will naturally develop relationship involving both competition and co-operation. Hence, Hong Kong must keep locating and adjusting its position to bring into full play the "one country, two systems" principle, its highly internationalized position, and its advantages

enjoyed domestically and externally, so as to promote industrial and economic development.

In the Policy Address this year, the Chief Executive has particularly mentioned Qianhai, but he only says that the SAR Government will work with the Shenzhen authorities to encourage trades in Hong Kong to seize the opportunities arising from the development of Qianhai. Will the SAR Government discuss with the Shenzhen Government the joint development of a cross-border industrial zone under closed management in Qianhai, forming a new mindset of joint-construction and joint-management between Shenzhen and Hong Kong? At the same time, the authorities should explore new approaches that can speed up the co-operation of the two places in providing professional services. For instance, the restrictions on professional services of Hong Kong for entering Qianhai should be lifted, so that Hong Kong professionals qualified for practice may practice in Qianhai. Actually, Singapore has established a similar zone in the Mainland. This proposal will stimulate creativity and promote breakthrough under the co-operative mechanism.

After the Economic Co-operation Framework Agreement (ECFA) is signed between the Mainland and Taiwan, Hong Kong's role as the intermediary in economic and trade exchanges between the two places has been undermined. Hong Kong must enhance its relationship with Taiwan. Apart from enhancing the economic co-operation between Hong Kong and Taiwan, Hong Kong should take proactive actions to foster its establishment in the West Coast Economic Zone in Fujian Province to capitalize the strength of the economic zone to complement Hong Kong's weaknesses. I believe we can definitely find new opportunities for development there.

I now come to information technology. In the policy addresses of the past few years, the Chief Executive did mention supporting the development of the innovation industry. Though the Government has talked about this for some time, it has only established the Create Hong Kong (CreateHK), introduced the CreateSmart Initiative of \$300 million, the DesignSmart Initiative of \$250 million and the Film Development Fund of \$320 million. In the Policy Address this year, the innovation industry is only mentioned briefly in a paragraph on the six industries.

CreateHK is after all an office, so it can at most provide administrative support, but for the support on policies and legislation, which are the fundamental

needs of the trade ..... However, on policies relating to the examination of taxation, loan provision and rent concession, CreateHK fails to formulate any policies. In facilitating enterprises to increase the value of their corporate business by means of creative and new designs, CreateHK has not done much either in terms of its aspiration or its actual functions.

It is a regret that CreateHK is indifferent and mean to creativity. Earlier on, an interactive film titled "The Last 120 Hours of a Geek" created by Hong Kong people was selected by the film festival in Switzerland as one of the films to be shown. The film is made by the LAM's brother. They applied for subsidy from the Government when they were informed of the result, hoping they could attend and have exchanges in the festival overseas. But they were turned down by the Government. The authorities told them that their film was not related to Hong Kong and refused to sponsor their trip because their film is not a commercial film. The film was made at the invitation of the Tourism Board with the objective to promote Hong Kong in a soft-sale approach. Why it is not related to Hong Kong then? For the first four days the film was uploaded to the Internet, it had attracted more than 600 000 browsers. If film makers like them cannot get sponsorship and encouragement, what kind of creative industry does the co-ordination of CreateHK cover? What are the targeted participants in creative industries that CreateHK intends to help?

I will now talk about the three funds established for supporting the innovation industry. Since the programmes are piecemeal and scattered, they cannot achieve a synchronized effect. Hence, these funds of only several hundred millions can hardly promote the innovation industries, which required the investment of enormous resources. For instance, the film production technology and the expectation of audience are now very high, and the production cost for the first-stage work of a 3D movie already exceeds \$1.5 million. Since the industry is subject to the resources constrain, "Barrier Free Creativeness" will only be reduced to empty talk.

I think the inadequacies mentioned above should be attributed to the absence of a dedicated Policy Bureau under the SAR Government, which can lead the development of the innovative industry. Hence, the Government must set up an Innovation and Technology Bureau to promote the development of various innovation and technology industries and cultural industry, and to create a favourable environment and market for the industries. For instance, the



Government may make use of its internal preferential purchasing policy to promote the culture of using local innovative products among Hong Kong people. This will develop and expand the local market for innovative products, and attract Mainland enterprises to use innovative products designed by Hong Kong. This purpose cannot be achieved by the one or two exhibitions or the one or two seminars and competitions organized by the trade. Hong Kong must set up a dedicated Policy Bureau responsible for examining and formulating policies relating to the technology, cultural and innovation industries.

In conclusion, economy is the foundation of all. When a city or a country can promote its economic development, it will be able to create more employment opportunities and wealth, more opportunities for upward mobility and the condition for wealth redistribution. I hope that the SAR Government will have a long-term and broad vision. It should no longer hold fast to the fossilized principle of "big market, small government" but formulate long-term policies and measures to provide more timely support. In addition to nurturing talents and providing infrastructures, it should seize the opportunities arise from the development of the State to establish a stable and harmonious society. It should act as a promising government and respond sincerely to the title of "Sharing Prosperity for a Caring Society".

With these remarks, President, I support the original motion.

**MR WONG YUK-MAN** (in Cantonese): Anti-poverty, anti-hegemony, anti-collusion. President, I will be admitted to hospital to have an eye surgery tomorrow, so I must use the full 30-minute speaking time today to voice my views. I will still be in hospital on 29 October and thus cannot vote against the Motion of Thanks on the Policy Address. Here, I have to apologize to my voters for failing to do so.

The Policy Address this year is the second last policy address delivered by Donald TSANG before his completion of office. It has highlighted important issues like housing, poverty and ageing population, and so on. However, Donald TSANG knows what the problems are but not the causes of such problems. He is short-sighted and fails to introduce long-term and macroscopic policies to address the present predicament. He only introduced some piecemeal remedial measures which have already gained widespread support, such as the

Work Incentive Transport Subsidy Scheme, the School Textbook Assistance Scheme for poor students, and relaxing the absence rule on receiving the "fruit grant". All these measures are only futile attempts failing to tackle the root of the problems, and they can in no way resolve the serious conflicts in society. The League of Social Democrats (LSD) will assess the Policy Address on the basis on the following three principles: Anti-poverty, anti-hegemony and anti-collusion.

First, anti-poverty. Our main target is to combat inter-generational poverty. Figures speak for themselves. We only have to quote several figures and Members will know how worse the problem of wealth disparity in Hong Kong is. At present, the number of people waiting for subsidized residential care places exceeds 26 000, the number of people died while waiting was 4 538 in 2009, whereas the average waiting time is two to four years. The problem of ageing population is serious now, and the number of elderly people died while waiting for subsidized residential care places will keep increasing. Hong Kong is an affluent society. Senior government officials who are now in the Chamber earn handsome salaries and benefits, they do not understand the plights of the general public, and in their families, there will not be elderly persons living in such predicament.

One hundred thousand people have to huddle inside caged bedspaces and partitioned flats. In Tin Shui Wai, 32 455 households are on Comprehensive Social Security Assistance (CSSA). Between 2005 and 2008, 258 cases of suicides were recorded. Between 2005 and 2009, the number of child abuse cases reached 673, whereas the number of wife-battering cases was 3 465. Tung Chung is another district being dogged by these problems, where 7 432 households are on CSSA. Between 2005 and 2008, the number of suicide cases was 65. Between 2005 and 2009, there were 80 child abuse cases and 466 wife-battering cases.

I will then analyse the fallacy of "big market, small government". Today, Ms LI Fung-ying said that the Government had stopped mentioning "big market, small government" in the Policy Address. But if we read the Policy Address in full, we will see that the myth and pernicious influence of the so-called Neoliberalism is still present. In paragraph 50 of the Policy Address, it says, "Social tension in Hong Kong stems partly from the wealth gap. The most fundamental way to ease such tension (Donald TSANG thinks) is to enable the community to benefit from economic development and share the fruit of

prosperity. Past experience has shown that Hong Kong's poor can have their living conditions improved once the economy embarks on a solid recovery." This remark in the Policy Address has amply brought to the fore that the concept of governance and the finance philosophy of the SAR Government are still under adverse influence of Neoliberalism, which is the crux of the worsening wealth disparity.

Last year, in the Motion of Thanks debate, I severely criticized the theory of the trickle-down effect which improbably presumes that economic development would automatically trigger the trickling down of wealth. But this is completely out of touch with the prevailing reality in Hong Kong society where disparity between the rich and the poor prevails.

The convenor of the Executive Council, LEUNG Chun-ying, a possible candidate to the next Chief Executive, is the core of the SAR Government. Nonetheless, on the 22nd of this month, he wrote in an article that "various statistics show that the so-called trickle-down effect does not exist in Hong Kong. The economic performance of Hong Kong has been satisfactory. Between 1996 and 2006, despite the Asian financial crisis, the outbreak of SARS and other setbacks, the real terms per capita GDP growth rate of Hong Kong was 34%. However, in the same decade, the income of the lowest-paid 30% in the working population, who exceeded one million, had decreased rather than increased. Hence, the problem is not just a widening wealth gap, but the standard of living of the poor is deteriorating even when compared amongst themselves and on a year-on-year basis, this has exerted profound influence on society and politics." (End of quote)

If we judge an opinion not by the speaker, LEUNG Chun-ying's opinion that the trickle-down effect does not exist reflects that he is a man living in Hong Kong at the present moment, he is not someone from Mars. He comes up with this conclusion for he feels in actuality the reality of society.

In paragraph 51 of the Policy Address, it says that "the wealth gap is related to economic restructuring". This remark from Donald TSANG is inaccurate, for the poverty problem is more closely related to the blunders in governance of the SAR Government. The introduction of privatization of public services, such as the listing of The Link REIT, has exacerbated the problem of the wealth gap.

The Government nicely claims that the outsourcing and privatization of public services, such as cleaning and security work, and so on, will enhance the flexibility and efficiency of services. It is the original intention of the authorities to provide job security to workers, but it turns out that workers have to take up temporary or contractual jobs which lack protection. Contractors reap profit by exploiting the wages and benefits of workers. They are indeed wringing profit out of the blood and sweat of workers. Workers are subject to substantial pay cut and they become marginal workers.

The legislation on minimum wage had started some 10 years ago as a highly controversial issue, and it has now gained widespread support. However, support is only rendered because of the deteriorating employment terms of workers over the years. But now, despite repeated discussions, the hourly rate is only pitched at \$28. My wife told me that even if the hourly rate was set at \$28, her shop might have to close. I told her if it had to be the case, just close it then, for we must endure this pain in the process. If small and medium enterprises have to wind up because minimum wage is set an hourly rate of \$28, just let them cease business. The blame lies with the Government but not us, am I right? The blame lies with large estate developers reaping profit by hook or by crook. The monthly rental of my wife's shop in Mong Kok has increased from \$160,000 to \$200,000. Do they think she is selling "white powder"<sup>3</sup>? No, she is only selling noodles. The rationale involved is simple. If you own a shop after you made arduous effort to pay off the mortgage, will you start your own business at the shop? Surely not, you would rather rent it to others, Buddy. What consequence will this vicious cycle bring, Secretary of Department? I think you know it too well, do you?

When it comes to the so-called outsourcing and privatization of public services, The Link REIT case is abhorrent, is it not? In the past, a family might earn a living by doing small businesses in public housing estates. But now, all public housing estates are under the influence of The Link REIT, for all the shopping malls there are monopolized by large consortia like PARKnSHOP, Welcome, Café de Carol, the Fairwood and McDonald. There is utterly no room for humble citizens to eke a living. After the listing of The Link REIT, it keeps increasing the rent to expel small tenants and make way for large consortia. Small businesses run by families cannot survive in shopping malls managed by

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<sup>3</sup> The term "白麵" (white powder) also means "heroin" in Cantonese.

The Link REIT, which are monopolized by large consortia. The problem of wealth monopolization in Hong Kong will only worsen.

The Government always emphasizes the concept of "big market, small government", and this is exactly the primary cause of the disparity between the rich and the poor. By calling a halt to the outsourcing and privatization of public services, and by buying back The Link REIT, the wealth disparity may be narrowed to a certain extent.

Under the Community Care Fund, the Government and the business sector will each contribute \$5 billion. But can this help the poor? The answer definitely is "No", President. In the view of the LSD, long-term policies have to be formulated to alleviate poverty. Resources allocated for the implementation of these policies should not be at the mercy of those large consortia or rely on their benevolence, nor should measures be introduced under a utilitarian motive of alleviating the so-called hostility against the rich. Instead, the authorities should improve the tax regime to fulfil its function of wealth redistribution. The LSD states clearly in its platform that the standard rate for salary tax and profit tax of Hong Kong, which are pitched at 15% and 16.5% respectively, are the lowest worldwide. Though requests for increasing the rate by 1% to 2% have been made, the Government is unwilling to do so. It seems as if the increase will get it killed. It is true that maintaining the tax rate in Hong Kong at the world lowest level will provide a business-friendly environment, but the problem is that the ordinary citizens cannot be benefited. If the tax rate is increased by 1%, it will add several billion dollars to the coffer each year. Buddy, we can do a lot of things with the several billion dollars, and the elderly will not have to wait for residential care places till they die, Secretaries of Departments.

A large number of elderly people die while waiting for residential care places. To a society with a per capita income of some \$30,000 like Hong Kong, it is utterly a disgrace, President. Among developed regions around the world, Hong Kong's performance is the worst in caring for the elderly. I am growing old, and I notice that this problem is rather serious. Hence, in the three district offices of mine, I have set up Friends of the Elderly Clubs. I have more contacts with elderly people than young people. One can hardly imagine the different kinds of problems faced by the elderly in Hong Kong. What have the Government done to help them? Why does the Government consider it so

difficult to meet the requests for increasing subsidized places of nursing homes and residential care homes?

Due to the failures in planning, a large number of people in the workforce have moved to new towns like Tin Shui Wai and Tung Chung. A substantial portion of the population in new towns live in public housing estates and their purchasing power is weak. The district economies in these new towns are not buoyant and the employment rate is on the low side. A lot of social problems are thus resulted. Workers with low academic qualifications and low skill level can hardly find a job. It is difficult for them to live in urban areas, but they have to bear the expensive transport expenses to work there. Hawking in the surrounding area of their public housing estates is an option to make some money for the family, but the Government forces them out of business. Sometimes, when I see staff from the Food and Environmental Hygiene Department, I get angry and I can barely manage to hold back any reckless action. I often see them driving those elderly people and hawkers in Mong Kok, their faces are really ..... In the face of these problems, sometimes, we really feel helpless. Why become a Member? How respectable is it? Every day, we meet with a lot of people and receive cases seeking assistance, but by the time these cases are in our hands, most of them are "terminal cases", so-to-speak, where no remedy can be made.

In paragraph 145 of the Policy Address, it says the authorities will "promote family core values and foster an environment conducive to harmonious family relationships". When I read this line, I was again filled with rage. Two days ago, at a meeting of a working group on family issues between Hong Kong and the Mainland, members wanted to talk no more about this issue. Every time we have a meeting, we have to face a group of single mothers. Since they fail to obtain one-way permits, they apply for two-way permits to come to Hong Kong. Their husbands have either died or disappeared, and they are abandoned. These group of women have to take care of their children in Hong Kong, but because of the policy, they cannot obtain the one-way permit to come to Hong Kong — this is definitely the problem of the Mainland, for discretion will be exercised in Hong Kong. These tragedies of broken families occur every day. How dare he call aloud for promoting "family core values" and "fostering an environment conducive to harmonious family relationship"! Donald TSANG does not know what he is saying. Does he know how many families are in this predicament? Go and ask the Immigration Department. Go and ask the Social

Welfare Department. If we do not have the money to do so, we can say nothing. As a Chinese saying goes, "no housewife can prepare a meal without rice". But the point is that we have several hundred billions of fiscal reserves and more than US\$200 billions foreign exchange. What are we going to do with this money? Should we keep the money for the life hereafter? When the Financial Secretary retires, the money will no longer be in his control, am I right? A lot of families are separated because of the mechanical and impersonal immigration policies. How many tragedies are resulted from these policies? Under the current policies, one must have resided in Hong Kong for seven years to be eligible for applying CSSA and public housing. New arrivals ineligible for applying CSSA are not entitled to medical fees exemption, so they are deprived of medical treatment because they have no money. Moreover, under the current policy of separating prescribing and dispensing, the poor had better not suffer from any terminal diseases, for if they do, they can only wait for their death. Today, I have to speak for 30 minutes, but you will not feel boring, for I will speak loudly, President.

Second, it is about anti-hegemony in the property market. High property prices have prevailed for some time, and the increase is getting more rapid. Numerous people are experiencing difficulties in home-purchase and they are plagued by exorbitant rent and rising prices. Ten thousand people are living in partitioned flats, roof sheds and bedspace apartment at a monthly rent of \$1,100. They are in dire straits.

On this day last year, when Donald TSANG delivered the policy address, he claimed that the dramatic surge in prices of luxury flats would not affect people's livelihood, and he put forth no contingency measure to cool down the property market. But the course of development does not follow the subjective will of men. During the past one and a half year, property prices have surged by nearly 40%, and a 32% increase in the average rent of private residential flats was recorded. This is a stark contrast with the recent increase in salary, Secretaries of Departments, which is only less than 3%. We Members of the Legislative Council only receive a pay rise of 1%, or above 1%. Buddy, what a big difference it is in view of the rising prices, increasing rent and surging property prices.

In respect of the Policy Address this year, many members of the public hope that the Chief Executive will introduce some measures to stabilize property

prices. But, frankly, it may be too early to dream about that. On the problem of inflated buildings alone, even the Secretary of Department, who is dubbed "the fighter", is at her wits' end. Can he assure me when this issue will be properly settled? This is a case in point of his failure to address public aspirations.

The Government is manipulating the supply of land in the long-run by ceasing regular sale of land and implementing the Application List system. It blatantly uses human effort to create a disruption in land supply to cause the surge in property prices, and then dividing the huge profit with parties with vested interests.

Between 2000 and 2005, the number of completed flats in the private market in Hong Kong increased by 42 600 flats annually in average. Between 2005 and 2010, the number of flats dropped by nearly 40%, and the annual increase was 17 800 flats in average, which means a difference of 24 800 flats. Another ridiculous point is that the total amount of land owned by the five major estate developers, namely the Henderson, Sun Hung Kai, New World, Sino and Cheung Kong, is three times of that of the Government. Land is now monopolized by the Government and major estate developers. The public will ask: Why has not part of the land been set aside for building public housing flats? It is a very simple question.

Back then, TUNG Chee-hwa stopped the construction of Home Ownership Scheme (HOS) flats to boost the property market, but this had cut off the source of income of the Hong Kong Housing Authority (HA). Subsequently, the speed of constructing public housing flats had to be slowed down, which had resulted in longer waiting time for public housing flats, increase in overcrowding tenants and failure to provide local rehousing for tenants affected by redevelopment. Eventually, car parks and shopping malls of the HA were sold, creating even more problems.

Today, in the face of surging property prices and the strong requests made by the public to the Government on resuming the construction HOS flats, Donald TSANG resorted to delay tactics by announcing that a consultation would be conducted by the Housing Bureau. The outcome of the consultation indicated that the majority of the public supported the resumption of the construction of HOS flats. But on the same day, Eva CHENG announced that the Government would not resume the construction of HOS flats. It is a typical example of



acting insincerely — "bogus consultation". Why does it have to conduct the consultation then? No more tricks, Buddy.

The Government describes My Home Purchase (MHP) Plan as an enhanced version of the HOS. Many Members have spoken on this issue. Given the time constraint and that I have much to say, I do not bother to speak on the MHP Plan. These policies are really ludicrous. The mere mention of such will be open to ridicule.

In the past two decades or so, many people have benefited from the HOS, they can buy their own flats and live in contentment, and the private residential flat market has not been affected. However, the Government does not attach importance to the interests of the general public. In order to appease major estate developers, it refuses to resume the construction of HOS flats, forcing people who cannot afford purchasing private flats to enter the private property market, and hence boosting the property market further. Can loans be granted to them? No, the authorities refuse to lend money to them. Can interest-free loans be provided? No again.

Moreover, since the income limit for public housing is too low and the number of flats constructed is inadequate, many grassroots are ineligible for applying public housing and the waiting time is too long. At present, the income limit for applying public housing of singletons is set at \$7,440. For those earning a monthly income of \$7,500 or more, they have no alternative but to rent bedspaces, but the rent per square foot of these bedspaces is more expensive than that of luxury flats.

In view of the situation, the authorities should resume the construction of HOS flats, relax the income limit, construct more public housing flats, increase the public housing quota for non-elderly singletons, abolish the point system and provide housing allowance to people waiting for public housing. Only with the implementation of these measures can the housing problems faced by the public be addressed. Though these measures have been discussed for years, no action has been taken by the authorities. Members of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) have mentioned these measures, and so has the Hong Kong Association for Democracy and People's Livelihood. Members have also mentioned these measures, but the Government just thinks that they are talking gibberish.

The problem of constructing inflated building does not confine to developers, the Urban Renewal Authority (URA) is found doing the same. I am told that the Queen's Cube in Wan Chai is a clear illustration of how the URA reaps profit by hook or by crook. Back then, in 2004, the URA sought the consent of the Executive Council for compulsory acquisition on the pretext of public interests. The acquisition was made at a low compensation rate of \$4,000 per square foot. After that, it looked for partners at high prices. It exhausted every tactic to "inflate" its profit. For a 400 sq ft unit, the usable area is only 275 sq ft, which includes a balcony and a working stage. The price per square foot of the new buildings is five times of that of the old buildings. This well indicates that the urban renewal strategy is unjust too, and that the practice of the URA is no different from that of greedy major estate developers.

I have to drink some water first, for I still have 10 more minutes to speak.

In the past year, many members of the public and academics had pointed out loud and clear the shortcomings of the high-land-price policy. However, the SAR Government led by Donald TSANG remains indifferent to the public's requests on resuming the construction of HOS flats, overhauling the property market and combating hegemony in the real estate sector. The phrase "collusion between business and the Government" can aptly describe the situation, though the Government does not admit that.

Third, it is about opposing the collusion between business and the political sector. The constitutional system in Hong Kong favours the business sector, and the system enables collusion between the business sector and the Government. Local plutocrats exhaust all means to monopolize the market, resist fair and impartial competition and impede Hong Kong from gearing towards an open democratic constitutional system with equality. To protect their privilege, they spared no effort to lodge complaints to the authorities in Beijing, vigorously preventing Hong Kong from reaching an internal consensus on constitutional reform.

Our Government lacks credibility mainly because the democratic process in Hong Kong remains in a deadlock and fails to be taken forward. The constitutional reform package passed this year can in no way increase the democratic elements and remove the privileged from the establishment. The collusion between the business sector and the Government refers to the Hong Kong Government returned by small coterie election, which favours large

consortia and the high-income group. It condones large consortia to have monopoly in various trades and industries. In the case of Hong Kong, policies are biased towards the financial and property sectors, condoning capitalists to exploit the grassroots arbitrarily. The system has already impeded the social mobility in Hong Kong society. The grassroots can hardly break away from poverty with their endeavours, and the situation has led to inter-generational poverty and a wider wealth gap. The public have to eke out an existence on the money trickled down from the huge profit reaped by businessmen; it is lamentable to hear that. This is just shameful.

In 1985, the business-led functional constituency election was introduced into the Legislative Council, and the system has been adopted till now. Upon the reunification in 1997, the Central Government specifically formulated a business-led election structure for the selection of the Chief Executive, aiming to achieve stability in governance by transferring economic benefits through political means. Examples of collusion between business and the Government are non-exhaustive. For instance, the allocation of Cyberport to the developer without open tender, the Island Resort incident, the Grand Promenade fiasco, the halt of the construction of HOS flat, the handling of the West Kowloon Cultural District, the relaxation of the legislation on compulsory sale of land and the veto of the fair competition law, and so on.

The LEUNG Chin-man incident give people a clear impression of collusion. During his office as the Director of Buildings, LEUNG Chin-man was suspected of selling the Hunghom Peninsula to the New World Group and the Sun Hung Kai Properties Group at below-market prices and granting improper exemption to additional gross floor area for development to Henderson Land Development on the Grand Promenade project. Upon retirement, LEUNG Chin-man was employed on favourable terms by a subsidiary company of New World Development, which has probed the query of so-called "delayed reward". So, it is really gratifying to be government officials in Hong Kong. A revolving door is put in place for them. They may become officials of policy bureaux under the accountability system. And now, it is said that they can take another round. Fine then, you may just go round and round at your will. Just assume that all the people in Hong Kong are dead and no one but you all can take up the post, so that you can earn several hundred thousand dollars a month. I am not saying these remarks to you, I say to those watching live broadcast in front of the television.

Various major estate developers and their so-called closely related business partners, or their indirect agents, have taken up a majority number of seats in the 800-member Election Committee on selecting the Chief Executive. The situation is crystal clear, is it not? In other words, these major estate developers and plutocrats in Hong Kong have a complicated involvement in the Election Committee or the political arena.

In the Policy Address, the fact that democracy is a universal value is being denied again. Donald TSANG even gave a cliché remark no one will make today, that is, "democracy is a system for power sharing. It is not a panacea." He is just stating the obvious. Democracy is definitely not a panacea, but without democracy, there will be great troubles. Am I right? I must point out that Hong Kong people strive for democracy because it is a solemn promise enshrined in the Basic Law, and more so, it is a way to fulfil our obligation in civic participation and self-management. As a saying goes, "knowing that no remedy can be done to the past, one may still make effort in the future to rectify it". Well, then, I will give you an opportunity to do so.

I urge the Government to take the following measures to end the collusion between the business sector and the Government. It should immediately implement dual universal suffrage and abolish the functional constituency. It should abolish the restrictions on private bills introduced by Members stipulated in Article 74 of the Basic Law and the requirement about separate voting stipulated in Annex II. It should abolish all the appointed seats in District Councils. It should open the airwave to allow the media to fulfil its function of monitoring the executive as The Fourth Power. It should stop selling public assets and buy back the Eastern Harbour Crossing, the Western Harbour Crossing and The Link REIT. It should immediately call a halt to the outsourcing system of public services, which allow exploitation of grass-root workers. It should progressively adjust profit tax rate and the standard rate of salary tax, increasing from 16.5% and 15% to 22% gradually. It should stop bidding to host the Asian Games, and use public money to set up a fund for enhancing the livelihood of the grassroots, and providing medical and transport expense subsidies to the underprivileged outside the CSSA safety net. It should resume the construction of HOS flats to create the opportunity for the middle to lower income group in purchasing their own homes. It should put up land for sale at public auctions on a regular basis and increase the supply of small sites. It should enact legislation

to regulate "inflated buildings" and the pre-sale system of uncompleted flats. It should formulate fair competition law to prevent monopoly.

In addition to collusion between the business sector and the Government, collusion between the political sector and the Government also exists in Hong Kong. In the Legislative Council, for the many policies that can improve people's livelihood or motions that may slightly affect the interest of plutocrats and the business sector, pro-establishment political parties will vote ..... What a pity that time is running out, for I initially plan to do you a favour by reading out the relevant information.

On 24 and 25 June 2010, the Legislative Council of the SAR Government passed the constitutional reform package proposed by the SAR Government by more than a two-thirds majority, with 46 Members in favour of the motion and 13 against it. The Democratic Party, the largest political party in the democratic camp which has led the political protest campaign for two decades, gave up its vision, abandoned their electors and betrayed their allies to oppose the "five geographical constituencies referendum campaign" launched by the Civic Party and the LSD. The Democratic Party expressed of sincerity to the authority of the Communist Party of China (CPC) has turned the control of the CPC over the constitutional development of Hong Kong from the "to be" mode to the "ought-to-be" mode, undermined the principles of "one country, two systems" and "a high degree of autonomy", and made the implementation of universal suffrage in Hong Kong nowhere in sight. In fact, they have benefited from this, am I right?

On 30 October last year, the Chairman and the Vice-Chairman of the Democratic Party spoke on the Motion of Thanks on the policy address, and it is worthwhile for Members to listen to two of the paragraphs again. Mr Albert HO said that, "if the timetable does not come with an explicit ultimate proposal, there is no way we could tell what kind of system, ultimate system, would actually be implemented in future, for there may be functional constituencies in universal suffrage under this system and there may be very high thresholds for the Chief Executive election. Thus, under such circumstances, how could the Government tell us that there is a timetable and urge us to accept the 'rehashed' proposal?"

I hereby reiterate once again that the implementation of dual universal suffrage in 2012 is our vested right. If the Government is to convince us to

accept any other arrangement, then how are the authorities going to tell us that the arrangement for 2017 and 2020 would be an ultimate democratic system?"

There is another paragraph from Ms Emily LAU, "President, the implementation of universal suffrage in 2012 is not what the public want. The public have always wanted the implementation of universal suffrage in 2007 and 2008. It is really absurd! The Liberal Party and the DAB supported this at the very beginning, but then, they changed their positions. Their caprice should be condemned by Hong Kong people. The Democratic Party will never change its position. We will insist on the implementation of dual universal suffrage in 2012. President, it is only 2009. How can one tell what will happen in the next few years? I have said this many times before. The Communist Party may be overthrown several years later. Why should we be so stupid as to abandon our goal now? And, we do not have any mandate of the people for doing so either. Therefore, we will definitely carry on with our fight."

Leaders of the Democratic Party are now gainsaying what they had advocated in the past. They go back on their words and break their own stance. Yet, they dare criticize the LSD's line of struggle plausibly, and place passionate youth who fight for democracy and justice on the opposing side; they even talk glibly about "rational and pragmatic attitude" and "dialogues and meetings" being the road to democracy. They have obviously forgotten that they are having dialogues and meetings with a totalitarian government upholding "one-party rule". Though all Members of the Democratic Party have left the Chamber, it does not matter, I will continue to speak. I still have several pages of script and probably, I cannot read out all of them.

After the Democratic Party has crossed over to the Communist, their anniversary dinner was no longer held at London Restaurant at a cost of some \$2,000 per table. It was held at the restaurant The ONE, which is owned by Joseph LAU, at a cost of some \$5,000 per table, but sold at \$20,000 per table. LEUNG Chun-ying, a Member of the National Standing Committee of the Chinese People's Political Consultative Conference (CPPCC), had bid for a piece of Chinese calligraphy at \$50,000. LIU Meng-xiong, a representative of the CPPCC, bought the seats of one table at \$20,000. He also bought a bottle of wine donated by Henry TANG by paying an extra \$40,000 on top of the cost, which was \$60,000. In other words, he spent \$120,000 in total. These are the benefits of crossing over to the Communists. LIU Meng-xiong said that their

party is a patriotic political party and he was thus more than willing to donate to the party. Though you all have a lot of money, but they too have a lot of money, and they may afford to compete with you at the District Council elections. If this is not collusion between the political sector and the Government, what is this? There is no love without a reason on earth, nor is there hate without a cause. All of us have to be responsible for what we have done. We must be responsible for our deeds.

If the SAR Government continues to engage in perverse acts, it will eventually bear the disastrous consequence. President, I oppose the Motion of Thanks on the Policy Address, but I cannot take part in the voting. The two comrades in my party will definitely vote against the motion, and we have all along been doing so. Why do we have to give thanks? Why do we have to thank him? We have given him due respect by sparing him from rebuke.

Thank you, President.

**PRESIDENT** (in Cantonese): Mr WONG, wish your operation a success and wish you a good recovery.

**MR WONG YUK-MAN** (in Cantonese): Thank you.

**DR SAMSON TAM** (in Cantonese): President, the Chief Executive has been saying that this Policy Address has put people's aspirations before economic development. I basically agree with its theme. The topic of this debate session today is "Developing the Infrastructure for Economic Growth". I will focus my views on economic development and I will also say a few words on housing in the first part of my speech.

Actually, most of the Members who have spoken today have shared their views on the housing policy. I believe the Secretary, after hearing Members' discussion on the My Home Purchase (MHP) Plan he proposed, is well aware that they find the MHP Plan a mixed blessing. When I listened to the Secretary's presentation of the MHP Plan, I also found it quite innovative. I asked my friends whether they would join this Plan and some of them said they would

definitely consider doing so. However, I believe most of them will also agree that as the MHP Plan does not set a limit on the property price, many of them are concerned whether the MHP Plan will still be a desirable option if property prices continue to rise.

I will not spend too much time on this topic, but as far as housing policy is concerned, I hope the Government can promise us two things: first, no matter how many measures the Directors of Bureaux or the Secretaries of Departments are going to make — be it nine measures, 10 measures or whatsoever — I hope that they will be result-oriented. President, what is result-oriented? It means that if the Government or the public wish to stabilize property prices and stop the prices from hiking, this is our aspiration. Then no matter how many measures the Government is going to make or what measures it is going to roll out, we will be able to see the result in a couple of years. I thus hope that the Government can promise us again at this Council meeting that it will spare no efforts to stabilize property prices. Second, I believe the Secretary has also heard many Members voicing a request, that is, the resumption of the Home Ownership Scheme (HOS). This is also what many friends of mine and my voters want me to relay to the Secretary. I hope the Secretary can take this view and resume the HOS. This is the first part of my speech about the HOS.

Next I wish to talk about economic development. The Secretary is now here. I know that economic development only takes up a small part in the Policy Address, but it does not matter whether the part is large or small, what matters is whether the economic development measures are effective. Considering especially that only one year or so is left in the term of the Government led by Chief Executive Donald TSANG, I do not wish to see the Government turn into a caretaker government and adopt a perfunctory attitude for the remaining one or two years. I hold that the Government does play a very crucial role in economic development. Yet, is the Government the only one playing a crucial role? Actually, I do not agree with some Members who always put the blame on the Government. Although the Government can do a lot of things, it cannot do everything. I hold that enterprises, the business sector and the public should work in a concerted effort, which is the right course to take.

However, if the Government does not play a part in propelling the economy, we will certainly lag behind other neighbouring regions and countries.



The mode of competition among other countries now is no longer in the form of head-to-head competition between enterprises, but in the form of co-operation-cum-competition between regions. Hence, as far as economic development is concerned, I pin high hope on the Government, hoping that it can make greater efforts to propel the economy.

I will divide my speech on economic development into three parts. First, I hold that Hong Kong's new position in the National 12th Five-Year Plan (12th FYP) has a large bearing on our economic development. Since the 12th FYP is to be implemented for five years, it should now reach the final stage of the drafting and will soon be implemented. How are we going to find an appropriate position for Hong Kong in the 12th FYP? How is this position going to open a new page for the economy of Hong Kong? I hope the Government and the Financial Secretary can seriously think about how to grasp the opportunity offered by the 12th FYP.

What is the new position of Hong Kong in the 12th FYP? I hold that Hong Kong can definitely fight for two positions. First, Hong Kong can entrench its existing strength. The Government always says that our niches lie in the service industries, in particular the knowledge-based service industries which have thrived in the past 20 to 30 years. Given Hong Kong's policies, political system, laws and education system, Hong Kong definitely has an edge in its knowledge-based service industries over its counterpart in Guangdong province. Hence, under the 12th FYP, how are we going to extend Hong Kong's knowledge-based service industries to Guangdong province? In particular, how are we going to incorporate our service industries into the Framework Agreement on Hong Kong-Guangdong Co-operation (Framework Agreement)?

In the past, the service industries in Hong Kong only served the people in Hong Kong. In other words, lawyers were Hong Kong-based lawyers, doctors were Hong Kong-based doctors and people working in the financial sector only served the local sector. However, the market here is too small after all. If we want Hong Kong's service industries to thrive, our only option is to expand its coverage to the entire Guangdong province or its neighbouring provinces. I thus hope that the Government can hold on to this position and discuss with Guangdong officials on how to introduce Hong Kong's service industries into Guangdong province. Let me cite an example. The financial sector has been

providing stock trading and financing services to the people of Hong Kong. In fact, can we make use of the Internet or implement some policies to let Mainland people use Hong Kong's financial platform for financing, investment or taking out insurance? Technically speaking, it is feasible; but in terms of policy, it has to be approved by the State and the participating provinces have to sign a special contract or agreement with Hong Kong. I hope that Hong Kong can entrench its position as the only knowledge-based service hub in Guangdong province. If we can secure this position, Hong Kong will have a promising future. If we fail to do so, I believe many other countries or cities will be eager to get a slice of the cake.

I recently went to Guangzhou and learnt that Singapore and Guangdong province — Guangzhou, to be exact — are jointly developing a Knowledge City. Singapore has also developed an Industrial Park jointly with Suzhou. As Members may as well know, Guangdong province is now forging ahead its service industries and it attaches great importance to the development of a knowledge-based economy. It thus has developed a Knowledge City invested and managed by Singapore. This has sounded an alarm to Hong Kong, if we still do not put more efforts into extending Hong Kong's service industries to Guangdong province, other countries or regions will take over Hong Kong and develop their service industries there.

I believe many people agree that Hong Kong should extend the coverage of its service industries and entrench its position as a knowledge-based service centre, but can we count on this centre to fuel the development of Hong Kong in the next 10 or 20 years? I definitely do not think so. More innovative industries must be developed. What are our cutting edges in developing these innovative industries? In what way can Hong Kong offer its assistance to Guangdong province to help its development? These are the questions which the industries and the Government have been looking into and pondering.

Members may have noticed that in the past few years, Guangdong province has been "making space in the cage for new birds"; that is to say, those labour-intensive enterprises have to move out of Guangdong in order to make way for innovative and technology-intensive enterprises. In the past, the entire Guangdong province relied heavily on Hong Kong to source overseas orders and supply materials; but now Guangdong province no longer needs Hong Kong to do

so because they have already been transformed. They now need something new. The entire Guangdong province is in desperate need to absorb technology and innovative skills. Although these may not be Hong Kong's strength, I can firmly tell President that Hong Kong must transform in the light of Guangdong Province so as to cope with their needs and supply them with the skills they require.

Perhaps some people may ask whether it is suitable for Hong Kong to develop into a technology transfer centre. My answer is definitely affirmative because I just made a visit with the industries to Beijing, a focal point for technology transfer in the Mainland. Given that a lot of technology transfer businesses have been done in Beijing, I thus asked a Beijing official from where they normally introduced these technologies and in which place they signed these technology contracts. The Beijing official answered that in the past, the technologies had been introduced from Europe, the United States, Japan and Korea; and whenever the technology contracts were signed, dispute would arise over whether the contracts should be signed in the Mainland or in the western country involved. Very often the dispute would end in a deadlock and ultimately the contract would be signed in an independent third-party country. He said that many contracts were signed in Singapore which has been playing the role of an independent third party. Hence, in the past decade or so, with its efforts in developing its intellectual property certification and establishing itself as an intellectual property hub, Singapore has become a base for knowledge transfer.

On the contrary, Hong Kong has not really taken any action in this regard, though I cannot say that it has already missed the opportunity to do so. In the summer, members of the Intellectual Property Department and I asked a Beijing official a question. We asked whether Hong Kong stood a chance in playing this role and the official was very positive about this. I thus hope that the Secretary can seriously consider how to introduce these technologies into Hong Kong or change the existing policies such that Hong Kong can better use its laws and talents, and in turn develop into a technology transfer hub which Guangdong now seeks to introduce into the province.

I often say that if the SAR Government wishes to do a better job in this area, it must formulate new policies and allocate new resources. On my street boards I have also written that Hong Kong needs a technology bureau. I hope that the next Government will also consider whether it is necessary to set up an

innovation and technology bureau to build up Hong Kong's capacity in innovation and technology transfer, so that Hong Kong can play a new role in the 12th FYP, tailoring to the needs of Guangdong province.

I have said just now the new role which I anticipate Hong Kong can play in the 12th FYP. The second topic I wish to talk about under economic development is industrial policy, in particular the development of the six major industries where Hong Kong enjoys clear advantages. Last year, the Government put forth these six industries, which has won some applause from the sectors because there has been an impression in the past that the Government is not brave enough to put forth a specific industrial policy. In the policy address last year, the Government finally said that these six industries should be fostered and developed. Hence, this is something good. A year has passed since then and Members now began to review the progress of these six industries. Honestly, it takes time to develop an industry. It is a little inappropriate, or to be exact, it may not be the most appropriate option to carry out a value-for-money assessment just after a year or so. Nevertheless, we hold that it is appropriate to start developing these industries and to find out that the Government is doing the right thing.

A cash rebate scheme on research and development (R&D) was launched around the same time last year. This is a desirable impetus to propel the development of the six industries. Unfortunately, in the few months after its launch, the scheme has met with a lukewarm response with an approved rebate of \$3-odd million only. Back in the year, we asked the Secretary to provide tax rebate for R&D. However, as the Chief Secretary always says, the taxation system of Hong Kong has to be simple and not too complicated. As a result, the scheme turned out to be a 10% cash rebate. I hope that the Secretary can review at an appropriate time whether this 10% rebate is enough and whether it is necessary to ..... because at present, only investment projects jointly taken forward by an enterprise and a government or university R&D institute are eligible to apply for rebates. Internal R&D investment made within an enterprise cannot apply for rebates ..... whether it is an appropriate time to expand the rebate scheme, so as to encourage more enterprises to apply. As such, the \$200 million reserved by the Government for the fund can be expeditiously utilized by enterprises for R&D, and the six industries where Hong Kong enjoys clear advantages can develop smoothly and quickly.

Among the six industries where Hong Kong enjoys clear advantages, testing and certification is another industry to which I hope the Secretary can pay attention or inject funding. Many entrepreneurs in Guangdong province have said that Hong Kong enjoys an absolute advantage in developing into an independent certification centre. As regards how to develop into such a centre and how to prepare the hardware and software to cope with the development, there is still a lot of work to be done and I will not go into details here. However, I believe that if the Secretary can allocate sufficient resources and develop the independent certification centre in tandem with that of CEPA and the Framework Agreement, this industry will be the fastest growing industry among the six industries.

President, lastly, the third topic I wish to talk about under economic policy is my own sector, that is, information technology. I very much believe, and I also hope that the Government can get to know the importance of the Internet economy to Hong Kong. Internet economy means the use of the Internet or new media to develop industries. Internet economy definitely is a new economy in which people around the world have put in a lot of resources and have high expectation.

The first question is: why is Hong Kong suitable for developing Internet economy? Does Hong Kong have an edge in this regard? Honestly, under the premise of "one country, two systems", Hong Kong does have many special advantages. In the context of Internet economy, Hong Kong has the freest Internet in the world. In the Mainland, on the contrary, its Internet information is sometimes being censored because of many different reasons; or in some cases, international enterprises do not have confidence to set up their server and data centre in the Mainland. Hong Kong is unique in that it is located near to the Mainland and its laws on privacy protection are far better than those of many other regions. Thus, Hong Kong should get hold of its edge in Internet economy and attract more enterprises to come here to develop their business in this regard.

What is Internet economy? It means to encourage enterprise headquarters to set up their server (that is, their Internet headquarter and data centre) in Hong Kong. When The Hongkong and Shanghai Banking Corporation Limited relocated their investment in Hong Kong, it has expanded its data centre. This data centre not only manages business in Hong Kong, but also its global businesses covering Internet banking, bank clearing, and so on. When we talk

about banking business nowadays, we no longer talk about opening many shops or branch banks, but about linking large and small bank account holders together by a network, through which they can complete their transactions.

Hong Kong is definitely a good place. If we wish to strengthen Hong Kong's communication capacity, I hold that the Government should examine how to assist enterprises to invest in the next generation Internet, so that Hong Kong can become the cheapest, most efficient and safest place to exchange information, which in turn can help more financial institutions to keep their headquarters in Hong Kong and make use of the Internet to provide service to the Asian region. I thus hope that the Government can truly invest resources and look into the possibility of developing data centres in Hong Kong.

Secondly, we now often talk about cloud computing technology, which means that no matter where your hardware is, you can serve your neighbouring countries through applications run in the cloud. A lot of resources have been invested in cloud computing technology in other countries. Thus, the SAR Government should formulate policies to put in place government cloud computing services in Hong Kong to assist the small and medium enterprises, or for use by NGOs and schools, so that different professions and businesses as well as government organizations can effectively make use of the high-speed Internet services. I think this is an option which merits the Government's consideration. Certainly, in order to get cloud computing up and running, many security and technical problems remain to be solved, but I hold that if the Government is determined enough, Hong Kong can be a step ahead of other places to take forward cloud computing and its services. This will be a blessing to Hong Kong.

President, I have expressed my views on three economic development topics. If Hong Kong can grasp the opportunity and make use of its existing advantages to develop Internet economy in tandem with the six industries where Hong Kong enjoys clear advantages, the economy of Hong Kong will definitely move towards a brighter future. I hope the Chief Executive can truly step up its efforts for the new economy of Hong Kong.

President, I so submit.

**SUSPENSION OF MEETING**

**PRESIDENT** (in Cantonese): Having heard Dr Samson TAM talk about "cloud" for so long, it is now time for a break. I now suspend the meeting until 9 am tomorrow.

*Suspended accordingly at nine minutes past Nine o'clock.*